

Consumers face many options that are presented to them as bargains, but in reality, they only subjectively construe a fraction of them as valuable. The authors propose that consumers are particularly attracted to offers they perceive as more valuable than the marketer presumably intended. Consistent with this analysis, six experiments indicate that consumers may perceive customized offers that are presented as tailored to their individual preferences or circumstances as less valuable than offers that seem to fit their preferences and provide value without the marketer's explicit intent. The experiments also suggest that the urge to exploit unintended value reflects a competitive desire to outsmart the market. The findings have theoretical implications for understanding consumers' subjective perceptions of value as well as important practical implications for designing customized offers and targeted promotions.

Keywords: value perception, bargains, idiosyncratic fit, customization, persuasion knowledge

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Beating the Market: The Allure of Unintended Value

Consumers often encounter marketing offers that could potentially be construed as valuable opportunities, such as products on sale, loyalty programs, rebate offers, and various promotions. However, the mere fact that an offer is presented or framed as a bargain is often insufficient to generate consumers' subjective belief that the offer actually represents superior value for them. Although a great deal of research has examined factors that influence value assessment (Kahneman and Tversky 1984; Mazumdar, Raj, and Sinha 2005; Thaler 1980; Zeithaml 1988), the factors that produce subjective perceptions of bargain have remained elusive.

In this research, we propose that an important determinant of deal perception is the degree to which an offer seems more valuable than the marketer presumably

intended. In particular, consumers' belief that the marketer has not fully factored in their willingness to pay or the utility they derive from the promoted product tends to create the (mis)perception of unintended consumer surplus; this, in turn, enhances the likelihood that consumers will perceive the offer as valuable. We further propose that the tendency to act on such perceived bargains reflects in large part a competitive drive to obtain a better value than the marketer intended.

Thus, subjective perceptions of bargain and the action tendencies they engender depend on consumers' belief that the offer is valuable for them without the marketer's intent. We test these propositions primarily in the important marketing context of offer customization and targeted promotions. Specifically, we contrast cases in which a marketing offer seems to fit the consumer's preferences (e.g., Kivetz and Simonson 2003) better than presumably intended—thereby providing unintended utility or value—with cases in which the marketer explicitly tailored the offer to fit the consumer's preferences. Importantly, we examine the effect of incidental versus tailored fit while holding constant both the actual and perceived fit between the offer and the consumer's preferences.

Consistent with our analysis, we predict and demonstrate that consumers can perceive offers that are explicitly pre-

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sented as customized or designed to fit their preferences as less attractive than offers that they believe happen to fit them (and thereby provide them with value) without the marketer's intent. This effect reflects the intuition that customized offers already take into account the target consumer's willingness to pay. Thus, our analysis indicates that, contrary to a common assumption about individual customization (e.g., Pine, Pepper, and Rogers 1995), telling consumers that an offer is tailored for them can backfire and lower the degree to which they perceive that offer as a bargain.

In addition to shedding light on factors that engender subjective bargain perceptions and illustrating the potential downsides of explicit offer customization, our findings suggest that consumers evaluate marketing offers using a sophisticated analysis of their interaction with marketers. However, consumers may overrely on such analysis when evaluating marketing offers, even when it is not necessary.

We first present the theoretical background for the proposed account and discuss cues that lead consumers to perceive offers as unintentionally valuable. From this analysis, we develop hypotheses regarding the psychological drivers of this behavior and the moderators that influence it, and we report six experiments that test these hypotheses. We conclude with a discussion of the theoretical and practical implications of the findings.

THE ALLURE OF UNINTENDED OPPORTUNITIES

When do consumers believe they have found a particularly attractive bargain? According to economic theory, people find a deal acceptable when the price of the good is equal to or lower than their reservation price (i.e., the highest price they are willing to pay). When the cost of the deal is significantly lower than the reservation price, consumers are able to retain a value surplus and may consequently believe they have found a bargain. This definition of perceived bargains underscores their subjective nature because the inner reservation price may depend on a combination of individual preferences, goals, and priorities as well as external reference points (Thaler 1985; Winer 1986). Furthermore, assessing the extent to which a specific marketing offer represents a bargain relative to a person's reservation price can be challenging because consumers often do not have readily accessible or well-defined reservation prices (Kahneman, Ritov, and Schkade 1999; Kristensen and Gärling 1997).

Prior research has identified various cues that consumers use when assessing whether a particular offer represents a bargain, such as the promotion's magnitude (Darke and Freedman 1993), prevalence (e.g., Anderson and Simester 2001), and duration (Blattberg, Briesch, and Fox 1995). Similarly, extant research has indicated that consumers perceive offers as more attractive if the offers seem to fit their preferences or circumstances better than those of other consumers, referred to as the "idiosyncratic fit heuristic" (Kivetz and Simonson 2003).

We propose that an important factor that often influences whether consumers perceive a given offer as a bargain is whether it appears to be more valuable to the consumer than the marketer presumably intended. This proposition is based on the premise that consumers generally understand that marketers' ultimate goal is to generate profitable transactions by extracting value from consumers (Brown and

Krishna 2004; Friestad and Wright 1994; Kirmani and Campbell 2004). Consumers generally perceive marketers as self-interested profit maximizers (Darke and Ritchie 2007; Feick and Gierl 1995; Wright 1986) and do not expect them to offer a "free lunch" voluntarily (Chernev and Carpenter 2001). Instead, consumers may plausibly assume that marketers design offers to attract their target customers while maximizing profit by exploiting the target's willingness to pay and retaining as much consumer surplus as possible from the transaction. Consequently, consumers are likely to perceive an offer that seems more valuable than the marketer intended as a bargain that enables them to retain more surplus than would be the case if the offer were formulated with their true preferences and willingness to pay in mind.

We hypothesize that such perceptions of unintended value can arise in one of two ways. First, consumers may try to take advantage of what they perceive as the marketer inaccurately recognizing their true valuation of certain product features, the amount of utility they derive from the product, or their willingness to pay. That is, consumers may see themselves as the offer's designated target, but they may believe that the marketer has not fully factored in their true preferences for the product and designed the offer on the basis of assumptions that make it subjectively more valuable, better fitting, or less costly for them than intended. We demonstrate this phenomenon in the pilot study and in Experiment 2b.

A second mechanism that may lead people to perceive offers as more valuable than intended is social comparison (Festinger 1954) and, relatedly, the idiosyncratic fit heuristic (Kivetz and Simonson 2003). Consumers may view themselves as different from the typical consumer and believe that an offer matches their unique preferences or circumstances better than those of typical others. Such perceived idiosyncratic fit makes the offer seem subjectively more valuable or less costly for them than for other, more typical consumers (see also Bazerman, Loewenstein, and White 1992; Hamilton, Ratner, and Thompson 2011).

Importantly, whereas prior research on the idiosyncratic fit heuristic has focused on whether consumers believe the offer fits them better than other consumers, in this research we make the counterintuitive prediction that consumers' awareness that offers were tailored to fit their preferences better than those of other consumers can make the offer seem less attractive and less likely to be acted on than when the same offers appear to fit the consumer's preferences unintentionally. That is, holding constant the extent to which the offer seems to fit the consumer's preferences, thereby (potentially) providing subjective value, we argue that seemingly *unintended* fit is more likely to lead consumers to perceive the offer as a bargain than intended fit. We examine this proposition in Experiments 1, 2a, 3, 4, and 5.

This prediction is based on consumers' lay belief in the competitive, zero-sum nature of the interaction between sellers and buyers (Brown and Krishna 2004; Duncan 1990; Wright 1986). In particular, if the marketer anticipates consumers' preferences, needs, or sensitivities or knows just how valuable or useful the product is for the consumer, the marketer is likely to design the offer such that it extracts the most value/surplus from the consumer given its actual utility to the consumer (for a related discussion in the negotia-

tion literature, see Raiffa 1982; Thibaut and Kelley 1959; Thompson 1991). In contrast, if the offer happens to be more valuable than intended due to reasons the marketer has presumably not factored in, the consumer is likely to perceive the deal as a bargain that is more valuable than what the marketer would have otherwise offered. Thus, we argue that an important antecedent of consumers' construal of opportunities in the marketplace is the perception that the offer is valuable for the consumer by coincidence rather than by design.

As a preliminary test of our proposition, we ran a pilot study in which we asked 71 participants to imagine that they wanted to buy an exam preparation book priced at \$129. The book was said to contain a CD-ROM with optional material that most people considered unnecessary for the exam. In one condition, we told participants that when they went online to order the book, they learned that the publisher had conducted market research revealing that people did not need the CD-ROM for the exam and therefore decided to discontinue the CD-ROM version, instead offering the same book without the CD-ROM for the lower price of \$89. In a second condition, we told participants that the CD-ROM version had been discontinued due to an unexpected copyright issue and, as a result, the publisher was offering the same book without the CD-ROM for the lower price of \$89. Note that whereas the publisher explicitly designed the offer in the first condition on the basis of its understanding of what people do and do not value in the product, the second offer implies that the publisher (mistakenly) assumes that the CD-ROM is valuable to people, and therefore its absence warrants a price reduction.

Participants rated on seven-point scales the extent to which the \$89 offer was "a great bargain" and the extent to which it seemed "more valuable for people than the publisher thinks." Ratings on both measures were higher among respondents who were told that the CD-ROM version was discontinued due to a random copyright problem than among respondents who were told that the CD-ROM was discontinued due to a premeditated decision based on the marketer's knowledge of consumers' preference ($M_{\text{Copyright}} = 4.94$ vs. $M_{\text{Market research}} = 4.08$; $F(1, 69) = 5.06$, $p < .03$, and $M_{\text{Copyright}} = 5.03$ vs. $M_{\text{Market research}} = 4.16$; $F(1, 69) = 8.21$, $p < .006$). Bolstering our suggestion that this effect reflects perceptions of unintended value (rather than a general dislike for targeted offers), mediation analysis (Hayes 2012) showed that the effect of condition on bargain perceptions was mediated by the extent to which the offer seemed more valuable than intended ($B = .69$ [.21, 1.28]).

The pilot study offers preliminary evidence that consumers may find the same offer more valuable when it seems unintentionally valuable than when it is valuable by design. That is, although the elimination of an unnecessary product attribute in exchange for a price reduction made the offer more valuable or better fitting in both conditions (Liberman and Ross 2006; Simonson, Carmon, and O'Curry 1994), respondents were more likely to perceive it as a bargain that is more valuable than intended when it was due to unplanned circumstances than when the marketer deliberately designed the offer to meet consumers' known preferences.

In summary, although one might expect that explicitly emphasizing that an offer was tailored to fit consumers'

preferences, needs, or circumstances would increase its perceived value (Kivetz and Simonson 2003; Simonson 2005), we argue that framing the offer as tailored by the marketer can sometimes undermine the extent to which consumers perceive it as a bargain. Although customized offers may provide superior fit and satisfaction from the product, reduce information overload, and increase perceived product benefits (Pine, Pepper, and Rogers 1995; Zhang and Krishnamurthi 2004), we posit that explicit customization can sometimes backfire by undermining bargain perceptions compared with offers that seem to fit the consumer unintentionally.

Note that the pilot study used a paradigm in which participants did not view themselves as having idiosyncratic fit that differentiates them from other consumers. Indeed, when we asked participants if the offer was more valuable for them than for the typical buyer, 92% responded negatively, indicating that it was just as valuable for them as for most other buyers, and this did not vary by condition. Thus, the pilot study illustrates that perceptions of unintended value are not limited to the idiosyncratic fit heuristic (Kivetz and Simonson 2003), which is a specific manifestation of our more general proposition regarding the allure of unintended value.

THE MODERATING ROLES OF CONSUMERS' COMPETITIVE MINDSET AND MARKETERS' PERCEIVED PROFIT INTENT

We interpret a consumer's tendency to pursue offers that seem more valuable than the marketer presumably intended as largely due to an underlying competitive motivation to outsmart the market. Recent research has suggested that marketplace psychology is inherently competitive. Situational cues related to transaction making, money, and consumerism automatically increase competitiveness, selfishness, and a tendency to view others as adversaries rather than partners (Bauer et al. 2012; Kay et al. 2004; Molinsky, Grant, and Margolis 2012; Vohs, Mead, and Goode 2008). Assuming the role of a buyer, even in laboratory or experimental settings, tends to activate a desire to obtain a good deal as well as an aversion to bad deals (Frederick 2012; Weaver and Frederick 2012). Moreover, the belief in the self-interest motives of others, especially marketers (Wright 1986), can have a self-fulfilling effect, causing consumers to act more competitively (Miller 1999; Ratner and Miller 2001). This competitive mindset is characterized by a preference for maximizing one's outcomes relative to others (Malhotra 2010) and a shift from focusing on personal gains to "beating the other side" (Bazerman, Loewenstein, and White 1992; Cooper and Fang, 2008; Malhotra, Ku, and Murnighan 2008).

Consistent with this research, we hypothesize that one reason seemingly unintended bargains are more attractive than transparently tailored ones is that consumers perceive the former as a means to obtaining a gain at the expense of the marketer, which they often perceive as a competitor in a zero-sum game (i.e., a party trying to extract more value from them). Thus, we expect that a more pronounced competitive mindset would enhance the tendency to act on incidental and seemingly unintended opportunities. We test this prediction in Experiments 2a and 2b by priming people with constructs related to competition and examining the

effect of such priming on responses to seemingly unintended value.

In addition, consumers' responses to marketing offers often depend on how they perceive the marketer's motives and the behavioral norms these motives imply (Aggarwal 2004; Kirmani and Campbell 2004; Poppe, Van der Kloot, and Valkenberg 1999; Sela, Wheeler, and Sarial-Abi 2012). In particular, we predict that the tendency to pursue seemingly unintentionally valuable offers will be more pronounced when the seller's perceived intent is to profit, such as when consumers perceive the seller as a for-profit commercial marketer, because such intent is associated with competitive, zero-sum behavioral norms. In contrast, this behavior should be attenuated when consumers' lay theories about marketers are not salient or nonapplicable (Campbell and Kirmani 2000), such as when interacting with a not-for-profit seller (Fiske 1992; McGraw, Schwartz, and Tetlock 2012). Specifically, compared with a profit-seeking marketer, we expect that describing the seller as a not-for-profit entity will attenuate the competitive drive to take advantage of unintended value because the adversarial motivation to obtain a bargain at the marketer's expense is likely to be attenuated when it comes at the expense of a not-for-profit entity (Attaway, Boles, and Singley 1996).

In addition to attenuating the tendency to act on unintended bargains, perceiving the interaction with the seller as based on not-for-profit charitable goals may attenuate consumers' reluctance to pursue explicitly tailored offers. That is, consumers' lay beliefs regarding marketers' tactics for extracting surplus from them (Brown and Krishna 2004; Wright 1986) may not be salient or viewed as applicable for a not-for-profit seller (Aggarwal 2004; Fiske 1992).

In summary, we hypothesize that marketing offers are more likely to be perceived as bargains and to generate action when they seem incidentally valuable than when consumers perceive them as tailored by the marketer. Consequently, consumers may perceive customized offers that are explicitly presented as tailored to their individual preferences as less valuable than opportunities that they believe to be valuable without the marketer's intent. We argue that this effect is not driven by the extent of perceived fit between the offer and the consumer's preferences (i.e., perceived fit does not differ for unintended versus customized offers). We hypothesize that the tendency to act on seemingly unintended bargains reflects a competitive motivation to obtain a bargain at the marketer's expense, which is attenuated when consumers perceive the seller as driven by altruistic motives rather than by profit maximization.

EXPERIMENT 1: INCIDENTAL VERSUS TAILORED FIT

In Experiment 1, we test the hypothesis that consumers are more likely to pursue a marketing offer when certain cues lead them to believe that the offer fits them better and is therefore more valuable for them than intended than when such cues are absent or when the offer is explicitly designed to fit the consumer. Specifically, we test the prediction that consumers with high idiosyncratic fit with the focal option will be more likely to act on an offer that is explicitly targeted at the average person (i.e., when the offer is more valuable for them by coincidence) than on an offer that is explicitly designed for people like them.

Method

Participants ($N = 404$, mean age = 31 years, 43% female) were recruited from a national online pool. The study had a 2 (idiosyncratic fit: high vs. low) \times 3 (offer framing: incidental vs. tailored vs. control) between-subjects design.

We first measured idiosyncratic fit by asking consumers to complete a questionnaire in which they rated their preferences for various products (e.g., mustard, horror movies, fashion shows, sports news) relative to the average person (e.g., "How interested are you in music news relative to the average person?"). Participants responded to each item on a five-point scale (1 = "much less than average," and 5 = "much more than average"). Embedded in the questionnaire was an item pertaining to participants' preference for financial and world news. We used responses to this item to classify respondents as having high versus low perceived idiosyncratic fit toward *The Economist* magazine, which served as the target offer in this experiment (Kivetz and Simonson 2003, Study 4). We classified participants as having high idiosyncratic fit if they rated themselves as more interested in financial and world news than the average person (>3) and as having low/neutral idiosyncratic fit if they rated themselves as average or below average (<4). Participants then completed a 15-minute sequence of unrelated filler tasks.

After completing the filler tasks, participants were told that they had reached the end of the session and would be entered into a raffle in which they could win one of two rewards as an additional token of appreciation. They were asked to choose between receiving an additional \$5 in cash and an opportunity to buy a one-year subscription to *The Economist* magazine from a large online vendor at 70% below the regular price (\$36.99 instead of \$126.99). In the incidental framing condition, the offer was described as "designed especially to get the average person excited about *The Economist*." For consumers who are particularly interested in financial and world news, this framing implies that the offer unintentionally has more (subjective) value for them than for its designated target. In the control condition, there were no cues that indicated for whom the offer was designed; thus, although the offer provided idiosyncratic fit, the unintentionality of this idiosyncratic fit was not as salient as in the incidental condition. In the tailored framing condition, the same offer was described as "designed especially for the classic reader of *The Economist*." This framing suggests that the offer was intentionally designed for consumers interested in *The Economist* (see Web Appendix A).

We expected participants with high idiosyncratic fit with *The Economist* to be more likely to prefer the subscription over the cash reward in the incidental condition than in either the control or the tailored conditions. In general, we did not expect participants with low idiosyncratic fit toward *The Economist* to be interested in the offer.

After selecting their reward, participants rated their agreement with two perceived fit statements on five-point scales ("This offer is a perfect fit for me" and "This reward matches my preferences," averaged to form an index, $r = .51$, $p < .001$). We used these measures as a manipulation check as well as to test an alternative explanation that fram-

ing the offer as incidental versus tailored influenced its perceived fit or usefulness.

Results

Effect on choice. We expected participants with high idiosyncratic fit to be more likely to pursue the offer in the incidental condition than in the tailored or the control conditions. The choice results (see Figure 1) were consistent with our hypotheses. For participants with high idiosyncratic fit with *The Economist*, framing had a significant effect on choice ($\chi^2(2) = 12.55, p < .005$). Specifically, participants were significantly more likely to pursue the offer in the incidental framing condition (“designed for the average person”; 32.1%) than in either the control condition (8.5%; $\chi^2(1) = 10.06, p < .005$) or the tailored framing condition (“designed for the classic reader”; 12.9%; $\chi^2(1) = 6.34, p = .01$). In general, participants with low idiosyncratic fit were unlikely to pursue the offer, regardless of the offer’s framing (4.8% vs. 3.9% vs. 2.3% in the incidental vs. control vs. tailored conditions, respectively; $\chi^2(2) < 1$, not significant [n.s.]).

Effect on perceived fit. We conducted a 2 (idiosyncratic fit) \times 3 (offer framing) analysis of variance (ANOVA) on perceived fit (e.g., “This reward matches my preferences”) to validate our operationalization of idiosyncratic fit and to test a rival account positing that the incidental framing led participants to perceive the offer as fitting their idiosyncratic preferences better than the tailored or the control framing. The analysis revealed the expected main effect of idiosyncratic fit ($F(1, 398) = 6.86, p < .01$), with no main effect of offer framing ($F(2, 398) = 1.18, n.s.$) and no fit \times framing interaction ($F(2, 398) = 1.13, n.s.$). This finding is inconsistent with the aforementioned alternative explanation.

Discussion

Experiment 1 supports our proposition that consumers are particularly likely to act on marketing offers when certain cues lead them to believe that the offer is more valuable for them than the marketer presumably intended. Framing

an offer as designed to attract the average person increased purchase likelihood among participants with high idiosyncratic fit toward the focal option compared with when the offer was explicitly designed to be valuable for people like them or when we provided no information about for whom the offer was designed.

The results of Experiment 1 are inconsistent with an alternative account positing that incidental offers are more attractive than tailored ones because consumers have an aversion toward tailored or customized promotions (e.g., due to psychological reactance; Brehm 1966; Fitzsimons and Lehmann 2004; Kivetz 2005). Buying likelihood in the tailored condition was not lower than in the control condition. This suggests that the effect of offer framing reflects a positive reaction to the incidental offer and not a negative reaction to the tailored offer.

EXPERIMENTS 2A AND 2B: THE UNDERLYING ROLE OF COMPETITION

Experiments 2a and 2b have three goals. First, they test the generalizability of our propositions by employing two different manifestations of unintended value. In Experiment 2a, we replicate Experiment 1 using an offer involving idiosyncratic fit; in Experiment 2b, we examine the response to seemingly unintended value that is not idiosyncratic.

Second, the experiments examine the role of competition. Our analysis led to the prediction that priming people with competition would increase the tendency to act on offers that seem unintentionally valuable while not influencing the tendency to avoid tailored offers. This distinction is important because it could be argued that the tendency to prefer incidental over tailored bargains reflects an aversion toward tailored offers (e.g., due to psychological reactance) rather than a special attraction to unintended value, as we argue. Demonstrating that unintended value becomes even more attractive under a competitive mindset would support our hypothesis that the effect reflects a competitive response to what consumers perceive as unintended value.

Third, Experiment 2b directly tests whether psychological reactance toward the tailored offer explains the effect of incidental versus tailored offer framing. To do so, we examine whether the individual tendency to experience reactance moderates the effect.

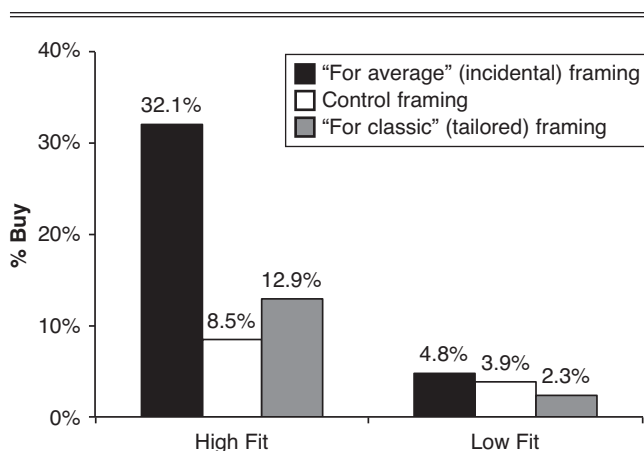
Experiment 2a: The Economist Offer

In Experiment 2a, we test the prediction that consumers with high idiosyncratic fit toward the focal option will be more likely to act on a marketing offer targeted at the average person (i.e., when the offer is incidentally more valuable for them) than an offer tailored especially for people like them. Furthermore, we predict that this tendency will be stronger after participants are primed with competition.

Experiment 2a had a 2 (idiosyncratic fit: high vs. low) \times 2 (priming: competition vs. control) \times 2 (offer framing: incidental vs. tailored) between-subjects design. Participants ($N = 304$, mean age = 23 years, 42% female) were recruited from a national online pool. They completed the same preferences questionnaire used in Experiment 1. From their responses, they were classified as having either a high or a low preference for financial and world news.

Following a sequence of unrelated filler tasks, participants were told that the final part of the session would include a

Figure 1
THE EFFECT OF INCIDENTAL OFFER FRAMING OF
THE ECONOMIST (EXPERIMENT 1)



Notes: The incidental framing condition marketed *The Economist* offer to “the average person,” whereas the tailored framing condition marketed it to “the classic reader.”

sentence unscrambling task, described as a test of language skills. This task constituted the priming manipulation. Using a procedure validated in prior research (Chartrand et al. 2008), participants were given 20 scrambled sentences, 17 of which contained either words related to competition (e.g., competitive, overtake, race, beat) or unrelated words that served as a control (e.g., bird, enlighten, embrace, fish). Other than these 17 words, the sentences were identical across the two (competition vs. control) conditions.

After completing the sentence unscrambling task, participants were told that they had reached the end of the session and would be entered into a raffle in which they could win one of two rewards as an additional token of appreciation. They chose between receiving an additional \$5 in cash and a one-year subscription for *The Economist* magazine at 70% below the regular price (\$36.99 instead of \$126.99). As in Experiment 1, the offer was described either as “designed especially to get the average person excited about *The Economist*” (i.e., incidental framing) or as “designed especially for the classic reader of *The Economist*” (tailored framing) (see Web Appendix A).

We expected participants with high idiosyncratic fit toward *The Economist* to be more likely to prefer the subscription over the cash reward when the offer was framed as designed to attract the average person (i.e., incidentally valuable for them) than when it was designed for the classic reader (i.e., especially tailored for people like them). Furthermore, we expected this tendency to be even stronger among participants primed with competition.

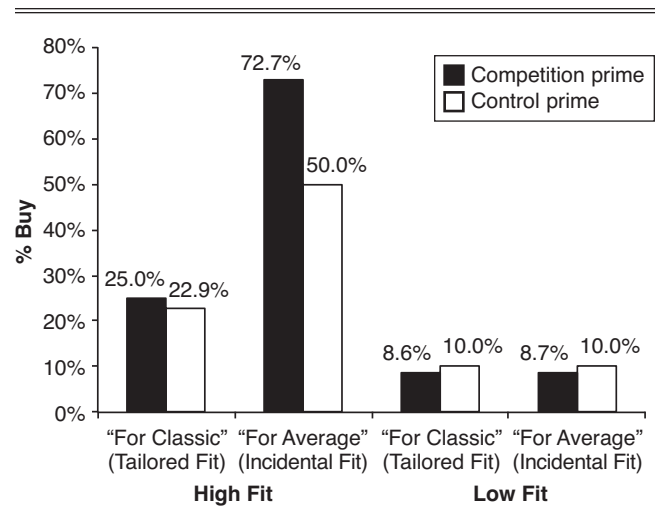
After selecting their reward, participants rated their agreement with two perceived fit statements on five-point scales (“This offer is a perfect fit for me” and “This reward matches my preferences,” averaged to form an index, $r = .64$, $p < .001$). We used these measures as a manipulation check as well as to test an alternative explanation positing that framing the offer as incidental versus tailored influenced its perceived fit. Finally, participants were asked if they thought the different tasks were related; if so, how; and whether their choice was influenced by the earlier tasks. Responses revealed that none of the participants were aware of the primed construct and that none of them thought either the preferences questionnaire or the sentence unscrambling task influenced their choice of reward.

Results

Effect on choice. We expected participants with high idiosyncratic fit to be more likely to pursue the offer when it was incidentally valuable for them than when it was tailored (with no corresponding effects among participants with low idiosyncratic fit). The choice results (see Figure 2) were consistent with our hypotheses. A logistic regression on choice with idiosyncratic fit (high vs. low) and opportunity framing (incidental vs. tailored) revealed a main effect of idiosyncratic fit ($\chi^2(1) = 7.75$, $p < .005$), which was qualified by the predicted idiosyncratic fit \times framing interaction ($\chi^2(1) = 5.79$, $p < .02$).

Specifically, participants with high idiosyncratic fit were considerably more likely to pursue the offer in the incidental framing (i.e., “designed for the average person”) condition (62.8%) than in the tailored framing (i.e., “designed for the classic reader”) condition (24.0%; $\chi^2(1) = 23.41$, $p < .001$). In general, participants with low idiosyncratic fit

Figure 2
THE EFFECT OF COMPETITIVENESS ON CHOICE OF
AN INCIDENTAL VERSUS A TAILORED OFFER OF
THE ECONOMIST (EXPERIMENT 2A)



Notes: The incidental framing condition marketed *The Economist* offer to “the average person,” whereas the tailored framing condition marketed it to “the classic reader.”

were unlikely to pursue the offer, regardless of incidental versus tailored framing (9.3% vs. 9.2%, n.s.).

We next examined the effect of competition priming separately at each level of idiosyncratic fit. Consistent with our theorizing, priming high idiosyncratic fit participants with words related to competition increased their tendency to pursue the incidental offer even further compared with the control prime (72.7% vs. 50.0%; $\chi^2(1) = 4.24$, $p < .05$), with no corresponding effect of the prime in the tailored offer condition (25.0% vs. 22.9%; $\chi^2(1) < .1$, n.s.). Viewed another way, the effect of incidental versus tailored framing on purchase likelihood increased from 50.0% versus 22.9%, respectively, in the control prime condition ($\chi^2(1) = 5.50$, $p < .02$), to 72.7% versus 25.0% in the competition prime condition ($\chi^2(1) = 19.09$, $p < .001$). Among participants with low idiosyncratic fit, priming had no main effect on choice and did not interact with framing (both χ^2 s $< .1$, n.s.).

Effect on perceived fit. For participants with high idiosyncratic fit, a 2 (framing) \times 2 (priming) ANOVA on perceived fit (e.g., “This reward matches my preferences”) revealed no main effects or interactions involving either framing or priming (all F s < 2.4 , n.s.). This finding is inconsistent with an alternative explanation that the incidental offer was more attractive than the tailored offer because participants perceived the former as a better match for their preferences ($M_{\text{Incidental}} = 4.05$ vs. $M_{\text{Tailored}} = 4.23$; $F < .3$, n.s.).

Experiment 2b: Cable Company Offer

Experiment 2b extends the findings of Experiment 2a to a situation in which the perceived bargain is nonidiosyncratic. We predicted that participants would be more likely to pursue a marketing offer that seemed incidentally valuable due to factors out of the marketer’s control than an equivalent offer that the marketer deliberately designed to

be valuable for them. Furthermore, we expected this tendency to increase under a competitive mindset.

Participants ($N = 210$, mean age = 27 years, 44% female) were randomly assigned to one of four conditions in a 2 (opportunity framing: incidental vs. tailored) \times 2 (prime: competition vs. control) between-subjects design. The first task constituted the priming manipulation and was described as a survey about life experiences. Participants in the competition prime condition were asked to take a moment to think of a situation in which they felt and acted competitively and to describe in writing the situation they recalled. In the control condition, participants recalled and listed all the beverages they consumed in the preceding day.

Participants then completed a second task, in which they were asked to decide whether to accept a hypothetical offer from a cable company (see Web Appendix A). In both incidental and tailored bargain conditions, participants could take advantage of a channel package that included a Hollywood hits channel at a reduced price of \$50 per year, instead of an unavailable standard package that included both a Hollywood hits channel and a ballet channel at the full price of \$90 per year. We expected participants to perceive the Hollywood hits-only offer as a bargain compared with the standard package on the basis of a pretest that suggested that participants from the same population were interested in a Hollywood hits channel but not a ballet channel.¹

Depending on the opportunity framing condition (incidental vs. tailored), the offer was said to be available to participants either incidentally, due to the cable company's limited cable capacity in that particular zip code area, or by design, following market research that studied customers' television viewing preferences across different demographics and zip codes. Note that whereas the Hollywood channel offer seems more valuable than the reference option (the Hollywood plus ballet package), in both conditions, the incidental scenario implies that the cable company (incorrectly) assumes that the ballet channel is valuable to consumers and its absence therefore warrants a price reduction. In the tailored condition, the offer is explicitly designed on the basis of the cable company's (valid) understanding of what channels consumers actually value.

Participants indicated whether they would take advantage of the offer, which served as our focal dependent variable. They also rated on a separate page how interested they were in a ballet-only channel and a Hollywood hits channel (1 = "not at all interested," and 5 = "extremely interested"). We used this as a manipulation check and to examine whether our manipulations influenced the attractiveness or perceived fit of the offer's content.

Participants also rated the extent to which they thought their preferences were typical of the average person (1 = "not at all typical," and 5 = "very typical"). Validating our assertion that the idiosyncratic fit heuristic was not at play in the current experiment, participants did not perceive their preference for either channel as atypical (3.39 and 3.43, both higher than 3; $t > 8.25$, $p < .001$).

¹Participants ($N = 45$) rated both channel types on a five-point scale (1 = "not at all interested," and 5 = "extremely interested"). The results suggest that participants were uninterested in a ballet channel compared with a Hollywood hits channel (2.49 vs. 4.33; $t = 8.05$, $p < .001$).

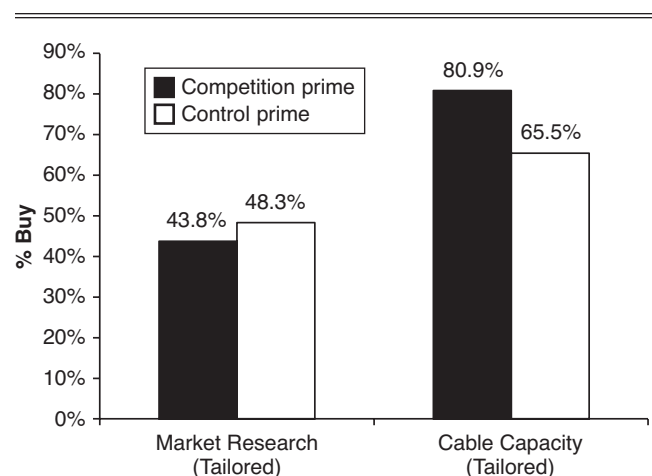
Finally, to test the possibility that the effect of incidental versus tailored framing was due to psychological reactance to tailored offers, participants responded to the 11-item psychological reactance scale following an unrelated filler task (Hong and Faedda 1996). The scale measures the individual tendency to experience reactance and includes such items as "I resist the attempts of others to influence me," "I consider advice from others to be an intrusion," and "It irritates me when someone points out things which are obvious to me." We combined responses to form an individual reactance score ($\alpha = .81$). Reactance score was not affected by offer framing or the prime (all $F_s(1, 206) < 2$, n.s.).

Results

Effect on choice. In support of our predictions, and conceptually replicating the pilot study, participants were generally more likely to buy the price-reduced cable package when it was said to be available due to an incidental capacity constraint than when it was presented as tailored to their preferences (72.5% vs. 46.3%; $\chi^2(1) = 14.95$, $p < .001$). Furthermore, the priming manipulation also influenced choice (see Figure 3). Consistent with Experiment 2a, priming participants with words related to competition increased their tendency to pursue the incidental offer even further compared with the control prime (80.9% vs. 65.5%; $\chi^2(1) = 3.03$, $p < .08$), with no corresponding effect of the prime in the tailored offer condition (43.8% vs. 48.3%; $\chi^2(1) < .5$, n.s.). Viewed another way, the effect of incidental versus tailored framing on purchase likelihood increased from 65.5% versus 48.3%, respectively, in the control prime condition ($\chi^2(1) = 3.42$, $p < .06$) to 80.9% versus 43.8% in the competition prime condition ($\chi^2(1) = 13.89$, $p < .001$).

Effect on perceived fit. To rule out the possibility that these effects were driven by the perceived attractiveness of the offer's content or the extent to which it matched con-

Figure 3
THE EFFECT OF COMPETITIVENESS ON CHOICE OF
INCIDENTAL VERSUS TAILORED OFFER OF CABLE
CHANNELS (EXPERIMENT 2B)



Notes: The incidental framing condition offered a television channel at a reduced price due to the cable company's limited capacity, whereas the tailored framing condition offered it at a reduced price on the basis of market research results.

sumers' preferences, we ran a repeated-measures within-subject ANOVA on the perceived attractiveness of a Hollywood hits channel versus a ballet channel. The analysis indicated that although people rated Hollywood hits as more attractive than ballet in general ($M_{\text{Hollywood}} = 4.18$ vs. $M_{\text{Ballet}} = 2.46$; $F(1, 208) = 280.86$, $p < .0001$), these ratings did not vary as a function of incidental versus tailored offer framing ($M_{\text{Hollywood incidental}} = 4.13$ vs. $M_{\text{Hollywood tailored}} = 4.22$, and $M_{\text{Ballet incidental}} = 2.40$ vs. $M_{\text{Ballet tailored}} = 2.52$; $F < .1$, n.s.). Thus, the effect of offer framing on choice was not driven by the perceived attractiveness or fit of the offer's content.

Effect of psychological reactance. If our effect is due to reactance to tailored offers, it should be particularly pronounced among people who tend to experience psychological reactance. The results, however, showed that this was not the case. A logistic regression on choice, with offer framing and reactance score as independent variables, revealed a main effect of incidental versus tailored framing ($\chi^2(1) = 12.89$, $p < .001$) and a marginally significant main effect of reactance ($\chi^2(1) = 2.91$, $p < .1$), with no interaction between offer framing and reactance score ($\chi^2(1) < .5$, n.s.). Thus, although a higher tendency to experience reactance had a marginally significant negative effect on purchase likelihood in general, it did not influence the response to the incidental versus tailored offer.

Discussion

Taken together, the results of our experiments thus far support our proposition that consumers find marketing offers particularly attractive when the offer seems to fit the consumer without the marketer's intent. This finding held regardless of whether these perceptions of value were idiosyncratic (Experiments 1 and 2a) or nonidiosyncratic (pilot study and Experiment 2b). Although idiosyncratic fit can be a cue for unintended value, perceptions of bargains can also arise when consumers believe their preferences are typical and, therefore, the offer does not idiosyncratically fit them better than other consumers.

Furthermore, the experiments show that unintended value (or fit) is more attractive than intended value (fit) even when the tailored or designed offers had the same perceived fit as offers that people perceived as valuable without the marketer's intent. These results challenge the assumption that emphasizing the fit between the consumer's preferences and the firm's offer or the uniqueness of the target consumer's preference ("designed for the classic reader") will necessarily increase the offer's attractiveness (e.g., Pine, Pepper, and Rogers 1995).

Experiments 2a and 2b also support our hypothesis that the tendency to act on opportunities whose value seems to be incidental or unaccounted for is driven by a competitive desire to obtain an unintended bargain. Indeed, as we predicted, priming competition increased this tendency without affecting choice in the tailored condition. Importantly, this result suggests that the effect of incidental versus tailored offers reflects a competitive response to seemingly unintended value rather than an aversion toward tailored offers.

It could be argued that priming competition made participants more price sensitive, which in turn led them to prefer unintended bargains. We tested this alternative account by examining whether the priming manipulations used in

Experiment 2a (i.e., sentence unscrambling) or 2b (i.e., recalling competitive experiences) influenced price sensitivity. Participants ($N = 118$) were randomly assigned to one of four conditions in a 2 (prime: competition vs. control) \times 2 (priming method: sentence unscrambling vs. recalling competitive experiences) design. After the priming task, participants completed a choice task adapted from prior research on frugal choices (Sela and Shiv 2009). They imagined they were shopping for new crew socks and had to choose between a single pair of "Nike Elite" socks at \$12 a pair (the nonfrugal option) and a three-pack of "Hanes All Day Dry" socks at \$11 for three pairs (the frugal option).

If priming competition increases price sensitivity, participants should be more likely to choose the frugal option after the competition prime than after the control prime. However, a 2 (prime) \times 2 (priming method) logistic regression analysis on choice did not support this alternative account: overall, participants were *less* likely to choose the frugal option after the competition primes (66.7%) than after the control primes (74.3%), although this difference did not reach significance. There was no prime \times priming method interaction (both $\chi^2(1) < 1$, n.s.). These results do not support a price sensitivity account.

Finally, the results of Experiment 2b are inconsistent with an alternative account based on psychological reactance to tailored offers. Although a greater tendency to experience reactance was generally associated with decreased purchase likelihood (Kivetz 2005), it did not influence the response to the incidental versus tailored offer.

EXPERIMENT 3: PERCEPTIONS OF INCIDENTAL OPPORTUNITIES

We designed Experiment 3 to provide further insights into the processes underlying the effects demonstrated in the previous studies as well as to examine several alternative explanations by directly measuring consumers' perceptions of incidental versus tailored bargains. First, we wanted to test directly whether consumers perceive offers that provide seemingly unintended fit as more valuable than the marketer intended compared with equivalent but explicitly tailored offers. Second, we wanted to further test the alternative explanation that incidentally fitting offers are more attractive than tailored ones because they seem to (idiosyncratically) fit the consumer better than tailored offers.

A potential limitation of assessing people's perceptions of value in a choice experiment is that consumers might derive stated value a posteriori or use it to justify rather than determine choice. To mitigate this concern, participants in Experiment 3 were asked to evaluate, rather than choose, an offer to be received in the future.

Method

We manipulated subjective bargain perceptions through idiosyncratic fit, as in Experiment 1. Participants ($N = 123$, mean age = 28 years, 46% female) were randomly assigned to one of four conditions in a 2 (idiosyncratic fit: high vs. low) \times 2 (framing: incidental vs. tailored) between-subjects design. Participants were told that the researchers were conducting a survey to design better rewards for participants in future studies. We first manipulated high versus low idiosyncratic fit by describing the following scenario to participants:

Imagine you participated in a study. At the end of the study, you could choose to receive an additional reward, offered by a large marketer of magazines. Specifically, you could take advantage of a special offer to buy—at a discount—a subscription for a particular magazine covering a topic you happen to be very enthusiastic about [vs. are not particularly interested in].

We then manipulated whether participants viewed idiosyncratic fit as incidental versus tailored by telling them that “the subscription is a special offer designed to get the average person excited about this topic” (i.e., incidentally fits enthusiasts’ preferences) versus “the subscription is a special offer designed for people who are particularly enthusiastic about this topic” (i.e., tailored to fit enthusiasts’ preferences). For consumers who are particularly interested in the topic, the incidental framing implies that the offer incidentally has more (subjective) value for them than for the offer’s intended target, whereas the tailored framing implies that the offer was deliberately designed with their preference in mind.

After reading the offer description, participants rated their agreement with eight statements about the offer on five-point scales (-2 = “not at all agree,” and 2 = “completely agree”). Specifically, to assess the extent to which participants perceived the offer as a bargain, participants rated their agreement with the statements “There is probably no special value for me in this offer” and “This is likely to be a standard offer that is not different from what someone like me could normally get” (reverse-coded and averaged to form an index; $r = .48, p < .001$). To assess the extent to which participants perceived the offer as more valuable than the marketer intended, we asked them to rate their agreement with the statements “This offer is more valuable to me than the marketer intended” and “In a way, this offer is like a ‘free lunch’ from the marketer” (averaged to form an index; $r = .72, p < .001$). Finally, to assess perceived fit, participants rated the statements “This kind of offer is a perfect fit for me” and “This reward matches my preferences” (averaged to form a perceived fit index; $r = .74, p < .001$).

Results

A 2 (idiosyncratic fit: high vs. low) \times 2 (framing: incidental vs. tailored) ANOVA on perceived bargain perceptions revealed a main effect of framing ($F(1, 119) = 6.48, p < .05$), which was qualified by an idiosyncratic fit \times framing interaction ($F(1, 119) = 20.15, p < .001$). In the high-fit condition, framing the offer as incidental increased bargain perceptions compared with the tailored framing condition ($M_{\text{Incidental}} = .33$ vs. $M_{\text{Tailored}} = -.67; F(1, 119) = 24.96, p < .001$). In the low-fit condition, framing had no effect on bargain perceptions ($M_{\text{Incidental}} = -.16$ vs. $M_{\text{Tailored}} = -.43; F < 2, n.s.$).

A similar ANOVA on perceptions of unintended value revealed a main effect of idiosyncratic fit ($F(1, 119) = 4.25, p < .05$) and a main effect of framing ($F(1, 119) = 8.60, p < .005$), which were qualified by an idiosyncratic fit \times framing interaction ($F(1, 119) = 8.34, p < .005$). Specifically, in the high-fit condition, framing the offer as incidental increased perceptions that it was more valuable than intended compared with the tailored framing condition ($M_{\text{Incidental}} = .95$ vs. $M_{\text{Tailored}} = -.07; F(1, 119) = 17.09, p < .001$). Ratings in

the low-idiosyncratic fit condition did not vary as a function of framing ($M_{\text{Incidental}} = .09$ vs. $M_{\text{Tailored}} = .08; F < 1, n.s.$).

Finally, a 2 (idiosyncratic fit: high vs. low) \times 2 (framing: incidental vs. tailored) ANOVA on perceived fit revealed a main effect of the idiosyncratic fit manipulation ($M_{\text{High}} = .53$ vs. $M_{\text{Low}} = .08; F(1, 119) = 6.83, p < .01$), but there was no main effect or interaction involving incidental versus tailored framing (both F s $< 1, n.s.$). Thus, consistent with the results of our prior experiments, framing the offer as incidental versus tailored had no effect on perceived fit, indicating that perceived idiosyncratic fit by itself does not account for the effect of incidental versus tailored framing.

As another test of our theory, we examined whether the effect of offer framing (incidental vs. tailored) and idiosyncratic fit (high vs. low) on bargain ratings was mediated by perceptions of unintended value. An analysis using Hayes’s (2012) approach with 5,000 samples and a 95% confidence interval (in brackets) indicated that the framing \times fit interaction effect on bargain ratings was mediated by the unintended value index ($B = -.24 [-.64, -.03]$). Specifically, mediation was significant among people with high idiosyncratic fit ($B = -.24 [-.55, -.04]$) but not among those with low idiosyncratic fit ($B = -.01 [-.10, .14]$).

Discussion

The results of Experiment 3 further support our proposition that when an offer (in this case, entailing idiosyncratic fit) seems incidentally valuable, consumers perceive it as more valuable than intended and, therefore, as an opportunity to obtain a bargain at the marketer’s expense. In contrast, when the marketer deliberately designs the offer to fit the consumer’s preferences (e.g., “especially for enthusiasts”), consumers are paradoxically less likely to perceive it as a bargain. Importantly, participants perceived tailored offers as less attractive from a value perspective even though they viewed these offers as providing a very high fit.

EXPERIMENT 4: THE ROLE OF SELLER INTENTION

We designed Experiment 4 to further test our theory by examining the role of the seller’s perceived intention. Specifically, we proposed that our effects reflect consumers’ perception of marketers as counterparts in a competitive game.

In the current experiment, we manipulate not only whether consumers perceive the offer as incidentally valuable versus tailored (i.e., valuable by design) but also whether the offer is made by a for-profit marketer or a not-for-profit entity. Two pretests, reported in Web Appendix B, indicated that (1) consumers expect interactions with commercial marketers (vs. not-for-profit sellers) to reflect profit-maximization motives and zero-sum norms and (2) merely thinking about interacting with a marketer (vs. a not-for-profit seller) leads people to perceive social situations as more adversarial and competitive. Consistent with these results, we expected the tendency to pursue incidentally valuable offers to be more pronounced when they are made by a for-profit marketer than by a not-for-profit seller.

Manipulating the seller’s identity further helps distinguish our hypothesis, in which consumers strive to obtain value at the marketer’s expense, and an alternative account in which consumers attempt to surpass other consumers. If the tendency to pursue unintended opportunities is moder-

ated by the marketer's identity, as we predict, this would suggest that consumers' response is oriented toward the seller rather than toward fellow consumers.

Method

The experiment had a 2 (idiosyncratic fit: high vs. low) \times 2 (offer framing: incidental vs. tailored) \times 2 (seller's identity: for-profit vs. not-for-profit) between-subjects design. Participants ($N = 320$, mean age = 29 years, 46% female) completed the same preferences questionnaire used in Experiment 1. From their responses, we classified them as having either a high or a low preference for financial and world news.

Following an unrelated filler task, participants were informed that they would be entered into a raffle in which they could win one of two rewards as an additional token of appreciation for their participation. They chose between receiving an additional \$5 in cash and an opportunity to buy a one-year subscription to *The Economist* magazine at 70% below the regular price (see Web Appendix A). We manipulated the seller's identity by telling participants that the offer was made available to them by either a large online marketer of magazines or a not-for-profit organization. The offer itself was described as either "designed especially for the classic reader of *The Economist*" or "designed especially to get the average person excited about *The Economist*." The dependent measure was the choice of reward.

Results

The results (see Figure 4) were consistent with our predictions. In general, high-fit participants (i.e., those who believed they liked financial and world news more than the average person) were more likely to take advantage of the offer than low-fit participants (28.5% vs. 11.1%; $\chi^2(1) = 15.26, p < .001$). More importantly, among high-fit participants, buying likelihood was significantly influenced by the framing of the offer as incidental versus tailored ("average" vs. "classic," respectively) and the seller's identity (for-

profit vs. not-for-profit). Consistent with Experiments 1 and 2a, high-fit participants were more likely to take advantage of the offer when it was framed as intended for the average rather than for the classic reader (i.e., when the offer was incidentally valuable rather than tailored by the seller) but only when the seller was described as a for-profit marketer (47.2% vs. 10.0%; $\chi^2(1) = 13.13, p < .001$). When the seller was said to be a not-for-profit organization, offer framing had no effect on choice (23.8% vs. 26.1%; $\chi^2(1) < 1, n.s.$).

Viewed another way, high-fit participants were more likely to take advantage of the "average" framed offer (i.e., unintended value/fit) in the for-profit marketer condition than in the not-for-profit condition (47.2% vs. 23.8%; $\chi^2(1) = 4.70, p < .03$). This contrast is consistent with our suggestion that the tendency to act on unintended value reflects consumers' motivation to obtain a bargain at the marketer's expense (rather than to surpass fellow consumers). Furthermore, participants were less likely to take advantage of the offer framed as "designed for the classic reader of *The Economist*" (i.e., tailored) in the for-profit marketer condition than in the not-for-profit condition (10.0% vs. 26.1%; $\chi^2(1) = 3.66, p < .06$). Offer framing and seller identity did not influence purchase likelihood among participants low in idiosyncratic fit (all $\chi^2(1) < .5, n.s.$).

Discussion

Experiment 4 supports our prediction that the tendency to pursue offers that seem more valuable than intended is attenuated when this added value comes at the expense of a not-for-profit entity. The finding that participants tended to act on the opportunity when they thought the seller had profit intentions but not when the seller was a not-for-profit entity supports our proposition that this behavior is driven by consumers' perceptions regarding the competitive nature of their interactions with profit-seeking marketers and a desire to "beat the market." In addition, the finding that the tailored offer seemed less attractive when made by a for-profit marketer than by a not-for-profit seller underscores the role of consumers' lay beliefs regarding marketers' profit-oriented pricing tactics (which, as the pretests show, are attenuated for not-for-profit sellers).

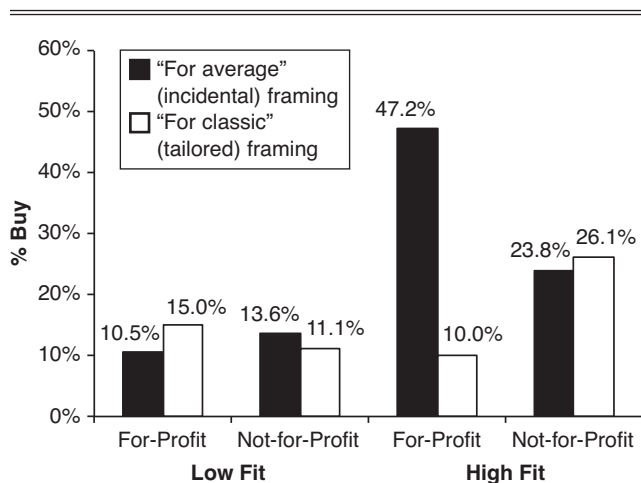
Experiment 4 also demonstrates that the effect of incidental versus tailored bargains is driven by a competitive desire to obtain value at the marketer's expense rather than to surpass other consumers. Although the competitive drive to surpass peers may contribute to the appeal of idiosyncratically valuable offers in many cases (Festinger 1954; Hamilton, Ratner, and Thompson 2011), the finding that our effect was moderated by the seller's intent indicates that it reflects consumers' perceptions of the interaction with the marketer rather than fellow consumers.

EXPERIMENT 5: BOUNDARY CONDITIONS

The experiments thus far support our proposition that consumers are more likely to perceive as bargains offers that seem to fit them by coincidence compared with equivalent offers that fit them by design. However, we are curious whether there are situations in which highlighting that the offer was tailored for the consumer makes the offer more rather than less attractive than the unintended bargain.

Explicit targeting or customization of marketing offers may have two opposing consequences. In addition to under-

Figure 4
THE EFFECT OF SELLER IDENTITY (EXPERIMENT 4)



Notes: The incidental framing condition marketed *The Economist* offer to "the average person," whereas the tailored framing condition marketed it to "the classic reader."

mining bargain perceptions, as shown in the previous experiments, describing offers as customized or designed for consumers may increase the perceived fit between the product and the consumer's individual preferences, especially when those preferences are not well defined (Simonson 2005). Thus, when consumers are unsure whether a product fits their preferences in the first place, explicit targeting may enhance the offer's attractiveness compared with the baseline, independent of whether it is also a great deal.

We hypothesize that product fit ambiguity moderates the effect of incidental versus tailored fit. Specifically, explicit targeting should increase the offer's attractiveness when product fit is ambiguous. For example, when consumers evaluate a subscription offer for an unfamiliar magazine in their area of interest, their primary concern is likely to be fit with their interests rather than whether it is a bargain. Consequently, the positive impact of explicit targeting on perceived fit may outweigh its negative impact on bargain perceptions. When product fit is less ambiguous, however (e.g., when evaluating familiar products such as a subscription to a known magazine or television channel package), unintended fit tends to increase offer attractiveness through bargain perceptions (as shown previously). We designed Experiment 5 to test this prediction.

Method

Experiment 5 had a 2 (idiosyncratic fit: high vs. low) \times 2 (offer framing: incidental fit vs. tailored fit) \times 2 (product fit ambiguity: unambiguous vs. ambiguous) between-subjects design. Participants ($N = 407$, mean age = 31 years, 48% female) followed the same procedure described in Experiment 1. They were first classified as having either a high or a low preference for financial and world news. Following an unrelated filler task, they were told that they would be entered into a raffle in which they could win one of two rewards. They chose between \$5 in cash and an opportunity to buy a magazine subscription at 70% below regular price.

We manipulated product fit ambiguity by using a familiar versus unfamiliar product. A pretest ($N = 60$) showed that whereas 80% of participants were familiar with *The Economist* magazine and 73.3% believed that they could adequately describe its content, only 6.7% (2 respondents) indicated that they had heard of *The Marker*, an Israeli business magazine that is not widely distributed in the United States, and 87% did not believe that they could adequately describe its content (both $\chi^2(1) > 21.99$, $p < .001$). Participants also rated how certain they were regarding the extent to which each magazine fit or did not fit their preferences (1 = "no idea," 3 = "I have a hunch but I'm not sure," and 5 = "100% sure") and the relative importance of getting a good deal versus ensuring fit when considering each product (1 = "getting a deal," 3 = "equally important," and 5 = "making sure this product fits my interests"). These measures confirmed that product fit was more ambiguous for *The Marker* ($M = 2.24$) than for *The Economist* ($M = 4.06$; $F(1, 58) = 5.55$, $p < .05$) and that fit was more important for *The Marker* ($M = 3.77$), whereas getting a deal was more important for *The Economist* ($M = 2.86$; $F(1, 58) = 13.18$, $p < .001$).

Drawing on the results of the pretest, half the participants received a subscription offer for *The Economist*, described as "the premier source for the analysis of world business."

The other half received an equivalent offer for *The Marker*, described as "the up and coming source for the analysis of world business." The offer itself was described as either "designed especially for enthusiastic readers of economic and world news" (in the tailored condition) or "designed especially to get the average person excited about *The Economist* [vs. *The Marker*]" (in the unintended fit condition; see Web Appendix A).

Results

The results supported our prediction. Among high-fit participants (i.e., those who liked world news more than the average), a logistic regression on choice revealed an offer framing \times product familiarity interaction ($\chi^2(1) = 6.99$, $p < .01$). Replicating our previous findings, participants were more likely to take advantage of *The Economist* offer when it was framed as intended for the average rather than for the enthusiastic reader (i.e., when the offer seemed to fit them incidentally rather than by design; $M_{\text{Average}} = 23.4\%$ vs. $M_{\text{Enthusiastic}} = 10.2\%$; $\chi^2(1) = 3.01$, $p < .09$). However, participants were more likely to take advantage of the *Marker* offer when it was framed as intended for enthusiastic than for average readers ($M_{\text{Enthusiastic}} = 15.3\%$ vs. $M_{\text{Average}} = 6.8\%$; $\chi^2(1) = 4.99$, $p < .05$). There were no corresponding effects among participants low in idiosyncratic fit (all $\chi^2(1) < 1$, n.s.).

Discussion

Experiment 5 underscores an important boundary condition: when product fit is ambiguous, the relative importance of getting a good deal is outweighed by the goal of ensuring good fit. Thus, explicit targeting decreased purchase likelihood when product fit was unambiguous (*The Economist*) but increased it when fit was ambiguous (*The Marker*).

Note that the reversal of our effect further rules out a psychological reactance account. Both *The Economist* and *The Marker* offers were equally likely to trigger reactance. Thus, reactance cannot account for the reversed choice pattern.

GENERAL DISCUSSION

In this research, we show that offers are perceived as more attractive and are more likely to lead to action if their value to the consumer (e.g., through fit) seems to be unintended rather than premeditated. Throughout the experiments, we used offer customization, a particularly important marketing practice, to demonstrate how purchase likelihood is affected by the degree to which fit seems unintended versus deliberate. Although our studies have focused on the differential effects of explicit versus implicit offer customization, the implications of our findings extend to consumers' evaluations of marketing offers more generally.

We began with the basic question of how consumers form subjective perceptions of value in the marketplace. We argued that because consumers expect marketers to design offers that enable them to keep much of the consumer surplus, consumers are likely to perceive as a bargain an offer that seems more valuable than presumably intended due to reasons that the marketer has not factored in or foreseen. In contrast, such perceptions of a bargain are less likely to arise when the offer seems valuable by design—that is, when it appears to have been formulated using knowledge of consumers' preferences and willingness to pay. Conse-

quently, consumers are sometimes less likely to perceive customized or targeted offers as a bargain compared with offers that they believe happen to be valuable for them without the marketer's intent.

Six experiments and a pilot study support our analysis and provide insights into moderators of the attraction to seemingly unintended opportunities. First, consistent with our basic proposition, the studies show that when certain cues lead consumers to believe that an offer is more valuable for them than presumably intended, they are considerably more likely to perceive it as a bargain and consequently pursue the offer than when such cues are absent (Experiment 1) or when the offer is explicitly designed to be valuable for them (Experiments 1–5). Holding constant the perceived fit between the offer and the consumer's preferences, participants were more likely to act on offers that seemed incidentally valuable for them than on tailored offers that seemed valuable for them by design. The effect holds for both idiosyncratic opportunities (Experiments 1, 2a, 3, 4, and 5) and nonidiosyncratic opportunities (Experiments 2b and the pilot study) as well as for real choices with monetary consequences (Experiments 1, 2a, 4, and 5) and hypothetical choices (Experiments 2b and 3 and the pilot study).

We argued that a key factor underlying the allure of seemingly unintended opportunities is the competitive nature of the relationship between buyers and sellers, in which one party's gain supposedly comes at the expense of the other. Thus, we found that priming people with competition increased their tendency to pursue incidental opportunities. The results also demonstrated that the response to unintentionally valuable offers is driven in part by the opportunity to obtain high value at the marketer's expense rather than a desire to do better than other consumers (Experiments 2b and 4 and the pilot study). Accordingly, the response to unintended value was most pronounced when we framed the seller as a for-profit marketer but disappeared when we framed the seller as a not-for-profit entity (Experiment 4).

Our findings illustrate two interrelated components that, together, contribute to the allure of unintended value. First, consumers may use market reasoning to infer that if a marketer sets the price of a product to be attractive for people who value it less than they do, the marketer must be operating at a smaller margin than if the product were priced to be attractive to people like them—and therefore that it is a better deal (and vice versa). Second, perceiving the offer as more valuable than intended for the consumer—and thus less profitable for the marketer—may create transaction utility, particularly under a competitive mindset that involves a desire to “win,” thereby making the deal more attractive.

Our findings contain evidence that uniquely supports each of these components. Marketplace reasoning, for example, explains why a tailored offer seemed less attractive when made by a for-profit marketer than by a not-for-profit seller (Experiment 4), presumably because consumers' lay beliefs regarding marketers' pricing tactics are not salient for not-for-profit sellers, as the tests reported in Web Appendix B suggest. We found evidence for such reasoning in an unreported study in which we asked people to explain why they thought marketers customize offers to individual consumers. Analysis showed that 24% of respondents expressed market reasoning (e.g., “they know they can charge you more if you are enamored of the product”).

However, market reasoning alone cannot account for why priming competition increased the appeal of incidental offers but had no equivalent effect on tailored ones (Experiments 2a and 2b). In particular, if competition increases the likelihood of marketplace reasoning, it should also decrease the appeal of tailored offers. The asymmetrical moderating effect of competition—affecting incidental offers but not tailored ones—highlights the role of the competitive desire to outsmart the marketer beyond market reasoning. In conclusion, we believe that market reasoning and the motivation to outsmart the marketer are not mutually exclusive but rather jointly contribute to our effects.

One might argue that incidentally valuable offers are attractive merely because they make consumers feel “lucky” (Darke and Freedman 1995). However, such an alternative explanation cannot explain the moderating effect of the marketer's profit versus not-for-profit intent (Experiment 4) or the finding that consumers perceived incidentally valuable offers as more valuable than intended (Experiment 3 and the pilot study). Furthermore, the finding that reactance tendencies did not influence participants' response to incidental versus tailored opportunities (Experiment 2b) and the reversal of the effect in Experiment 5 suggest that our results are unlikely to be driven by psychological reactance to customized offers (Brehm 1966; Kivetz 2005). That stated, although these alternative accounts cannot explain our results, the processes they represent may contribute to the allure of unintended value in some instances.

Finally, Experiment 5 shows an important boundary condition: when product fit is ambiguous, explicit targeting can increase the offer's attractiveness compared with the baseline. Explicit targeting is also more likely to have a positive impact on purchase likelihood when the relationship between the consumer and the brand is trusted or based on communal rather than exchange norms (Aggarwal 2004; Sela, Wheeler, and Sarial-Abi 2012; Simonson 2005). Bargain perceptions are unlikely to be negatively affected when consumers self-customize their purchases.

Theoretical Implications

The current research contributes to a better understanding of factors that lead consumers to perceive marketing offers as bargains. Prior research has focused on the perceived magnitude of a promotion or price discount (e.g., Darke and Freedman 1993; Kahneman and Tversky 1984; Winer 1986), the role of reference prices (for a review, see Mazumdar, Raj, and Sinha 2005), social comparison and idiosyncratic fit (Kivetz and Simonson 2003), and the relationship between price, quality, and value (Zeithaml 1988). The current research contributes to this literature by showing that subjective perceptions of value are often evoked when marketing offers seem more valuable than the marketer presumably intended. Our findings also contribute to a better understanding of the mechanism underlying the idiosyncratic fit heuristic: not only does it reflect people's desire to outpace others (Festinger 1954; Hamilton, Ratner, and Thompson 2011; Kivetz and Simonson 2003); it also reflects perceptions of unintended value and a competitive motivation to retain a larger share of the surplus at the marketer's expense.

This article also underscores the hitherto unexplored role of the adversarial, competitive motivation to outsmart the market by taking advantage of unintended opportunities.

Prior research has provided several explanations for the considerable weight that consumers attach to getting a bargain, including smart-shopper self-attributions (Schindler 1989), lucky-shopper attributions (Darke and Freedman 1995), perceived fairness (Darke and Dahl 2003), a need to compare one's outcomes with those of typical others (Kivetz and Simonson 2003), and, more broadly, transaction utility (Thaler 1985). The notion that unintended value is attractive in part because it enables consumers to outsmart the market(er) is consistent with recent findings suggesting that marketplace psychology is inherently competitive and promotes the tendency to view others as competitors or adversaries (Vohs, Mead, and Goode 2008).

Finally, this work contributes to the literature on consumers' persuasion knowledge and marketplace intuitions (Brown and Krishna 2004; Friestad and Wright 1994; Hardisty, Bearden, and Carlson 2007; Wright 1986). Our findings challenge the notion that consumers merely shield themselves against marketers' persuasion attempts passively and show instead that consumers often take an active, goal-directed role in a perceived zero-sum game in which they competitively and opportunistically try to outsmart the market.

Practical Implications

From a practical perspective, marketing researchers and practitioners have long emphasized the benefits of customizing offers to match consumers' individual tastes. The assumption underlying customization is that if marketers can reveal people's preferences and tailor offers accordingly, these customized offers will provide superior fit and satisfaction, reduce information overload, and ultimately increase perceived value, purchase likelihood, and loyalty (Pine, Pepper, and Rogers 1995; Simonson 2005). The current research highlights the potential negative impact of explicit customization and targeting on perceived value.

Marketers who engage in customization, targeting, one-to-one marketing, and other practices that are aimed at individual customers should therefore consider the trade-off between these two potentially conflicting consequences of explicit customization and targeting efforts. On the one hand, describing offers as designed "especially" for consumers may lead to consumer perceptions of (1) enhanced fit between the offer and the consumer's individual preferences and circumstances (Kivetz and Simonson 2003; Simonson 2005) and (2) greater investment of effort by the marketer or firm (Morales 2005). Both types of perceptions may enhance the offer's attractiveness. On the other hand, explicit customization introduces the risk of undermining the extent to which consumers perceive the offer as a bargain. Therefore, explicit customization may be an effective strategy in categories in which consumer uncertainty revolves mainly around product fit (e.g., fiction books, music, clothes) or when being identified as having a preference for the product is considered socially desirable (e.g., prestigious products). Nonexplicit customization, in contrast, may be more effective in categories in which consumers' uncertainty tends to revolve around the deal's value (e.g., subscriptions, cars, financial offerings such as insurance). In such cases, although consumers may spontaneously identify offers that provide them with unintended idiosyncratic fit (Kivetz and Simonson 2003), explicit cues for unintended value may increase bargain perceptions even further (Experiment 1).

Whether marketers should deliberately portray their offerings as providing unintended value raises ethical issues. To the extent that marketers attempt to communicate unintended value, they should be sure not to deceive consumers and allow them to assess the offer's true value. Future studies could further examine the conditions under which incidental opportunities are better received than premeditated ones as well as how various interrelated mechanisms contribute to these effects.

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Beating the Market: The Allure of Unintended Value

Aner Sela, Itamar Simonson, and Ran Kivetz

WEB APPENDIX A

THE ECONOMIST OFFER (EXPERIMENTS 1, 2A, 4, 5*)

Additional Reward

Thank you for completing the survey!

At the end of this session, you will be entered into a raffle. If you win the raffle, you will receive one of the two rewards listed below. Please select your preferred reward.

Option 1: As a participant in this study, you can take advantage of a special offer to subscribe for **The Economist** magazine at a specially reduced price of \$36.99 for one year (51 issues), instead of \$126.99 which is the best price available directly from The Economist.

The Economist is the premier source for the analysis of world business and current affairs, providing insight and opinion on international news, world politics, business, finance, science and technology, as well as overviews of cultural trends and regular Special reports on industries and countries.

Incidental Condition:

This offer was designed especially to get the average person excited about The Economist magazine.

Designed Condition:

This offer was designed especially for the *classic* reader of The Economist magazine.



Option 2: Receive \$5

What is your choice? The Economist offer \$5

* Note: In Experiment 5, the Designed condition read “designed especially for enthusiastic readers of economics and politics magazines,” to make it equivalent to The Marker offer.

CABLE COMPANY OFFER (EXPERIMENT 2B)

Cable Channels

Imagine that your cable TV company offers yearlong access to two new channels (described below):

Ballet Channel: A 100% commercial-free, 24-hour all-ballet channel that presents ballet performances by leading ballet companies from all over the world, such as the Bolshoi Ballet, the English National Ballet, the New York City Ballet, and many more.

Hollywood Hits Channel: A 100% commercial-free, all-movie channel that shows very recent hit movies from the major Hollywood studios (i.e., movies will be shown two weeks after they were first released into theaters!).

Incidental Condition:

The cable company is offering, in almost all U.S. zip codes, access to both channels for \$90/year. However, due to their current cable capacity, the cable company can offer customers in your zip code access only to the Hollywood Hits Channel (and not to the Ballet Channel) for a reduced price of \$50/year.

Designed Condition:

The cable company hired a marketing research firm to help it decide how to market and price its cable offerings. The marketing research firm conducted an extensive study of customers' TV viewing preferences across different demographics and zip codes. Based on this study, the cable company is offering, in almost all U.S. zip codes, access to both channels for \$90/year. Based on this analysis of consumer preferences, the cable company decided to offer customers in your zip code access only to the Hollywood Hits Channel (and not to the Ballet Channel) for a reduced price of \$50/year.

Would you accept this offer?

- a. I would pay \$50/year for the Hollywood Hits Channel only
- b. I would not subscribe

THE MARKER OFFER (EXPERIMENT 5)

Additional Reward

Thank you for completing the survey!

At the end of this session, you will be entered into a raffle. If you win the raffle, you will receive one of the two rewards listed below. Please select your preferred reward.

Option 1: As a participant in this study, you can take advantage of a special offer to subscribe for **The Marker** magazine at a specially reduced price of \$36.99 for one year (51 issues), instead of \$126.99 which is the best price available directly from The Marker.

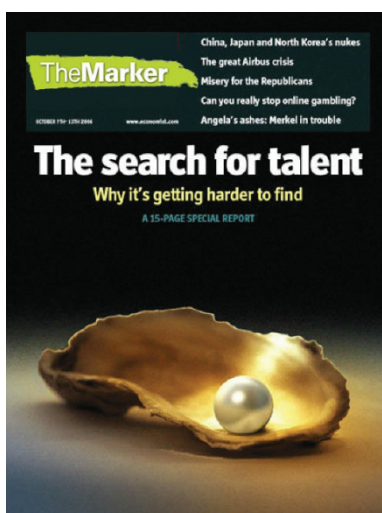
The Marker is the up and coming source for the analysis of world business and current affairs, providing insight and opinion on international news, world politics, business, finance, science and technology, as well as overviews of cultural trends and regular Special reports on industries and countries.

Incidental Condition:

This offer was designed especially to get the average person excited about The Marker magazine.

Designed Condition:

This offer was designed especially for *enthusiastic* readers of economics & politics magazines.



Option 2: Receive \$5

What is your choice? The Marker offer \$5

Beating the Market: The Allure of Unintended Value
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WEB APPENDIX B

We conducted two studies to examine how framing the seller as a marketer versus a not-for-profit organization influenced participants' perceptions. In the first study, we examined whether people expect interactions with marketers (versus not-for-profit sellers) to reflect profit-maximization motives and zero-sum norms. Sixty one participants in a between-subjects design (mean age = 30; 38% women) imagined that an online marketer of magazines (vs. a not-for-profit organization) offered them the opportunity to buy a subscription for a magazine covering a topic they were enthusiastic about.

We then asked participants "When thinking about interacting with such a seller, to what extent would you agree with the following statements?" (1 = not at all agree; 4 = neither agree nor disagree; 7 = completely agree). Participants rated the statements "the seller wants to profit," "the seller wants to get as much value as possible out of potential buyers," and "the seller wants to make a profit at my expense," averaged to form an index ($\alpha = .79$). Consistent with our theory, a one-way ANOVA indicated that participants perceived the seller as driven by profit-maximization motives and zero-sum norms in the marketer condition ($M = 5.59$) more than in the not-for-profit condition ($M = 4.49$; $F(1, 59) = 5.62, p < .05$).

In the second study, we examined whether thinking about interacting with a marketer (versus a not-for-profit seller) leads people to perceive social situations as more adversarial and competitive in nature. Forty three participants (mean age = 32; 51% women) imagined that an online marketer of magazines (vs. a not-for-profit organization) offered them the opportunity to buy a subscription for a magazine covering a topic they were very enthusiastic about. They rated

the extent to which they expected the offer to fit their preferences. There were no differences between conditions on this measure ($F(1, 41) < .4$, ns).

Next, in a purportedly unrelated task, participants read a vignette, adapted from Kay et al. (2004, study 2), in which an interaction between two people was described in an ambiguous way that could be interpreted as either friendly and cooperative or as adversarial and competitive. After reading the vignette, participants rated on 7-point scales the extent to which the interaction was friendly versus adversarial, cooperative versus competitive, and seemed like a discussion versus an argument (averaged to form an index, $\alpha = .78$). Consistent with our theory, a one-way ANOVA indicated that participants perceived the situation as more adversarial and competitive after evaluating an offer from a marketer ($M = 4.58$) than after evaluating an offer from a not-for-profit organization ($M = 3.56$; $F(1, 41) = 5.19$, $p < .05$).

Taken together, these findings suggest that, compared to a not-for-profit entity, consumers generally expect marketers to strive to maximize their profits in a manner consistent with zero-sum behavioral norms. In addition, the findings indicate that merely thinking about interacting with a marketer, as opposed to a not-for-profit seller, can activate constructs related to competition and adversarial behavior that, in turn, influence people's perception of social interactions.

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