

Make me an offer, say online shoppers

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Online shoppers would rather receive an offer for a product or service than make their own offer, according to a study led by a Michigan State University scholar that has implications for the fast-growing e-commerce industry.

The findings may come as a surprise given that shopping online is an anonymous process that seemingly can give consumers more [confidence](#) to drive a hard bargain, said Don Conlon, Eli Broad Professor of Management in MSU's Broad College of Business.

But the study found that [participants](#) who made their own offers were less successful in sealing the deal and, when they were successful, worried they overpaid. Many shoppers found the process of researching an offer to be a hassle.

"Americans are very busy, and it's less time consuming to be the one receiving the offer rather than the one proposing the offer," Conlon said. "People tend to be happier when they're in the receiver role."

Online spending in the United States is expected to jump 45 percent in the next four years, from \$226 billion this year to \$327 billion in 2016, according to Forrester Research Inc.

Conlon got the idea for the study after considering the difference between two popular sites for hotels and airline flights: priceline.com, which takes bids, and hotwire.com, which provides offers.

Using these two models, Conlon and his fellow researchers conducted a series of experiments with more than 850 people who were charged with booking a fictional hotel room and acquiring a fictional antique car.

Not only did participants prefer to receive bids, Conlon said, but they also made more deals in that receiver role. Further, when they had to make the bids, they were left more mentally taxed and regretful.

From an industry perspective, putting customers in the receiver role may help fill more hotel rooms and airplane seats. "If you're a business with a lot of product," Conlon said, "you may want to be the one making the offers."

However, when selling single items, such as an antique car, accepting bids may be a better option since that typically drives up the price, he said.

The study appears in the research journal *Organizational Behavior and Human Decision Processes*.

Provided by Michigan State University

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