

# Buying a used car? Be sure to flatter the seller

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Consumers set high prices when selling their possessions because they feel threatened, according to a new study in the *Journal of Consumer Research*.

"When [consumers](#) consider selling a product they own, they feel threatened by the impending loss. In order to counter this threat, they increase the product's value," write authors Promothesh Chatterjee (University of Kansas), Caglar Irmak (University of Georgia), and Randall L. Rose (University of South Carolina).

Due to a phenomenon called the "endowment effect," consumers seek much higher prices when selling a product they own than they would be willing to pay to purchase the same product.

In one study, consumers were assigned either a seller or buyer role and presented with a coffee mug. Sellers were told they could keep the mug or sell it, while buyers were asked to evaluate the mug. Then, both sellers and buyers were shown a series of words on a computer screen consisting of threat-related words (endanger), neutral words (wood), and non-words (tlun). Sellers responded to threat-related words much more quickly than buyers, and this difference in their response time led to significantly higher selling prices compared to buying prices.

Consumers should be aware that sellers can feel threatened when parting with even the most mundane possessions. Complimenting or flattering a seller can make them feel less threatened and lead them to lower their

selling prices.

"Affirming a seller leads to elimination of the endowment effect. Buyers may want to affirm sellers to make them feel less threatened by the loss of a possession and therefore willing to set lower prices. Next time you are buying a second-hand car, for example, you may want to start the negotiation by telling the car owner what a wonderful family she has," the authors conclude.

**More information:** Promothesh Chatterjee, Caglar Irmak, and Randall L. Rose. "The Endowment Effect as Self-Enhancement in Response to Threat." *Journal of Consumer Research*: October 2013.

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