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Editorial

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Doing as I say: The Influence of Bottom-Boxers in the Hospitality Industry

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Why do companies from varying industries have difficulty getting a true read on the acceptance of product/service offerings or pricing strategies? Could it be changes in preferences between the survey and purchase decision, perhaps caused by the survey itself, the inability to predict future preferences, the effect of information acquisition, or a variety of other biases in measuring and reporting intentions? There is considerable evidence that inconsistencies often exist between what people say they will do and what they actually do [1,2]. Lusk et al. [3] investigated how differences in measuring stated purchase intentions and actual behavior were thought to arise from strategic responses. In effect, many biases, such as social desirability bias or normative pressure, can be viewed as a specific form of strategic response bias.

Strategic survey responses are when consumers have an incentive or need to strategically overstate their preferences for the goods in hypothetical questioning. Because the actual purchase decision need not be made until a later date, and there is no cost to indicating a high purchase intent in a hypothetical survey, an individual has an incentive to overstate their true purchase intent because they feel pressure due to the nature of the product, or in case they might want the goods at a future date. Quite the opposite however, it has been argued consumers have an incentive to understate their true preferences in hypothetical purchase intention questions, because they feel it is in their best interest to keep prices down.

Despite this potential strategic bias, marketing managers customarily use purchase intention (PI) data to make strategic decisions concerning both new and existing products/services and the marketing programs supporting them. When introducing new products/services, PIs are used in concept tests to help determine whether a concept merits further development, and in product tests to direct attention to whether a new product merits being launched (e.g. possible menu item). For existing products, PIs are useful for forecasting future demand [4]. These forecasts are beneficial inputs when making decisions, such as whether to increase or reduce product levels and/or initiate a price change. In addition, PIs are used to pretest advertising and evaluate proposed promotions for both new and existing products [4].

Willingness to pay (WTP) is another intention measure used in market research to test consumers' *stated* (or hypothetical) WTP; or the maximum amount a buyer is willing to spend. Accurately estimating consumers' *actual* (or non-hypothetical) WTP is critical when developing new offerings, creating sales forecasts, implementing various pricing strategies, and creating targeted promotions. However, measuring consumers' *actual* WTP is a challenging task because of the difficulty in obtaining this data.

Studies that address both stated intentions and the corresponding actual purchase behavior generally agree that stated intentions are overstated and usually have to be revised downward [5]. A classic example is found in consumer marketing research, where a group of consumers were given a sample of a packaged good and asked their likelihood of buying the product in a specific store in their neighborhood. They found that the majority of "top boxers" (those expressing high intentions) did not buy the product when it was available later at the store, pointing to a high overstatement of PIs. On the other hand, none of the "bottom boxers" (those expressing low intentions) purchased the product after encountering it in the store. Not only did these bottom boxers not overstate their PIs, but acted exactly in line with those intentions—they did not buy.

Yet, bottom boxers receive little to no attention from market researchers since they would not fall in their target market. The only signal from bottom boxers that market researchers seem to pay attention to comes from the size of the group. For example, when a product at the concept stage registers a large number of bottom boxers, the product is often marked as a "loser," where the halting of further development is recommended. Although bottom boxers may not be appropriate to target when a product comes out since they would be less likely to buy, other information may be gained. For example, for lodging operations, bottom boxers may provide information as to why they would not like or use the product or what price maybe acceptable. This may help lodging marketers understand if they need to change something about the product before they place it into rooms or other parts of the property in order to appeal to this group. Thus, firms should pay attention to the opinions of this group of consumers as they are more reliable than individuals who report higher PIs. These more "reliable" opinions could assist marketers with decisions regarding product positioning, distribution, proposed ad campaigns, and pricing.

This latter benefit concerning pricing information is especially important. From the consumer's perspective, price is what is given up to obtain a product or service and is consistently ranked as one of the most important factors in purchase decisions [6]. From a company's perspective, pricing a product incorrectly to the market, the sale—and thus revenue—will not materialize. A price set too low may signal low quality or other negative attributes [7], whereas a price set too high may be judged as low in value. If marketers highly overestimate what consumers will pay, they may not be able to reduce the price enough to generate a profit. Therefore, obtaining accurate consumer WTP estimates has been the focus of much research.

For the restaurant and lodging industries understanding guest intentions and willingness to pay for new offerings and services is critical to their success. For example, with the green movement becoming more of a reality in product and service offerings, this area has great potential; but there is a need to better understand what the consumers want and who they are. According to a study by the

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International Hotels Environment Initiative and Accor, 90% of hotel guests would prefer to stay in a hotel that cares about the environment [8]. A recent survey [9] assessing travelers' levels of commitment to the environment found a large number of respondents continuing their green behavior while traveling with 78% willing to forgo daily hotel room service activities. However, consumers are not always that predictable as evidenced by a 2007 Element Hotels study which had opposite findings: 75% of their guest respondents would not give up daily hotel room service activities; in addition, the Element survey found that guests pay less attention to the environment while traveling because they're not directly responsible for the costs of cleaning and utilities, and are less likely to pay for the "green" products or services [10]. So how can hospitality venues get a clear understanding of what their customers true intentions are and at what price?

To accomplish this, future research should examine different strategic bias. To determine if differences exist between individuals based upon PIs levels, hypothetical WTP, and non-hypothetical WTP, individuals must be placed within a situation that does not require them to make an actual purchase (to measure hypothetical WTP) and then placed in a similar situation that does require an economic commitment (to measure non-hypothetical WTP). If high PIs overstate their hypothetical intentions and there are no differences between PI groups in actual WTP, then the bottom boxers become more valuable. The measurement tools should also consider different forms of bias (e.g. normative pressure, SDB, or perceived influence on product price and offering).

With top boxers often shown to overstate their PIs, research should argue they will also overstate the amount they would actually be willing to pay. Bottom boxers, on the other hand, may be more likely to express the same willingness in both the hypothetical context and in the non-hypothetical context; thus offering a more realistic view of how successful the product or service will be, in other words "Doing as they say".

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