

You want to sell this to me twice!? How perceptions of betrayal may undermine internal product upgrades

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# You want to sell this to me twice!? How perceptions of betrayal may undermine internal product upgrades

## **Abstract**

Physical products (e.g., cars) increasingly evolve into dynamic service platforms that allow for customization through fee-based activation of restricted add-on hardware features throughout their lifecycle. We refer to this emerging phenomenon as “internal product upgrades”. Drawing on normative expectations literature, the purpose of this research is to shed light on its negative consequences for consumer behavior. Three experimental studies in two contexts (i.e., consumer-electronics, automotive) reveal that consumers respond less favorably to internal (vs. external) product upgrades. The results show that betrayal perceptions resulting from increased feature ownership perceptions drive the effects. Moreover, this research identifies a managerially relevant boundary condition. Specifically, it shows that the negative effects are attenuated when the company instead of the consumer executes the upgrading.

**Keywords:** *dynamic service platforms; product upgrades; norm violations*

**Track:** Services Marketing