

# Understanding the role of (dual) entitlement effects on industrial customers' willingness-to-pay for ancillary services

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## **Abstract**

Manufacturers increasingly pursue servitization strategies, yet their salesforces frequently find that industrial customers display a low willingness-to-pay (WTP) for ancillary services, in particular when offered in conjunction with high-priced capital goods. Drawing on a unique dataset gathered in a field survey among more than 440 executives, we establish a negative relationship between vendors' equipment prices and their customers' WTP for ancillary services. In a follow-up experimental study, we investigate the explanatory mechanism and find support for entitlement as the underpinning psychological mechanism. In a second experimental study, we explore dual-entitlement effects and show that customers' perceptions of vendors' profitability (in)directly impact their WTP for ancillary services. We establish a theoretical explanation for customers' WTP for ancillary services and suggest that salesforces adjust their sales scripts to manage customers' entitlement expectations and WTP.

**Subject Areas:** *Business-to-Business Marketing, Pricing*

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