

A Behavioral Conceptualization of Willingness to Pay

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Abstract

Approaches to determine consumers' willingness to pay (WTP) received major attention in research and business practice. However, most approaches assume that consumers' WTP is determined by a single price. Based on dual processing theory, we aim to show that WTP can comprise a range of different prices (WTPR). Prices within that range are associated with a higher level of uncertainty than prices outside of it and therefore require a higher cognitive effort for a purchase decision maker. Furthermore, we show that purchase decisions for prices below the WTPR require more cognitive effort than price above the WTPR, since consumers do not consider opportunity costs when deciding not to buy a product. Based on a pretest, we plan to conduct experiments, which investigate the role of consumers' confidence, cognitive effort, and consideration of opportunity costs in the context of their WTPR.

Keywords: *Willingness to Pay; Dual Processing Theory; Cognitive Effort*

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