

Web Appendix

When 2 + 2 Is Not the Same as 1 + 3: Variations in Price Sensitivity Across Components of Partitioned Prices

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STIMULI FOR PILOT STUDY

New Front Bumper and Labor Scenario

Imagine that your car needs a new front bumper. After calling several auto repair and service shops, you have narrowed it down to two auto service shops. Both shops specialize in auto repairs and services and both have quoted you a price that includes taking out the old bumper and complete installation of a new one. Both shops will provide exactly the same brand new manufacturer-authorized part, and currently have the bumper in stock. In addition, both guarantee that the installation will be completed within two business days. The two offers are as follows:

Auto Service Shop A

Labor	\$ 32.50
Bumper	<u>\$ 89.95</u>
Total	\$122.45

Auto Service Shop B

Labor	\$ 52.50
Bumper	<u>\$ 69.95</u>
Total	\$122.45

New Headlamps and Labor Scenario

Imagine that your car needs new headlights. After calling several auto repair and service shops, you have narrowed it down to two auto service shops. Both shops specialize in auto repairs and services and both have quoted you a price that includes taking out the old headlamps and complete installation of new ones. Both shops will provide exactly the same brand new manufacturer-authorized parts, and currently have the headlamps in stock. In addition, both guarantee that the installation will be completed within two business days. The two offers are as follows:

Auto Service Shop A

Labor	\$127.50
Headlamps	<u>\$ 39.95</u>
Total	\$167.45

Auto Service Shop B

Labor	\$107.50
Headlamps	<u>\$ 59.95</u>
Total	\$167.45

STIMULI FOR STUDY 1

Participants read the following scenario, and were then given nine index cards for the conjoint analysis task:

You and a roommate have found and leased a conveniently located rental house close to campus. The rent (\$900 per month) is just right, the house is well-furnished and the furniture and appliances are quite new. However, when you move in, you find that the refrigerator is not working. The repair person tells you that the compressor has failed and the refrigerator needs to be replaced. You complain to your landlord, who apologizes profusely and suggests that you buy and install a new refrigerator. To cover the cost and your inconvenience, he offers to waive the first month's rent.

You and your roommate decide to buy a good quality, medium-sized refrigerator (around 15 cu. ft.) with an icemaker and sound-silencing system. You have shopped carefully at major appliance stores in the area and spent time looking at *Consumer Reports* online so that you can make an educated choice.

In the envelope you were given there are nine cards, each describing a refrigerator. All of the refrigerators you are considering have 15 cu. ft. of storage space, humidity-controlled crispers and adjustable glass shelves.

Please sort these cards into three piles: the three refrigerators that you most prefer, the three refrigerators that you least prefer, and those in the middle. Next, please rank order the three refrigerators in each pile (1-3, where 1 is the most preferred).

Conjoint cards for the high benefit condition:

Description	Sound-silencing system	Price of refrigerator	Price of icemaker	Total price
Refrigerator L	yes	\$569.99	\$209.00	\$778.99
Refrigerator M	yes	\$569.99	\$169.00	\$738.99
Refrigerator N	yes	\$569.99	\$129.00	\$698.99
Refrigerator O	yes	\$529.99	\$209.00	\$738.99
Refrigerator P	yes	\$529.99	\$169.00	\$698.99
Refrigerator Q	yes	\$529.99	\$129.00	\$658.99
Refrigerator R	yes	\$489.99	\$209.00	\$698.99
Refrigerator S	yes	\$489.99	\$169.00	\$658.99
Refrigerator T	yes	\$489.99	\$129.00	\$618.99

Conjoint cards for the low benefit condition:

Description	Icemaker	Price of refrigerator	Price of sound-silencing system	Total price
Refrigerator L	yes	\$569.99	\$209.00	\$778.99
Refrigerator M	yes	\$569.99	\$169.00	\$738.99
Refrigerator N	yes	\$569.99	\$129.00	\$698.99
Refrigerator O	yes	\$529.99	\$209.00	\$738.99
Refrigerator P	yes	\$529.99	\$169.00	\$698.99
Refrigerator Q	yes	\$529.99	\$129.00	\$658.99
Refrigerator R	yes	\$489.99	\$209.00	\$698.99
Refrigerator S	yes	\$489.99	\$169.00	\$658.99
Refrigerator T	yes	\$489.99	\$129.00	\$618.99

STIMULI FOR STUDY 2

New Front Bumper and Shipping Scenario

Imagine that your car needs a new front bumper. After a thorough search through the yellow pages and numerous calls to various dealers and auto shops, it turns out that the specific bumper that is needed for your car is stocked by only two auto parts suppliers that you found on the Internet. Both suppliers will provide exactly the same brand new manufacturer-authorized part, and currently have the bumper in stock. In addition, both guarantee that it will be delivered to you within five business days. The two offers are as follows:

Offers in Shipping is 27% of Total condition:

<i>Auto Parts Supplier A</i>		<i>Auto Parts Supplier B</i>	
Bumper	\$ 89.95 (63%)	Bumper	\$ 69.95 (57%)
Shipping	\$ 32.50 (27%)	Shipping	\$ 52.50 (43%)
Total	\$122.45	Total	\$122.45

Offers in Shipping is 0% of Total condition:

<i>Auto Parts Supplier A</i>		<i>Auto Parts Supplier B</i>	
Bumper	\$122.45 (100%)	Bumper	\$ 69.95 (57%)
Shipping	<u>No charge</u> (0%)	Shipping	\$ 52.50 (43%)
Total	\$122.45	Total	\$122.45

New Front Bumper and Labor Scenario

Imagine that your car needs a new front bumper. After calling several auto repair and service shops, you have narrowed it down to two auto service shops. Both shops specialize in auto

repairs and services and both have quoted you a price that includes taking out the old bumper and complete installation of a new one. Both shops will provide exactly the same brand new manufacturer-authorized part, and currently have the bumper in stock. In addition, both guarantee that the installation will be completed within two business days. The two offers are as follows:

Offers in Labor is 27% of Total condition:

<i>Auto Parts Shop A</i>		<i>Auto Parts Shop B</i>	
Bumper	\$ 89.95 (63%)	Bumper	\$ 69.95 (57%)
Labor	<u>\$ 32.50</u> (27%)	Labor	<u>\$ 52.50</u> (43%)
Total	\$122.45	Total	\$122.45

Offers in Labor is 0% of Total condition:

<i>Auto Parts Shop A</i>		<i>Auto Parts Shop B</i>	
Bumper	\$122.45 (100%)	Bumper	\$ 69.95 (57%)
Labor	<u>No charge</u> (0%)	Labor	<u>\$ 52.50</u> (43%)
Total	\$122.45	Total	\$122.45

STIMULI FOR STUDY 3

Buying a New Computer

Imagine that you are in the process of buying a new laptop computer to use for school. Fortunately, you are often able to complete assignments for school when you are at work and things are slow. In fact, one of the reasons you are planning to get a laptop is that you'd like to be able to use your computer at work. [However, you are concerned because there appears to be a lot of fluctuation in the power as you often see the lights flicker on and off at work. You know you will feel a lot better if your new computer has a surge protector.]

You have done a substantial amount of research on the models and features available by talking to salespeople, friends and family members, and by doing research on the Internet. You have decided on the model and features that are right for you, and you are now considering two price quotes for the same computer.

The two price quotes are as follows:

<i>Computer Store A</i>		<i>Computer Store B</i>	
Laptop	\$1500.00	Laptop	\$1700.00
Integrated surge protector	<u>\$ 250.00</u>	Integrated surge protector	<u>\$ 50.00</u>
Total	\$1750.00	Total	\$1750.00

The Keyboard Stand

Imagine that a very good friend of yours plays the electronic keyboard. It is now sitting on a box in your friend's apartment. This setup makes the instrument difficult to play, so you come up with the idea of getting your friend a keyboard stand as a gift. You take measurements next time you are at the apartment, and you decide to buy a wooden stand. [You know that your friend really appreciates good craftsmanship and fine woodwork, and you think about how your friend will appreciate the craftsmanship every time he plays the keyboard.]

You call two woodworking shops to get price quotes. Both shops quote you a price that includes materials (hardwood, fasteners, and finishes) and labor. You have seen pieces produced by both shops, and you feel that they both produce high quality products.

The two price quotes are as follows:

Woodworking Shop A

Materials	\$ 50.00
Labor	<u>\$ 75.00</u>
Total	\$125.00

Woodworking Shop B

Materials	\$ 90.00
Labor	<u>\$ 35.00</u>
Total	\$125.00