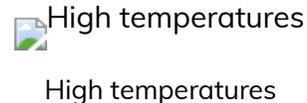


# The higher the outside temperature, the higher the perceived value of hotel rooms

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**If you were asked what you are willing to pay for a specific product or service, your answer would likely be anchored by lived experience or other information that is readily available. However, the information available isn't often the best source for decisions and economic judgment.**



There's an old question in marketing, sales, and communication.

“How do you sell a \$2,000 watch?”. The answer: put it next to a \$10,000 watch.

< The watches are an example of anchoring. Anchoring is a cognitive bias that describes common human tendencies to rely heavily on the first piece of information available, which is known as the anchor. Anchoring occurs when individuals use an initial piece of information to make subsequent judgments. Once an anchor is set, the brain makes adjustments based on that anchor. For example, the \$10,000 watch makes the \$2,000 watch appear to be a good deal. However, if we were to place the \$10,000 watch next to a more expensive watch, the \$10,000 watch would likely appear to be the better deal. >

Regardless of which product or service is offered, anchoring is likely to create demand for a lower-priced item or increase the perceived value of the higher priced item.

During a recent study, anchoring was identified to affect the perceived value of a hotel room when the available information was the outside temperature.

More than 600 people participated in a study at a hotel in the United States. Each participant was a hotel guest during the check-in process. Each person was told they had a chance to win a free night at the hotel for their current stay. To enter the drawing, they had to answer a question. There were no right or wrong answers. The winner would be chosen at random, but each participant had to answer one question when they entered the contest, “what is the value of your free night?”. The question was positioned below a digital thermometer that displayed the outside temperature.

The study was conducted for three days in the summer and three days in the winter.



During the three summer days of the experiment, the outside temperature was 81, 83, 89 degrees, respectively. The average perceived value of the free stay was 100, 96 and 103 dollars, respectively.

During the three winter days of the experiment, the outside temperature was 39, 31, 32, respectively. The average perceived value of the free stay was 41, 43 and 51 dollars, respectively.

In this field experiment, the consumers were likely to be anchored by numbers that were nearby or in their view during their decision-making process.

Similar to the \$10,000 watch, the value of hotel rooms could be anchored by available information, which creates a bias for the consumer when making judgments. Marketing, communication and sales teams often use the neuroeconomic principles of anchoring. The human brain is wired to make decisions by taking the path of least resistance. It is easier to make a judgment or decision with available information than to systematically analyze the objective value of a night's stay at a hotel.

### About the author



Michael Barbera is a Fortune 50 consumer psychologist and strategy consultant, angel investor and award-winning business strategist. He is a business psychologist who is involved in both practical and academic endeavors. His areas of practice are consumer behavior, consumer emotions, social psychology, decision-making, brand management, and marketing and long-term business strategies. Michael is currently employed as the CEO of Barbera Solutions. His clients can be found on the Fortune 50 list, ABC's Shark Tank and Bravo's Million Dollar Listing. In 2015, the White House recognized Michael for his contributions to entrepreneurship. This work includes development and validation of consumer emotions, consumer behavior, product placement, consumer interaction and business growth strategies. Michael is a member of the APA, SIOP, SJDM and the National Speakers Association, and is currently completing a Ph.D. in business psychology. He has a BS in business administration and two MBAs: entrepreneurship and executive management.

 [anchoring, perceived value](#)





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