



## Cooling off and backing out: Understanding consumer decisions to rescind a product purchase<sup>☆</sup>

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### ABSTRACT

Consumers sometimes have the right to exit a sales contract during what is known as a cooling-off period. Sales process research generally does not address cases when consumers withdraw from sales contracts during this period. Since securing product sales involves substantial marketing and sales costs, a need exists to better understand not only consumer rescission decisions and their legal context but also the managerial implications of the cooling-off period. This exploratory qualitative study examines purchase rescinding and develops a conceptual model using timeshare as the context. Results suggest that rescission relates to a mismatch between product features and personal circumstances, post-purchase concerns about product value, reassessment of financial capability, reflections on sales presentations, and cautionary influences of reference groups.

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### 1. Introduction

Most developed nations have laws dating back to the 1970s requiring a cooling-off period for the sale of numerous consumer products (Tootelian, 1975; Walker & Ford, 1970). Originally incorporated into legislation dealing with door-to-door sales (Hogan, 1971; Loos, 2009), this protection now applies to consumers purchasing a range of high-priced, high-risk, or high-complexity products, possibly under duress or without due rational consideration. The opportunity to cool off also provides a remedy for irrational behavior on the part of the consumer (Rekaiti & Van den Bergh, 2000).

This paper argues that the practice of rescission is both common and costly. However, extant research says little about the psychological and social processes that underlie rescission decisions: Why do consumers rescind? What information sources, self justification processes,

professional agencies, and other factors shape the decision? This paper reports an exploratory qualitative study of these phenomena. The research set out to understand the process of undoing purchase decisions from a consumer viewpoint and to develop a model that captures the dynamics of these processes. In the context of timeshare (vacation ownership), this study investigates cognitive and emotional aspects of purchase and rescission, places these processes within broader legal and societal contexts, and examines the sales and marketing implications of cooling-off provisions and rescission. This examination contributes to knowledge on buyer behavior by identifying five theoretical concepts that underlie rescission, each of which is a possible target for marketing strategies aimed at encouraging buyers to complete their purchase. A conceptual process model of rescinding emerges from the experiences and viewpoints of people who have made a product purchase but then withdrew from the contract, and study findings suggest that buyer regret manifests particularly through doubts about the financial costs, concern about the views of significant others, and uncertainty over whether the product would deliver on promises. To address the doubts of buyers, marketing personnel can proactively enact counteractive strategies. This study also contributes to the growing body of research that adopts a social constructivist paradigm (Lynch, 2005) to gain understanding of the processes that shape decision-making/buyer behavior.

### 2. Literature review

#### 2.1. Legal contexts

Legal protection for consumers entering contractual arrangements has varied greatly through history. Today, jurisdictions around the

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world provide a range of statutory provisions to level the playing field in circumstances where one party is likely to be subject to manipulations and abuses from the party in the stronger position, usually the goods and services provider (Hogan, 1971; Loos, 2009). Examples include disclosure statements, warning statements advising consumers to seek legal and financial advice before entering a contract, and rights of withdrawal within a specified cooling-off period. In different jurisdictions, cooling-off provisions are mandated in relation to contracts covering motor vehicles, insurance, products sold via telemarketing, real estate property sales, leases, financial services, consumer credit transactions, cell phones, and timeshare sales (Hartlief, 2004; Loos, 2009; Smits, 2011). Most legislation providing a cooling-off period stipulates a timeframe in days as well as a procedure for exercising the right to withdraw, often without penalty.

## 2.2. Timeshare

The present research uses timeshare as a context in which to explore consumer perspectives on rescinding purchase decisions. Timeshare is a tourism product that gives the purchaser the right to use designated accommodations on a time-interval basis. Once simply the purchase of annual access to a week in a resort, timeshare is now more extensive, varied, and flexible, and frequently includes options to exchange, transfer, or bank accumulated weeks and points. Most buyers now purchase an opportunity to swap their timeshare for an equivalent resort accommodation (and other tourism products/experiences) elsewhere in the world (Powanga and Powanga, 2008; Sparks, Butcher, and Bradley, 2008; Upchurch and Lashley, 2006).

Timeshare is quite an expensive purchase. In addition to incurring the buy-in cost of around US\$15,000–\$20,000 (Powanga and Powanga, 2008; Price Waterhouse Coopers, 2009), owners share on-going expenses associated with the property or club through an annual levy or maintenance fee. Despite these costs, timeshare owners number over six million worldwide, with more than 5000 timeshare resorts (Ragatz Associates Inc., 2003), including approximately 1600 resorts in the U.S., 1300 in Europe, and 110 in Australia. Buyers are mainly couples, over 40 years, well educated, and earning in excess of US\$50,000 per annum (Crotts and Ragatz, 2002).

### 2.2.1. Selling timeshare

Knowing something of the timeshare sales process helps in understanding the decision to revoke a timeshare purchase, especially because in many parts of the world high-pressure sales tactics have tarnished the timeshare industry's reputation (Chen McCain, Hu, and Woods, 2005): "Potential buyers are not looking to invest in timeshares; they have to be persuaded to do so" (Powanga and Powanga, 2008, p. 75).

Timeshare companies usually rely on a highly structured sales process based on the AIDA model's steps of attention, interest, desire, and action (Rix, 2006). Sales typically start with a (cold) contact, either by phone or at a contact point such as a shopping mall, to attract the attention of potential buyers and encourage them to attend a sales presentation. In most cases, the company invites couples and, after assessing whether they qualify financially, offers them an incentive to attend the presentation.

Sales presentations usually take approximately 90 minutes with one or two salespeople working intensively with each couple, affording the potential purchasers little opportunity to interact in private. Upon conclusion, a salesperson asks the couple to make the purchase, usually requesting a deposit of 10% of the purchase price. To assist in securing the sale at a time when emotions are running high, many timeshare companies offer "on the day" purchase incentives such as a free holiday or a membership upgrade.

A major change in the timeshare industry in the past two decades has been the entry and growth of hotel brands such as Wyndham, Marriott, Disney, Hilton, Starwood, and Accor. Participation of these

brands may increase perceptions of the legitimacy and appeal of timeshare (Kaufmann, Severt, and Upchurch, 2006), and consumer regulation governing timeshare seems to have improved the acceptability of sales practices (Chen McCain et al., 2005). Notwithstanding these changes, the sales process has remained much the same, and issues surrounding sales of timeshare continue to challenge the industry (Woods, 2001). Stringam (2010) goes further, arguing that its sales model is a major weakness of the industry. However, despite the bad press associated with the sales process, research shows that most timeshare owners are satisfied with the product and derive considerable value over the life of ownership (Sparks et al., 2008; Upchurch and Rompf, 2006).

### 2.2.2. Cooling off under a timeshare contract: An international perspective

Most jurisdictions where timeshare sales occur regulate the transaction through legislation. According to the American Resort Development Association (ARDA, 2010), all but four states in the U.S. have specific timeshare regulations, rules, or policies. In February 2011, a new directive of the European Parliament and the Council on the Protection of Consumers became operative, governing aspects of timeshare, long-term holiday products and experiences, and resale and exchange contracts, and European countries that fully implement this directive as law include Austria, Denmark, France, Germany, Greece, the Netherlands, Portugal, and Sweden. Australia regulates timeshare as a financial product under the *Corporations Act, 2001*. In all of these countries, and in others such as Canada and South Africa, legislation allows timeshare purchasers to rescind a contract post-signing. (A summary comparing legislation across jurisdictions is available from the authors on request.)

Each jurisdiction allows purchasers to cancel a timeshare contract within the cooling-off period without reason and without a penalty. Cooling-off periods vary, ranging from 5 days (e.g., in Nevada and South Africa), to 7 (California), 10 (Florida, Canada) and 14 (Europe and Australia). Usually the purchaser must notify the seller in writing of the intent to withdraw, and no jurisdiction allows the purchaser to waive the right to rescind. Legislation provides various ways for alerting purchasers of this right, and the purchaser is responsible for reading and understanding information the seller provides. Often these statements are lengthy, and the purchaser may receive voluminous information from multiple sources.

## 2.3. The current study

To date, limited research investigates how consumers react to, and use, consumer protection laws to withdraw from sales transactions. The timeshare industry provides a suitable context for this investigation, as estimates from Price Waterhouse Coopers (2009) indicate that in 2008, the timeshare sales of the 26 major U.S. companies totalled \$64 billion. While precise data are difficult to obtain, one industry study suggests U.S. timeshare rescission rates range from 10% to 19.9% of all sales (Price Waterhouse Coopers, 2009, p. 33). Together, these data suggest that rescissions may result in between \$6 and \$13 billion in lost revenue in the U.S. in a single year.

In sum, given the worldwide prevalence of consumer protection legislation that specifies cooling-off provisions, the high marketing costs associated with selling products that such legislation covers, and evidence that consumers' decisions to rescind their purchase represent significant opportunity costs to industries such as timeshare, cooling off and backing out are important issues. The current study explores the contexts and processes associated with consumer rescission by identifying the reasons consumers rescind a purchase decision, developing a model describing the processes underlying rescission, and exploring the implications of rescission for businesses that market and sell products covered by legislation that specifies a cooling-off period.

**3. Method**

The research focuses on timeshare purchase rescinders, that is, would-be owners who cancel their purchase during the cooling-off period. To provide a holistic understanding of the complex processes involved, this study uses an exploratory qualitative (interview-based) rather than a quantitative (questionnaire-based) research method. Semi-structured interviews included open-ended questions inviting participant comments and reflections. This approach was informed principally by social constructivism (Gergen, 1999; Jennings, 2009). Ontologically, the authors' worldview acknowledges multiple perspectives, and epistemologically, the authors accept that research knowledge is intersubjectively constructed. The researchers (re)constructed empirical materials from interviews, which were recorded and later transcribed, and from the research team interviewers' notes.

The researchers identified key themes which they provided in summary form to rescinder participants for verification, a participant-checking step that grounds the interpretations and reflects a "goodness of fit" between themes and rescinder discourses (Jennings, 2010). A first-level construction of themes led to second and third levels of interpretation after the transcripts were coded and recoded. First-level themes included, for example, "too old," and "if we were younger." The second level of interpretation constructed the related concept for these examples as "age." The third-level interpretation resulted in the association of "age" with other related constructions categorized as "personal circumstances" (see Fig. 1).

The authors recognize that their own social situatedness influences their interpretations and that the "reasons for rescinding" represent temporal, cultural, and study setting snapshots specific to the timing of, and participants in, the study. This section addresses social situatedness and the next section addresses reasons for rescinding. Three white, mature-aged, experienced researchers (two women and one man) from the disciplines of marketing, tourism, and psychology conducted the research. All three speak English as the first language and are of Anglo-Saxon and Celtic background. One

researcher had extensive experience with the product category, whereas the other two had minimal experience. While the team's views of the product and selling process vary, in general team members regard the sales process as persuasive, with a salesperson-led and largely professional approach. The researchers' perspective is that the sales process relies heavily on creating a positive emotional environment in which to convince people of the value of the product. Being aware of situatedness required a critical and reflexive approach throughout the empirical material collection, interpretation, and theorizing.

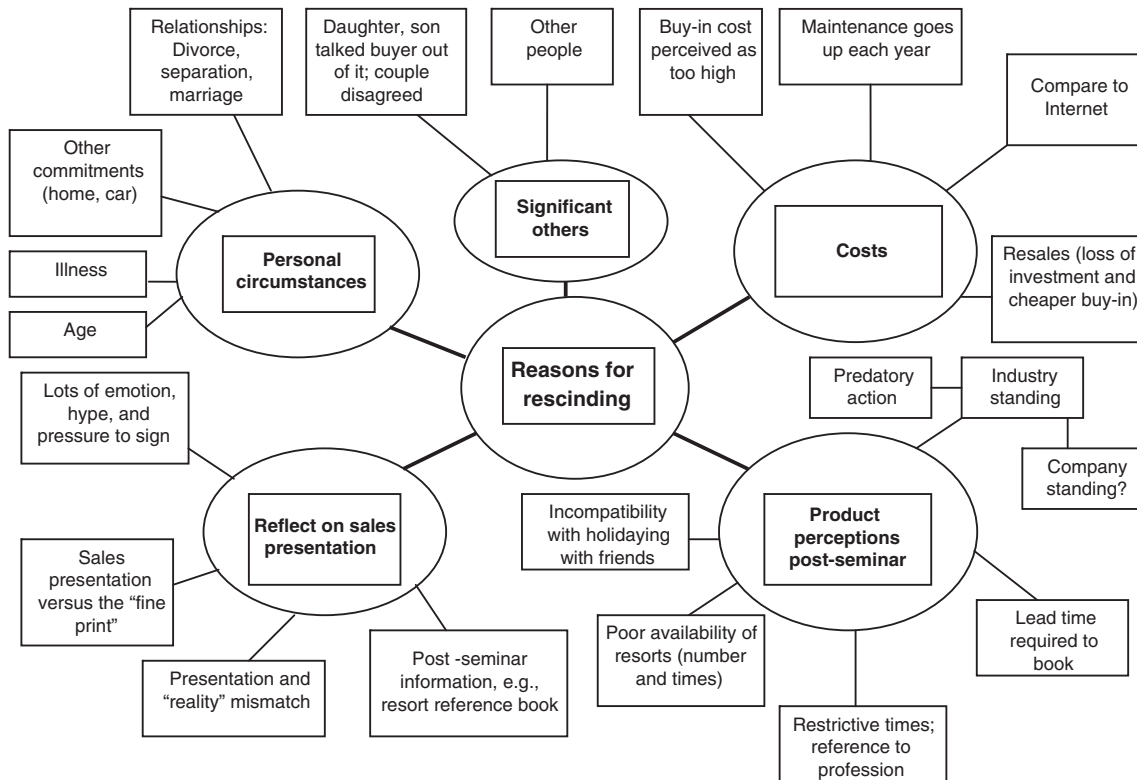
The trustworthiness (Creswell, 2007) or "goodness of fit" of the study's findings comes from the following processes: immersion in the sector of study, including conducting preliminary discussions with industry experts prior to collecting empirical material; representation of viewpoints through conducting interviews (to theoretical saturation) and audio-recording these materials; obtaining authentic representation by interviewing participants who had purchased the product from different companies; participant-checking of themes to ensure complementarity with rescinder voices; continuous review and self criticism, that is, researcher reflexivity of the interpretations through the use of a team of researchers (peer-checking); and the presentation to, and review of, the material by a panel of industry experts.

**3.1. Sample**

Interviewees totalled 35 rescinders (16 females and 19 males) who ranged from the early 30s to over 70 years old. All had purchased a timeshare product in Australia in the preceding three months but rescinded during the cooling-off period.

**3.2. Procedure**

Three timeshare companies assisted with selection of participants. The relevant timeshare company then sent a letter informing the



**Fig. 1.** Reasons for rescinding.

participants that they might be contacted by a university research team for an interview. As the participants were geographically dispersed, all interviews took place by telephone.

Interviews lasted between 15 and 30 minutes. Core interview questions included, “I understand you were going to buy timeshare but decided not to during the cooling-off period. Can you tell me about your reasons for not going through with the purchase?” In line with ethical guidelines, researchers obtained informed consent for the interview and its (de-identified) audio-recording, interpretation, and reporting.

#### 4. Interpretation and (re)constructions

The researchers imported written transcripts into NVivo for empirical material management purposes and for interpretive processes of coding and model-building. Coding guidelines came from Saldana (2009), and an iterative review of the transcripts allowed researchers to develop a sense of the themes surrounding rescission. One of the chief investigators undertook the interpretive processes, after which two other senior researchers performed peer-checking.

##### 4.1. Decision to purchase

As rescinders outlined their reasons for purchasing timeshare, three main reasons emerged. First, consumers found the product appealing: they genuinely liked the idea of making advance vacation purchases. This theme surfaced from comments such as “[it] seems like a good concept,” “you could see the benefits of it,” and “I think it’s a good product, it’s a good product.” Second, the emotional excitement of the sales seminar, together with “day of sale” incentives, pushed some consumers over the line to purchase. Several rescinders reported a need to buy on the day to secure the best price and/or bonuses: “like, there’s a special thing going on and only today that you can get this and if not you know ... no more. Yeah, like, like, you know, I have to grab this, you know, you feel like that.” Third, knowledge of the cooling-off period reassured some rescinders and reduced their perceptions of the risk involved in the purchase: “[The sales person said] just give us your \$300 deposit today and come back. So, you know, my husband and I are sort of looking at each other... and we said to them, ‘Is it refundable?’ and they said ‘Yes, yes, everything’s refundable.’”

##### 4.2. Reasons for not proceeding with the purchase

All participants had attended a sales seminar, signed a contract, and paid a deposit to purchase timeshare. However, despite liking the product, they had rescinded within 14 days. In describing their thoughts, experiences, and reasons for not proceeding with the purchase, participants made frequent references to having made a mistake, and of consequent unease and regret. For example: “You know how sometimes you have a gut feeling..., and as we signed up and drove home, I’m thinking, you know, I got the ‘whoa,’ you know, have we done the right thing? And I was very uncomfortable with it, umm, and just that feeling in itself.” (Female, age unknown).

Five core higher-order (third-level) concepts emerged in the course of the iterative interpretive processes: personal circumstances, social influences, financial re-assessment, aspects of the sales process, and changed product perceptions. Fig. 1 presents a concept map of these reasons for rescinding, and illustrative examples of these concepts appear below in the unmediated voices of participants.

##### 4.2.1. Personal circumstances

Personal circumstances, such as changed personal relationships (divorce, separation, marriage), age (usually too old), illness, building a home, and/or needing to replace a car, emerged as a key reason for not proceeding with the purchase,

Well, the main reason [for rescinding] ... if we were younger, we might have stayed with it. We probably would have, but ...I am just about to turn 67, my wife is about to turn 72 and we realized, with the amount of money we were going to put into it, we wouldn’t get [the] use out of it. (Male, age 60–69)

These personal circumstances characterized most participants’ lives at the time of purchase, but their salience in the interviews makes them conceptually important. Perhaps citing these circumstances allowed participants to feel exonerated from blame for their decision. The cooling-off period may have brought these circumstances to the fore, giving them greater weight in the decision to rescind than in the original decision to purchase. In addition, some rescinders’ circumstances may actually have changed greatly around the time of purchase, making them a substantive reason for rescinding.

I went on my own and I did go with the intention of purchasing ... um ... and it was just that it coincided with me getting sick, pretty much straight after. (Female, age 50–59)

##### 4.2.2. Influences from significant others

Several rescinders suggested that other people’s opinions exerted a strong influence. In the days after the contract signing, “significant others,” such as family members or friends, persuaded these interviewees to rescind.

Um....my husband was very keen on it .... usually I’m the one who’s the more cynical one. He was very keen to do it and I sort of went along with it. I think that I must have been feeling weak that day... then I talked to my daughter in London who said, “Well really, if you go to some of these places, you can actually get deals that will cost you about the same as what you would be paying in your timeshare.” So I thought, “Well, that’s probably not such a good idea for us.” (Female, age 60–69)...we came home and spoke to our children [about the purchase] and they were horrified. (Female, age 40–49)... we discussed with a few people involved in timeshare ...and their opinion was it was hard to swap when you wanted to. (Female, age 30–39)

##### 4.2.3. Financial re-assessment

Re-assessment of the financial value of timeshare was a third major reason for rescinding. Participants acknowledged that on returning home, “doing the sums” led to the conclusion that the purchase was a greater financial burden than they first realized or that it did not provide sufficient benefits for the costs involved.

And then I think also there were extra, umm, cleaning costs as well when you read the fine print. Even if you only stay there one or two nights, you had to pay this cleaning fee as well... Yeah, the hidden sort of fees, that you don’t sort of get told about...when you read the fine print. (Female, age unknown)The other reason that I changed my mind was that once you start working the costs, you’ve got maintenance costs and then you still had to pay certain costs when you were in that timeshare. (Female, age 60–69)

Participants also raised the issue of re-sale, with some rescinders expressing pessimism over their ability to sell their timeshare in the future and others noting the availability of inexpensive “second-hand” timeshare.

[I] was playing around on the Internet and I find that there are brokers who actually buy and sell these blocks of units, you know these timeshare units.....at quite a big discount to what the original people were selling down there. .. And they were much cheaper than the actual, ah.....sellers down wherever we were. (Male, age 60–69)Okay, so what happened, I got home and I got on Google and I typed in [timeshare company name] and up

comes this web site called [reseller company name]. I thought, oh that's interesting, ... I opened it all up and looked at it and thought "that [resale price] was interesting." (Male, age 30–39)

4.2.4. Reflection on the sales presentation

Participants spoke well of the sales seminars, commenting that excitement at the presentations contributed to their purchase decision. However, as the enthusiasm subsided, further reflections suggested that their decision to purchase was due more to the imposed time limit and sales pressure than to really wanting the product.

... the other part of it was [the] pressure put on to sign there and make a decision on the spot... there was no time to get things into consideration or look over it or anything ...like you had the one hour while you were sitting there to make a decision or you missed out on all these things and [you can't] do research into what it is, where it is and all the rest. You know nothing when you walk in – [it's] high pressure sell, rather than [the opportunity to do] research to it. (Male, age 40–49) Oh yeah, it was something that appealed at the time, yeah. I suppose with anything that you go and have a 45 minute presentation or interview on it. You know, typical salesman throwing in all these little extras to say "well make your decision right now." You just don't have the time to sort of sit down and do it all and work out the pros and cons of it. (Male, age 40–49)

4.2.5. Post-seminar product perceptions

In addition to assessing the costs involved in timeshare purchase, participants reconsidered other aspects of the product during the cooling-off period. Some rescinders raised the issue of a mismatch between what they thought they heard in the presentation and what they discovered by reading documents, checking web sites, or calling firms afterwards. In general, these rescinders reported that the product did not seem as good as they first thought.

Well, the one [timeshare] we went for initially sounded quite good [at the seminar]. Then we got home...you know and they gave you a free this and a free that and a free something else. When you got home with your folders and your books and got on-line and actually looked at what they were offering you, umm it was so less superior to what you were led to believe at the time and ... very inflexible. (Female, age 40–49)

As this last reflection indicates, a common concern related to the flexibility of the timeshare product, particularly whether

accommodation would be available for vacations at preferred times and with little notice.

The main thing I heard is that you can never get into where you want to.....or at a time that you want to. It's just ah.....almost impossible. (Male, age 40–49) The long booking time worried me that...to get any decent sort of booking, you would probably have to book 12 months ahead. (Male, age 70+)

One rescinder backed out after realising that buyers could not use timeshare to take vacations with friends who were not fellow timeshare owners.

...because you can only be into timeshare if you have timeshare. So, we wouldn't have been able to go away with friends ... The destinations were very good, but every time we have traveled, we've traveled in groups...with friends. (Female, age 40–49)

4.3. Development of a model of the rescinding process

In summary, stated reasons for rescission were many, with some relating to the self (e.g., personal circumstances), some to the influence of others both within and subsequent to the sales presentation, some to the product (e.g., cost, flexibility), and some to dimensions of consumer–product mismatch. As a final step in the interpretive process, the researchers employed a hypothetico-inductive approach to make connections between the concepts discussed. Fig. 2 shows the outcome from these processes—a conceptual map providing an overview of the core consumer experiences as reflected in the participants' accounts. This map captures the rescinders' experiences from initial solicitation by a representative of the timeshare company to the decision to purchase and subsequently to rescind.

Consistent with the AIDA model, Fig. 2 illustrates that the company gains the attention and interest of consumers prior to the sales seminar, arouses desire during the personal selling process and counters potential barriers to purchase, which leads to action in the form of signing the agreement and lodging a deposit. However, after the sale, countervailing sources temper desire, and consumers take steps to reverse their purchase action.

4.4. Perceptions of the legality of the purchase

Many of the rescinders referred to "signing up" but not to entering a contract or a legally binding agreement. They spoke instead about reviewing papers, folders, and books once home.

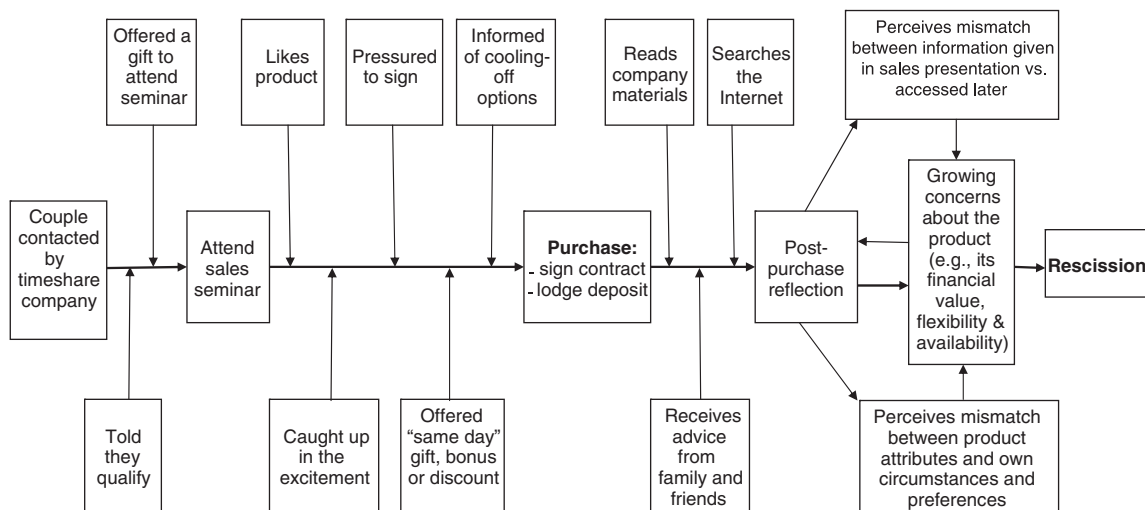


Fig. 2. Rescinding process.

You see I paid the money and I brought the papers home... (Male, age 70+)...we signed up and they gave us.....the reference book.....a big thick book of where you could and couldn't go. (Male, age 70+)

None of the rescinders cited instances of timeshare companies or their sales staff using legal terminology (such as “contract”) either in product disclosure statements or in the marketing of timeshare products. No rescinder sought professional legal or financial advice. However, virtually all of the rescinders mentioned that the company handled the process of rescinding well and without any pressure.

[I] paid the money, I brought [the contract] home, I've analyzed the thing, I've slept on it, thought it over and again and then decided to....use the cooling-off period. And I found they were quite pleasant about it and there were no problems. The money was returned, so I certainly have no complaints or anything....I can congratulate the organization, they do it in a very.....a very professional, very friendly manner. (Male, age 70+)

## 5. Discussion

The study reveals numerous individual and social factors influencing consumers' behavior in rescinding contracts. One framework that helps organize these factors is the Theory of Planned Behavior (Ajzen, 1991), which proposes that behavior results from attitudes, normative influences, and perceptions of control over behavior. In the timeshare context, shifts in all three of these determinants influenced purchase and rescission behaviors. Attitudes were relatively neutral from recruitment to the sales seminar, became positive at the time of purchase, and shifted to increasingly negative post-seminar as evaluations of the financial value, flexibility, and other product features deteriorated. Social (normative) influences were universally pro-timeshare purchase during the seminar, but were often critical and even disparaging post-seminar. Would-be purchasers' perception that they could control (that is, revoke) their purchase actions influenced many purchase and rescission decisions.

The extensive commentary of rescinders allowed an iterative construction of a model to represent the rescinding process. The model highlights the reflective, sense-making focus of the rescinders' stories and emphasizes the manner in which someone reformulates the value a purchase is likely to hold. Many participants emphasized that they made their purchase decisions under time pressure, with little opportunity for research or reflection. This environment, together with a highly emotional sales presentation, contributed substantially to their decisions to purchase, and creates an atmosphere likely to lead to intuitive and spontaneous decision making (Kahneman, 2011). Rescission decisions, in contrast, emerge in a less hurried manner, from use of multiple criteria and information sources. Interestingly, the social context of the decision making experience, post-sales presentation, appeared to present rescinders with information that resulted in reconstructing the value of the timeshare product. The reconstructed narratives offered numerous reasons the product no longer appeared to be a good fit with the buyer's self concept.

Many of these cases of purchase and subsequent rescission are consistent with dual-process theories of decision-making (e.g., Slovic, 1996; Smith and DeCoster, 2000). Rather than viewing behavioral decision-making as entirely rational, these theories posit the involvement of two systems, one affective (impulsive, intuitive, gist-based, experiential) and one cognitive (analytic, sequential, calculative). Most consumer decisions represent a combination of gut feeling and rational thought processes. In the timeshare sales context, the mix of affect and arithmetic clearly differs between purchase and rescission. The rescinder participants initially decided to purchase largely because an effective sales presentation engendered both a

good feeling about the product and an urgent need to act on that feeling. After reflection, rational information-processing predominated. Much of this later reflection took the form of assessing the fit between the product and the self (Sirgy and Su, 2000), with a decision to rescind resulting when mismatches or discrepancies appeared.

At the heart of many rescission decisions are some misgivings, or regrets, over the purchase. Regret is the emotion people experience after realizing or imagining that a current situation would have been better if only they had acted differently (Zeelenberg, 1999). Research has identified many responses to purchase regret (Keaveney, Huber, and Herrmann, 2007; Tsiros and Mittal, 2000; Zeelenberg and Pieters, 2007), including attempts to reverse a poor decision by rescinding during a cooling-off period or reduce dissonance by rationalizing the decision through denial of responsibility or downward counter-factual thinking (Zeelenberg and Pieters, 2007). Many participants provided reasons for their decisions that were external to the self and therefore not controllable, such as illness, financial crises, and relationship difficulties. In explaining their decisions, the rescinders displayed regret regulation strategies of transferring responsibility (“my husband was very keen on it”), justifying the decision (“there was no time to get things into consideration”), and psychological repair work (e.g., finding a silver lining in the whole experience) (Zeelenberg and Pieters, 2007).

Several sources informed rescission decisions. A first source in the timeshare context was the companies' papers, folders, and books which purchasers received at the point of sale. These materials appeared to reassure some potential purchasers but unsettle others. A second source was family and friends, who provided unsolicited opinion and advice, and a third source was the Internet, which many participants used during the cooling-off period for online sharing of information and opinions about their product experiences (Mierzwinski, 2010). Thus, rescinders sought further information through e-sources, whereas they received it from significant others. Of note, however, is the finding that, despite the cost of timeshare purchase and despite the tight legislative framework governing its purchase, none of the rescinder participants sought expert financial or legal advice.

In sum, even though many rescinders initially liked the product, information they obtained later contrasted negatively with what they heard at the sales seminar. At some point, participants developed sufficient reservations to decide to rescind.

## 6. Managerial and industry implications

This investigation offers insights into the experiences of people who initially agreed to, but subsequently rescinded, a timeshare sales contract—information useful not only to timeshare managers and marketers but also to their counterparts in other industries subject to cooling-off legislation. In the case of timeshare, this study highlights a shift in perception of the financial value of the product between the sales presentation and decision to rescind. That a purchase of \$15,000–\$20,000 gives rise to post-purchase doubts is not surprising, and marketers need to manage perceptions of the financial costs both immediately and over the longer period of ownership. Providing further information about annual fee systems (and the value to customers of this financial contribution) and possibly guaranteeing stable fees in the first year (or more) of ownership would help alleviate financial concerns. Companies could also consider the development of a trial package leading to full timeshare ownership.

Word-of-mouth influences seem quite powerful immediately post-purchase. In this study, these influences overwhelmingly worked to discourage purchase. Of course, much of the information received through this channel may be spurious, and companies may be able to counter such misinformation by promoting the product's quality, prestige, and financial value (Sparks et al., 2008). A sizeable proportion of this strategic marketing effort could reside on the Internet, so

that buyers who are seeking to verify the wisdom of their purchase encounter material that supports their decision and refutes the (already present) counter-suggestions.

Especially in the first few days after purchase, managers need to proactively assure consumers of the positive attributes and functionality of the product, the financial viability of the company, and the safeguards in place to protect against accommodation unavailability and excessive fee increases. Offering this information through personal phone calls or emails may not only reduce anxieties and doubts associated with the purchase but also add value by eliciting a positive emotional state and building a strong relationship. In particular, helping new purchasers to select and book their first timeshare vacation could strengthen customer commitment to the product at this critical time.

The practice of marketing requires presentation of products and experiences to consumers for the purpose of making a sale, and expensive, intangible, and discretionary products such as timeshare often require highly personalized persuasive techniques to convince consumers to buy. This research shows that consumers sometimes purchase under sales pressure and/or emotional excitement, only to rescind within 14 days, a finding that arguably provides support for the conclusion that the timeshare sales process requires an overhaul (Stringam, 2010). In that case, firms may choose to emulate some established timeshare companies and use their databases to sell additional products to existing owners, rather than seeking to attract new buyers through expensive sales seminars (Kaufmann, Upchurch, and Severt, 2006). Regardless of the approach timeshare companies take, the use of language that reinforces the legality of purchase is an issue that needs further consideration. While using the words “legal contract” may take the gloss off sales presentations, this practice could help ensure that purchasers clearly understand their responsibilities.

While the question of whether the current timeshare sales model is cost-effective is beyond the scope of this research, the availability of a cooling-off period does appear to offer an important advantage to the industry. The period encourages at least some consumers to make a purchase they might not otherwise have made, and presumably, not all these otherwise-reluctant purchasers later rescind their decision. Since research into product returns shows that a simple return policy can lessen risk in purchases, build trust in the firm, and increase loyalty (Petersen and Kumar, 2009), maintaining the cooling-off period as a return option, even if beyond legislated requirements, may work in favor of industries such as timeshare.

## 7. Reflections and future research directions

Past consumer behavior research focuses disproportionately on purchasing, with investigations of rescission representing a small minority of the total. The current study sought to partially redress this imbalance by applying a qualitative approach to investigate this significant topic. Importantly, the study used consumers' own words to portray their experiences of timeshare purchase and rescission. This approach achieved theoretical saturation and goodness of fit, and while the study represents a snapshot of the perspectives of the rescinders who participated, its insights provide a sound basis for further research and useful ideas for intervention. In particular, deconstruction and (re)construction of the reasons underlying rescission (Fig. 1), and of the processes that lead up to rescission (Fig. 2), identify multiple possible targets for marketing strategies aimed at attenuating rates of rescission. The dual processes involved include would-be buyers engaged in “cold” calculations of costs and benefits and experiencing “hot” emotions (excitement, anxiety, regret) at different points in the purchase–rescission cycle. The study represents the immediate post-purchase, but pre-rescission, period holistically, and shows it to be more complex than previous studies characterize it to be.

Future research might investigate a range of other products to determine similarities to, and differences from, the current context. These other products could represent different kinds of buyer–seller relationships, such as sales transacted between strangers (e.g., over the Internet) instead of through extended face-to-face interaction. Researchers could undertake further qualitative, mixed-methods, and quantitative investigations of the conceptual model in different industries, preferably using a longitudinal design. Examination of a sample comprising both rescinders and consumers who completed the purchase despite contemplating rescission (near-rescinders) might answer questions regarding the relative contribution of each of the five generic reasons contributing to the final purchase-versus-rescission decision.

A longitudinal study could assess trends in buyer satisfaction and regret and determine whether rescinders later complete a (different) purchase, as well as whether near-rescinders later become dissatisfied owners (with consequent adverse impact to the company through complaints and negative word-of-mouth). Other topics for future study could include the effects of different experiences of the sales seminar on rescission, changes in product knowledge and perceived value that occur over the cooling-off period, and demographic and cultural differences in each of these experiences.

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