2015 WINTER MARKETING EDUCATORS’ CONFERENCE
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Preface and Acknowledgments

The goal of the 2015 AMA Winter Educators’ Conference is to bridge current research in marketing to an increasingly global, digital, and highly connected world. As part of this conference, we will focus on a critical assessment of where our field is and the theories that guide our current thinking. The conference will focus on taking stock of the “state-of-the-art” with regard to marketing scholarship and help define new themes or areas in which our theory is less well developed. For example, Manjit Yadav is chairing a special session on “Crafting Impactful Theory for Understanding a Changing Marketplace” that spotlights the need for developing overarching theoretical frameworks to account for the rapidly changing marketplace. Jagdip Singh and colleagues have developed two special sessions on frontline marketing management—one presenting current empirical work (“Frontline Marketing Management: Problems, Models, and Insights”) and one examining theoretical perspectives (“Frontline Marketing Management: Issues, Theories, and Directions”) in this burgeoning area. Numerous other valuable sessions dot the conference program.

Note also the variety of session formats throughout the conference. Some sessions were structured primarily as “panel discussions,” with short opening remarks followed by an integrative discussion. Other sessions follow the more traditional format with focused paper presentations and Q&A with the audience and other presenters. We’d also like to highlight a special format for sessions with journal editors: one session includes journals that are more general-content journals, while a second session deals with issues specific to more focused journals.

Another key feature is a preconference event addressing the benefits and challenges of conducting research with a substantive consumer and/or firm focus (i.e., the issue of conducting “relevant” research). This exciting preconference event has been made possible with the partnership of the Marketing Science Institute, the Sheth Foundation, the Oklahoma State University Center for Customer Interface Excellence, the AMA Consumer Behavior SIG, the AMA Doctoral SIG, and the American Marketing Association. The preconference event program features prominent scholars and will examine the substantial challenges to such research, including identifying important issues, developing solid theory that addresses the issues, securing funding, arranging access to primary and/or secondary data, and many more.

Another new initiative this year is the introduction of Doctoral Student Travel Grants. A total of 15 recipients of the travel grants were honored with this award in the inaugural year of the program. Thank you again to the Sheth Foundation and the American Marketing Association for making this possible.

We thank all the people (track chairs, reviewers, and session chairs) for all their help in putting this conference together. This has been a year of planning and hard work from many people. We thank Mike Brady and the Academic Council for giving us this opportunity to serve the American Marketing Association. Thanks also are due to Matt Weingarden for his tireless efforts in coordinating and putting together the program. We would also like to thank Sara Dommer and Scott Cowley for cochairing the preconference. We thank the hundreds of you who reviewed for the various tracks. We are truly indebted to our track chairs, who have done an incredible job of reviewing papers, soliciting papers, and putting together some excellent special sessions.

Brand Management and Corporate Reputation
Alokparna (Sonia) Monga, University of South Carolina
Carlos Torelli, University of Minnesota
Yinlong (Allen) Zhang, University of Texas at San Antonio

Channels of Distribution and Interorganizational Relationships/Business-to-Business
Stefan Wuys, Koç University
Felipe Thomaz, University of Pittsburgh

Consumer Behavior
Pankaj Aggarwal, University of Toronto
Eugenia Wu, University of Pittsburgh
Sara Dommer, Georgia Institute of Technology

Consumer Culture Theory
Amber Epp, University of Wisconsin–Madison
Tonya Williams Bradford, University of Notre Dame

Global and Cross-Cultural Marketing
Durairaj Maheswaran, New York University
Cathy Chen, Singapore Management University
Innovation and New Products
Kersi Antia, Western University
Deepa Chandrasekaran, University of Texas at Austin

Marketing Analytics, Marketing Metrics, and Research
Michael Braun, Southern Methodist University
Andre Bonfrer, Australian National University

Marketing of Services and Retailing
Xueming Luo, Temple University
Michelle Andrews, Temple University

Marketing Strategy
Rajdeep Grewal, University of North Carolina
Mahima Hada, Baruch College, The City University of New York
Alok Kumar, University of Nebraska

Sales and Customer Relationship Management
Michael Ahearne, University of Houston
Zachary Hall, Texas Christian University

Social Media and Digital Marketing
Andrew Stephen, University of Pittsburgh
Peter Zubscek, University of Florida

Social Responsibility, Sustainability, and Public Policy
Vikas Mittal, Rice University
Christopher Groening, Kent State University

SIG Programming
Pam Scholder Ellen, Georgia State University

Finally, we thank you all for attending the conference in San Antonio, TX, and hope that you enjoy the conference.

Tom Brown
Oklahoma State University

Vanitha Swaminathan
University of Pittsburgh
Overall Best Conference Paper
“Quality–Efficiency Trade-offs in Service Organizations: A SFA-Based Approach with Application in Health Care”
Sandy Zhu, University of Missouri
Detelina Marinova, University of Missouri
Jagdip Singh, University of Missouri

Honorable Mention
“Competitive Poaching in Contextual Targeting Advertising”
Yiping Song, Fudan University
Chee Wei Phang, Fudan University
Shuai Yang, University of Connecticut
Xueming Luo, Temple University
Catherine Tucker, Massachusetts Institute of Technology

Brand Management and Corporate Reputation
“Evaluations of Iconic Versus Genuine Experiences Depend on Attitude Functions”
Gulen Sarial-Abi, Bocconi University
Ezgi Merdin, Bogazici University
Zeynep Gürhan-Canli, Koç University
Kathleen Vohs, University of Minnesota

Channels of Distribution and Interorganizational Relationships/Business-to-Business
“Asymmetric Product Distribution Between Symmetric Manufacturers Using Dual Marketing Channels”
Kenji Matsu, Kobe University

Consumer Behavior
“Did You Earn Your Louis Vuitton? The Impact of Unearned Conspicuous Signals”
Saerom Lee, University of Texas, San Antonio
Hans Baumgartner, Pennsylvania State University
Karen Page Winterich, Pennsylvania State University

Consumer Culture Theory
“Consuming Ambiguity: Multiracial Identity Development and the Marketplace”
Robert Harrison, Western Michigan University
Kevin D. Thomas, University of Texas at Austin
Samantha Cross, Iowa State University

Global and Cross-Cultural Marketing
“Meaning in Life, Life Reminiscence, and Brand Relationship”
Yupin Patarapongsant, Chulalongkorn University
Nicha Tanskul, Chulalongkorn University

Innovation and New Products
“It’s All Your Fault! Attributing Blame for Co-Created New Product Failures in B2B Relationships”
B.J. Allen, University of Texas at San Antonio

Marketing of Services and Retailing
“Optimal Distance Between Franchising Outlets and Intra-Brand Competition”
Put Ying “Yoshi” Tong, West Virginia University
Christopher Yencha, West Virginia University

Marketing Strategy
“Quality–Efficiency Trade-offs in Service Organizations: A SFA-Based Approach with Application in Health Care”
Sandy Zhu, University of Missouri
Detelina Marinova, University of Missouri
Jagdip Singh, University of Missouri

Sales and Customer Relationship Management
“From an Absolute to Relative Perspective of Customer Orientation: Its Effect on Frontline Employees’ Job Satisfaction and the Underlying Process”
Seigyoung Auh, Arizona State University
Bulent Menguc, Kadir Has University
Constantine Katsikeas, University of Leeds
Yeon Sung Jung, Dankook University

Social Media and Digital Marketing
“Competitive Poaching in Contextual Targeting Advertising”
Yiping Song, Fudan University
Chee Wei Phang, Fudan University
Shuai Yang, University of Connecticut
Xueming Luo, Temple University
Catherine Tucker, Massachusetts Institute of Technology

Social Responsibility, Sustainability, and Public Policy
“Building a Socially Responsible Image: An Analysis of the Fortune Global 500 Companies Through Their Websites”
Rachel Lim, University of Texas at Austin
Yoon Hi Sung, University of Texas at Austin
Wei-Na Lee, University of Texas at Austin
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Brand Cohesiveness and Extension Feedback Effects

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Keywords: brand entitativity, brand similarity, brand cohesiveness, brand construct

EXTENDED ABSTRACT

Research Question
Group entitativity refers to the wholeness of a group, a social aggregate possessing the nature of a coherent entity. Extant research in group perception documents that group entitativity moderates the influence of a group member on group perception. Moreover, the similarity and cohesiveness of group members are the pre-determinants of group entitativity. Specifically, group similarity highlights the physical commonality of group members, whereas cohesiveness emphasizes the interdependence of group members. Taking smart phones, for example, HTC is perceived as a high-entitativity brand for consisting of the similar and interdependent brand extensions of smart phones and tablets. In contrast, the perceived entitativity of Samsung is relatively low for consisting of a wide variety of extension products, including mobile phones, TVs, videos, cameras, camcorders, computing devices, and home appliances. In comparison, Apple has a moderate entitativity for its moderate size of extension products, such as mobile phones, computing devices, and software.

Brands, as with social groups, consisting of a combination of brand extensions are perceived differently in entitativity. As with group perception, the perceived entitativity of brands shall moderate the feedback effect of individual brand extensions on brand evaluations. As a result, the impacts of an individual extension (e.g., the iPhone 5S) on Apple, HTC, and Samsung shall be different. Extant research has well-documented that extension feedback effects on brand evaluations are moderated by the characteristics of extensions and perceivers. However, less is known about whether and how brand constructs (i.e., cohesiveness and similarity) moderate the feedback effects of brand extensions. Therefore, this article advances brand research by examining the moderation of brand construct on brand evaluations specifically in brand cohesiveness and similarity.

Method and Data
Capitalizing on perceived entitativity theory, we propose that the brand construct measure of brand entitativity moderates extension feedback effects. We demonstrate the proposal with two studies examining the interplay of brand entitativity (i.e., cohesiveness and similarity) and extension typicality (i.e., typical and atypical extensions) on extension feedback effects. Specifically, we hypothesize that high-entitative brands are more favorably evaluated (hypothesis 1), and the feedback effects of negative extension information on high-entitative brands are more pronounced (hypothesis 2).

Eighty subjects participated in the first study with a three-group between-subject experimental design. The participants were informed that the study’s purpose was to investigate consumers’ opinions about brands. They started with rating the ABC brand, followed by rating the similarity, cohesiveness, and quality of the fictitious brand of X, Y, or Z brand consisting of similar-cohesive, dissimilar-cohesive, and dissimilar-incohesive brand extensions, respectively. Then, they rated the quality of the newly launched unfavorable extension of anti-cavity toothpastes. The brand extension was cultivated with a Consumer Reports statement containing negative product information about several key product attributes. Immediately following this process, they re-evaluated the quality of the fictitious brand of X, Y or Z brand. The results suggested that unfavorable extensions were more detrimental to entitative brands with similar-cohesive or dissimilar-cohesive extensions.

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As typical (e.g., anti-cavity toothpastes) and atypical extensions exert different feedback effects on brand evaluations, we further conducted the second study to examine the feedback effect of atypical extensions on brand evaluations. Pain relievers were selected to be the atypical extensions based on a pre-test. One hundred and eight respondents participated in the three-group between-subject experimental design similar to the first study. The results indicated that unfavorable atypical extensions were more detrimental to the entitative brands with similar-cohesive brand extensions only.

**Summary of Findings**

The results reveal that, in general, brands consisting of similar and dissimilar brand extensions are perceived as high- and low-cohesive brands, respectively. However, brands with dissimilar extensions can be highly cohesive if the extensions are interdependent. Moreover, cohesive brands with similar brand extensions are more favorably evaluated, whereas incohesive brands with dissimilar brand extensions are more unfavorably evaluated.

Furthermore, unfavorable typical and atypical extensions instigate asymmetric feedback effects on entitative brands.

The dominance of brand similarity and cohesiveness on extension feedback effects depends on the typicality of brand extensions. When unfavorable extensions are typical, brand cohesiveness determines the salience of extension feedback effects. Specifically, unfavorable typical extensions exert more negative impacts on brands with cohesive extensions. In contrast, when unfavorable extensions are atypical, brand similarity determines the salience of extension feedback effects. Specifically, unfavorable atypical extensions instigate more negative feedback effects on brands with similar extensions.

**Key Contributions**

This research extends the discussion about extension feedback effects to the perspective of brand constructs specifically in brand cohesiveness and similarity. The extension feedback effects are examined with typical and atypical brand extensions to compare the difference. With two experimental studies, we demonstrate that brand cohesiveness and similarity moderate the feedback effects of negative brand extensions on brand evaluations.

*References are available on request.*
Direct Versus Indirect Comparative Advertising: The Roles of Valence and Message Claim Type

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Keywords: comparative advertising, valence, message claim, advertising message

EXTENDED ABSTRACT

Research Questions
Based on the arguments and empirical findings supporting either direct or indirect comparative advertising to be more effective than another from the literature, the effectiveness of advertising message-specific factors on direct versus indirect comparative advertising is inconclusive. In this research, two advertising message-specific moderators, advertising valence and message claim type, were investigated using theoretical support drawn from the literature and marketing theories to answer the following questions:

Under what circumstances, direct comparative ads are better than indirect comparative ads and vice versa?

When should firms use positively/negatively framed messages in the comparative ads?

Should factual/narrative information be included in comparative ads? If so, under what circumstances should firms do that?

Method and Data
Cell phone service providers were used as the stimulus of study 1. The advertised brand was Sprint and the compared one was Verizon. Participants were 263 business undergraduate students in a large mid Atlantic public university in the United States. Given the high penetration rate for cell phones among students, having undergraduate students as participants is managerially relevant. In study 2, sneakers were used as the stimulus for the study. For direct comparative advertisements, Reebok was the advertised brand and Adidas was the compared brand. For indirect comparative advertisements, Reebok was comparing itself to “all other brands.” 142 American adults completed the surveys with Amazon Mechanical Turk (mTurk) for this study. Two experiments were conducted in which 2 (direct/indirect comparative advertising) x 2 (positive/negative or factual/narrative information) between-subject designs were used.

Summary of Findings
In Study 1, it was found that indirect comparative advertisements could significantly generate more positive attitude toward the brand if the advertisements were positively-worded. On the other hand, contrary to the expectation, results showed that there was no significant difference between the effects of direct and indirect comparative advertisements if the advertisements were negatively-worded. In Study 2, it was found that direct comparative advertisements generated more positive attitude toward the brand when the comparative advertisements contained factual claims. In addition, it was shown that indirect comparative advertisements generated more positive attitude toward the brand than direct comparative advertisements when the compara-
tive advertisements contained narrative claims. These findings indicated that providing facts and objective information is extremely important if the company wants to use head-to-head comparisons. If the company wants to compare itself with the rest of the industry, it should instead utilize subjective information in their comparative advertisement.

**Key Contributions**

The findings suggest that in the advertisement if the company wants to use positively-worded messages (You are OK, but I am better), they should use indirect comparisons. As more and more advertisers are using negatively-worded messages and trying to attack other competitors, the results of this research suggest that it does not matter whether the company directly or indirectly compares itself to the competitor(s) in the advertisement. Negative messages do not make any difference between these two types of comparative advertisements. Additionally, the findings also provide the advertisers evidence that they should utilize direct comparative advertising to compare itself with one particular named competitors when they include factual message claims, which are the verifiable statements that utilize objective data and provide fact-laden and direct descriptions of product features and benefits. The objective data can make the advertising arguments more believable and perceived more informative (Polyorat et al. 2007). If the company decides to use narrative claims, which are the unverifiable statements that may give inaccurate or imprecise indications of how a brand performs on an attribute by using emotional or hype words like “super” and “phenomenal” in describing the brand (Polyorat et al. 2007), they should utilize indirect comparisons.

*References are available on request.*
A New Brand Personality Scale for Professional Sport Clubs

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Keywords: brand personality, brand image, scale development, sport brands, brand management

EXTENDED ABSTRACT

Research Question
Professional sports have emerged as a rewarding business with many opportunities to prosper. Increasing competition on the sport entertainment market and the inherent lack of guarantees of success (only one club can win the championships) force professional sport clubs to face the constant challenge of achieving economic success independent of their sportive success. In this context, sport managers increasingly view their clubs as brands to be managed. The behavior of external target groups toward a brand depends on its image. The brand image dimension “brand personality” has particular behavioral relevance. Accordingly, brand personality should enable sport club managers to build a differentiated, behaviorally relevant brand image. To do so, they need a reliable, valid, applicable scale to measure the brand personality of sport clubs. This paper seeks to develop such a brand personality scale, derived from the theoretical foundation of brand personality and extending prior literature related to measuring brand personality.

Method and Data
The study includes a five-phase process, with three data collections using a total of 2,824 respondents. The new scale is developed and validated using an established, approved process: 1) Trait generation based on a broad literature analysis plus expert interviews to consider different substantial aspects of the construct. 2) Elimination of non-personality items, according to expert interviews. 3) Elimination of inappropriate traits through expert interviews. 4) Pretest (consumer survey) to eliminate further traits, when necessary, and estimate the dimensionality, reliability, and validity of the scale with an EFA. 5) Main study (consumer survey) to identify the final dimensionality, reliability, and validity of the scale with an EFA and CFA.

Summary of Findings
The new brand personality scale for professional sport clubs is developed and validated using an established, approved process and contains five dimensions: “Community-driven”, “Rebellious”, “Sophistication”, “Hard-Working”, and “Down-to-Earth”. As a consequence, the new scale reveals greater reliability and validity compared with former scales. Furthermore, the scale covers the different dimensions of former brand personality scales for professional sport clubs, and additionally contains further dimensions (i.e., “Rebellious”) that can help sport clubs build strong brand images but that do not appear in prior scales. The proposed measure contains only personality traits and, therefore, applies a strict definition of brand personality.

Key Contributions
Across five studies, a new brand personality scale for professional sport clubs was developed:

1. It is the first brand personality scale for professional sport clubs which covers the different dimensions of prior brand personality scales for professional sport clubs and additionally contains further brand personality dimensions (i.e., “Rebellious”) which are substantial to build up a strong brand image and which are not considered in other scales.

2. The new scale contains only personality traits.

3. The used personality traits are appropriate to measure the brand personality of professional sport clubs.

4. The new scale is the first brand personality scale for professional sport clubs which is statistically reliable and valid, according to both an EFA and a CFA.

References are available on request.

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**Research Question**

In this research, we explore the dyadic component of brand relationships by proposing that if brands truly serve as active relationship partners (Fournier 1998), brand attraction should depend not only on the extent to which the consumer likes the brand, but also on perceptions of the extent to which the brand likes the consumer—a concept we refer to as perceived brand liking. Specifically, we hypothesize that when consumers believe that a brand likes them, they are more likely to be attracted to that brand in return. Drawing from the interpersonal attraction literature, which shows that people are attracted to those whom they believe like them (Eastwick and Finkel 2009), we examine two ways brands may signal liking for the self. First, because partner actions are a primary source of perceived liking in interpersonal relationships (Backman and Secord 1959; Byrne and Rhamey 1965), the friendly behaviors of brand employees or users may serve as one cue of the brand’s liking for the self. Second, because people expect that similar others will like them and these expectations of liking lead to interpersonal attraction (Condon and Crano 1988), we propose that perceived similarity to the brand or other brand users may serve as a more subtle cue of liking from the brand. Thus, we predict that consumers will be more attracted to brands that exhibit cues of liking (vs. a neutral control), either through friendly brand actions or self-brand similarity (H1).

Further, if it is truly consumers’ perceptions of brand liking that lead to brand attraction and not simply the positive valence of brand liking cues (De Houwer, Thomas, and Baeyens 2001; Stuart, Shimp, and Engle 1987), factors that raise doubts about the cues’ truth value should affect their diagnosticity (Gawronski and Bodenhausen 2006). One instance in which consumers may doubt the truth value of brand liking cues is when they perceive that these cues are directed to all consumers rather than to a more select set; thus, we predict that selective (i.e., dyadic) cues will be more diagnostic (H2a), whereas unselective (i.e., generalized) cues will be less diagnostic (H2b).

**Method and Major Findings**

We tested these hypotheses in an exploratory survey (not reported here) and four experiments. Experiment 1 was designed to test H1 using a 2 (self-brand similarity: similar, dissimilar) × 2 (brand actions: friendly, neutral) between-subjects design (N = 126). First, participants read a brief description of a fictitious personal fragrance brand, Element Fragrance. Next, they read focus group results in which similar or dissimilar others preferred the brand. Participants then read a scenario in which they interacted with a brand representative at a sampling booth, who was either extremely friendly or polite but somewhat aloof. Finally, participants rated their interest in purchasing an Element Fragrance. The results revealed a main effect of self-brand similarity (p < .05), such that participants were more attracted to the brand when they perceived themselves to similar (vs. dissimilar) to other brand users. The results also revealed the predicted two-way interaction (p < .05), such that when any cue of brand liking was present, participants were more attracted to the brand then when such cues were absent. Two follow-up experiments showed that the perceived liking of the brand for the self separately mediated...
the effects of self-brand similarity (Experiment 2) and friendly brand actions (Experiment 3) on brand attraction, thereby confirming their roles and true indicators of brand liking. Collectively, these results provide support for H1, demonstrating that friendly brand actions and self-brand similarity lead to perceptions that the brand likes the consumer, which in turn cause the consumer to be more attracted to the brand.

Experiment 4 was designed to test the moderating role of brand selectivity (H2) using a 2 (brand actions: friendly vs. neutral) × 2 (brand selectivity: dyadic vs. generalized) between-subjects design (N = 94). Participants read a scenario in which they received an email from their favorite clothing brand offering them a 50% (friendly condition) or 10% (neutral condition) discount and were then told either that all customers received this discount (generalized condition) or that a few customers received this discount whereas other customers received a 30% discount (dyadic condition). Finally, participants rated their opinion of the brand as well as what they thought the brand’s opinion was of them (i.e., perceived brand liking). The results revealed two main effects qualified by a two-way interaction (p = .001 for brand attitude; p < .05 for perceived brand liking). As predicted, when the brand’s actions were dyadic, friendly brand actions increased perceived brand liking and brand attraction, whereas neutral brand actions (viewed negatively in contrast with the brand’s friendly behaviors toward others) decreased them (H2a). In contrast, when the brand’s actions were generalized, they had no impact on perceived brand liking or brand attraction (H2b). Finally, perceived brand liking mediated the effect of dyadic brand liking cues on brand attraction. Collectively, these results provide support for H2 and suggest that when consumers perceive that brands are not selective in their actions, this will arouse doubt about their truth value as brand liking cues, rendering them nondiagnostic for brand attraction.

**Key Contributions**

Across five studies, we show that the perceived liking of the brand for the self plays a critical role in consumer-brand relationships. Specifically, we find that without a veridical cue of liking from the brand, either through friendly brand actions or self-brand similarity, brand attraction falters and the strength of the brand relationship is diminished. This research contributes to the brand relationship literature in several important ways. First, it enriches our understanding of the types of associations that influence our valuation of brands (Keller 1993). Second, it further specifies the nature of the consumer-brand relationship explored in previous research. Namely, our findings are the first to empirically validate the existence and impact of perceived brand liking and, consequently, the reciprocal liking of the consumer for the brand—notable in that the presence of reciprocity is a necessary condition by which consumer-brand relations may accurately be characterized as true “relationships” (Fournier 1998, Hinde 1995). Most importantly, our findings provide support the view that consumer-brand relationships are a two-way street, with the thoughts and actions (real or imagined) of both partners influencing consumer behavior.

*References are available on request.*
Global Versus Local: Understanding Cultural Differences on Facebook Business Pages

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Keywords: cross-cultural, social media, Facebook, word-of-mouth, localization

EXTENDED ABSTRACT

Research Question
Are there cultural differences in user motivations and behaviors on Facebook fan pages?

With the prevalence of social media, many brands have launched business pages on Facebook to engage consumers and build brand equity across the globe. To be truly global, brand managers need to reach these consumers through localization strategies and cater their communication content to local audiences’ needs. Nonetheless, there has been limited research on cultural differences in social media. We hope to fill this gap in the literature by analyzing global brands’ Facebook pages across four cultures: U.S., Mexico, Australia, and Singapore.

Method and Data
We identified a list of potential brands by combining Interbrand’s 100 Best Global Brands and the Fortune 500 list. We chose to study four brands: Volkswagen, Nescafé, McDonald’s, and Samsung that span different industries (automotive, beverages, restaurants, technology), have different levels of product involvement (high, low, low, high respectively), and are headquartered in different countries (Germany, Switzerland, the United States, and Korea). All four businesses have Facebook fan pages in the four cultures chosen in this research: U.S. (VI), Mexico (VC-Latin America), Australia (HI), and Singapore (VC-East Asia). We chose Facebook as the social media platform of interest because: (1) it has a large user base and many of its users have become “fans” of brands by liking their pages; (2) it offers an API which makes it possible to obtain a large amount of data. We built a software tool, which connects with Facebook Graph API to download data on business pages. We downloaded all posts and corresponding metadata from the Facebook pages of the 4 brands in 4 countries. In this paper, we present the results comparing the American and Mexican pages of Volkswagen. Comparisons for the other countries and brands will be available at the time of the conference.

To understand what users post on Facebook pages, we took the Grounded Theory approach (Glaser and Strauss 1967). During the open coding stage, two research assistants, who were blind to the literature and our research hypotheses, independently analyzed 500 posts from Volkswagen’s Facebook fan pages in the U.S. and Mexico to look for common themes. We went through several iterations to make sure that our themes had saturated and then started consolidating and organizing them into high-level categories. During the structured coding stage, we had the two research assistants code the same sample of 1,000 posts into the emergent categories.

Key Contributions
The findings in this research add to the cross-cultural literature documenting differences in self-presentation styles across cultures, by showing that the cultural categories of individualism-collectivism and vertical-horizontal predict the self-presentation behaviors of consumers in social media. As expected, vertical individualistic consumers (e.g.,
American consumers), with a tendency to self-enhance, showcased their ownership in Facebook more than vertical individualistic consumers (e.g., Mexican consumers). Vertical individualism promotes a self-presentation style aimed at establishing one’s achievements and status (Torelli, 2013), which seems evident in the displays of product ownership exhibited by American consumers.

Results here also contribute to the cross-cultural literature in relationship orientations. Mexican users were more likely to post inquiries to the company than American users (20.8% versus 4.87%), reflecting the higher regard of authority associated with their vertical collectivistic orientation (Shavitt et al., 2006). Interestingly, this research also found that American consumers engaged slightly more in positive WOM than Mexican consumers did. Because multiple motivations might underlie consumers’ WOM behaviors, we had not predicted this result—as we speculated that multiple motivations would lead to the effects being cancelled out. Further investigating the reasons for this result is in a future research agenda.

And lastly, the results herein have important managerial implications. Brand managers of global brands constantly face the challenge of finding the right balance between communicating their brand in a consistent way to avoid brand dilution, and localizing their efforts to better resonate to local audiences. The creation of a successful localization strategy in social media, as the success of Starbucks in China suggests, requires a deep understanding of the motivations, needs, and behaviors of users across different cultures and how they interact with companies on new media platforms like Facebook. This research provides brand managers with a better understanding of how users of their Facebook business pages differ across cultures, which can help them develop the optimal strategies to engage and interact with consumers across the globe.

**Summary of Findings**

Several patterns are worth noting. First, American users were much more likely to showcase their ownership than Mexican users (23.9% versus 5.2%). Second, Mexican users were more likely to post inquiries to the company than American users (20.8% versus 4.87%). Third, American users were more likely to post other-brand-related social activities such as car shows and clubs than Mexican users (19.67% versus 11.4%). In addition, we found that American consumers engaged in slightly more positive word-of-mouth than their Mexican counterparts (16.96% versus 12.2), but there was no significant difference between negative word-of-mouth between the two cultural groups (5.99% versus 5.8%).

Another interesting observation we had is Volkswagen’s localization strategy. Although we did not code the posts by Volkswagen, one thing we noticed is that the company ran social media campaigns in countries like Mexico but not in America. This practice could be a result of understanding the needs of the users, given the enthusiasm with which these campaigns were received and the level of participation they seem to ignite. This observation is fairly consistent with our general observation about Mexican users’ propensity to regard Facebook as a platform to engage with the company, more than with other users.

*References are available on request.*
The Good, the Bad, and the Ugly of Going Global: The Perspective from a Developing Country Brand

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Keywords: global brands, global expansion, developing country, advertising

EXTENDED ABSTRACT

Research Question
Ample research shows how the distinctive images created by multinational corporations make foreign brands generally more desirable than local brands within developing countries (Ger and Belk 1996; Wang et al. 2004). The purpose of the present research is to offer an alternative process that dictates individual judgments regarding local brands competing in a global marketplace. Specifically, we contend that local brands can overcome negative perceptions by engaging in and marketing global expansion initiatives. The primary research questions are as follows:

R1. How are local brand perceived when they communicate global expansion initiatives?

R2. How does the perceived success of the expansion, as well as, manufacturing tradition and development of the expansion nation affect local perceptions regarding brand expansion initiatives?

Method and Data
The research questions and hypotheses were addressed via three experiments. All three experiments implemented between subjects designs. The first experiment manipulated manufacturing tradition (high vs. low) and perceived success was measured while country development maintained constant. Experiment 2 manipulated country development (high vs. low) and perceived success (high vs. low) while country manufacturing tradition was controlled. Lastly, experiment 3, manipulated all three constructs, country development (high vs. low), perceived success (high vs. low), and manufacturing tradition (high vs. low). Brand attitudes served as the primary dependent variable in all studies. The first two experiments sampled undergraduate students, and the last experiment sampled adults via an email list.

Summary of Findings
Specifically, the results suggest that a brand reaps more benefits when it expands to a developed country with high manufacturing tradition while the expansion to a developed country with low manufacturing tradition depends on the perceived success of the brand: more positive attitude change occurs when perceived success is high than when perceived success is low. However, a brand that expands into a developing economy with low manufacturing tradition is more likely to harvest negative results in the form of negative attitude change while the expansion to a developing economy with high manufacturing tradition will depend on the perceived success, being more positive when perceived success is higher.

Our results are congruent with the hypothesis that a developing country brand that expands internationally is regarded as a global brand and positive associations of the new country are transferred to the brand, enhancing the attitudes of local consumers.

Key Contributions
This work adds to the growing body of knowledge on the brand globalness effect by demonstrating that a developing...
country brand can enhance brand perceptions among local consumers by expanding into a new country and properly communicating this information within the home country. The benefit of doing so varies depending on the country’s development, manufacturing tradition, and the consumers’ perceived success of the expansion. The work also contributes to the brand management literature by demonstrating how an emerging market multinational firm can leverage their brands creating positive associations. Finally, the work also adds to the consumer behavior literature by demonstrating a new example of associations transference between two stimuli (expansion country and internationalized brand).

References are available on request.
Evaluations of Iconic Versus Genuine Experiences Depend on Attitude Functions

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Keywords: iconic experiences, genuine experiences, attitude functions

EXTENDED ABSTRACT

Research Question
What motivates consumers to engage in iconic versus genuine experiences?

Method and Data
Experiment 1 tested the effect of the type of experiences (i.e., genuine, iconic) on attitude favorability. We used the real-life example of the Tutankhamun tomb and its replica as an initial context. We predicted that individuals’ attitudes toward engaging in iconic experiences would be more favorable than their attitudes toward engaging in genuine experiences when the utilitarian functions of these experiences are salient. We also predicted that individuals’ attitudes toward engaging in iconic versus genuine experiences would not significantly differ when the value-expressive functions of these experiences are salient.

We conducted experiment 2 in order to replicate the results from experiment 1 using a different context. Specifically, we used the prehistoric Lascaux caves to manipulate experience type. Similar to the stimuli used in experiment 1, the Lascaux caves and the replica are geographically very close to each other. Second, in this experiment, we analyzed whether self-authenticity influences the evaluation of iconic experiences.

Summary of Findings
In a series of two experiments, we showed that attitude functions influence the way individuals evaluate genuine versus iconic experiences. Experiment 1 demonstrates that individuals have more favorable evaluations of iconic experiences compared to genuine experiences when utilitarian attitude functions are salient. Experiment 2 extends the findings of the first experiment by testing the alternative explanation of self-authenticity. The results, consistent with our predictions, demonstrate that self-authenticity does not explain the predicted effects of attitude functions on evaluations of genuine versus iconic experiences.

Key Contributions
By demonstrating the underlying psychological mechanism behind the intention to engage in iconic experiences versus genuine experiences, this research contributes to the existing literature in several ways. First, although prior research (Grayson and Martinec 2004) defines “indexical authenticity” and “iconic authenticity,” to the best of our knowledge, relatively little research has examined why individuals would engage in iconic experiences when they have the option to engage in genuine experiences. As there are a growing number of “iconic experiences,” understanding why individuals would be interested in engaging in activities with iconic authenticity would contribute to the existing knowledge. Second, this research suggests that individuals have more favorable attitudes toward engaging in iconic experiences (vs. genuine experiences) when the utilitarian functions of these experiences are salient. Prior research describes the features of an authentic offering (e.g., having indexical cues) but does not sufficiently evaluate the rea-
sons that iconic experiences would be regarded more favorably than genuine experiences. In this research, we show that individuals evaluate iconic experiences as being superior because they provide benefits while minimizing costs (e.g., wireless Internet access during a shantytown experience, durable colors for paintings; Shanty Town for a Unique Accommodation Experience in Bloemfontein 2014).

References are available on request.
Product Recalls: From Brand Perceptions to Financial Market Performance

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Keywords: product recalls, brand equity, event study, experiment

EXTENDED ABSTRACT

Research Question
Companies incur significant direct and indirect costs related to product recalls. In particular, the loss of customer confidence or damage to the firm’s reputation carry the potential for significant reductions in the manufacturer’s future cash flows and stock market value. We suggest that brand equity, specifically customer-based brand equity, serves as the mechanism through which consumer perceptions of a product recall ultimately influence or do not influence the impact of a recall on the market value of the firm. We propose a protective role that minimizes the negative impact a product recall will have on firm reputation and financial performance. We test the influence of brand equity on both investor and consumer responses to product recall announcements. We begin our hypotheses by establishing a negative main effect of a recall, followed by consideration of the moderating effects of brand equity. We then examine two underlying dimensions of customer-based brand equity (familiarity and quality) to further explain their moderating effects on reactions to recalls and their possible interactions.

Method and Data
We use multiple methods to explore our research questions. The first is an event study to analyze abnormal stock market returns from 162 recalls announced by firms included in the Harris Interactive’s EquiTrend© database between January 1, 2001 and December 31, 2006. We use linear regression analysis to predict abnormal stock price returns following a recall announcement. We use the EquiTrend measures of brand equity, familiarity and quality to test the specific influence of brand equity, while controlling for firm and recall variables such as announcement source, severity, recall frequency, firm size, firm financial health, and firm diversity. We pair this with an experiment to further isolate how two underlying consumer mindset components of brand equity (familiarity and quality) influence brand evaluations and intent to purchase. We use an online experimental survey of 207 Amazon Mechanical Turk members. The survey asks for pre- and post-recall brand evaluations of both familiar and unfamiliar cereal brands and includes fictitious quality ratings. Our experimental conditions vary the brand that was recalled.

Summary of Findings
The event study finds that firms exhibited negative abnormal returns in the days surrounding the recall announcement. Our regression analysis shows that strong brand equity significantly shields announcing firms from the negative abnormal stock price returns associated with a product recall. Adding quality, familiarity and the interaction between quality and familiarity finds that brand quality shows a significant positive moderating effect, however, brand familiarity does not protect the announcing firms.

The experiment found that a product recall decreases evaluations about 9% and purchase intentions by about 26% for the recalled brand. The experiment yielded mixed findings for the influence of different dimensions of brand equity. We find that brand familiarity protects the firm with regards to evaluations, but not purchase intentions. However, we find that brand evaluations and purchase intentions decrease more for high quality brand than for low quality brands.

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**Key Contributions**

Together, these studies show that a recall can have negative effects on consumer perceptions and on the financial value of the firm. However, this overall negative effect is moderated by brand equity such that high brand equity protects a firm from the negative effects of a product recall on consumer mindset and financial outcomes. By examining different dimensions of brand equity, we are able to better understand the different roles these dimensions play in the creation of brand equity. The protective role of familiarity perhaps engenders a degree of trust that minimizes the impact of a recall. Quality, however, is somewhat of a double-edged sword. While high quality is generally positively associated with the benefits of a strong brand, high quality magnifies the negative impact of a recall.

By using multiple methods, we are able to further support the importance of brand equity to marketing managers, yet simultaneously reflect the challenge of superior performance using a balanced scorecard approach in which manager success is measured by both financial and product market performance. While consumer perceptions following a recall become less certain given the dissonance of high quality perceptions and potential product harm, investors are comforted by high brand quality.

*References are available on request.*
Exploring the Relationship Between Brand Pride, Brand Identification, and Brand Citizenship Behavior of Employees

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Keywords: brand pride, brand identification, brand citizenship behavior, employer branding

EXTENDED ABSTRACT

Research Question
The behavior of employees lies at the heart of any brand (Burmann et al. 2009; Sirianni et al. 2013). However, the factors that create brand-supporting attitudes and drive employees to display desired Brand Citizenship Behaviors (BCB) as well as employees' mental processes through which brand-consistent behaviors are developed have not yet received adequate attention (Burmann and Zeplin 2005; Punjaisri and Wilson 2011; Chiang et al. 2012). The current study suggests that brand identification and brand pride may motivate employees to ‘live the brand’ and exhibit BCB. Past research found that employees who identify with the brand will be emotionally attached to it and exhibit increased ability to deliver the brand promise (Punjaisri and Wilson 2011). Additionally, pride may motivate employees ‘to go the extra mile’ (Bolino and Turnley 2003; Tracy and Robins 2007), to show passion for the brand, and to become ‘brand champions’ (Chiang et al. 2013). In particular, the present study is guided by the research question how Actual Brand-Self Congruence (ABSC) and Ideal Brand-Self Congruence (IBSC) as perceived by employees affects their brand identification, brand pride and BCB.

Method and Data
We drew a sample from a national panel of employees obtained from a commercial provider in Germany. In total, 283 respondents took part in an online survey study. They were asked what company they worked for; the company name they indicated was used as the focal corporate brand throughout the survey. We measured all variables based on 5-point Likert-type scales. Data were analyzed based on a two-step measurement model. Confirmatory factor analysis showed good model fit: \( \chi^2/df = 1.92; \) RMSEA = 0.052 (0.045 – 0.060); GFI = 0.90; and CFI = 0.99. The standardized loadings for all items were above 0.70, the Average Variance Explained (AVE) by the constructs ranged from 0.67 to 0.86, and the composite reliability ranged from 0.89 to 0.97. Measures fully satisfied the requirements for discriminant validity as AVE exceeded the recommended threshold of 0.5 and all squared covariances were smaller than the AVE (Fornell and Larcker 1981). Hypotheses were assessed based on a structural model using LISREL 8.80. The model indicated a good fit with all indices meeting the recommended levels: \( \chi^2/df = 1.74; \) RMSEA = 0.047 (0.040 – 0.054); GFI = 0.90; CFI = 0.99; NFI = 0.98.

Summary of Findings
Our findings show that congruence of the brand with the actual self and congruence of the brand with the ideal self has similar effects on employees’ brand identification. Interestingly, ABSC does not impact brand pride, but does have an effect on BCB; reversely, IBSC does not affect BCB, but does have an impact on brand pride. This implies that employees are more likely to exhibit voluntary brand-strengthening behaviors according to who they think they are than who they want to be. A brand that comes close to the ideal self of an employee would be less effective in triggering BCB than a brand that matches the actual self. We find the reverse role of ABSC and IBSC in the case of brand pride. Congruence of the brand with the ideal self leads to

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brand pride, whereas a match of brand and the actual self does not. Brand identification significantly impacts brand pride and BCB. We did not find a significant impact of brand pride on BCB, though. These results are valid when controlling for tenure and customer contact. We find that employees with longer tenure in their company show increased BCB.

Key Contributions
Our study makes the following contributions: First, we introduce the novel concept of brand pride. Based on social identity theory and the theory of the (extended) self-concept, we then assess how employees’ perceived fit with their employer’s corporate brand affects brand pride and subsequent behaviors based on an empirical study among German employees. Further, it investigates differences in effects between the actual and ideal self. We find that self-validation (based on the actual self; Sirgy 1986) plays a role in encouraging BCB, whereas enhancement of self-esteem (based on the ideal self; Sirgy 1986) does not. Our findings and implications add to better understanding of possible cognitive drivers of employees’ brand-related behaviors and ways to establish and manage brand pride.

References are available on request.
Internal and External Communication as Antecedents of Employee Brand Understanding, Brand Commitment, and Brand Citizenship Behavior

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Keywords: internal brand management, brand citizenship behavior, brand commitment, brand understanding, internal communication, external communication

EXTENDED ABSTRACT

Research Question
Because employees are important for building and maintaining brand-customer relationships, managing employee behavior applying internal brand management (IBM) becomes a critical success factor in brand management. From managerial perspective, antecedents of IBM outcomes like cognitive brand understanding, affective brand commitment, and behavioral brand citizenship behavior have to be focus of research. Communication is one of the most powerful tools of organizations to inform employees about the brand, to build affective attachment, and to influence employee behavior.

In contrast to internal communication, external communication has received limited consideration in empirical IBM research. In addition, as researchers have only rarely considered brand understanding as cognitive IBM outcome in IBM research, communication has mostly been investigated regarding its effects on affective and behavioral outcomes. Therefore, this study’s aim is to investigate the effects of internal and external communication on the IBM outcomes of brand understanding, brand commitment, and brand citizenship behavior.

Method and Data
Data collection was conducted through the employment of an e-mail list from a German service company in the tourism sector. 1,599 e-mail invitations were sent to employees that worked in the company. We received 822 responses (i.e. 51.4% response rate) and kept 521 responses after data cleansing for further analysis. To analyze the conceptual model we chose variance-based Partial Least Squares Structural Equation Modeling because (1) the research goal is to predict the IBM outcomes, (2) the research is exploratory in nature, (3) the data are non-normal and (4) the Type II second-order constructs of brand understanding and brand citizenship behavior are formative constructs. We used IBM SPSS Statistics 20 and SmartPLS 2.0 (M3) Beta for data analysis.

Summary of Findings
Supporting our hypotheses, the internal brand management outcome of brand citizenship behavior (i.e. all employee behaviors that are consistent with brand identity and brand promise and in sum strengthen the brand) was directly affected by cognitive brand understanding (i.e. employees’ comprehension of brand related information) and by affective brand commitment (i.e. employees’ emotional brand attachment). In addition, brand understanding had a significant effect on brand commitment.

Concerning the proposed antecedents internal communication usage and external communication congruence, we received mixed results. Internal communication usage only
had a significant positive direct effect on brand understanding. The direct effects on brand commitment and brand citizenship behavior were not significant. As we found significant total effects of internal communication usage on brand commitment and brand citizenship behavior, we suspected indirect-only or full mediations. To confirm mediation we used bootstrapping to test if the indirect effects are significant. Confirming indirect-only or full mediation, brand understanding mediated 52% of the effect of internal communication usage on brand commitment. Likewise, brand understanding and brand commitment mediated 89% of the effect of internal communication usage on brand citizenship behavior.

In contrast, external communication congruence had significant positive direct effects on brand understanding, brand commitment, and brand citizenship behavior. Due to the significant direct effects, the mediations represented complementary or partial mediations. Brand understanding mediated 33% of the effect of external communication congruence on brand commitment. Likewise, brand understanding and brand commitment mediated 57% of the effect of external communication congruence on brand citizenship behavior.

Overall, our findings revealed the importance of communication in order to affect the internal brand management outcomes of brand understanding, brand commitment, and brand citizenship behavior. Our findings especially highlighted the often-overlooked role of external communication for internal brand management.

Key Contributions
The first key contribution to brand management research is the consideration of brand understanding as cognitive IBM outcome, which has only been rarely investigated in empirical IBM research. The results show that brand understanding is a key IBM outcome, which has an effect on affective brand commitment and behavioral brand citizenship behavior.

The second key contribution is the investigation of internal communication as antecedent of the cognitive IBM outcome of brand understanding. While there has been some research regarding internal communication as antecedent of affective and behavioral IBM outcomes, there has been no research regarding internal communication as antecedent of brand understanding as cognitive IBM outcome. The results show that internal communication usage is an important antecedent of brand understanding.

The third key contribution is the consideration of external communication as antecedent of all three IBM outcomes. While there is some research regarding the effect of advertising on employees, there is only limited empirical work concerning the effect of external communication on IBM outcomes like brand understanding, brand commitment, and brand citizenship behavior. The results show that external communication congruence is an important antecedent of cognitive brand understanding, affective brand commitment, and behavioral brand citizenship behavior.

Overall, the study contributes to literature by integrating marketing research (advertising, services marketing, brand management) and organizational behavior research (organizational identity and communication, organizational commitment/identification, role theory). By doing so, it reveals the importance of external communication for internal brand management.

References are available on request.
How Reputation Relates to Firm Value: The Roles of Industry and Market Sentiment

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Keywords: reputation, firm value, industry, market sentiment, event study, regression

EXTENDED ABSTRACT

Research Question
The present research investigates the relationship between reputation and firm value and includes a firm’s industry and market sentiment as potential moderators. Specifically, the article focuses on answering the following four research questions:

1. Does reputation increase firm value?
2. Is the positive relationship between reputation and firm value stronger for service firms than for goods firms?
3. Does market sentiment weaken the positive relationship between reputation and firm value?
4. Does market sentiment weaken the moderating effect of industry on the positive relationship between reputation and firm value?

Method and Data
We used established measures and objective data to quantify the constructs of the present study. Measurement of reputation for a five-year time period was based on Fortune magazine’s “America’s Most Admired Companies” (AMAC). We measured firm value as averaged abnormal returns (AAR) due to publication of AMAC reputation scores. To calculate AAR we used data about firms’ share prices and the S&P 500 Composite’s price as provided by Thomson Reuters Datastream and applied the event study methodology. Firms’ industry (i.e., services or goods) was assessed by two trained judges. As a measure of market sentiment we calculated the relative changes in the S&P 500 during the event windows.

We tested the hypotheses simultaneously by estimating a regression model with firm value as the dependent variable and reputation and the product terms of reputation and industry, reputation and sentiment, and the three-way product term of reputation, industry and sentiment as independent variables. The model also contained industry, sentiment, and the product term of industry and sentiment, because including all components of a model’s product terms is necessary to prevent bias of estimation results and the control variables (i.e., reputation difference and year).

Summary of Findings
We found support for a positive relationship between reputation and firm value. With regard to the moderating effect of industry on the reputation-firm value relationship, our estimation results show that the reputation-firm value relationship is stronger for service firms than for goods firms. Moreover, we analyzed whether market sentiment weakens the moderating effect on industry on the reputation-value relationship and found the three-way interaction term to have a negative, significant effect. To probe further into the nature of this three-way interaction, we conducted post hoc analyses of simple slopes by rerunning the regressions for the service and goods sub-samples, and adding and subtracting a standard deviation to simulate high and low levels of sentiment. In the case of goods firms, we do not find an association between reputation and firm value relationship independent from when market sentiment is low or high. For service firms, our results show that reputation increases firm value when sentiment is low, but the reputation-value relationship becomes nonsignificant when sentiment is high. Sentiment buffers the moderating effect of industry on the
reputation-firm value relationship such that reputation is systematically related to firm value only in the case of service firms and when sentiment is low.

**Key Contributions**

The paper contributes to previous research by showing how reputation relates to firm value. We find that reputation increases firm value. In addition, we identify firm industry and market sentiment as two important moderators of the relationship between reputation and firm value. While the reputation-value relationship is stronger for service firms than for goods firms, market sentiment weakens the moderating effect of industry on the reputation-value relationship. Further analyses demonstrate that the positive relationship between reputation and firm value holds only with service firms (as opposed to goods firms) and when market sentiment is low. Overall, our results are in line with signaling theory and provide an explanation for inconsistent findings in extant literature.

From a managerial perspective, our research clearly demonstrates that reputations are valuable. Our results also help firms understand when marketing investments in reputation are important. Such investments are key, and more likely pay off, for service firms (as opposed to goods firms) and when market sentiment is low. Effective reputation management is a matter of timing. Firms should communicate positive reputation-relevant information during periods of low market sentiment, and negative information when market sentiment is high.

*References are available on request.*
Toward an Institution-Based View of Crisis Management in Emerging Markets: An Analysis of Food Safety Crises in China

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Keywords: crisis responses, food safety, institution-based view, institutional crisis, scapegoating

EXTENDED ABSTRACT

Research Question
Critical for marketers and managers in emerging markets is gaining an in-depth understanding of the volatile nature of these markets. International brands operating in these markets must develop institutionally-fit strategies for responding to unexpected negative publicity crises that may emerge as a result of, often hidden, industry-wide scandals. Of particular interest of studies of emerging markets is China that, with its population of over 1.3 billion consumers, has become the strategic focus of many international brands in recent years. In recent years, food safety has become one of the most prominent contexts for unexpected publicity crises in China. However, the extant marking and management literature has largely focused on how a brand or their competitors need to respond to a product harm or food safety incident that is caused by the brand itself. However, little is known about how a brand and its competitors should respond to an industry-wide crisis that goes beyond the control of an individual brand. Therefore, the two key research questions of this study are: (1) How do institutional factors influence the development of an industry-wide food safety crisis in China? (2) How should firms in the industry evaluate and respond to the crisis appropriately in order to prevent receiving a disproportionate amount of blame in the industry-wide crisis?

Method and Data
In this paper, we investigate the corporate responses of brands involved in the 2008 Chinese milk contamination crisis based on the secondary data sources and field interviews. The 2008 Chinese milk contamination crisis is by far the most severe food scandal in China in recent years. The official tests by the government have found as many as 22 brands had contamination in their products. This crisis presented a valuable scenario for us to study crisis responses in China. The observations of the corporate responses in this crisis are based on our collections of media articles, industry reports and academic case studies, published between 2008 and 2013, as well as our own interviews with 10 industry insiders two months after the publicization of the industry scandal. We categorized the development of the 2008 milk contamination crisis into three stages: initial corporate responses to the food safety crisis before the public awareness; corporate responses after the crisis became public, and corporate responses after the emergence of a scapegoat.

Summary of Findings
Industry-wide food safety crises can be understood as a type of institutional crisis. The permeating isomorphism in an industry or an institution sows the seed for institutional crises. Informed by the institutional theory with the insights from stakeholder, scapegoating and attribution theories, we develop a three-stage framework for evaluating and responding to such institutional crises in emerging markets. The first stage of this model involves the evaluation of the triggering incidents and the institutional norms that cause the incidents. This also includes working with supply chain partners and local regulators to develop initial propositions for effective product recalls. The practice of “phantom recall,” although questioned in the Western legal system,
may be legitimized in this stage of an institutional crisis. The second stage is characterized by the emergence of scapegoats in the crisis and involves the strategies of maintaining silence, keeping a low profile and “riding out of the storm” actions. Finally, the third stage is concerned with repairing the brand image and restoring trust at the industry level. This involves bolstering, distancing or “isolating the bad apples,” and high-profile publishing of corrective actions, and gaining institutional support from regulators.

**Key Contributions**

Attribution theory and derived situational crisis communication theory have been most widely applied to evaluate product harm crisis communication strategies in the literature. However, these theories may not be sufficient when examining a crisis that is caused by institutional ambiguity and embedded in dynamic interactions among a number of institutional forces. The current paper develops a novel three-stage institution-based framework of crisis responses which also incorporates insights from the stakeholder, scapegoating and attribution theories. Our paper highlights the roles of institutional ambiguity and institutional conflicts which may cause an industry-wide crisis. Our study incorporates scapegoating theories into the analysis of institutional crises, and proposes a “low profile” approach for avoiding the scapegoating effect but advocate a “high profile” approach after the emergence of a scapegoat. Our paper argues the role of institutional support in crisis recovery.

Our paper makes a pioneering attempt to conceptualize corporate responses in the industry-wide food safety crises situations in China. Formal and informal institutional underpinning provides both the context and drivers of crisis management. The paper contributes an integrated perspective of institutional, stakeholder, scapegoating and attribution theories in crisis management. The three-stage framework for managing institutional crises is rooted in a deep understanding of the Chinese institutional environment. At the center of our arguments is that prevention is not recommended for an individual brand at the early stage of the institutional crisis as the costs of preventing an institutional crisis outweighs the benefits for the individual. When it involves minor harms, whether a brand should proactively engage with other key players in the market including competitors to instill a change of the institutional norm depends on the status of the firm in the industry. As the crisis develops, the emergence of a scapegoat suits the institutional needs. Our paper concludes that a legitimacy replenishment of the brands and the industry-level institution has to gain support from higher-level institutions in the society’s social and political hierarchies. With the rise of China and its growing influences on other emerging markets, this institution-based framework offers theoretical inspirations and practical managerial implications to academics and practitioners with regard to managing institutional crises in emerging markets.

*References are available on request.*
Part B

Channels of Distribution and Interorganizational Relationships/Business-to-Business

Track Chairs
Stefan Wuyts, Koç University
Felipe Thomaz, University of Pittsburgh

Interfirm Strategies and Firm Performance

Asymmetric Product Distribution Between Symmetric Manufacturers Using Dual Marketing Channels
Kenji Matsui

How Does Distributor’s Network Change Effects of Manufacturer’s Influence Strategy? An Integrating Perspective
Liyang Ruan, Yi Liu, Yuan Li

Stock Market Reactions to Customer Service Outsourcing in Manufacturing Firms
Andreas Eggert, Eva Böhm, Christina Cramer

Stock Market’s Influence on Product Alliance Formation
Sudha Mani, Prabakar Kothandaraman, Rajiv Kashyap, Bahar Ashnai

A Relational Perspective on Marketing Channels

The Influence of Distributor Consistency on Supplier Commitment
Claude Obadia, Irena Vida

Familiarity Breeds Contempt: Manifestations of Complacency in Key Account Relationships
Jeff S. Johnson, Scott B. Friend

Recognizing Value Creation Opportunities in Business Markets
Eva Böhm, Andreas Eggert, Harri Terho, Wolfgang Ulaga, Alexander Haas

Behavioral Aspects of Buyer-Seller Working Relationship: A Meta-Analysis
Leonidas C. Leonidou, Bilge Aykol, Chris Medlin, Michael A. Talias
Asymmetric Product Distribution Between Symmetric Manufacturers Using Dual Marketing Channels

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Keywords: channels of distribution, dual marketing channels, direct channel, game theory, marketing science

EXTENDED ABSTRACT

Research Question
Nowadays, manufacturers often face a distribution policy problem regarding whether to add a new marketing channel in addition to their existing channels. When a manufacturer sells products through a traditional retailer and also has a direct channel to consumers, such a distribution system is usually called a “dual-channel” distribution system. Because a manufacturer and its retailer usually sell essentially the same products in a dual-channel distribution system, the retailer may feel excluded, giving rise to channel conflict. In general, channel conflict can undermine attempts to develop cooperative relationships in the intermediated channel, which may lower the profits for all parties.

Given the present channel environments that manufacturers encounter, this paper investigates optimal product distribution strategy for a manufacturer that uses dual marketing channels: a traditional retail channel and a direct channel. We assume that two symmetric manufacturers facing price competition determine product distribution strategy from three choices: the manufacturer distributes products through (1) the retail channel only, (2) the direct channel only, or (3) both the retail and direct channels. With this setting, our research question is: Under which circumstances should the manufacturer undertake one of the three distribution strategies?

Method and Data
We employ noncooperative game theory to construct a marketing science model. Because this paper is theoretical research, it uses no data.

Summary of Findings
Our most notable finding is that even though two manufacturers are perfectly symmetric in that they both have dual distribution channels and an identical cost structure, there always arises the subgame perfect equilibrium (SPE) that includes asymmetric distribution policy; namely, one manufacturer distributes products only in the direct channel while the other in both the direct channel and the retail channel. Only when products are almost undifferentiated between the two manufacturers, where the two manufacturers symmetrically distribute products only in the retail channel, does another SPE also arises. The second finding is that symmetric equilibrium brings both manufacturers larger profits than the asymmetric one in some cases, indicating that asymmetric product distribution strategies may not be Pareto optimal. In this respect, both manufacturers can be trapped in the “prisoner’s dilemma” regarding their distribution policy. If this is the case, the manufacturer using both channels may escape from this inferior state by stopping product distribution in the direct channel. In such an environment, pure-play retail channel strategy enables the manufacturer to avoid overly fierce competition between multiple channels, thereby bringing the manufacturer higher profits.

Key Contributions
Major contributions from this paper are twofold. First, we identify a desirable distribution channel policy that can be used for practical decision-making by a manufacturer with dual channels. Specifically, the findings can directly be applied to decision-making about channel management. For example, it is not necessarily optimal for a manufacturer to distribute products via both of its own dual channels when another competing manufacturer also distributes products in both dual channels because product distribution in multiple channels can trigger too fierce competition and thus can lower profits. Therefore, our model effectively explains the real phenomenon where some manufacturers use both retail channels of distribution, dual marketing channels, direct channel, game theory, marketing science

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and direct channels while others use the direct channel only, thus providing useful managerial insights for business practitioners. Second, this study contributes to the academic marketing literature because to date, no research has demonstrated that asymmetric product distribution strategy arises under price competition between symmetric manufacturers in equilibrium, even though a significant number of marketing studies investigates various channel coordination problems in dual-distribution channels. This paper derives this outcome based on a rigorous game theory framework.

References are available on request.
How Does Distributor’s Network Change Effects of Manufacturer’s Influence Strategy? An Integrating Perspective

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Keywords: dyadic channel relationship, distributor’s network, influence strategy, economic satisfaction

EXTENDED ABSTRACT

Research Question
This study aims at applying social network theory to dyadic channel researches and indicates the interactions between dyadic channel exchanges and channel members’ network contexts. The research question mainly focuses on the moderating effects of distributor’s different network attributes on the linkages between manufacturer’s influence strategies and distributor’s economic satisfaction.

As social network theory indicates, firms and dyadic relations are actually not isolated but embedded in broader networks of connected others and firms’ behaviors and perceptions are inevitably influenced by these connections outside the dyad. However, existing channel researches on influence strategy-economic satisfaction linkages are most often within pair-wise frameworks and ignore the potential network influences such as the additional network resources that may change the resource-dependency relation in a channel dyad.

To address this issue, we reexamine the influence strategy-economic satisfaction linkages with a network perspective and inquire the influences of distributor’s network from both structural (structural hole) and relational embeddedness (tie strength) aspects. In addition, we question the previous conclusions on coercive influence strategy and propose a nonlinear (inverse-U shaped) relationship between coercive influence strategy and economic satisfaction.

Method and Data
We use the data collected from China’s tire industry to provide supports for our hypotheses. China is an ideal setting for this research because of its tradition of emphasizing ties and social network resources. The questionnaires are fulfilled by top managers of nationwide tire distributors regarding their perceptions of specific channel relationships as well as the connections in their ego networks consisting of alternative manufacturers and peer distributors who are most closely related to their distribution business. We got 131 questionnaires replied form 155 distributors in total, of which 124 copies are complete, for a response rate of 80.0 % after eliminating the disqualified questionnaires.

Multi-item scales adapted from previous literatures are used to measure most variables on a 5-point scale (1 = strongly disagree to 5 = strongly agree). And distributors’ network data are collected with name generator survey method, based on which, structural hole is computed with UCINET and tie strength is calculated as the mean value of the frequency of network interactions. Hierarchical regression analysis is applied to test our hypotheses, before which, all the necessary tests (reliability, validity, multicollinearity, common method bias, etc.) are well performed. The results of analyses generally support all the hypotheses.

Summary of Findings
This paper has two main findings. First, different form previous conclusions on coercive influence strategy, we find
that it has an inverse-U shaped function on economic satisfaction. That is to say, distributor’s economic satisfaction could be enhanced by low to moderate level of coercive influence strategy, but the positive effect reverses to negative when coercion continues to increase from moderate to high level.

Most importantly, we justify the interactions between distributor’s network and dyadic channel relationship. The results show that rich structural holes in distributor’s network could weaken the impacts of manufacturer’s coercive and noncoercive influence strategies on distributor’s economic satisfaction, and strong ties could attenuate the function of noncoercive influence strategy on distributor’s economic satisfaction but accentuate that of coercive influence strategy.

**Key Contributions**

This study mainly has two theoretical contributions. First, by integrating social network theory and channel relationship theory, we testify the influences of distributor’s network on dyadic channel relationship. This effort extends the channel theory and provides a more comprehensive insight to understand channel relationship beyond the dyadic framework. In addition, we reexamine the function of manufacturer’s coercive influence strategy and find an inverse-U shaped effect on distributor’s economic satisfaction, which provides a reasonable explanation for the previous incongruous arguments.

The most important managerial implication of this study lies in considering the target’s network contexts into managing interfirm relationship. Applying influence strategies should consider many contingent factors, not only the features of the target and the dyad, to whom and how the target is connected in its network also matters and should be emphasized. Besides, since coercive influence strategy has dual roles, it should be gauged carefully in execution. The source firm needs to consider the target’s tolerance to avoid the negative effects of coercive influence strategies.

*References are available on request.*
Stock Market Reactions to Customer Service Outsourcing in Manufacturing Firms

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Keywords: B2B service outsourcing, service transition, manufacturing firms, abnormal stock returns, event study

EXTENDED ABSTRACT

Research Question
Manufacturing firms that are adding services to their offering portfolio often face the risk to overstrain their competencies and lose strategic focus. One viable option to overcome this risk is service outsourcing. When outsourcing customer service, firms hope to profit from cost advantages and quality improvements. To date, however, it is not clear whether and when manufacturing firms are able to turn these advantages into improved financial performance.

Extant research on the financial performance of service outsourcing has largely focused on internal processes, such as procurement or internal IT services, and findings from this research stream do not necessarily apply to customer service outsourcing. We also need to gain a better understanding of the contingency perspective of outsourcing decisions.

Building on signaling theory, this study investigates the effect of customer service outsourcing on manufacturing firms’ stock returns and compares it to the effect of outsourcing internal processes. Furthermore, it analyzes the moderating impact of several outsourcing arrangement characteristics, i.e., outsourcing intention, outsourcing technology, and outsourcing partner.

Method and Data
The authors employ the event study methodology. To analyze the implications of business service outsourcing, they collected announcements of business service outsourcing by publicly traded European manufacturing companies through a full-text search of the Factiva and LexisNexis databases over the 1998–2013 period in Europe. The final sample consists of 212 observations from 53 business service outsourcing announcements.

Summary of Findings
Customer service outsourcing leads to more positive outcomes than process service outsourcing, and the impact of customer service outsourcing is highly contingent on the outsourcing arrangement. In particular, the effect of outsourcing customer service is more positive (a) when the firm’s intention is not cost-driven, (b) when the service is not based on information and communication technology (ICT), and (c) when the service is outsourced to a provider with whom the firm held prior ties.

Key Contributions
The study reveals outsourcing as a viable option to successfully manage the service transition in manufacturing firms. The findings contribute to previous literature in several ways. First, they provide a finer-grained view on the impact of business service outsourcing on manufacturing firm’s stock returns. In particular, customer service and process service outsourcing show different patterns. Thus, both research and management need to distinguish these types of service outsourcing and pay attention to their respective performance implications. Second, this research contributes to the contingency perspective on outsourcing decisions, as the study demonstrates that the link between customer service outsourcing and shareholder value is not equal across

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outsourcing decisions but depends on the outsourcing arrangement. Third, the insights of this study point to the role of signals sent by customer service outsourcing announcements and the importance of investors’ perceptions of these announcements. For managers, these findings offer important insights and help them to improve their sourcing decisions and better shape their accompanying communication.

References are available on request.
Stock Market’s Influence on Product Alliance Formation

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Keywords: product alliances, stock returns, stock risk, networks

EXTENDED ABSTRACT

Research Question
Interfirm product alliances enable firms to access resources and know-how from alliance partners. Despite the benefits of product alliances, considerable heterogeneity marks alliance participation. Such heterogeneity in product alliance intensity may be partly attributable to the high failure rate of alliances. Alliance failure may result from the inability of alliance partners to manage the performance and relational risks of alliances (Das and Teng 1998). In this research, we theorize that signals of resource availability and reputational benefits will lower perceptions of performance and relational risks, and increase the likelihood of product alliance formation. Research on the determinants of alliance formation has traditionally considered historic firm performance signals (e.g., firm size, return on assets). Instead, we examine forward-looking, stock market indicators, because financial market participants specifically incorporate return and risk into their decision calculus. In line with research that has modeled the impact of stock information (Chakravarty and Grewal 2011), we suggest that stock market indicators can serve as signals of performance risk. Firms are embedded in various interfirm relationships and share information about their capabilities and trustworthiness through their network of alliances. Thus our research addresses the following question: What are the effects of stock market-based information and networks on product alliance formation?

Method and Data
We collected data on firm financials, stock market information, and alliance formation information using COMPUSTAT, CRSP, and Recap.com, respectively. We obtained complete data on various measures for over 300 publicly listed biopharmaceutical firms. We measure our dependent variable, alliance formation as a count of alliances engaged by firm $i$ in year $t$. We measure the predictor variables, stock returns using the four-factor Fama-French benchmark model (1992) and stock risk as the standard deviation of the holding period return of firm $i$ on trading day $d$ and year $t$. Network closeness centrality and network betweenness centrality were measured following Freeman (1979). We measured the firm’s ego network density as the ratio of alliances among firm $i$’s alliance partners to the total count of potential alliances among all alliance partners. We include several control variables in the model specification to reduce omitted variable bias. To account for the count nature of product alliance (our dependent variable), and to account for a high proportion of zeros in the dependent variable (many firms did not engage in an alliance in a year), and the unbalanced panel data structure, we estimated a zero-inflated negative binomial regression model to test our hypotheses.

Summary of Findings
The results demonstrate that the higher a firm’s current stock returns, the more it engages in product alliances in the subsequent year. We find a significant negative association between stock risk and product alliances. We find network closeness centrality and network betweenness centrality have a significant and positive effect on product alliance formation. Finally, the negative association between network density and product alliances does not receive support. We control for prior alliance experience and is positively associated with product alliance forma-

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tion. Profitability and R&D intensity have no effect on subsequent product alliance formation, respectively. Liquidity has a negative association with product alliance formation. Financial leverage has a positive association with product alliances. The results further suggest that there is no difference between biotech and pharmaceutical companies on the extent of alliance formation.

Key Contributions
We examine the impact of stock returns and stock risk on subsequent product alliance formation. The examination of stock market-based information is important because the literature has paid considerable attention only to historic information (e.g., assets) as an indicator of resource availability. By examining stock market-based information we consider the future cash flows of the firm as an indicator of firm resource availability. We also examine how both the position of the firm (network closeness and network betweenness) and structure of the network (network density) affect subsequent product alliance formation efforts.

We find that firm-level resource availability (i.e., stock returns and stock risk) and network-level reputational drivers (network closeness and betweenness centrality) increase product alliance formation. Thus, the study's contribution to theory is threefold; first, our study contributes to the product alliance formation literature. Second, it expands our understanding of business networks. And finally, the study contributes to the emerging marketing-finance literature. Our results help managers interpret financial and network data about potential alliance partners. The study promotes a deeper understanding of alliance partner attractiveness based on firm and network-level signals that can be gleaned from publicly available information.

References are available on request.
The Influence of Distributor Consistency on Supplier Commitment

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Keywords: marketing channels, buyer-seller relationship, interfirm commitment, distributor consistency

EXTENDED ABSTRACT

Research Question
We examine the effect of distributor consistency on supplier commitment with a longitudinal study design. Consistency refers to the dynamics of a distributor’s behavior over time in terms of relationship specific investments and superior role performance. Dwyer et al. (1987) focus on exchange partner consistency over time and contend that it is a key factor of the other party’s commitment maintenance. The purpose of this study is to test Dwyer et al.’s assumptions with a longitudinal design.

Method and Data
We tested the hypotheses with PLS (partial least squares) path modeling using data from two consecutive surveys of exporters. A total of 122 firms completed the second survey (for a response rate of 43.9%, or 11.8% of the original sample). We took advantage of PLS properties to calculate the temporal variation of key variables. In particular, we used the evolution scores for distributor-specific investments and role performance as indicators to specify a reflective scale assessing distributor consistency.

Summary of Findings
We show that distributor consistency is a major antecedent of supplier commitment. We also find that trust has a positive influence on commitment only when distributor consistency is high and has no effect otherwise. Finally, we show that consistency moderates positively the effect of supplier dependence on commitment.

Key Contributions
Distributor consistency and the dynamic approach to business relationships augment marketing channels theory in two ways: First, our results highlight the importance of “hard” variables such as specific investments and role performance to develop social bounds. Second, our approach incorporates the fourth dimension in channel theory by highlighting the prominent role of chrono-phenomena such as consistency and by relativizing the well-established trust-commitment theory.

References are available on request.

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Research Question
Relationship marketing and its strategic underpinning of maintaining long-term partners is an engrained practice in today’s business-to-business environment. This is especially true amongst a supplier’s largest and most important customers given the reciprocal benefits they offer to offset the resource-intensive investment necessary to maintain relationships. However, the reality of the marketplace shows customer defection rates remain a concern, dark side variables emerge as relationships persist, and suppliers shirk on investing the resources and effort necessary to retain key account customers. Research is needed to better understand customer defections and the nuanced assessment of supplier complacency in business-to-business relationships.

Method and Data
To be relevant to the topic at hand, participants had to be a focal decision maker of a key account customer that terminated their relationship with a supplier. Theoretical sampling—selection of sources with extensive knowledge germane to the research questions—was used. Several large supplier organizations representing a diverse collection of industries were first contacted to generate a list of companies and contacts from recently-failed bid attempts with their key account customers with whom they wished to retain the existing business. From this list, depth interviews were conducted with 56 buying decision makers within 35 failed key account relationships in a wide array of industries. To provide perspective on the participant’s decision to terminate their relationship with the business-to-business supplier, open-ended questions were utilized and customers identified supplier-based factors that ultimately led to their decision to terminate the relationship. The data were systematically analyzed using the inductive category development variant of content analysis. In this content-analytic variant, themes and categories are allowed to emerge from the data to better understand the focal phenomenon through the perspectives of the participants, in contrast to deductive category development in which a priori categories are used to classify the qualitative data.

Summary of Findings
Our findings reveal that suppliers manifest their complacency in various ways. As long-term relationships progress, suppliers can become lackadaisical in their interactions with customers. These complacency-related appraisals occurred over the duration of the customer-supplier relationship, as well as during the critical juncture of the bid process. Across the relationship and bid processes, six complacency themes are identified which ultimately contributed to the supplier’s failure to retain the key account customer’s business.
Several themes emerged pertaining to behaviors enacted by suppliers during the relationship which triggered the perception that the supplier had become complacent in the relationship, including supplier rigidity, inadequate resources and attention, and problem resolution apathy. The bid process of failed relationships, however, was also riddled with incidence of negative customer perceptions due to manifestations of supplier complacency. Supplier complacency in the bid process was represented by several negatively-valenced representative themes, such as bid response apathy, detachment, and inappropriate foci. The emergence of complacency during the bid process is a novel finding, as it would be expected that the suppliers would put their best foot forward when their existing contract with a key account is expiring and the business is highly exposed to competitive entry.

**Key Contributions**

This extended conceptualization of supplier complacency adds to the relationship marketing literature, showing how the comfort and confidence which arise as relationships persist can ultimately adversely impact the supplier’s ability to maintain relational partnerships. Suppliers are actually sometimes acting complacent—rolling the dice on short versus long-term gains. Findings highlight three second-order themes across the customer-supplier relationship and three second-order themes across the account renewal bid process.

Theoretically, complacently and its thematic representations provide an important context to utilizing failure analysis in order to better attribute the causes of failure and subsequently take corrective action to minimize future mistakes. Another theoretical advancement made in this research is the identification of dark side factors during the bid process. While research has unearthed dark side relational factors and these factors are shown to commonly emerge over the course of the relationship, it is novel that the dark side factors carry over into the bid process. This finding is intriguing because in contrast to the long-term nature of a relationship in which dark side factors have time to develop, the bid process represents a finite period of time where suppliers should be anything but complacent.

*References are available on request.*
Recognizing Value Creation Opportunities in Business Markets

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Keywords: customer value, value opportunity recognition, knowledge sources, organizational learning, hierarchical linear modeling

EXTENDED ABSTRACT

Research Question
In today’s business markets, firms increasingly face customers’ expectations to provide superior value-in-use instead of solely selling products. Responding to customer requirements, suppliers provide new services and solutions, such as remote diagnostics, on-site consulting, or process optimization. Yet, more often than not, suppliers not only face the need to adopt their product portfolio, but also have to transform their selling approach from a traditionally product-based one to a focus on customer value. Extant literature provides only limited insights into how managers can successfully steer such a venture. In particular, little is known about what drives salespeople’s capability to proactively identify value potential for customers and specify appropriate combinations of goods and services. To fill this gap, our study introduces the concept of value opportunity recognition and, building on organizational learning theory, investigates its individual and organizational drivers and performance outcomes.

Method and Data
We conducted a large-scale, cross-industry survey among business-to-business firms and collected data on two hierarchical levels: the sales management level and the sales force level. The final matched sample consists of 816 salespeople from 30 business units. Because our data has a nested structure, we estimated hierarchical linear models to test our hypotheses.

Summary of Findings
At the sales force level, we find that both customer knowledge and technical knowledge enhance salespersons’ value opportunity recognition. Notably, customer knowledge outweighs technical knowledge as an important knowledge source of salespersons’ value opportunity recognition. The strength of salespersons’ internal relations as well as their customer relations also emerge as important drivers of value opportunity recognition. Strong internal relations substitute salespersons’ technical knowledge, while better access to customer organizations does not replace customer knowledge. At the sales management level, we investigate two coordinating mechanisms: sales process formalization and transformational leadership. Formalization strengthens the impact of the internal relations, but also shows a direct negative effect on salespersons’ value opportunity recognition. Transformational leadership only has a positive direct effect on salespersons’ value opportunity recognition. Finally, the study establishes salespersons’ value opportunity recognition capability as an important predictor of salespersons’ selling performance.

Key Contributions
This study complements prior value and sales research and provides several important theoretical and managerial implications. First, we introduce the concept of salespersons’ value opportunity recognition into the literature and offer empirical evidence for its positive link to salesperson

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performance. By doing so, our study extends what is known about the characteristics of effective salespeople in contemporary business-to-business markets. Second, our study underscores the importance of salespersons’ knowledge sources for successfully recognizing value opportunities and gives important insights for sales force recruitment and training. Managers should actively screen potential salespersons based on their degree of customer and technical knowledge as well as their internal and external relations. Firms should further support their salespersons’ knowledge and networking abilities through extensive training. Finally, our study shows that value opportunity recognition is not only a result of salesperson’s individual resources, but also depends on the environment provided by the organization. In particular, we find that transformational leadership is an effective way of promoting value opportunity recognition, while formalization practices should be reconsidered.

References are available on request.
Behavioral Aspects of Buyer-Seller Working Relationship: A Meta-Analysis

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Chris Medlin, University of Adelaide
Michael A. Talias, Open University of Cyprus

ABSTRACT
We identify, synthesize, and evaluate the links between behavioral dimensions of the atmosphere governing manufacturer-distributor relationships. Based on input derived from 256 empirical studies, we develop and test an integrative model, comprising 30 hypothesized associations among latent, manifest and outcome dimensions. Structural equation modeling confirmed 25 of the hypotheses.

Keywords: buyer-seller relationships, relationship atmosphere, meta-analysis

Introduction
The effective and efficient management of working relationships between manufacturers and their distributors has been acknowledged as one of the most important tenets of marketing theory and practice for the last five decades, with the focal point shifting gradually from economic transactions to behavioral interactions (Grönroos 1991). Not surprisingly, the growing scholarly attention given to buyer-seller (B-S) relationships in distribution channels has resulted in dozens of studies since the inception of this body of research in the mid-1960s. However, despite the accumulation of significant knowledge on the subject, it can be described as too heterogeneous, fragmented, and, sometimes, inconsistent to yield clear insights. Although several attempts have been made in the past to assess this literature, these have either focused on only few relationship dimensions (e.g., Geyskens et al. 1998) or have not provided a concurrent assessment of the associations between relational constructs (e.g., Hawkins et al. 2008). Hence, the purpose of this paper is to identify, synthesize, and evaluate the links among all key dimensions of the latent, manifest and outcome atmosphere of the B-S working relationship, through a meta-analysis of extant empirical studies.

Conceptual Model and Hypotheses
Relationship atmosphere refers to the emotional context marked by feelings, intentions, actions, and interests governing B-S relationships (Hallén and Sandström 1991). This can be divided into three parts: latent, that is, feelings about the relationship; manifest, that is, actions performed in the relationship; and outcome, that is, the end result of what is accomplished in the relationship (Leonidou et al. 2002). Altogether, 30 hypotheses were identified from the literature between these atmosphere constructs (see Figure 1).

Opportunism is self-interest seeking with guile, expressed in terms of telling lies, shirking responsibilities, or hiding/misrepresenting information (Williamson 1979). In a B-S relationship, opportunism: creates reluctance to share information and may even result in secrecy (Gassenheimer et al. 1996); reduces commitment by leaving the business partner with a feeling of being deceived, generating negative signals of goodwill, disputing acting in good faith, and provoking suspicion and animosity (Dwyer et al. 1987); evokes feelings of resentment and increases the possibility of disagreements, caused by disruptions in one’s business operations and questioning the sense of fairness (Skarmeas 2006); and discourages cooperation by creating tension and reluctance to properly fulfill obligations as a result of suspicion that the business partner is acting in a misleading and non-credible way (Wathne and Heide 2000). Hence, (H₁): The higher the opportunism in the B-S relationship, (a) the lower the communication; (b) the lower the commitment; (c) the higher the
conflict; and (d) the lower the cooperation among interacting parties.

Trust refers to the belief that a relationship partner is reliable, honest, and acts with integrity to help enhance positive consequences and avoid negative outcomes (Anderson and Narus 1990). The existence of trust in a B-S relationship can: enhance communication, because the demonstration of goodwill and reliability by the partner decreases the possibility of misusing valuable information (Frazier et al. 2009); increase commitment, because the honest way in which transactions are made creates an attachment and desire to continue the relationship (Andaleeb 1996); reduce the scope and intensity of conflict due to the greater transparency and leeway in the way business exchanges are conducted (Zaheer et al. 1998); and foster cooperation, because it increases the intention to work together to accomplish mutually beneficial goals over time, as a result of having a reliable and dependable partner (Morgan and Hunt 1994). Hence, (H2): The higher the trust in the B-S relationship, (a) the higher the communication; (b) the higher the commitment; (c) the lower the conflict; and (d) the higher the cooperation among interacting parties.

Dependence is the extent to which one party needs to maintain a relationship with another in order to acquire resources and accomplish its goals (Heide and John 1988). As such, dependence may lead to: open and intensive communication in order to facilitate the sharing of resources, mitigation of uncertainty and coordination of activities (Cai et al. 2009); heightened commitment, particularly from the side of the dependent party, due to prohibitive switching costs and high exit barriers (Goodman and Dion 2001); reduced conflict, especially if dependence is symmetric, because of a fear of possible retaliations and counterattacks by the other party (Kumar et al. 1995); and enhanced cooperation, because the inter-dependence in their role performances facilitate collaborative efforts aiming to achieve mutual goals and aspirations (Frazier et al. 1989). Hence, (H3): The higher the dependence in the B-S relationship, (a) the higher the communication; (b) the higher the commitment; (c) the lower the conflict; and (d) the higher the cooperation among interacting parties.

Distance refers to any prevention, delay, or distortion of information exchanged between relationship partners, which keeps them apart (Leonidou et al. 2002). The existence of distance can have various harmful effects in a B-S relationship, such as: reducing communication levels, because it keeps the interacting parties apart and impedes information flow (Hallén and Wiedersheim-Paul 1979); weakening commitment by reducing each party’s desire and drive to put maximum effort into the relationship (Ford 1980); increasing conflict, since the existence of different business prac-

Figure 1. The Conceptual Model

Conflict and cooperation are critical components in the success of business-to-business (B-S) relationships. Conflict occurs when parties fail to resolve disagreements or when the actions of one party are perceived as detrimental to another. Cooperation, on the other hand, involves joint efforts by relationship partners to advance mutual interests and accomplish mutually beneficial goals. In this context, both conflict and cooperation influence the outcomes of the working relationship and the financial performance of the business venture (Obadia 2008).

**Cooperation** is the belief by one party in a B-S relationship that the other is so important that s/he deserves maximum efforts, and even sharing of sacrifices, costs, and restrictions (Anderson and Weitz 1992). Commitment can favorably influence: satisfaction, because it motivates interacting parties to work with greater zeal and enthusiasm (and even surpass previously set targets) (Svensson et al. 2010); relational performance, because it takes the relationship out of dormancy, reduces the risk of dissolution, and facilitates its long-term prosperity (Sharma et al. 2006); and financial gains (e.g., profits, sales, market share), through improved productivity, cost savings, and better serving end-user needs (Nes et al. 2007). Hence, (H9): The higher the commitment in the B-S relationship, (a) the higher the relational performance; (b) the higher the satisfaction; and (c) the higher the financial performance.

Finally, satisfaction is defined as the positive emotional state indicating the extent to which the expectations of one party from the relationship are met (Anderson and Narus 1984). Deriving satisfaction from a relationship helps to improve: the relational performance, in terms of both efficiency and effectiveness (Selnes and Sallis 2003); and enhances financial performance because the positive attitude toward the relationship encourages working with greater productivity and eagerness toward achieving the financial goals of the business venture (Obadia 2010). Hence, (H9): The higher the satisfaction in the B-S relationship, (a) the higher the relational performance; and (b) the higher the financial performance.

**Conflict** refers to disagreements, frustration, and tension among firms originating from differences in goals, aims, and values (Anderson and Narus 1990). Conflict can be harmful in a B-S relationship because: it decreases the potential for keeping the parties satisfied, by increasing goal incompatibility and creating feelings of bitterness and injustice (Frazier et al. 1989); it makes the interactive parties give highest priority to their own individual performance, rather than the common good of the relationship (LaBahn and Harich 1997); and it requires the deployment of significant resources for resolving disagreements, rather than supporting value enhancing activities that would generate more sales, profits, and market share (Zaheer et al. 1998). Hence, (H10): The higher the conflict in the B-S relationship, (a) the lower the satisfaction; (b) the lower the relational performance; and (c) the lower the financial performance.

Cooperation refers to the joint efforts by relationship partners to advance mutual interests and accomplish mutually beneficial goals (Anderson and Narus 1990). In a cooperative B-S relationship: satisfaction increases, because of inspiring pleasant feelings, while at the same time diluting negative emotions about the relationship (Dwyer 1980); relational performance improves, because firms which are interdependent are able to attain their goals mainly by relying on channel members’ support (Kuhlmeier and Knight 2010); and financial results of the business venture improve, because of enhancing both efficiency and effectiveness aspects (Selnes and Sallis 2003). Hence, (H10): The higher the cooperation in the B-S relationship, (a) the higher the satisfaction; (b) the higher the relational performance; and (c) the higher the financial performance.

**Research Method**

Our investigation covers all articles published in the marketing, management, or general business literature since 1980, when scholarly efforts centered more on empirically testing the parameters comprising B-S relationship atmosphere. Eligible articles had to: (a) focus on behavioral aspects of distribution channel relationships; (b) appear in internationally recognized academic journals published in English; (c) be of an empirical/quantitative nature; (d) disclose correlation coefficients or any other statistic (e.g., F-values, t-values, p-values) useful for meta-analysis; and (e) report the sample size used. Relevant articles were identified using both electronic databases (e.g., ABI Global, EBSCO, Science Direct) and manual search procedures (e.g., examining reference sections). The associations between constructs contained in
our model were extracted from 256 studies, contained in 217 articles, and published in 63 journals. All articles selected were content analyzed by two coders, who worked independently from each other. This was based on a specially designed coding protocol, which aimed to collect information on sample size, reliability scores, effect size estimates, direction of association, and the valence of association. With the completion of coding by the two coders, the information contained in their coding protocols was compared to identify any differences. Inter-coder reliability ranged between 96% and 100%, which is very satisfactory, while any disputable cases were resolved after a discussion with the principal investigator. We calculated meta-analytical correlations using the incomplete data method, and, based on Hunter and Schmidt (2004), we computed weighted mean correlations ($r$), confidence intervals (at 95% level), z-values, and the $Q$ statistic (see Table 1).

**Research Findings**

We tested the research hypotheses with structural equation modeling, using R (version 2.15.3) software program. The modeling procedure was based on the meta-correlation

<table>
<thead>
<tr>
<th>Variable A</th>
<th>Variable B</th>
<th>Number of Study Estimates</th>
<th>Total Sample Size</th>
<th>Mean Correlation</th>
<th>Confidence Interval (95%)</th>
<th>z-Value</th>
<th>Q-Statistic</th>
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<td>(-.322, -.159)</td>
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<td>2457</td>
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<td>(-.325, -.204)</td>
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<td>0.279</td>
<td>(.137, .421)</td>
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<tr>
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<td>Conflict</td>
<td>10</td>
<td>2296</td>
<td>0.018</td>
<td>(-.065, .101)</td>
<td>0.428</td>
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<td>Cooperation</td>
<td>12</td>
<td>1969</td>
<td>0.145</td>
<td>(.046, .243)</td>
<td>2.893</td>
<td>49.89</td>
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<tr>
<td>Relational performance</td>
<td>10</td>
<td>1569</td>
<td>0.154</td>
<td>(.080, .228)</td>
<td>4.074</td>
<td>18.82</td>
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<tr>
<td>Satisfaction</td>
<td>17</td>
<td>5038</td>
<td>0.159</td>
<td>(.074, .244)</td>
<td>3.685</td>
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<tr>
<td>Financial performance</td>
<td>5</td>
<td>1042</td>
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<tr>
<td>Distance</td>
<td>Communication</td>
<td>7</td>
<td>1295</td>
<td>-0.130</td>
<td>(-.280, .020)</td>
<td>-1.689</td>
<td>44.87</td>
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<tr>
<td>Commitment</td>
<td>7</td>
<td>1307</td>
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<td>-3.102</td>
<td>35.50</td>
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<tr>
<td>Conflict</td>
<td>2</td>
<td>271</td>
<td>-0.173</td>
<td>(-.293, -.052)</td>
<td>-2.813</td>
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<tr>
<td>Cooperation</td>
<td>3</td>
<td>420</td>
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<td>(-.253, -.060)</td>
<td>-3.180</td>
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<tr>
<td>Relational performance</td>
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<td>1148</td>
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<td>(-.477, -.051)</td>
<td>-2.434</td>
<td>53.12</td>
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<tr>
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<td>1166</td>
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<td>(-.186, .014)</td>
<td>-1.686</td>
<td>17.84</td>
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<tr>
<td>Financial performance</td>
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<td>1102</td>
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<td>(-.113, .005)</td>
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<td>6.86</td>
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Table 1. Continued

<table>
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<th>Variable A</th>
<th>Variable B</th>
<th>Number of Study Estimates</th>
<th>Total Sample Size</th>
<th>Mean Correlation</th>
<th>Confidence Interval (95%)</th>
<th>z-Value</th>
<th>Q-Statistic</th>
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<td>Communication</td>
<td>Commitment</td>
<td>36</td>
<td>8701</td>
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<td>(.309, .466)</td>
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<td>Conflict</td>
<td>10</td>
<td>2412</td>
<td>-0.178</td>
<td>(-.303, -.053)</td>
<td>-2.798</td>
<td>77.82</td>
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<tr>
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<td>Cooperation</td>
<td>16</td>
<td>3695</td>
<td>0.412</td>
<td>(.316, .508)</td>
<td>8.429</td>
<td>128.10</td>
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<tr>
<td></td>
<td>Relational performance</td>
<td>12</td>
<td>1986</td>
<td>0.444</td>
<td>(.354, .533)</td>
<td>9.762</td>
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<tr>
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<td>Satisfaction</td>
<td>25</td>
<td>4706</td>
<td>0.456</td>
<td>(.385, .527)</td>
<td>12.531</td>
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<tr>
<td>Commitment</td>
<td>Conflict</td>
<td>13</td>
<td>5362</td>
<td>-0.178</td>
<td>(-.327, -.029)</td>
<td>-2.353</td>
<td>286.15</td>
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<tr>
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<td>Cooperation</td>
<td>22</td>
<td>4883</td>
<td>0.352</td>
<td>(.267, .437)</td>
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<td>Relational performance</td>
<td>17</td>
<td>4939</td>
<td>0.439</td>
<td>(.351, .527)</td>
<td>9.824</td>
<td>140.39</td>
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<td>Satisfaction</td>
<td>40</td>
<td>11731</td>
<td>0.446</td>
<td>(.393, .499)</td>
<td>16.541</td>
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<td>Conflict</td>
<td>Cooperation</td>
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<td>914</td>
<td>-0.351</td>
<td>(-.432, -.269)</td>
<td>-8.430</td>
<td>91.78</td>
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<td>Relational performance</td>
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<td>2036</td>
<td>-0.461</td>
<td>(-.634, -.288)</td>
<td>-5.228</td>
<td>38.87</td>
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<td>Satisfaction</td>
<td>14</td>
<td>3245</td>
<td>-0.296</td>
<td>(-.417, -.174)</td>
<td>-4.757</td>
<td>120.06</td>
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<tr>
<td>Cooperation</td>
<td>Financial performance</td>
<td>7</td>
<td>1523</td>
<td>-0.230</td>
<td>(-.394, -.066)</td>
<td>-2.752</td>
<td>46.79</td>
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<td>Relational performance</td>
<td>8</td>
<td>1425</td>
<td>0.489</td>
<td>(.369, .608)</td>
<td>8.012</td>
<td>32.78</td>
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<tr>
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<td>Satisfaction</td>
<td>15</td>
<td>2887</td>
<td>0.425</td>
<td>(.303, .546)</td>
<td>6.860</td>
<td>145.79</td>
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<tr>
<td>Relationship performance</td>
<td>Financial performance</td>
<td>11</td>
<td>2673</td>
<td>0.210</td>
<td>(.092, .327)</td>
<td>3.508</td>
<td>89.64</td>
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<tr>
<td>Satisfaction</td>
<td>Financial performance</td>
<td>3</td>
<td>536</td>
<td>0.323</td>
<td>(-.014, .660)</td>
<td>1.876</td>
<td>31.08</td>
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</tbody>
</table>

matrix, resulting from the corrected mean pair-wise correlations among constructs of the conceptual model (Viswesvaran and Ones 1995). The proposed meta-analytical model provides a good fit with the data. Specifically, the goodness-of-fit estimates are Chi-square ($\chi^2=169.32$, $p<.000$; $df=14$; NFI= .93; NNFI= .95; CFI= .90; RMSEA= .10. Standardized path coefficients and corresponding $z$-values for each of the thirty paths are shown in Table 2.

With regard to H3, it was confirmed that dependence has positive effects on communication ($\beta=.215$, $z=5.252$, $p=.000$), commitment ($\beta=.207$, $z=5.717$, $p=.000$), and cooperation ($\beta=.115$, $z=2.673$, $p=.000$). However, although the link between dependence and conflict was found to be statistically significant, the sign of the association was positive ($\beta=.082$, $z=2.054$, $p=.040$). Our results give full support to H4, since distance was found to negatively affect communication ($\beta=-.094$, $z=-2.379$, $p=.017$), commitment ($\beta=-.157$, $z=-4.389$, $p=.000$), and cooperation ($\beta=-.123$, $z=-2.958$, $p=.003$), while at the same time generating conflict ($\beta=.272$, $z=6.779$, $p=.000$). H5 is also fully verified, since communication enhanced satisfaction with the relationship ($\beta=.234$, $z=5.600$, $p=.000$), as well as positively impacted both relational ($\beta=.167$, $z=4.589$, $p=.000$) and financial ($\beta=.205$, $z=4.404$, $p=.000$) aspects of performance. With regard to H6, it was confirmed that commitment has a positive effect on satisfaction ($\beta=.495$, $z=5.229$, $p=.000$) and relational performance ($\beta=.090$, $z=2.305$, $p=.021$). However, contrary to our hypothesis, the link between commitment and financial performance was not statistically significant ($\beta=.021$, $z=-.433$, $p=6.65$). H7 is fully supported since conflict was found to negatively affect all three performance outcomes, namely satisfaction ($\beta=-.601$, $z=-5.715$, $p=.000$), relational performance ($\beta=-.400$, $z=-11.022$, $p=.000$), and financial performance ($\beta=-.230$, $z=5.209$, $p=.000$). The link between cooperation and the various dimensions of atmosphere outcomes (i.e., H8) was the most problematic, since there was no statistically significant effect on either satisfaction ($\beta=0.10$, $z=2.79$, $p=.780$) or financial performance ($\beta=.50$, $z=1.140$, $p=.254$), while the impact on relational performance was accepted at a low level of significance ($\beta=.065$, $z=1.767$, $p=.077$). With regard to the final hypothesis (H9), it was verified that satisfaction has a positive impact on both relational performance ($\beta=.183$, $z=4.788$, $p=.000$) and financial performance ($\beta=.168$, $z=3.343$, $p=.001$).
Table 2. Results of the Structural Paths of the Integrated Model

<table>
<thead>
<tr>
<th>H</th>
<th>Hypothesized Association</th>
<th>Expected</th>
<th>Standardized</th>
<th>z-Value</th>
<th>p-Value</th>
<th>Status</th>
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<tr>
<td>H1a</td>
<td>Opportunism → Communication</td>
<td>-</td>
<td>-.128</td>
<td>-2.984</td>
<td>.003</td>
<td>Accepted</td>
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<tr>
<td>H1b</td>
<td>Opportunism → Commitment</td>
<td>-</td>
<td>-.058</td>
<td>-1.513</td>
<td>.130</td>
<td>Rejected</td>
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<tr>
<td>H1c</td>
<td>Opportunism → Conflict</td>
<td>+</td>
<td>.279</td>
<td>6.586</td>
<td>.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1d</td>
<td>Opportunism → Cooperation</td>
<td>-</td>
<td>-.125</td>
<td>-2.776</td>
<td>.006</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2a</td>
<td>Trust → Communication</td>
<td>+</td>
<td>.407</td>
<td>8.876</td>
<td>.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2b</td>
<td>Trust → Commitment</td>
<td>+</td>
<td>.414</td>
<td>10.144224</td>
<td>.000</td>
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</tr>
<tr>
<td>H2c</td>
<td>Trust → Conflict</td>
<td>-</td>
<td>-.175</td>
<td>-3.834</td>
<td>.000</td>
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</tr>
<tr>
<td>H3a</td>
<td>Dependence → Communication</td>
<td>+</td>
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<td>5.252</td>
<td>.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3b</td>
<td>Dependence → Commitment</td>
<td>+</td>
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<td>5.717</td>
<td>.000</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3c</td>
<td>Dependence → Conflict</td>
<td>-</td>
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<td>2.054</td>
<td>.040</td>
<td>Rejected</td>
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<tr>
<td>H3d</td>
<td>Dependence → Cooperation</td>
<td>+</td>
<td>.115</td>
<td>2.673</td>
<td>.008</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4a</td>
<td>Distance → Communication</td>
<td>-</td>
<td>-.094</td>
<td>-2.379</td>
<td>.017</td>
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<tr>
<td>H4b</td>
<td>Distance → Commitment</td>
<td>-</td>
<td>-.157</td>
<td>-4.389</td>
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<td>Accepted</td>
</tr>
<tr>
<td>H4c</td>
<td>Distance → Conflict</td>
<td>+</td>
<td>.272</td>
<td>6.779</td>
<td>.000</td>
<td>Accepted</td>
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<tr>
<td>H4d</td>
<td>Distance → Cooperation</td>
<td>-</td>
<td>-.123</td>
<td>-2.958</td>
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<tr>
<td>H5a</td>
<td>Communication → Relational performance</td>
<td>+</td>
<td>.167</td>
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<tr>
<td>H5b</td>
<td>Communication → Satisfaction</td>
<td>+</td>
<td>.234</td>
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<tr>
<td>H5c</td>
<td>Communication → Financial performance</td>
<td>+</td>
<td>.205</td>
<td>4.404</td>
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<tr>
<td>H6a</td>
<td>Commitment → Relational performance</td>
<td>+</td>
<td>.090</td>
<td>2.305</td>
<td>.021</td>
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<tr>
<td>H6b</td>
<td>Commitment → Satisfaction</td>
<td>+</td>
<td>.495</td>
<td>5.229</td>
<td>.000</td>
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<tr>
<td>H6c</td>
<td>Commitment → Financial performance</td>
<td>+</td>
<td>-.021</td>
<td>-.433</td>
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<td>H7a</td>
<td>Conflict → Relational performance</td>
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<td>-.400</td>
<td>-11.022</td>
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<tr>
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<td>Conflict → Satisfaction</td>
<td>-</td>
<td>-.601</td>
<td>-5.715</td>
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<tr>
<td>H7c</td>
<td>Conflict → Financial performance</td>
<td>-</td>
<td>-.230</td>
<td>-5.209</td>
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<tr>
<td>H8a</td>
<td>Cooperation → Relational performance</td>
<td>+</td>
<td>.065</td>
<td>1.767</td>
<td>.077</td>
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</tr>
<tr>
<td>H8b</td>
<td>Cooperation → Satisfaction</td>
<td>+</td>
<td>.010</td>
<td>.279</td>
<td>.780</td>
<td>Rejected</td>
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<tr>
<td>H8c</td>
<td>Cooperation → Financial performance</td>
<td>+</td>
<td>-.050</td>
<td>-1.140</td>
<td>.254</td>
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<tr>
<td>H9a</td>
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<td>+</td>
<td>.183</td>
<td>4.788</td>
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<tr>
<td>H9b</td>
<td>Satisfaction → Financial performance</td>
<td>+</td>
<td>.168</td>
<td>3.343</td>
<td>.001</td>
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</tbody>
</table>

Conclusions and Implications

One summary conclusion that is derived from this meta-analysis is that the cumulative knowledge gained from previous empirical studies points to the existence of strong association between latent, manifest, and outcome dimensions of the atmosphere governing B-S relationships in distribution channels. Specifically, opportunism and distance were confirmed to have a negative effect on communication, commitment and cooperation, while at the same time provoking conflict. In contrast, trust and dependence has a positive impact on communication, commitment, and cooperation, while helps to reduce conflict. In addition, relationship atmosphere characterized by adequate communication, commitment, cooperation has in general a favorable impact on satisfaction, relational performance, and financial performance. In contrast, conflict was found to have a deleterious effect on all atmosphere outcomes. Finally, satisfaction has an instrumental effect on both the relational and financial aspects of performance.

Our findings have important implications for managers in both buying and selling organizations. First, there is a need to understand the positive (e.g., trust-building) or negative (e.g., opportunistic actions) role played by factors operating at the background of the working relationship. This is because these factors have a serious effect on the elements of the manifest atmosphere that essentially reflect the quality of the interactions between sellers and buyers. It is also important to realize that effective communication (e.g., sharing informational resources), genuine commitment (e.g.,
sharing advertising expenses), close cooperation (e.g., jointly conducting market research), and manageable conflict (e.g., amicable dissolution of disagreements) between sellers and buyers are instrumental in improving effective and efficient interactions and achieving enhanced financial results.

References


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Part C
Consumer Behavior

Track Chairs
Pankaj Aggarwal, University of Toronto
Eugenia Wu, University of Pittsburgh
Sara Dommer, Georgia Institute of Technology

Consumer Decision Making and Beyond
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Competitive Advertising Clutter in a Real-World Media Context: Exploring Positive and Negative Ramifications
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All Too Familiar with the Bad: Goal Relevance, Valence, and the Encoding of Information in Consumer Decisions

Michael Hair, Georgia Institute of Technology
Samuel Bond, Georgia Institute of Technology

Keywords: judgment and decision making, elaboration, consumption goals, memory

EXTENDED ABSTRACT

Research Question
Consumer decisions often involve the later retrieval of information that has encoded in memory (Bettman 1979; Lynch Jr 1982). Prior work has shown how encoding and retrieval of attribute information can be affected by (1) active consumption goals, and (2) the valence of the information itself. However, little attention has been given to the interaction of these two important influences. In the present work, we explore whether the effect of goal-relevance on attribute encoding might depend on the valence of the information.

Key Contributions
Beyond its contribution to current understanding of consumer information processing and memory, our research offers straightforward implications regarding the presentation of information (regarding one’s own brand and competing brands) through advertising, packaging, communications, etc. At a broad level, an important conclusion of our work is that it is critical for marketers to understand what goals are active among consumers as they encounter product information. Contrary to conventional wisdom, the extent to which “negative information is more impactful than positive information” may depend heavily on its relevance to active goals.

Summary of Findings
We argue that the diagnostic advantage of negative information is strongest when that information pertains to active consumption goals. Therefore, we expect the memorial advantage of negative over positive information to be strongest for information that is deemed goal-relevant. We present experiments supporting our interactive process model, examine key boundary conditions, and provide recommendations for utilizing our findings in the design of communications.

References are available on request.
How Do You Measure Customer Value Co-Creation?

Arash Hosseinzadeh, University of Texas–Pan American

Keywords: customer value co-creation, measurement, criterion, quality of customer value co-creation, multidimensional measurement

EXTENDED ABSTRACT

Research Question
The shift from “good-centered” dominant logic of marketing to “service-dominant” logic (S-D logic) has drawn researchers’ attention towards the concept of Customer Value Co-Creation (CVCC; Vargo and Lusch 2004). The interest in CVCC surged after 2008 as more publications appeared in leading Marketing journals and several journals presented special issues on the topic (e.g., Journal of the Academy of Marketing Science in 2008, Marketing Theory in 2011). Previous CVCC research has used diverse measurements to capture the essence of this construct, leading to irregularities in different aspects including the dimensionality of the construct, areas of co-creation activities, essence of customer inputs, and the construct’s labels. In this regard, the author proposes the following five criteria as a framework to qualify the extant measures and indicate principals of CVCC measurement: (1) subjective vs. objective measurement; (2) key co-creation activities; (3) quality and quantity of CVCC; (4) unidimensional vs. multidimensional measurement; and (5) construct diversity. These criteria were applied to 25 quantitative papers published from 1980 to 2014.

Five Criteria for Measuring CVCC
Criterion 1 addresses the subjectivity versus objectivity of CVCC measurement. In order to tap the viewpoint of consumers as a key component in the production process, not only objective measures but also subjective measures are required (Brown et al. 2004). Subjectivity causes a halo effect addressing customer beliefs about their participation. Based on this phenomenon, the level of participation will be overestimated by customers’ subjective rankings (Isham et al., 1995). The present study reveals that most authors have used surveys and sufficed to subjective measures.

Criterion 2 suggests four key co-creation activities as the areas in which customers engage in value creation. The key CVCC activities include customer co-creation within (1) the marketing and sales domain; (2) the service care domain; (3) new product/service development domain; and (4) as partial employee (Zhang and Chen 2008). Three studies have measured CVCC in all these 4 key areas (Cermak et al. 2011; Gustafsson et al. 2012; Yi and Gong 2013); two studies have measured CVCC in 2 of the key areas (Füller 2010; Bettencourt 1997); and the rest (20 studies) have focused on a single area. More specifically, most of the studies have captured CVCC in the service care domain.

The significance of the quality and quantity of customer input in the value co-creation process has been emphasized by previous research (Bitner et al. 1997; Fang et al. 2008; Lehtinen and Lehtinen 1991). Therefore, criterion 3 is about the quality and quantity of customer input as two different foci in extant CVCC research. Findings show that most previous studies (14 studies) have captured the quantity aspect of customer input while some have measured both quantity and quality. Nevertheless, only two of the studies have explicitly acknowledged the quality and quantity of customer input and systematically measured them (Chen et al. 2012; Fang et al. 2008).

The essence of CVCC as a multidimensional construct has been emphasized by previous researchers which forms the fourth criterion (Yi and Gong 2013). The scrutiny of the extant scales reveals the existence and use of both unidimensional and multidimensional measures. Whilst most papers use unidimensional measures (e.g. Gebauer et al. 2013; O’Cass and Ngo, 2012), some utilize multidimensional scales (e.g. Chen et al. 2012; Yi and Gong 2013). However,
the lack of consensus is evident among dimensions of the existing measures.

The terms co-creation, co-production, participation, and involvement have been used interchangeably in the extant literature (e.g. Bendapudi and Leone 2003; Vargo and Lusch 2004, 2008). This diversity establishes the fifth measurement criterion referring to construct diversity and behavioral versus attitudinal traits of co-creation activities. Some authors propose co-production as a “subset” of CVCC while others believe neither of them can be considered superordinate to the other (Akaka and Chandler 2011; Hilton et al. 2012). While participation and co-production address behavioral traits, involvement captures attitudinal facets of customers’ activities. In between, co-creation encompasses both behavioral and attitudinal traits of interactions (Cermak et al. 2011). The present study indicates that customer participation and co-creation are mostly adopted by those with a behavioral approach to CVCC.

Summary of Findings and Key Contributions
Using the five proposed criteria, the present study examines the communalities, differences, strengths, and weaknesses of existing CVCC measurements. While objective measures of CVCC are highly desirable, most studies have developed new subjective measurements, adding to the pool of other subjective measures. A majority of the existing measurements are unidimensional and address the quantity aspect of customer inputs. Finally, different constructs have been used to capture CVCC, indicating the attitudinal or behavioral interests of the empirical studies. By considering the most relevant criterion, future studies can adopt existing CVCC measurements more properly.

References are available on request.
Exceptional consumption experiences are argued to be crucial for a company’s offerings, its value creation and its economic success (Olsson et al. 2012; Prahalad and Ramaswamy 2004). Historically, experiences have been at the heart of the entertainment business. Nowadays, companies stage them whenever they engage customers in a personal, memorable way (Pine and Gilmore 1998; Caru and Cova 2003). Many brands such as Nespresso or Starbucks engage their customers in not merely selling products, but deliver memorable brand experiences that provide a kaleidoscope of sensory, bodily, and affective experiences. Others have based their entire business model on a unique experience that sets them apart from competition. The Ogori Café in Japan, for instance, surprises its customers by not serving them with the food they order, but with what was ordered by the patrons before them. In a similar fashion, IKEA invited in 2012 100 lucky Facebook fans to a sleepover event at its London Essex store, offering them apart from snacks and massages, tips on choosing the right mattress and how to get a better night’s sleep.

Notably, consumption experience has attracted a lot of attention in marketing research. A considerable amount of empirical research has addressed the nature of consumption experiences and their impact on consumer response, specifically in the fields of consumer behavior (e.g., Hirschman and Holbrook 1982; Arnould and Price 1993), marketing (e.g., Pine and Gilmore 1998) and services (e.g., Oh, Fiore, and Jeoung 2007). Despite the ongoing movement towards an experience economy, literature has provided a wide-ranging set of definitions for consumption experience. On a basic level, consumption experiences occur whenever consumers search for and/or consume products or services. They represent an internal and subjective response to any direct or indirect contact with a company or brand (Meyer and Schwager 2007). Consumers, however, desire more than just the delivery of products and services. They seek sensory-rich consumption experiences with products or services that create unique memories (Walls et al. 2011). Thus, experiences should represent bundles of sensory memorabilia that engage the customer, deliver a sensory feeling and leave a lasting memory (Joy and Sherry 2003).

Prior investigations attempting to conceptualize consumption experience either use an aggregate measure of subjective experience in servicescapes: The Impact of Mental Reenactment on Consumers’ Loyalty

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ABSTRACT
Marketing scholars and practitioners have acknowledged that consumers look for offerings that provide them with unique and memorable experiences. While a large amount of research devoted to experiential consumption has focused on products or brands, this study investigates the impact of sensorimotor perceptions on consumers’ cognitive and behavioral responses in servicescapes. The results of an online survey (N = 334) in the spa and wellness industry reveal that visual and motor perceptions of an experience significantly influence the quality of re-experience (i.e., how well a person can remember a past event), while all sensory modalities, except haptics, positively affect the quantity of re-experience (i.e., how often a recall takes place). Direct effects, however, show that without mental reenactment, only sight impressions impact consumers’ loyalty. The findings thus support the idea that sensorimotor experiences play an important role for knowledge retrieval and loyalty formation, which is in line with recent embodiment literature. Most importantly, this research demonstrates that triggering re-experience by means of easy-to-implement marketing tools provides a powerful instrument to boost consumers’ loyalty in post-consumption stages.

Keywords: consumption experience, post-consumption, sensory marketing, embodiment, loyalty
experience (e.g., Mitchell et al. 1997), or operationalize it as consisting of sensory, affective, behavioral and intellectual facets (Brakus, Schmitt, and Zarantonello 2009). Literature on retrospection, however, suggests that consumers’ retrospective responses are strongly correlated with post-consumptive memories of such experiences (Wirtz et al. 2003). In a similar fashion, findings from embodiment confirm that experiential memories draw on mental simulations of sensorimotor components of the actual (on-line) experience (Barsalou 2008). As consumers seek sensory-rich consumption experiences with products and services that create unique memories (Walls et al. 2011), it is remarkable that no study so far has clarified whether post-consumptive memories for sensorimotor (i.e., sensory and motion) experiences predict behavioral intentions.

The current research is thus based on three core premises with corresponding contributions to theory. First, a modality-specific approach is introduced, conceptualizing consuming experience as a set of sensorimotor information originating from six modalities including a motor-component. Latest developments in neuroscience support this notion, confirming the idea that knowledge structures are grounded in sensorimotor representations (Barsalou 2008). Aggregate measures of consumption experience, by contrast, are high in abstraction and do not provide detailed insight if all sensorimotor modalities are equally important for sensory-rich services. Second, measures such as the Brand Experience Scale (Brakus, Schmitt, and Zarantonello 2009) are multidimensional in their nature and link experiences through personality dimensions to behavioral outcomes. Applying such measures to explain real world phenomena, however, carries the potential that process variables, such as the intellectual dimension proposed by Brakus, Schmitt, and Zarantonello (2009), are used as dimensions of the actual experience. Cognitive and behavioral facets of a consumption experience should thus be considered as separate constructs different to the actual experience. Third, this research introduces re-experience, a cognitive measure (equivalent to the aforementioned intellectual dimension) that captures both how well (i.e., quality) and how frequent (i.e., quantity) a person can recall a temporarily distant experience. Hereafter, a causal model is provided that links and empirically tests sensorimotor perceptions via re-experience to consumers’ responses. Results show that visual and motor perceptions of an experience significantly influence the quality of re-experience (i.e., how well a person can remember a past event), while all sensory modalities, except the tactile sense, positively affect the quantity of re-experience (i.e., how often a recall takes place). Direct effects further reveal that without a cognitive reenactment, only visual impressions will impact consumers’ responses. In the final section, implications for marketers include how re-experience can be used to boost long-term impressions and behavioral intentions in post-consumption stages.

Conceptual Background and Theoretical Framework
Marketing scholars and practitioners have acknowledged that consumers look for offerings that provide them with unique and memorable experiences (Zarantonello and Schmitt 2010). While a large amount of research devoted to experiential consumption has focused on products or brands (e.g., Caru and Cova 2003), this study investigates consumers’ sensorimotor perceptions of experiences in service settings. Servicescapes (Bittner 1992) encompass the physical environment in which a service process takes place and are intended to affect both, the customer and the employee, conceptualized as responding holistically to three dimensions of the environment: ambient conditions, functional aspects and signs, symbols and artefacts (Bittner 1992). Similar to product or brand experiences (e.g., Brakus, Schmitt, and Zarantonello 2009), experiences within servicescapes are multidimensional in their nature, that is, they vary in their strength and intensity, valence and time-frame. Moreover, experiences do not only occur during the consumption stage, they may also arise in the post-consumption stage, whenever there is a direct or indirect connection with the service (Olsson et al. 2012). Marketers must thus not only provide the right service setting or environment when the (on-line) experience takes place, they should also take into account that experiences are private, personal events that can arise by means of cognitive reenactment at a later point of time (Schmitt 1999).

Indeed, temporally distant recollections of an experience were found to most accurately predict consumers’ future desire to repeat the experience (Wirtz et al. 2003). More precisely, the best predictor for willingness to repeat, for instance, a holiday, was remembered experience, implying that remembered experience might act as mediating construct between consumers’ on-line experience (i.e., what happens during a stay) and their behavioral intentions. These findings resonate well with the assumption that on-line experiences do not predict consumers’ desire to repeat or not to repeat a trip. It is what people remember that predicts this decision, indicating that memories are superior in predicting consumers’ future behavior. The construction of such sensory-rich memories should thus be the focus in research on experiential consumption (Kahneman 2000). So far, however, no study has investigated how consumers’ retrospective memories of a service experience impact their behavioral responses.

The Multi-sensory Service Experience
Experiences in servicescapes encompass a wide range of sensory and bodily sensations. Academic research has shown that different sensory impressions impact perceptions of both goods and services (e.g., Hultén 2009). Empirical studies addressing sight impressions in services have been discussed,
for instance, by Devlin and Arneill (2003). Vision was found to be the most dominant one in affecting our central nervous system, the cerebral cortex, and activating our memories, thoughts and experiences (Hultén 2009). Apart from light, colors were found to affect consumers’ approach orientation, physical attraction and perceptions of the environment (Crowley 1993). In a similar vein, auditory impressions, that is both atmospheric and ambient sounds, have been studied in servicescapes by using modifications of tempo, type, volume, mode and valence and were found to increase consumers’ arousal levels, expenditures and product evaluations (Yalch and Spangenberg 2000). Olfactory inputs can elicit more emotional and evocative memories than any other sensory cues and thus carry the ability to trigger specific emotional impacting mood and behavior (Herz 2010). Findings demonstrate that olfaction improves evaluations of products and leads to superior recall of brands (Morrin and Ratneshwar 2000). Tactile sensations refer to any form of haptic input and play a major role in product evaluation, can positively affect server evaluation (Hornik 1992) and decrease possible frustration (Peck and Childers 2003). Research in this domain also reveals that people differ in their need for tactile input (Peck and Childers 2003). Gustatory impressions represent a more complex form of sensory impressions since they interact with flavor, smell, temperature, touch, sight, sound and pain. Studies examining the interaction between taste and other modalities, for instance, found that taste perceptions heavily rely on vision, as increasing color intensity strongly impacts taste (Hoegg and Alba 2007).

Ultimately, a multi-sensory service experience is assumed to occur when more than one of the five senses contribute to the perception of sensory experiences (Hultén 2009). Current embodiment literature (e.g., Barsalou 2008), however, underlines that there is a strict interaction between sensory and motor information when people store perceptual symbols in the brain. Further, brain imaging studies have demonstrated that visual stimuli such as photographs automatically evoke motor responses (Borghi 2005). Besides sensations that arise from the five human modalities, a motor component is thus of high relevance in servicescapes, as most sensations in service settings involve motion and physical activity.

**Sensorimotor Stimuli and Consumers’ Re-experience**

When investigating the relationship between consumers’ perceptions of a service experience and their cognitive responses, this research draws on the psychological principle of reinforcement (Passer and Smith 2003). Reinforcement suggests an automatic association between experience and behavior, with consumers showing a tendency to repeat enjoyable experiences and avoid experiences that did not bring enjoyment. Rosy retrospection (Mitchell et al. 1997) advances this concept further by positing that people will more devotedly remember events in the past than they felt about the same event at the time of its occurrence. Consumers thus selectively search, recall and change their interpretation of past events so that they and the event are seen as positive (Mitchell et al. 1997).

Prior research addressing the nature of consumption experience, however, did not provide consistent findings on which factors exactly account for and influence temporarily distant recollections of consumption experiences. Wirtz et al. (2003), for example, used an aggregate measure of subjective experience (Mitchell et al., 1997; Klaaren, Hodges, and Wilson 1994) and did not include measures for future behavior. Brakus, Schmitt and Zarantonello (2009), by contrast, conceptualized experiences as consisting out of sensory, affective, intellectual and behavioral dimensions. Their findings, however, do not provide further information on whether all or only some specific modalities are relevant for triggering positive consumer responses. This notion becomes particularly salient when pursuing a retrospective approach, since temporally distant recollections of an experience should primarily depend on mental simulations of sensorimotor experience (Barsalou 2008). This research therefore uses a more fine-grained conceptualization of consumption experience and separately addresses vision, audition, gustation, tactile sense, olfaction and motion. For re-experience, the study draws on the intellectual dimension by Brakus, Schmitt, and Zarantonello (2009), but controls for its quality (i.e., the accuracy and clarity of the retrospection) as well as for its quantity (i.e., how frequent retrospection takes place). As consumers are asked to recollect their experiences at a later point of time, it is hypothesized that sensorimotor impressions influence consumers’ quality and quantity of re-experience. Formally,

H1: Sensory (i.e., (a) vision, (b) audition, (c) gustation, (d) tactile, (e) olfaction) and (f) motor memories of a service experience positively impact the quality of re-experience.

H2: Sensory (i.e., (a) vision, (b) audition, (c) gustation, (d) tactile, (e) olfaction, and (f) motor memories of a service experience positively impact the quantity of re-experience.

**Re-experience and Loyalty**

In a second step, this study extends existing research by linking consumers’ re-experience to their loyalty. The quest for consumer loyalty has become a strategic objective in marketing and is of particular importance in the service sector, given that consumers perceive a greater risk in the choice of services than for products (McKercher, Denizci-Guillet, and Ng 2011). Consumer loyalty toward a service experience can
be defined in line with Oliver (1999, p. 34) as: “a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.” In accordance with theory of planned behavior (Ajzen 1991), which has been used to study consumers’ cognitive responses and their subsequent behaviors, both cognitive constructs of this study, that is, quality and quantity of re-experience, are supposed to positively impact consumers’ behavioral responses (i.e., their loyalty). The preceding arguments can be formally stated as follows:

H3: Consumers’ perceived quality and quantity of re-experience will positively impact their loyalty towards the service provider.

**Method and Data Analysis**

**Research design and sample.** To empirically test the proposed model, a self-administered online survey was conducted in the spa and wellness industry. Spa and wellness services fit the purpose of this study well, as they involve an all-encompassing mode of travel that integrates a quest for physical health, beauty or longevity, while providing sensory, bodily, and affective experiences (Bushell and Sheldon 2009). Semantic clarity and content validity of the items have been verified in a pre-study with 26 respondents. For the main study, data from 334 respondents (response rate 5.57%) was obtained. The majority of respondents was 23 years old, female (73.1%) and travelled with family (46.7%) or partners (27.2%) on a regular basis. Respondents visited the spa/wellness provider on average 10.6 times per year, spent 32.2 EUR and did not purchase memorabilia (91.6%). Their last visit was on average 44 days ago.

**Measures.** To operationalize sensorimotor dimensions, sensory and behavioral items were adapted from Brakus, Schmitt, and Zarantonello (2009), resulting in three items for each sensory modality with sufficient reliability scores (vision (α = .90), audition (α = .87), gustation (α = .91), tactile (α = .82), olfaction (α = .89) and motion (α = .89)). Quality of re-experience (α = .79) and quantity of re-experience (α = .85) were captured by three items adapted from the intellectual experience dimension by Brakus, Schmitt, and Zarantonello (2009). For the operationalization of intended loyalty (α = .89), items by Zeithaml, Parasuraman, and Berry (1996) were used. All items were measured on a seven-point Likert-type scale (1 = “strongly disagree,” and 7 = “strongly agree”). Table 1 provides a complete list of measures.

**Results.** Structural equation modeling using *Mplus* version 7.0 (Muthén and Muthén 1998-2012) was used to test the hypotheses of the conceptual model. Table 2 presents descriptive statistics for the variables and their correlations. The conventional iterative approach was used to assess reliability and validity, including corrected item-total correlations, Cronbach’s alpha values, exploratory factor analysis and confirmatory factor analysis (e.g., Anderson and Gerbing, 1988). Figure 1 shows the estimated structural equation model. All fit indices were within acceptable ranges of global fit criteria (Hair et al., 2010). The model yielded the following fit statistics: χ² = 5328.16 (378, p = .00), RMSEA = .026, CFI = .99, TLI = .98. Collectively, the indices suggest a good fit of the data to the model.

**Sensorimotor stimuli and consumers’ re-experience.** In line with H1, vision (β = .16, p ≤ .05), and motion (β = .14, p ≤ .10) positively influence quality of re-experience. Gustation (β = -.17, p ≤ .05) was found to have a significant, but negative impact on the quality of re-experience. Auditory (β = -.05, n.s.), tactile (β = -.11, n.s.) and olfactory (β = -.01, n.s.) impressions did not exert any influence on consumers’ quality of retrospection. H1 can thus be partially supported. H2 proposed a positive relationship between sensory and motor components of an experience and the perceived quantity of re-experience. It can be supported for vision (β = .32, p ≤ .01), audition (β = .19, p ≤ .05), gustation (β = .31, p ≤ .01) and olfaction (β = .14, p ≤ .10). Tactile (β = .12, n.s.) and motion (β = .04, n.s.), however, did not influence how frequent an experience was recalled.

**Re-experience and loyalty.** Both quality (β = .44, p ≤ .01) and quantity of re-experience (β = .29, p ≤ .01) revealed to positively impact consumers’ loyalty towards the service provider. H3 can thus be supported.

**Direct effects.** A bootstrap estimation (Mplus 7.0, Muthén & Muthén, 1998-2012) with 1000 resamples was used to assess the direct effects of sensorimotor stimuli on consumers’ loyalty.

Only vision was found to positively contribute to consumers’ loyalty towards the service provider (β = .33, p < .01). Auditory impressions, by contrast, revealed a negative, significant direct effect on consumers’ loyalty (β = -.13, p ≤ .01). All other modalities as well as the motor component did not exert any influence on loyalty.

**General Discussion**

The present study investigates the impact of modality-specific service experiences on consumers’ cognitive and behavioral responses in a post-consumption stage. In summary, re-experience is shown to be an important process variable linking sensorimotor experiences with consumers’ loyalty. The findings thus support the idea that sensorimotor
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<tr>
<th>Construct/Scale Item (X = Wellness / Spa Experience)</th>
<th>Factor Loading</th>
<th>Item-Total Correlation</th>
<th>Cronbach’s α</th>
<th>Average Std. Factor Loading</th>
<th>Composite Reliability</th>
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<td>X makes me think of visual impressions.</td>
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<td>I associate visual impressions with visiting X.</td>
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<td>X is an experience that appeals to my sense of vision.</td>
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<td>X makes me think of auditory impressions.</td>
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<td>I associate auditory impressions with visiting X.</td>
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<td>X is an experience that appeals to my sense of hearing.</td>
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<td><strong>Gustation</strong>a</td>
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<td>X makes me think of taste impressions.</td>
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<td>X is an experience that appeals to my sense of taste.</td>
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<td>X makes me think of haptic perceptions.</td>
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<td>I associate haptic impressions with visiting X.</td>
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<td>X is an experience that appeals to my sense of touch.</td>
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<td>X makes me think of impressions from scent.</td>
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<td>I associate scent impressions with visiting X.</td>
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<td>X makes me think of bodily sensations from motion and physical activity.</td>
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<td>**Re-Experience (Quality)**a</td>
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<td>When I think of my visit to X, my memories are very clear.</td>
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<td>I can remember my stay at X very well.</td>
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<td>It is easy for me, to imagine certain moments of my stay at X again.</td>
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<td>**Re-Experience (Quantity)**a</td>
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<td>I think of my stay at X very often.</td>
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<td>I frequently think about how my stay at X was.</td>
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<td>When I am deep in thought, my stay at X appears very often.</td>
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<td><strong>Intended Loyalty</strong>b</td>
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<tr>
<td>I would say positive things about X to other people.</td>
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<td>.81</td>
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<tr>
<td>I would recommend X to someone who seeks my advice.</td>
<td>.93</td>
<td>.86</td>
<td></td>
<td>.95</td>
<td></td>
<td></td>
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<tr>
<td>I would encourage friends and relatives to visit X.</td>
<td>.91</td>
<td>.84</td>
<td></td>
<td>.91</td>
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<tr>
<td>I would consider X as my first choice.</td>
<td>.74</td>
<td>.60</td>
<td></td>
<td>.62</td>
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a Items adapted from Brakus et al. (2009).
b Items adapted from Zeithaml et al. (1996).
experiences play an important role for knowledge retrieval and future responses, which is in line with recent embodiment literature (Barsalou 2008). Specifically, the results of the structural model reveal that visual and motor perceptions of an experience significantly influence the quality of re-experience (i.e., how well a person can remember a past event), while all sensory modalities, except tactile impressions, positively affect the quantity of re-experience (i.e., how often a recall takes place). Gustatory impressions were found to negatively impact the quality of re-experience (e.g., the clarity of mental simulations may be influenced by a negative or unexpected taste obtained while visiting a serv-

Table 2. Descriptive Statistics and Correlations

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<th>9</th>
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<td>1. Vision</td>
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<td>2. Audition</td>
<td>.62</td>
<td>1.00</td>
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<td>3. Gustation</td>
<td>.38</td>
<td>.51</td>
<td>1.00</td>
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<td>4. Tactile</td>
<td>.32</td>
<td>.24</td>
<td>.30</td>
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<td>5. Olfaction</td>
<td>.29</td>
<td>.57</td>
<td>.62</td>
<td>.42</td>
<td>1.00</td>
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<td>6. Motion</td>
<td>.08</td>
<td>.05</td>
<td>-.03</td>
<td>.34</td>
<td>.08</td>
<td>1.00</td>
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<td>7. Loyalty</td>
<td>.33</td>
<td>.10</td>
<td>.08</td>
<td>.13</td>
<td>.08</td>
<td>.16</td>
<td>1.00</td>
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<td></td>
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<tr>
<td>8. Quality of Re-Experience</td>
<td>.31</td>
<td>.05</td>
<td>-.02</td>
<td>.16</td>
<td>.06</td>
<td>.16</td>
<td>.58</td>
<td>1.00</td>
<td></td>
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<tr>
<td>9. Quantity of Re-Experience</td>
<td>.39</td>
<td>.17</td>
<td>.23</td>
<td>.15</td>
<td>.14</td>
<td>.10</td>
<td>.50</td>
<td>.48</td>
<td>1.00</td>
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M: 4.45 3.24 2.12 4.12 2.82 5.80 5.35 5.76 3.32
SD: 1.75 1.67 1.39 1.74 1.61 1.36 1.36 1.10 1.52

Notes: N = 334.

Figure 1. Structural Model

Significance levels: ***p ≤ .01, **p ≤ .05, *p ≤ .10
Goodness-of-fit statistics: χ² = 5328.16 (378, p = .000), RMSEA = .026, CFI = .99, TLI = .98
ice provider), but exert a positive influence on the quantity of retrospection (e.g., a negative impression might lead to more frequent retrospection). In a similar fashion, olfactory cues, despite frequently eliciting more emotional and evocative memories than any other sensory cues (e.g., Herz, 2010), did not enhance consumers’ quality of re-experience either. Finally, tactile input showed no significant impact on quality or quantity of retrospection. Even though consumers may strongly rely on tactile information during their experience, it did not cause them to reactivate these knowledge structures at a later point of time, nor did it influence their behavioral responses (i.e., their loyalty).

Most importantly, direct effects reveal that an (aided) recall of the experience (e.g., by the service provider) is crucial for modality specific information to be extended to the post-consumption stage. Without mental reenactment, however, only sight impressions significantly impact consumers’ loyalty, which is in line with the assumed dominance of the visual sense when it comes to (re)activating memories from the past (e.g., Hultén, 2009).

**Managerial Implications**

Although it is well established that sensory (e.g., Krishna 2012) and motor (e.g., Borghi 2005) perceptions impact consumers cognitive and behavioral responses, the current research demonstrates that both the quality and quantity of mental reenactment are of vital importance for sensorimotor sensations to be transferred to the post consumption stage. Findings indicate that there are three important issues for managers to consider when trying to increase consumers’ loyalty: first, if consumers are systematically low in qualitatively re-experiencing a prior event, management should improve visual and motor experiences in its service settings, since experiences are positively linked to desired end states. Second, if consumers are systematically low in frequently re-experiencing a prior visit, management should enhance experiences in modalities that are particularly positively linked to the quantity of re-experience, namely vision, audition, gustation and olfaction. Given that resources are scarce, findings of this research enable service providers to better specify future endowment of financial, technical and personnel resources.

Third, re-experience in post-consumptive stages was found to carry the potential to predict consumers’ loyalty. More specifically, service providers may build on this study’s findings and use visionary, auditory, gustatory and olfactory post-purchase stimuli to enhance frequency of retrospection and thus increase consumers’ loyalty. The more often consumers think of a previous experience, and the more management addresses the sense of sight, hearing, gustation and olfaction by means of post-purchase stimuli, the greater consumers’ loyalty with the service provider should be. By contrast, the findings suggest that quality of re-experience should be of minor importance for service providers, since only vision (as the most dominant modality) and motion enhance consumers’ clarity of retrospection (i.e., how well consumers remember their previous stay). Put differently, quantity of re-experience seems to offer more fruitful (sensorimotor) opportunities for retrospection than quality of re-experience. Firms should thus focus more on increasing the frequency of retrospection than aiming to enhance the quality of sensorimotor recollections from the past. For instance, reminders via postcards or emails that invite re-experience the most enjoyable moments of the last visit including visionary, auditory and olfactory cues could be an effective, yet underestimated marketing instrument to boost frequency of retrospection and to increase consumers’ loyalty. Re-experience thus offers managers a means for adjusting sensorimotor impressions from the past, can be used to (re)activate sensorimotor impressions and may guide future behavior.

**Limitations and Future Research Directions**

While this study advances our understanding of post-consumptive experiences in servicescapes, it is not without limitations. First, the relative strength with which a certain modality is linked to re-experience may vary among different services and service providers. Individual surveys are thus needed to detect and analyze sector-specific characteristics. Second, this study focused on one specific industry only. Spa and wellness experiences offer per se a relatively high degree of sensory and motor stimulation. Hence, further research is needed to investigate the proposed model in a different industry. Third, specific service settings may trigger different sensorimotor impressions with varying intensity. Tactile sensations, for instance, were not found to exert any significant influence on consumers’ re-experience, nor could a direct effect on consumers’ loyalty be observed. Other servicescapes, however, might rely heavily on tactile input and thus might lead to different results. In a similar fashion, direct effects revealed a positive influence of vision on loyalty, at same time, however, auditory impressions revealed a negative, significant direct effect on consumers’ loyalty. This circumstance calls for closer empirical examination, as the indirect path from auditory cues to quantity of re-experience and subsequently to consumers’ loyalty shows a positive, significant relationship. One could thus argue that without frequent retrospection, auditory cues negatively affect loyalty. Again, this finding might strongly be related to the chosen servicescape, as guests in wellness settings will primarily long for a relaxing atmosphere with a minimum of auditory stimulation. On the other hand, service providers could use frequent retrospection to “smooth out” otherwise negative impressions from particular sensory
modalities, in this case, audition. Future research could thus investigate, whether re-experience can alter negative impressions of past events.

The present research can be regarded as a first endeavor to investigate the effects of sensorimotor impressions on consumers’ quality and quantity retrospection in servicescapes. Considering the fact that servicescapes may vary in their degree of sensorimotor stimulation, and taking into account that retrospection can alter sensorimotor impressions from the past, further research is needed to explore this promising area of experiential consumption.

References


Why Do People Share? Investigating the Needs That Sharing Activities Satisfy

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Verena Schoenmueller, University of Basel
Manfred Bruhn, University of Basel

Keywords: needs, sharing, consumer behavior, motives

EXTENDED ABSTRACT

Research Question
Despite the assumed underlying societal mindset shift as a reason for sharing, the motivations for sharing have so far not been investigated systematically. However, a better understanding of these needs would help improve sharing offers and sustain the impressive growth that has taken place over the past years. In order to fill this research gap, the present study pursues four objectives: First, building on a literature review our investigation aims to identify relevant characteristics in order to systematically categorize the different sharing offers that exist and to verify this categorization with the help of a quantitative examination (study 2). Second, in order to examine and compare the underlying individual’s needs, we aim to identify and compile a comprehensive catalogue of the needs individuals seek to satisfy through sharing. For this purpose, we conduct a literature review and a qualitative study (study 1). Our third objective involves a quantitative investigation and comparison of the individuals’ needs with regard to the specific sharing platform, resp. the corresponding sharing category (study 2). The fourth objective aims to investigate the impact that the fulfillment of the identified needs has on psychological and behavioral outcomes for the respective identified sharing categories (study 2).

Method and Data
In order to verify and complement the needs catalogue which we developed within the literature review (study 1), we use the psychological means-end chain approach. The method used most commonly to measure means-end chains is a personal, semi-structured, in-depth interview, called the laddering technique. We conduct our study at a German-speaking University and generate 85 data sets (47% females, $M_{age} = 24.01$). Two independent judges analyze the content of the responses. To validate our categorization approach and in order to examine the underlying needs structures of consumers’ sharing behavior, we conduct a quantitative study generating 657 datasets (29% female, $M_{age} = 24.9$). Participants are assigned to one of the sharing options they have indicated before. All items were assessed using 7-point Likert scales. For the measurement of the constructs, we draw on well-established scales used in the literature and adapted them to our research context. If no established scale is available, the items are derived from the qualitative study and adapted using a pretest. Differences between the needs are investigated using variance analysis. To examine the impact of the most salient needs of the identified four categories on psychological and behavioral outcomes, a regression analysis is conducted.

Summary of Findings
With regard to this study’s four research objectives, we derive the following results: first, we identified a sensible categorization of motives that drive individuals to participate in sharing offers, which was derived from existing research literature and confirmed to be meaningful by the results of both our qualitative and our quantitative studies. Secondly, we developed a comprehensive needs catalogue by building on major theories in social psychology and adapting them to the sharing context. This needs catalogue was then confirmed in a qualitative study and extended by applying a laddering approach to identify additional needs which were subsequently confirmed to be relevant in our quantitative study. Thirdly, our results show that for differ-
ent sharing offers distinct needs are relevant and fulfilled. The findings regarding the different platforms offer first recommendations on how to position these platforms and design their communications strategies. Finally, our results regarding the impact of the most salient needs per sharing category on attitude and WOM offer further insights into the relevance of the different needs and can also provide indications on how to target potential consumers.

Key Contributions
First, we identify a sensible categorization of the existing sharing offers. Secondly, we identify the main needs satisfied by the participation in these offers as well as the main differences between the four sharing categories. Thirdly, we show how the satisfaction of needs in the different categories relates to behavioral intentions.

References are available on request.
Is “The Bigger the Better” Always True? Big Data and Knowledge Production in Marketing Research

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Jean-Sébastien Vayre, Université de Toulouse II-Le Mirail

Keywords: big data, marketing research, abduction; digital traces

EXTENDED ABSTRACT

The amount of data, the speed of data in and out, and the range of data types and sources allow us to differentiate Big Data from analytics and mere data. Imagine scatterplots overflowed with observations added every second to become a rough cloud that masks underlying relationships, or the possibility to predict the success of a book, a bankruptcy, or even a pregnancy. This is Big Data. One can understand pros and cons of big data by taking the example of photographs. Twenty years ago we were taking pictures with only one device and we had to take our film to be developed. Today we use mobile phones, tabs, webcams, cameras or even video cameras. Prices for storage and CPU technologies have been decreasing and let the opportunity for consumers to take thousands of photographs with different devices. Big data starts here; the amount of pictures and the numerous sources:

1. Imply to organize the data, but how?
2. Prevent us from seeing them all, therefore data are not entirely known.
3. Imply to make a selection, but how to be sure we are deleting the right data and on which criteria?

All those questions only just find answers when more data are already involved and start a new process. Lazer et al. (2009) believe this era of “data driven computational social science” has the same potential than the emergence of cognitive science in the 1960s and should not be left to private companies or government agencies. Big data are slowly entering universities and our role, as researchers, is to underline some of the issues considered as relevant to our field and to suggest a research method adapted to Big Data.

This paper contributes to establish a basis for conducting research with Big Data in our field. More precisely, it first underlines ethical and epistemic issues, and introduces the notion of digital traces for a better understanding of Big Data. Second, it suggests the use of abductive reasoning associated with a grounded and constant comparison of data as a first step when conducting research. Finally, an example of such a method is provided through the presentation of archetype-based analysis.

References are available on request.
Let Your Fingers Do the Shopping: How Touchscreens Are Changing Purchase Behavior

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Jeffrey Meyer, Bowling Green State University

Keywords: touchscreen technology, consumer behavior, thinking style, hedonic, utilitarian

EXTENDED ABSTRACT

Research Question
Touchscreen technology has existed for more than 30 years, though its use mostly has been limited to ATMs, self-service kiosks, and point-of-sales terminals. However, the launch of affordable, easy-to-use touchscreen technology dramatically altered human–machine interfaces, and consumers have readily accepted this change. The way tactile uses on touchscreens affect consumer behavior and decision making in various activities is uncertain, suggesting the need for advanced tactile research. To address this gap, the current study investigates touchscreen devices and the underlying psychological drivers that contribute to consumers’ responses to products presented on different devices. This study is at the forefront of the research field and develops a deeper understanding of the tactile effect in sensory marketing. Building on the literatures of tactile effects, product nature, and thinking styles, we address the following research questions:

Does consumer behavior differ between using traditional desktops and touchscreen devices? Specifically, does the type of interface affect purchase intentions differently depending on the product nature (i.e., hedonic vs. utilitarian)?

What are the underlying mechanisms that contribute to such differences? Specifically, does each type of interface invoke a different thinking style, and does thinking style mediate the moderated relationship between interface and purchase intention?

Method and Data
Data are collected from three experiments at a North American university. All experiments are conducted in a behavioral research laboratory equipped with desktop computers and handheld touchscreen devices. For all studies, participants first complete a questionnaire with the appropriate scales used in the studies on a desktop computer. Participants were then randomly assigned to a handheld touchscreen device or a desktop computer to complete the rest of the tasks.

Study 1 examined whether product nature moderates the effect of device type on purchase intention using a 2 (device type) x 2 (product nature) between-subjects design. Study 2 investigated if device type affects a person’s situation-specific thinking style. Two regression analyses, one with rational thinking style as the dependent variable and one with experiential thinking style as the dependent variable, are conducted. Independent variables include device type and control variables, such as need for touch and need for cognition. Study 3 demonstrated the moderated mediation process using a 2 (device type) x 2 (product nature) between-subjects design. Using a conditional process analysis, we examine whether the effect of device type on purchase intention is mediated by thinking style, and if the mediation effect is moderated by product nature.

Summary of Findings
The research findings offer a deeper understanding of touch technology in today’s digital age, while simultaneously shedding light on sensory marketing. We demonstrate that the differential effect of device type on consumers’ purchase intentions is dependent on product nature. More specifically, we show that consumers are more likely to purchase hedonic products on touchscreen devices while favoring utilitarian
products on desktop computers (study 1). The underlying mechanism that contributes to the differences between the devices is consumer’s situation-specific thinking style. Specifically, users of handheld touchscreen devices have higher experiential thinking styles and lower rational thinking styles than do users of desktop PC devices (study 2). We also demonstrate that these situation-specific thinking styles mediate the relationship between device type and purchase intention, and that this mediation is moderated by the product nature (study 3). More specifically, the results show the use of a touchscreen (versus a desktop) evokes a stronger experiential thinking style but a weaker rational thinking style. Stronger experiential thinking style leads to a lower purchase intention for utilitarian products and higher purchase intentions for hedonic products. A weaker rational thinking style leads to a higher purchase intention for hedonic products but has no effect on utilitarian products.

Key Contributions
The current research makes several contributions to the sensory marketing literature and to marketing practices. First, while extant sensory marketing literature has shown that touch plays an important role in consumer decision making and judgment, it is silent on the tactile effect associated with the use of touchscreen devices. We extend existing theory on sensory marketing, especially tactile effects, by detailing how device type and product nature interact to affect consumer decisions. Second, while existing marketing literature has offered no explanation on what drives this phenomenon, we offer a clear understanding of the mechanism driving the differential effect by showing that desktops are more likely to evoke a rational thinking style among users, while touchscreens induce an experiential thinking style. Third, despite the substantive literature on how the hedonic and utilitarian nature of products influences consumers’ decisions, research has yet to explore the role of product nature in the context of purchasing on a touchscreen device versus a traditional desktop. Fourth, given the increasing use of touchscreen devices, our research findings provide practical solutions on marketing channel selection such that hedonic products would be better promoted through mobile channels while utilitarian products should be placed using regular online channels.

References are available on request.
Material Love in the Digital Age: Comparing Perceived Consumer Value of Digital Versus Physical Products

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Sabrina V. Helm, University of Arizona
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Keywords: perceived value, digital consumption, material products

EXTENDED ABSTRACT

Research Question
Understanding consumers’ perceived value of digital vs physical product is warranted due to the ubiquity of digital consumption and its already wide-ranging implications for human society. Indeed, examining the reasons why consumers choose digital over physical formats is not only paramount for marketers in digital-related industries (Magaudda 2011) but also for marketers in general as digital technologies become embedded in more consumer products. Perceived value is an important topic to study insofar as it is considered to be a key antecedent of consumer choice (Woodruff 1997). This study follows Sheth et al. (1991) in categorizing functional, emotional, social, epistemic and conditional value to analyze consumers’ perceived value of physical vs digital books. Extant research provides initial evidence that consumers prefer digital and physical books for different reasons and purposes. However, this research mostly focused on functional differences with emotional and social factors being underexplored. We suggest that a comparative approach may unveil additional insights into consumers’ format preferences.

Method and Data
Due to the dearth of research that addresses consumers’ value perceptions of digital products, we used focus group interviews. Focus groups are collaborative and introduce participants to ideas and thoughts they may not have previously considered (Threlfall 1999). We recruited ‘high users’ of digital technologies (those who regularly used more than two digital devices), specifically e-books, to ensure both similarity and content expertise among our participants (Krueger and Casey 2000; Goulding 2005). We conducted four focus groups, comprised of 31 participants (26 women, 5 men), split along generational lines: 18-24, 25-31 (Millennials); 32-47 (Gen X); 48-66 (Baby Boomers). We sub-divided the Millennial cohort into two groups, college students versus post-college young adults. The participants were students or (non-academic) staff members at a large university in the Southwestern United States. To better understand consumers’ interpretations of the current digital marketplace, we employed a semi-structured approach with a common discussion protocol across sessions in moderating the focus groups (Mazzarol et al. 2007).

Summary of Findings
Our comparative analysis of perceived value categories suggests that digital and physical books differ in their respective value propositions. We found that many participants favored a digitally-enabled reading experience only for certain book genres. In contrast, most preferred ‘special’ books in a physical format. Although the functional features of e-readers were positively viewed by some, the prevailing sense was that digital books lacked social and emotional value. These findings, coupled with the general observation that e-book sales are currently stagnant (Abrams 2013; Milliot 2014), illustrate the vast differences that digital and physical books play in consumers’ lives. Physical and digital books do not just represent two different formats of the same product, but different products altogether.

From a theoretical standpoint, our study reveals that a reexamination of customer value conceptualizations is war-
ranted. We found considerable evidence for hedonic, epistemic and conditional value elements, which are categories often underrepresented in studies of perceived value (e.g., Sweeney and Soutar 2001). Escapism or immersion, and a sensory enrichment of the reading experience were the exclusive realm of physical books. Epistemic value was also present, mostly inspired by ‘the thrill of the hunt’ derived from visiting physical bookstores, enabling an enriched customer experience.

**Key Contributions**

Our findings can help marketers design distinct value propositions for products in physical and digital formats. Marketers should consider heightening the hedonic experience of digital reading. Our study participants did not develop bonds with e-books; however, such utilitarian view of e-books likely stands in the way of developing affective customer loyalty, which is generally seen as a predictor of corporate (financial) success (e.g., Helgesen 2006). Marketers of e-books and e-readers could also investigate how to provide a socially richer consumer experience without violating privacy concerns. Our study shows that since most participants no longer collected books, the material love expressed with regard to favorite books only referred to a very small subset, namely, those with nostalgic properties. Hence, we can foresee a future where the majority of books will fall into a larger zone of substitutability. Consumers will interchangeably buy, rent or loan physical or digital books for one-time reading pleasure while only a select number of books will be kept.

*References are available on request.*
Understanding Responses to Inconsistent CSR Activities: The Role of Dialectic Thinking

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Keywords: branding, corporate social responsibility, culture

EXTENDED ABSTRACT

Research Question
Recent instances of corporate scandals involving JPMorgan Chase’s questionable recruiting practices in China, to Lance Armstrong’s admission of using performance enhancing drugs, and corruption scandals surrounding HP, companies are having to deal with negative publicity and scandals that are often contrary to acceptable standards of social responsibility. Johnson & Johnson, a brand name strongly associated with gentle, high quality baby care products was asked to pay a $2.2 billion settlement for charges relating to its marketing of drugs for unapproved uses as well as the payment of “kickbacks” to doctors and nursing homes (Ingram & Krasny, 2013). These kinds of inconsistencies in CSR can increase consumers’ perceptions of hypocrisy of brands, and lower their evaluations of the brand (Wagner, Lutz, & Weitz, 2009).

The present research builds on this finding by examining how dialectic thinking—characterized by the tolerance for contradiction—can moderate the response to incongruities in CSR behavior. In this research, we hypothesize that consumers' reactions to inconsistencies in CSR behavior may vary based on their cultural styles of thinking. Specifically, we focus on dialectic thinking. Dialectic thinking is characterized by the tolerance for contradiction (Peng & Nisbett, 1999; Spencer-Rogers, Peng, Wang, & Hou, 2004) and a preference for dialectical proverbs (e.g., sorrow is born of excessive joy) (Peng and Nisbett 1999). We hypothesize that dialectic thinkers will be more tolerant of incongruities in CSR behavior than non-dialectic thinkers.

Next, we vary the nature of the CSR statement made by the firm. A CSR statement made by a firm could be concrete (e.g., we contribute 5% of our profits to programs that improve the health and well-being of our employees) or abstract (e.g., we care about our employees). When faced with inconsistent CSR information, a concrete statement is likely to reduce perceptions of congruity. In this condition, it is really clear to dialectic thinkers that the firm made very specific CSR statements, but the behavior is inconsistent with the statements. Here, as dialectic thinkers attempt to resolve the incongruity, they are unable to do so. This is likely to cause less favorable evaluations for dialectic thinkers than non-dialectic thinkers. In contrast, when a CSR statement made by a firm is abstract in nature, both dialectic and non-dialectic thinkers are likely to respond similarly because the abstract CSR statement would enable both types of consumers to resolve the contradiction, and have similar perceptions of congruity, leading to similar brand evaluations.

Method and Data
Three experiments were conducted to test our hypotheses. In study 1, we tested our hypothesis by priming dialectic thinking. Dialectic thinking was primed among Asian American participants by adapting a task from Spencer-Rogers et al. (2004). Then, we exposed participants to a news article about a hypothetical oil company Zenata that was both good and bad at environmental responsibility (adapted from Yoon et al., 2006), and measured their responses using various brand evaluation and hypocrisy scales.

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In study 2, we tested our hypothesis using a cultural sample, with Caucasian-Americans (representing non-dialectic thinkers) and Asian-Americans (representing dialectic thinkers). Our stimuli was the same as that used in study 1.

In study 3, we conducted an experiment with a 2 (dialectic, non-dialectic) x 2 (abstract CSR statement, concrete CSR statement) between subjects design. Dialectic thinking was measured. Our stimuli consisted of a hypothetical brand Powermart, which makes a positive CSR statement about employee rights, and subsequently has a scandal about employee rights.

**Summary of Findings**
Consistent with our hypothesis, dialectic thinkers gave more favorable behavioral intentions and brand evaluations than non-dialectic thinkers. Dialectic thinkers perceived lower hypocrisy than non-dialectic thinkers. Importantly, dialectic thinkers reported higher perceptions of congruity than non-dialectic thinkers.

As hypothesized, our results show that for the concrete CSR statement, dialectic thinkers gave less favorable brand evaluations (and social responsibility perceptions for the brand) than non-dialectic thinkers. For the abstract CSR statement, there were no differences between dialectic and non-dialectic thinkers.

**Key Contributions**
Our research is the first to show that cultural styles of thinking can affect responses to CSR activities. We find that dialectic thinkers respond more favorably to inconsistencies in CSR activities. Our findings contribute to a better understanding of the role of dialectic thinking in resolving inconsistencies demonstrated by companies and brands. A second contribution is to show robustness of these findings across various types of inconsistencies and a boundary condition for these effects, demonstrating that concrete CSR statements may reverse the aforementioned effects.

*References are available on request.*
Abstract Versus Concrete Semantic Cues: Their Impact on Social Coupon Redemption

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Keywords: face value plausibility, redemption, semantic cue concreteness, social coupons

EXTENDED ABSTRACT

Research Question
Spending additional money beyond a suboptimal decision-making in terms of achieve large savings. This paper aims to investigate when and why consumers behave such a way. Specifically, this paper examines the effects of face value plausibility (i.e., consumers’ perception of the plausibility of a social coupon face value), semantic cue concreteness (i.e., the degree of the detail and specificity about the price comparison in coupon price and redemption value), and neglected mental budget depletion (i.e., the instance in which consumers neglect the fact that budget assigned to a specific mental account as a spending self-control is already depleted) on the amount of money spent beyond a social coupon face value.

Method and Data
Participants recruited from Amazon Mechanical Turk online panels participated in the two scenario-based experiments. Experiment 1 employed a 2 (face value plausibility: low-implausible, vs. plausible) × 2 controls between-subject design. Participants were 160 individuals who had heard about SCs, had dinner experiences at Italian sit-down restaurant, were 21 years old or older (Age range: 21-67, M Age = 35.39, 50.60% female). Participants were randomly assigned to one of the four conditions (cell size: 39-42). Experiment 2 employed a 2 (face value plausibility: low-implausible vs. plausible) × 2 (semantic cue concreteness: abstract vs. concrete) between-subject design. Participants were 127 males who had heard about social coupons, had dinner experiences at sport bars, were 21 years old or older, and correctly answered attention check questions (Age range: 21-66, M Age = 31.43). Participants were randomly assigned to one of the four conditions (cell size: 28-39).

Summary of Findings
The amount of money spent beyond a social coupon face value is greater when consumers redeem social coupons featuring a low-implausible (vs. plausible) face value. Furthermore, such amount of money is greater when consumers redeem social coupons featuring a low-implausible face value and semantic cues are concrete (vs. abstract). In contrast, such amount of money is lower when consumers redeem social coupons featuring a plausible face value and semantic cues are concrete (vs. abstract). Neglected mental budget depletion is an underlying process.

Key Contributions
This paper complements prior research in metal budgeting by showing how malleable mental accounting decreases the effectiveness of mental budgeting as a spending self-control mechanism when redeeming social coupons at a service retailer. This paper is unique because the objective of spending self-control in a social coupon redemption context is to achieve large savings; whereas the objective of spending self-control in typical spending contexts is due to consumer welfare (i.e., monetary resource limitation). This paper also adds to the advertised reference price literature by revealing that abstract (vs. concrete) semantic cues discourage the use of a mental budget as a spending self-control when redeeming social coupons featuring a low-implausible face value. However, concrete (vs. abstract) semantic cues do not encourage the use of a mental budget as a spending self-control when redeeming social coupons featuring a plausible face value. These findings are important because they are contradicted with the premise that abstract semantic cues represent high-level of ambiguity; while concrete semantic cues represent a low-level of ambiguity, which implies that the ambiguity of semantic cues negatively influence the effectiveness of using a mental budget as a spending self-control mechanism.

References are available on request.
Could Social Currency Lead to Superior Brand Experience?

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Keywords: branding, cosmetics, consumer behavior, brand experience

EXTENDED ABSTRACT

Research Question
Brands today no longer have the sole and dominant control over their images, as customers are continually interacting with each other and are conjointly shaping the image and perceptions of the brand. To better capture this social value of brand consumption, Lobschat et al. (2013) recently introduced the concept of social currency. For a brand, social currency represents the sum of all actual and potential social interactions that are mostly attributable to social media platforms and other online communities. For consumers, social currency consists of social interactions that result in information and knowledge exchange and other social benefits, such as status and recognition within a group of brand users. This study aims to shed some more light on this widely unexplored domain by exploring the potential links between social currency and an important determinant of consumer behavior, i.e. brand experience. We assess whether social currency could act as a brand experience provider, and its impact on the four dimensions of brand experience introduced by Brakus et al. (2009), i.e. sensory, affective, behavioral and intellectual experiences. We further examine if certain dimensions of social currency could have a greater impact on brand experience in the context of cosmetic consumption.

Method and Data
We used a structural equation modeling (SEM) method to analyse our data. The sample consisted mostly of undergraduate and graduate students from a large North Eastern university that offers courses in both English and French. In total, 373 participants took part in our study. Self-administered questionnaires were distributed at the end of class time. In exchange for their participation, subjects were entered into a draw for one of five 50$ gift cards. Social Currency was measured using the formative measurement construct from Lobschat et al. (2013), and Brand Experience was measured using the measurement construct from Brakus et al. (2009).

Summary of Findings
Results showed that social currency positively impacts all four dimensions of brand experience. Whereas the original study of social currency finds that Conversation, Advocacy and Identity are the three significant dimensions of social currency in the context of automobiles, our findings suggest that Conversation, Affiliation and Advocacy are the three dominant dimensions of social currency in the context of cosmetic consumption. The differences in the mature and patterns of consumption of those two product categories might also account for the observed difference. Even though Affiliation and Advocacy were found to have a positive influence on social currency, our study demonstrates that the Conversation dimension has a significant negative impact on social currency.

Key Contributions
This study demonstrates the importance of the newly developed concept of social currency as an antecedent of brand experience in the context of cosmetic consumption. To the best of our knowledge, our study is the first in the literature to explore the links between social currency and the four dimensions of brand experience. Our study reveals how this concept could enhance a fundamental component of brand equity, i.e. brand experience, and further contributes to the establishment of higher levels of validity for the newly developed concept of social currency. There are certain limitations to our study. The data obtained was based on the richness of information retrieved from participants’ memories, and also, we used self-administered questionnaires,

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which allow for little correction of possible misinterpretations and confusions. Finally, future research could investigate the potential links between each separate dimension of social currency and the four elements of brand experience, and also, evaluate the moderating effect of involvement in such context.

*References are available on request.*
The Attitude-Behavior Hypothesis and Green Purchasing Behavior: Empirical Evidence from German Milk Consumers

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Keywords: willingness to pay, theory of planned behavior, green marketing, organic, sustainability

EXTENDED ABSTRACT

Research Question
Buying green products like organic food is the most popular action to reduce an individual’s environmental impact (Isenhour 2010). The theory of planned behavior (TPB) (Ajzen 1991) is widely applied and acknowledged to explain such environmentally friendly behavior (Bamberg and Möser 2007). However, most studies either focus on intention as a proxy for behavior and/or rely on self-reported survey data. Therefore, results are limited and might be vulnerable due to self-presentational biases (Gaes, Kalle and Tedeschi 1978), incorrect estimation of own behavior (Barber et al. 2012) and the potential difference between stated intention and actual purchasing (Sun and Morwitz 2010). Other studies analyze real purchasing behavior, but only focus on attitude as a key factor determining behavior (Hauser, Nussbeck and Jonas 2013; Tarkiainen and Sundqvist 2009). Therefore, it is still unclear if consumers’ environmental attitudes and self-reported green behavior are consistent with actual green purchasing behavior and which factors besides attitude exert an influence on the latter.

Method and Data
The paper develops a model which takes into account the major factors of TPB and conceptualizes willingness to pay (WTP) as perceived control. Stated attitudes and self-reported green behavior are contrasted to actual behavior.

Two data sets (purchasing data and survey data) were combined to empirically test the hypotheses using structural equation modeling. The market research institute GfK provided the data from their German household panel. In order to model the individual decision making process and purchasing behavior, only single-person households were included into the analysis (n = 1,605).

Purchasing data was matched with survey data by using the household’s identification numbers and was observed for a period of one year (January 2012 – December 2012). Panel participants record their everyday purchases by using hand-scan devices that GfK provides to each panel household. Survey data is based on a standardized survey questionnaire which GfK annually distributes to all participating households. The questionnaire includes items on purchasing behavior, media consumption, everyday life, needs and leisure time activities. For the present study, only items referring to environmental topics and shopping behavior were taken into consideration.

Summary of Findings
Willingness to pay and personal norms account for more than half of the variance of self-reported green behavior. The effect of attitude on self-reported green behavior was insignificant. Although WTP and norms were able to explain self-reported green behavior accurately, self-reported green behavior in turn is no accurate predictor of actual green purchasing behavior. The low share of explained variance of actual green behavior can partially be explained by the higher costs of green products, which often are suggested as a major barrier.

The findings address major issues in green consumer research. First, self-reported behavior is not able to adequately depict actual behavior. Second, even though all the central constructs of TPB were included into the analysis, the study’s results question the completeness of the theory. This implies that further constructs need to be integrated into TPB to enhance its predictive power in the context of green purchasing behavior. Impulsive components or situational factors might contribute to explaining actual purchasing behavior. Especially in the case of organic products, con-
cerns of personal health or self-benefits might play an important role as well.

**Key Contributions**

A full model with main drivers of green consumption is developed with explicitly identifying willingness to pay as a major perceived behavioral control. Stated attitudes and self-reported green behavior are contrasted to actual behavior. To the best of the author’s knowledge, this research is the first empirical demonstration of these associations.

The findings advance the understanding of green consumption behavior in the food sector. A gap between self-reported behavior and actual behavior was observed. The main reason for the gap is likely to be one which especially emerges in the field of environmentally sustainable or “green” consumption: Consumers are hardly able to assess the environmental impact of products correctly which leads to a gap between the subjective and objective assessment. Hence, self-reported green behavior might not reflect actual behavior because consumers do not know any better. This puts the discussion of the green gap into a new direction.

**Acknowledgment**

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*References are available on request.*
Is Play the Work of New Adulthood? An Interpretive Approach of Childlike Behavior

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Keywords: childlike behavior, inner child, adulthood, play

EXTENDED ABSTRACT

Research Question and Data Collection
The term “childlike” indicates the presence of social boundaries between conceptualizations of childhood and adulthood. But at a time when childhood and adulthood are blurring (Meyrowitz 1985), when consumer society overflows with cool and cute cultures, and when advertising asks consumers to release the inner child, the term “childlike” takes on a particular flavor. It goes beyond the idea of two antagonistic worlds, and lets appear another adulthood that challenges modern conceptions of logic and reason.

This research aims to provide deeper understanding of what is called childlike behavior in marketing. Given the lack of research on childlike consumption, I adopted a grounded approach within the paradigm of ethnoconsumerism (Glaser and Strauss 1967; Venkatesh 1995). First I collected 7741 comments posted on the Disneyland, CA and Disneyland Paris Facebook fan pages. Besides social networks, I conducted participant observation for two years and fifteen in-depth interviews with Disneyland fans and cosplayers.

Summary of Findings and Key Contributions
The findings are:

1. The redefinition of adulthood,
2. Play as the new anthem of consumption, and
3. Continuous escapism as a consequence of playful consumption.

New adulthood is characterized by the acceptance of childlike behavior in marketplaces that feed childlike rejuvenated feelings through the triggering of playful attitude. Postmodern society has not only favored consumption over production, and play over work, it has also transformed adulthood into a time when one makes children’s dreams come true thanks to re-enchanted marketplaces that hyper-realize the imaginary. Meanwhile brands develop structures in which consumers engage into ludic agency. Adult consumers do not ask “why?” anymore, but “why not?”. Pleasure principle is guiding their lives outside social norms and taboos. Magical thinking becomes acceptable, and a whole new world appears to the consumer. Such a world is constructed through the manipulation of symbols, and merges with reality since symbols are provided by product and services that come from real life. By feeding this constructed world with real objects and people, consumers get the opportunity to permanently escape the shackles of rational and responsible adulthood.

This paper contributes to a better understanding of childlike behavior within the process of consumption and proposes a new conceptualization of adulthood. It brings insights to the development of experiential consumption during the last thirty years, and also underlines how marketing participates in the release of the inner child in order to suspend rational adult control and boost sales.

References are available on request.

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A Dimension of Fun at Experiential Market Settings: Exploring Consumer Experience Intensity

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Keywords: experience consumption, intense experiences, experiential settings, sensory stimuli, marketplace stories

EXTENDED ABSTRACT

Research Question
Experience as a market phenomenon has been commanding greater recognition. The value that consumers construct within and derive from most market encounters is highly dependent on the experiences they find in them. Yet, it would be misleading to assume that all experiential contexts and the experiences consumers derive from them are equally influential. It is critical to understand the characteristics of experiential settings that lead to powerful experiences. Even though some characteristics of significant experiences and experiential settings, such as extraordinariness and transcendentality have been investigated in the consumer behavior literature, there is a need for a further exploration of the dimensions of specific experiential contexts to understand how and why people consume and value them. This study investigates the intensity dimension of consumer experiences, as one of the heeded characteristics of commercial experiences that influence consumers’ assessment. We define experience intensity as the consumer’s outcome evaluation of the strength of total senses, emotions, imaginations, and thoughts that s/he lived through in an encounter. The main research question of the study is:

What are dimensions of positive intense experiences in experiential market settings?

Method and Data
Qualitative data is collected on the context of Las Vegas for two main reasons: 1) it is an experiential context that within itself involves many different experiential settings; 2) it is one of the largest tourist destinations in the US that symbolizes something unique.

The framework established is based on the combination of the findings from various qualitative data collection: 1) systematic observations conducted at the Las Vegas Strip, 2) interviews and informal chats with Las Vegas consumers and managers at Las Vegas businesses, and 3) analysis of social media posts and blogs on Las Vegas with review of literature from multidisciplinary fields. Visual data in addition to textual data was collected in the process. One of the authors conducted ethnographic observations at two different times in one year—one for two full weeks, and one for four days—in Las Vegas Strip. The social media and blog posts were systematically tracked for over two years.

All textual data were analyzed using the constant comparison method. The findings were combined with a through literature review as mentioned above. The findings from the textual data were supported by the findings of the visual data as well.

Summary of Findings
Qualitative data revealed that managers of experiential settings build their contexts, and consumers evaluate the experiential contexts primarily based on two design elements: sensory stimuli (texture) and stories (textuality). Texture refers to design elements such as color, layout, and architectural style that create a sensual delight. Sensory presentationality, multiple modalities, and spectacularity were found to be the dimensions based on which contemporary consumers evaluate the significance of the sensory stimuli presented to them in market settings. Textuality refers to the text, or in other words, narratives (e.g. stories, themes, messages and tales) employed in the contexts. Narrative presen-
tationality, readability, and appropriability were found to be the dimensions based on which contemporary consumers evaluate the meaningfulness of the stories presented to them (texture).

Key Contributions
Marketplace experiences are complex, multi-dimensional phenomena. This research investigates the characteristics of positive experiences that consumers find to be powerful and meaningful. Scholars previously have tried to understand some processes of extraordinary experiences that are perceived to be intense, such as flow experiences. However, there are also some other valuable experiences in the market that are intense, yet are not necessarily spiritual in nature, and/or do not necessarily lead to self or identity transformation and actualization, or lasting shifts in the worldview of consumers. This research offers a broader framework to understand the different types of intense market experiences.

Understanding dimensions of experience intensity would be useful for both consumers and marketers in creating more meaningful, significant, and desirable market encounters. Understanding how and why consumers feel, think, imagine, and sense intensely has the potential to bring insights into some of the major discussions ongoing in the fields of consumer behavior and marketing. These involve utilization of some new perspectives and strategies in marketing endeavors that are challenging traditional ones, authenticity/inauthenticity and fantasy/reality perceptions of consumers, the process of co-creation of value in the market, and antecedents of consumer immersion in market encounters.

References are available on request.
Investigating the Pleasures of Sin: The Contingent Role of Telic Personality Disposition on Consumers’ Evaluations of Vice and Virtue Product Offerings

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Keywords: virtue, vice, telic dominance, arousal

EXTENDED ABSTRACT

Research Question
Investigating primarily food contexts, this paper contrasts consumers’ evaluations of pure vice offerings (e.g. rich chocolate) versus mixed offerings of virtues and vices (e.g. healthy chocolate). We propose that pure vice offerings involves uncertainty involving the simultaneous presence of pleasure and sin, leading to increased arousal levels. In turn, we propose that such increased arousal leads to increased preference for pure vice offerings. Consistent with this explanation, we expect that arousal-seeking consumers will prefer pure vice offerings, whereas arousal-avoidant consumers will prefer mixed offerings.

Method and Data
We report results of three behavioral laboratory studies using over 300 undergraduate participants. In study 1, we used mediation analyses to examine if differences in arousal levels explained differences in preferences across pure vice offerings versus mixed offerings. In study 2, we used floodlight analyses to examine if differences in arousal-seeking (measured using the Telic Dominance Scale or TDS) moderated differences in preferences across pure vice offerings versus mixed offerings. In study 3, we replicated study 2 examination in a non-food context.

Summary of Findings
We find that differences in arousal levels explain differences in preferences between pure vice offerings and mixed offerings. Further, and consistent with prior findings, we find that arousal-seeking consumers (i.e. those low on the TDS) relatively prefer pure vice offerings, whereas arousal-avoidant consumers (i.e. those high on TDS) relatively prefer mixed offerings. These results extend across food contexts and gambling contexts.

Key Contributions
This is the first paper that provides a detailed examination of how consumers evaluate pure vice offerings versus mixed offerings of virtues and vices. Given the growing importance of mixed offerings (e.g. healthy chocolates, healthy sodas, edutainment enriched cruises), especially in the foods sector (see details in this paper), this research provides important insights for public policy planners and marketers, and marks an initial step in the examination of an emerging and important product category.

References are available on request.

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The Relationship Between Family Identity and Communication, Commitment, and Continuity in Family Activities: An Examination of Family Meals in Four Chinese Cities

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Keywords: China, family meals, family rituals, family identity, food consumption

EXTENDED ABSTRACT

Research Question
What is the contribution of commitment, continuity, and communication in rituals to family identity, as tested through the context of family meals in China?

Method and Data Used
Data were collected from households from four Chinese cities, resulting in a sample of 1,319 households. Confirmatory factor analysis (CFA) substantiated the reliability and validity of the multi-item scales. Regression analysis was used to test the hypothesized relationships. Simultaneous between-group model testing was used to compare differences between cities.

Summary of Findings
The results confirm that a positive relationship is found between family identity and the degree of commitment and continuity to family rituals. A significant relationship was not found between degree of communication in rituals and family identity at the 95% confident level (note, however, that p = .06). Moderate variations among the model was found according to the level of economic development of the cities.

Key Contributions
This research appears to demonstrate that, at least in the context of family meals in Chinese cities, as family practices are elevated from routines to rituals, a greater degree of family identity is generated. In addition, the study shows how, within this rapidly changing socio-economic environment, the family dinner provides stability and a sense of unity for Chinese families.

References are available on request.

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Adding New Perspectives to the Zero-Price Effect: The Role of Non-Monetary Cost Perceptions

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Keywords: zero-price effect, non-monetary cost perceptions, free e-services

EXTENDED ABSTRACT

Research Question
1. Is the zero-price effect only based on the increased perception of the benefits of free offers, as suggested by Shampanier et al. (2007)?

2. Or is there an additional effect based on a reduced perception of non-monetary costs?

3. Moreover, what are boundary conditions to the zero-price effect?

Method and Data
We used two between-subjects design experiments (N = 200; 223), t-tests, and the differences-in-differences method.

Summary of Findings
In two studies we show that consumers perceive not only the benefits of free offers but also their non-monetary costs. Moreover, we show that consumers actually overemphasize the benefits of a free e-service but also disregard its non-monetary costs (i.e., advertising intrusiveness). We further investigate boundary conditions of these effects. We show that the lower perception of non-monetary costs disappears for critical non-monetary costs like personal data. Also, both the attribution of extra benefits and the lower perception of non-monetary costs disappear when the offer is mainly utilitarian. Consequently under these conditions also the zero-price effect vanishes.

Key Contributions
We extend research on the zero-price effect (Shampanier et al., 2007) by empirically giving evidence for an extra benefit that consumers attribute to free offers and furthermore by applying it to free e-services. Second, we challenge prior assumptions of constant costs and show that the perception of non-monetary costs of advertising has an influence on the perception of free products. Hence with the consideration of non-monetary costs we add a new perspective to the research on the zero-price effect. We further show boundary conditions for the zero-price effect. We close the research gap by differentiating between hedonic and utilitarian offers, showing that for utilitarian products, the zero-price effect disappears. Furthermore, we show that consumers differentiate between different non-monetary cost dimensions. The present research is intended to make contributions to the literature on the zero-price effect, free e-services and non-monetary cost perceptions.

References are available on request.
Did You Earn Your Louis Vuitton? The Impact of Unearned Conspicuous Signals

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Keywords: conspicuous consumption, luxury brands, fairness, justice

EXTENDED ABSTRACT

Research Question
Consumers who are motivated to present themselves in a socially desirable manner often choose to display images of higher status, wealth, and prestige through conspicuous consumption. However, will conspicuous consumption have its desired social benefits even when conspicuous products are purchased with unearned money (i.e., money acquired without consumers’ own effort)?

In this research, we propose that when individuals are aware that a target consumer spends conspicuously using unearned money, they may perceive the target consumer negatively because this consumer is not perceived as having high prestige. The negative effect of unearned money on individuals’ attitude toward the target consumer will be more pronounced if the individuals place high value on justice in making moral judgments. Furthermore, there will be carryover effects of unearned conspicuous consumption and value of justice on consumers’ attitude toward the particular luxury brand displayed by the target consumer.

Method and Data
Three experimental studies were conducted to test these predictions. Study 1 examined undergraduate participants’ perceptions of a classmate who engages in conspicuous consumption. Participants in the unearned (earned) money condition read that their classmate won a competition with a cash prize through inadequate effort (hard work). The classmate was considering the purchase of a Louis Vuitton wallet using the award money. Participants indicated their overall attitude toward the classmate and value placed on justice, using fairness items from the moral foundation scale. A significant two-way interaction between source of money and value of justice revealed that unearned money led to more negative evaluations of the classmate, particularly when participants highly valued justice.

Given that positive images from conspicuous consumption are based on perceptions of personal qualities that generate wealth or status, the perceived prestige attributed to others should mediate the effect demonstrated in study 1. In study 2, we examined participants’ evaluations of a classmate who was wearing an Emporio Armani jacket and the process underlying these evaluations. In the unearned (earned) money condition, the jacket was bought with money received from the parents (vs. a paycheck). Participants indicated their attitude toward the classmate, prestige perceptions, and the value placed on justice. As in study 1, unearned conspicuous consumption led to negative evaluations of the classmate, particularly when people valued justice. As predicted, the indirect effect via prestige perceptions was significant. Thus, people who value justice perceived the target consumer who engages in unearned conspicuous consumption less favorably because they did not perceive the target to be prestigious.

Study 3 examined the carryover effects on consumers’ attitude toward the luxury brand used as a conspicuous signal. Study 3 manipulated source of money as in study 2 and measured participants’ attitude toward the target consumer who purchased a Louis Vuitton handbag, value of justice, prestige perceptions, and brand attitude. Consistent with study 2, participants evaluated the target consumer more negatively when money was unearned, particularly when they placed high value on justice, because they did not infer prestige from the target’s conspicuous consumption. Moreover, participants had a more negative attitude toward Louis Vuitton brand,
which was used as a conspicuous signal by the target consumer, when unearned money was spent on this purchase.

**Summary of Findings**

In sum, these findings suggest that consumers who value justice do not perceive a target consumer who engages in conspicuous consumption using unearned money positively because they do not infer prestige from the target’s conspicuous consumption. Additionally, they also denigrate the particular luxury brand used by the target consumer as a conspicuous signal.

**Key Contributions**

A growing body of literature has examined consumers’ conspicuous consumption of luxury goods and its social benefits, but little is known about negative aspects of conspicuous consumption. We contribute to the literature on conspicuous consumption and justice motives in marketing by demonstrating that social benefits of conspicuous consumption do not accrue when luxury products are acquired using unearned money, especially when observers place high value on justice. This research also extends the brand and social influence literature as well as provides implications for marketers of luxury brands by demonstrating the carryover effects of other consumers’ unearned conspicuous consumption on observers’ attitude toward the brand displayed by others.

*References are available on request.*

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Keywords: price fairness, price fairness perception, economic growth, meta-analysis

EXTENDED ABSTRACT

Research Question
While research on price fairness is still fairly recent compared to general research on price, a substantial number of studies have investigated the consequences of price fairness perceptions. None of these studies, though, has investigated how this relationship depends on the economic situation consumers in a country are facing. This is surprising given the fact that turbulent economic times call firms to increase their prices due to unforeseen business costs, and consumers experience such price increases with less money in their pockets. A primary reason for the fact that previous studies have not investigated the moderating influence of the economic situation on the effects of price fairness perceptions is the difficulties involved with a study design that requires variance across national economies and across time, which cannot be assessed in experiments or cross-sectional studies in a single country. Therefore, we perform a meta-analysis that accumulates 78 price fairness studies providing 253 effect sizes, spanning a period of more than 20 years and collected in 18 different countries that provides a unique opportunity to examine the moderating role of the economic situation on price fairness perceptions’ effects on consumer responses.

Method and Data
For this meta-analysis, we included all empirical studies that measured buyers’ perceived price fairness and provided estimates on the relationship between the construct and any of its consequences: behavior, behavioral intentions, negative emotions, negative post-purchase engagement, perceived quality, perceived value, positive post-purchase engagement, price evaluation, satisfaction, and seller evaluation. The effect size metric selected for the meta-analysis is the correlation coefficient. A positive coefficient indicates that price fairness increases its consequences, while a negative coefficient indicates the reverse: price fairness reduces its consequences. To test the influence of GDP growth rate (as provided by the World Bank) and cultural variables (measured by Hofstede indices) on the effect size, we performed a variance-weighted meta-regression.

Summary of Findings
Perceived price fairness shows a significant effect on all consequences in line with the expected direction of the effect (i.e., negative effects on negative emotion and negative post-purchase engagement, and positive effects on all other consequences). The mean effect sizes are all large, with negative emotions showing the strongest effect. Price fairness explains between 17% (seller evaluation) and more than 70% (negative emotion) of the variance in the dependent variable.

The consequences were combined into positive consequences (price evaluation, evaluation of seller, behavior, positive post-purchase engagement, perceived quality, perceived value, behavioral intentions, satisfaction) and negative consequences (negative emotion, negative post-purchase engagement) to
ensure sufficient effect sizes for a regression analysis. The findings of the meta-regression show that GDP growth rate has a significant influence on both relationships. With increasing GDP growth rate, the effect of price fairness perceptions on positive consequences becomes weaker and so does the effect on negative outcomes.

**Key Contributions**

The study provides several implications for research and practice. First, the meta-analytic effect sizes we found are all large and higher than effect sizes that are typically found in meta-analysis in marketing dealing with effects of other instruments such as advertising, products, or distribution. It seems that prices are the most effective tool in influencing consumer reactions.

Second, the moderating effect of the economic context indicates that we cannot simply generalize previous findings of price fairness perceptions across countries and time, but we have to take into account the economic context consumers are dealing with when interpreting the findings. In particular studies that investigate cultural differences of price fairness perceptions and their effects should control for economic situations to avoid confounding effects.

Third, practitioners can learn from these findings about the importance of price fairness perceptions for consumer responses, in particular in times of economic crisis.

*References are available on request.*
It Is Not Fair to Pay More! A Study of the Perception of Justice and Price Fairness in Hedonic and Utilitarian Purchases

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Keywords: perception of justice, price fairness, hedonic and utilitarian purchases, experiment

EXTENDED ABSTRACT

Research Question

This paper aims to study the perception of justice and price fairness during hedonic and utilitarian purchases. Based on the assumption that emotional and rational attitudes are respectively associated with hedonic and utilitarian consumption (Alba & Williams, 2013; Kronrod & Danziger, 2013), we defined the following research questions: May utilitarian products cause more price unfairness and less perception of justice than hedonic products? Is anger a mediator on perception of justice/price fairness and price change? Two experimental studies were done to test hypotheses:

H1A/1B: When consumers pay more than others for purchasing utilitarian products (they perceive this situation as less just than when the product is hedonic / they perceive the price unfairness compared when the product is hedonic).

H2A/2B: When consumers perceive that they paid less than others for purchasing utilitarian products, (they perceive this situation as less just than when the product is hedonic / they perceive the price unfairness compared when the product is hedonic).

H3A/3B: Anger will be a mediator on (perception of justice and price change / between price fairness and price change).

H4: In unfairness situations, consumers feel more anger with utilitarian products than hedonic ones.

Method and Data

The context situation in first study was the price change in a physical store. Seventy people participated in a 2 (product: hedonic and utilitarian) × 2 (two different prices) experimental design. We used a fruit for the utilitarian dimension, where people rationalized it as being a better option than a slice of cake. Before running the study one, pre-tests were done to define the prices and products. In the second study, 129 participants imagined purchasing a product online. The experimental design was a 2 (kind of products: utilitarian vs hedonic) × 2 (Price change: 25% up vs 25% down) between subjects. Ten products, five from each extreme hedonic and utilitarian dimensions, were used with their fixed prices. Manipulation checks were applied and confirmed in both studies. The scales of measurement were similar in both studies. Participants rated the perceive of justice from Mazzon and Toni (2013), price situation being unfair, reasonable and fair, from Darke and Dahl (2003) scale. Richins’ scale (1997) was used to measure emotions. We evaluated price-level perception using the Zielke (2011) scales. The hedonic and utilitarian products/dimensions needed classified by the consumers to guarantee that they perceive the products differently; we used Voss, Spangenber and Grohmann (2003) scale.

Key Contributions

Nowadays, we still find studies about hedonic and utilitarian products, services or contexts in the top 10 marketing journals (Choi et al., 2014; Kronrod & Danziger, 2013; Palazon & Delgado-Ballester, 2013). Although the topic is still very important, no studies have explored the impact of the products after the purchase decision has been made. Therefore
paper aimed to fill the gap of the perception of justice and price fairness after hedonic and utilitarian purchases. This study contributes to managerial implications, especially in regards to pricing and promotion. This suggests that strategies for marketing products (hedonic products versus utilitarian products) should be managed differently. The viability of online dynamic pricing or differential pricing for the same product from the same seller has been increasing, especially in online retail companies. The perception of unfairness may lead to negative outcomes, such as buyers leaving the exchange relationship, advising other consumers not to purchase from the same store or trying to damage the company in some way. We verified that consumers are much more sensitive to the price variation of utilitarian products than hedonic products. It is important to state that price fairness is not only important to online retailers, but it is also a concern to consumers, policy makers and politicians.

**Summary of Findings**

In the first study, the results demonstrate that when consumers pay more than others for purchasing utilitarian products, they perceive this situation as less just than when the product is hedonic ($H_{1A}$: $F(65,1) = 4.646; p = .035$); when consumers pay more than others for purchasing utilitarian products, they perceive the price unfairness compared when the product is hedonic ($H_{1B}$: $F(65,1) = 4.588; p = .036$); in unfairness situations, consumers feel more anger with utilitarian products than hedonic ones ($H_4$: $F(65,1) = 4.900; p = .031$).

In the second study we supported hypotheses: when consumers perceive that they paid less than others for purchasing utilitarian products, they perceive this situation as less just than when the product is hedonic ($H_{2A}$: $F(129,1) = 5.605; p = .019$); when consumers pay less than others for purchasing utilitarian products, they perceive the price unfairness compared when the product is hedonic ($H_{2B}$: $F(129,1) = 7.662; p = .006$); anger was a mediator on perception of justice and price change and on price fairness and price change ($H_{3A}, H_{3B}$). Therefore, the experiments showed how consumers when purchasing utilitarian products perceive the price and situation unfairness compared then the product is hedonic. In addition, consumers felt more anger towards utilitarian products than hedonic ones in unfair situations. Those results are relevant to academic and marketing managers.

*References are available on request.*
Show the Devotion, Not the Depravity: Implicit and Explicit Guilt Appeals in Advertising

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ABSTRACT
This paper proposes that there are two different types of guilt appeals that can be used in advertising that have not been thoroughly explored in the literature, described herein as explicit and implicit guilt appeals. Nearly 600 consumers evaluated advertisements that presented either an explicit or implicit guilt appeal.

Keywords: advertising, guilt appeals, persuasion knowledge model, affective marketing

Introduction
A malnourished child looks at you with despairing eyes, his starvation and poverty unavoidably evident. An unnaturally bald girl holds a balloon, her potentially fatal illness draining the life from her. Children warily huddle around a muddy stream, the effects of a lack of clean water immediately apparent. Images like these have been traditionally employed by guilt advertisers to evoke an affective response from viewers by displaying the effects of a failure to act on others’ behalves. But consider another guilt tactic: a starving child’s eyes filled with hope, holding the food your donation apparently provided; the unnaturally bald girl, smiling and laughing, overcome with joy due in part to your contribution; children playing and splashing in clean water around a recently dug well, a well you helped finance. Empiricism aside, it cannot be denied that these two sets of images evoke markedly distinct emotional reactions. When it comes to consumer advertising, though, which reaction is more effective?

Five percent of advertisements employ guilt appeals, a figure that is equitable to the oft-researched fear appeal (Basil, Ridgeway, and Basil 2008; Huhmann and Brotherton 1997). The rise in guilt advertising over the past several years has even led some to state that “guilt has taken over from fear as a dominant human emotion” (Roberts 2009, p. 35). Coulter and Pinto (1995) extend this definition to include the individual’s acknowledgement that a social or ethical principle has been transgressed. Huhmann and Brotherton (1997) explain that people may feel guilty for failing to follow through with or even accept responsibility. Burnett and Lunsford (1994) also define the concept of consumer guilt as “a negative emotion which results from a consumer decision that violates one’s values or norms” (p. 33). The authors explain that much of guilt advertising is employed to encourage consumers to avoid feeling guilty for failing to follow through with or even accept responsibility. Burnett and Lunsford (1994) also define the concept of consumer guilt as “a negative emotion which results from a consumer decision that violates one’s values or norms” (p. 33). The authors explain that much of guilt advertising is employed to encourage consumers to avoid feeling guilty (Burnett and Lunsford 1994). A guilt appeal in advertising is designed to evoke feelings of guilt in the receiver and to offer the potential for guilt reduction through the opportunities for action presented in the ad (Boudewyns et al. 2013).

However, guilt appeals may not always achieve advertisers’ desired results. Coulter and Pinto (1995) found that moder-
ate or low-level guilt appeals may effectively connect with consumers, but intensive guilt appeals could be perceived as blatant attempts at manipulation and may lead to anger, offense, or irritation. Guilt elicits displeasure in individuals and can lead to maladaptive responses contrary to advertisers’ intentions (Basil, Ridgeway, and Basil 2008), and one study relates people who viewed guilt in a commercial to high levels of anger, scorn, and disgust along with low levels of happiness (Englis 1990). Boudewyns et al. (2013) explain that the unintentional shame derived from a guilt appeal could ultimately lead to rejection of the message’s advocated action. These consistent findings of severe unintended reactions should be of concern to advertisers, especially when the proposed message involves social issues such as children’s health and poverty.

Because few advertisers should be defined as purposefully manipulative, the potential misperceptions described above must be attributed to the consumers themselves. This paper looks to the persuasion knowledge model proposed by Friestad and Wright (1994) to explain these phenomena. The model purports that, over time, consumers gain knowledge of the persuasion tactics marketers employ and become more adaptable and responsive to such tactics to achieve personal goals rather than the intended objectives of the marketing efforts. Rather than viewing consumers as unidimensional, effortless receptors on whom marketers can subjugate persuasive tactics resulting in attitude change, the model describes the coping strategies that are formed in response to persuasive tactics and explains that consumers allocate cognitive resources to react in ways that align with their own goals (Friestad and Wright 1994).

In light of the persuasion knowledge model and its impact on advertising appeals, Hibbert et al. (2007) state, “Consumers do not simply succumb to marketing communications but incorporate inferences about the message framing, source credibility, and communications context” (p. 726). Several studies have confirmed this notion by finding that a marketer’s persuasive tactic causes consumers to activate their persuasion knowledge. This can lead consumers to evaluate advertising claims with heightened suspicion, resulting in perceptions of deceptive or manipulative marketers and resistance to persuasion (Campbell and Kirmani 2000). In regards to the context of this paper, Coulter, Cotte, and Moore (1999) reasoned that, because guilt appeals are frequently utilized in charitable domains, consumers can be expected to have a certain amount of persuasion knowledge about advertisements of this nature. The persuasion knowledge model explains how consumers may be negatively predisposed to guilt appeals in advertising due to their experience with such appeals. This paper proposes a way to elicit guilt appeals while avoiding the negative perceptions consumers may already have.

**Explicit and Implicit Guilt Appeals**

A recent *Journal of Marketing* article investigates the nature of guilt in ethical consumption. Peloza et al. (2013) define explicit guilt appeals as “direct attempts to heighten consumer guilt” and explain that “explicit guilt appeals are most often characterized as negative appeals because they create guilt” (p. 107). They contrast this notion with more optimistic emotional appeals that direct the consumer toward the positive outcomes that can be achieved by the alleviation of anticipated guilt. The authors show how explicit guilt appeals may not be as effective as subtle appeals that influence positive responses, and that consumers may be averse to blatant attempts by advertisers to change behavior through guilt appeals (Peloza et al. 2013).

Much of the research discussed thus far pertains to explicit guilt appeals. Coulter and Pinto (1995) explain that explicit guilt appeals can potentially result in a backfire effect in which consumers display decreased preferences for the advocated position and that high levels of guilt produce feelings of irritability and anger. In line with the persuasion knowledge model, Scott (1994) demonstrated through his study that guilt appeals containing well-known manipulative persuasion techniques don’t always work in evoking the intended emotional response from consumers. O’Keefe (2002) stated that, “although explicit guilt appeals may create greater guilt, they may also arouse other negative feelings that interfere with persuasive success” (p. 331).

More recent discussions have begun looking into the concept of implicit or subtle guilt appeals. The previously discussed study by Peloza et al. (2013) revealed that guilt can motivate consumers by a more subtle execution that encourages consumers to feel positive about their behavior. Cotte, Coulter, and Moore (2005) showed that, even though guilt is a negative emotion, advertisements using guilt appeals that are perceived as credible and non-manipulative lead to positive attitudes. Turner (2013) explains that people are more likely to respond favorably to ethical products when marketing appeals make them feel good about their behavior instead of feeling guilty about not acting. On the same note, Roberts (2009) states that “playing on positive emotions is more often than not more effective in getting people to part with their cash than making them feel bad about themselves” (Roberts 2009, p. 18). With this in mind, the following conceptual definitions are proposed (Figure 1):

*Explicit Guilt Appeal:* an affective appeal in which the marketer focuses on the source of guilt as it relates to a particular issue, inciting consumers to act to alleviate the negative feelings associated with guilt.

*Implicit Guilt Appeal:* an affective appeal in which the marketer focuses on the outcome of alleviating guilt as it relates...
to a particular issue, inciting consumers to gain the positive feelings associated with relieving the guilt.

Figure 1 graphically displays the relationship between these two constructs. The explicit guilt appeal typically begins with the source of guilt, such as a charitable need, and utilizes the call to action to help consumers overcome the negative feelings the source of guilt evokes. On the other hand, the implicit guilt appeal starts with the call to action and focuses on the positive outcomes of relieving the guilt implied in the call to action. Both appeals involve guilt to some degree, but the marketer is merely making one emotional aspect more salient than the other. In essence, the explicit guilt appeal can be said to answer the question of “why you should act,” while the implicit guilt appeal answers “what will happen if you act.”

**Manipulation Check**

As an initial empirical investigation into the distinction between implicit and explicit guilt appeals, a manipulation check was conducted to measure the level of perceived guilt and affective response between two different ads. A questionnaire was distributed online that presented one of two ads (either an explicit guilt appeal or an implicit guilt appeal) followed by several questions. The ads, which were created for this study, were identical in their presentation layout and included the same company, the same company tagline, and the same statistic about the number of people who lack access to clean water across the world. This source of guilt was chosen based on literature intoning that charitable appeals are the most frequently used sources of guilt appeals (i.e., Cotte, Coulter, and Moore 2005; Coulter, Cotte, and Moore 1999).

The two ads were distinct in several ways. One showed a picture of a sad child, while the other showed a similar picture with a happy child. Several aspects of the copy were altered, such as the headline and the call to action. For the explicit ad, the headline read, “How long was your shower today?” and the call to action stated, “Please help change the lives of millions who need you.” For the implicit ad, the headline stated, “Water changes everything,” and the call to action read, “Join us as we continue changing millions of lives!” To clarify a full understanding of the elements of the ads that were most effective in eliciting the responses from consumers, three versions of each ad were put together. One included all of the elements described above, one included only the image, the statistic, the brand name, and the call to action, and one included only the text. Focusing primarily on the images and text in separate ads was beneficial in understanding how the characteristics of the ad related to guilt appeals. All six advertisements can be viewed in Appendix 1.

Participants were asked to view a randomly distributed advertisement and then indicate their responses to the proceeding questions. A seven-point bipolar semantic differential scale was adapted from Cotte, Coulter, and Moore (2005) to assess perceived guilt (guilty/not guilty, responsible/irresponsible, accountable/unaccountable, ashamed/unashamed). A seven-point bipolar semantic differential scale was adapted from Priluck and Till (2004) to ascertain affective response (unpleasant/pleasant, dislike very much/like very much, left me with a bad feeling/left me with a good feeling). A mechanical turk (Mturk) was run utilizing Amazon.com and Qualtrics software, resulting in 598 usable responses through a between-subjects design (guilt (explicit, implicit) and type (full, image, text)). 199 respondents evaluated the full advertisement (66.8% male, average age of 28.8), 203 evaluated the image advertisement (70% male, average age of 28.3), and 196 evaluated the text advertisement (71.4% male, average age of 28.6).
T-tests were conducted for each item to ascertain whether or not significant differences existed between the two ads (p < .05). When measuring perceived guilt, across all three types of ad, two items possessed significant differences between the explicit and implicit ads, guilt and shame. The ads were significantly different in terms of responsibility for the full and text ads, but not for the image ad. There were no significant differences for accountability for any type of ad. In terms of the affective response, across all three types of ad, two items possessed significant differences between the explicit and implicit ads: the pleasantness of the ad and the feeling respondents were left with. The item pertaining to how respondents liked the ad was significantly different for the full and image ads, but not the text ads. Table 1 displays the means for each item among the six ads as well as its significance level.

Concerning perceived guilt, in Figure 2, it can be seen that respondents rated the explicit guilt appeal ad stronger in terms of perceived guilt, irresponsibility, and shame. The implicit guilt appeal was perceived as less guilty, more responsible, and less shameful. This distinction corroborates this paper’s assertion that explicit and implicit guilt appeals possess different levels of perceived guilt while presenting

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| Unpleasant (1) - Pleasant (7)            |
| Full                                     | 2.73 | 4.43 | -7.522 | < .0001 |
| Image                                   | 2.88 | 3.91 | -4.967 | < .0001 |
| Text                                    | 3.38 | 4.18 | -3.855 | < .0001 |

| Dislike very much (1) - Like very much (7) |
| Full                                     | 4.22 | 5.10 | -3.810 | < .0001 |
| Image                                   | 4.04 | 4.58 | -2.473 | 0.014  |
| Text                                    | 4.19 | 4.66 | -2.189 | 0.030  |

| Left me with a bad feeling (1) - Left me with a good feeling (7) |
| Full                                     | 2.94 | 4.72 | -8.185 | < .0001 |
| Image                                   | 3.30 | 4.24 | -4.423 | < .0001 |
| Text                                    | 3.61 | 4.38 | -3.493 | 0.001  |
the same source of guilt (in this case, the clean water statistic) and the same call to action (in this case, the purchasing of a bottle of water).

In terms of the affective response, Figure 3 shows that respondents perceived the explicit guilt appeal ad as more unpleasant than the implicit guilt appeal ad. They also indicated that they liked the explicit ad less than the implicit ad, and the explicit ad left them with a worse feeling than the implicit ad. These results display the different affective responses each ad evoked in respondents and sheds light on the potential for the future direction of this research. As a next step would entail exploring dependent measures such as attitude toward the ad, attitude toward the brand, purchase intentions, and word of mouth intentions, the distinction between affective responses revealed in this manipulation check provide initial confirmation that explicit and implicit guilt appeals in advertising may achieve the objectives proposed in this study.

Discussion
The premise of this paper has been to extend extant literature on guilt appeals in advertising to propose two distinct concepts, explicit and implicit guilt appeals. The notion of guilt has traditionally been conceived and researched as a negative emotion. However, this research contends that there may be ways to present such a negative emotion in a positive light, making salient the inherent benefits of reducing the negative feelings associated with guilt rather than the source of the guilt. Based on the persuasion knowledge model (Friestad and Wright 1994), it is proposed that consumers will activate coping mechanisms in the face of a manipulative explicit guilt appeal, reducing its effectiveness and decreasing attitudes toward advertisements that employ such appeals. More subtle, positive guilt appeals, described here as implicit guilt appeals, are proposed to not activate consumer guilt as readily and thus will result in more acceptance of the advertisement.

Theoretically, this research complements previous studies that have utilized the persuasion knowledge model. Validating the model’s assertion that manipulative intentions increase consumer coping behaviors, this research extends the model’s utility to the context of guilt. Furthermore, as two new constructs are proposed, their impact on future research remains to be seen. It may be worthwhile to revisit previous work on guilt appeals to determine which guilt appeal the authors employed in their experiments, explicit or

Figure 2. Manipulation Check Results—Perceived Guilt Results

Figure 3. Manipulation Check Results—Affective Response
implicit, and whether or not the effects of these constructs impacted the empirical results in any way.

Not only does this research propose a new level of complexity to the guilt construct, but it provides behavioral implications through its preliminary measures of affective response as well. After all, knowing that guilt appeals can be classified between explicit and implicit dimensions lacks utility unless a direct impact on consumers can be found. This research intends to further examine the behavioral effects of utilizing explicit and implicit guilt appeals in advertising, and future research that extends these constructs to new contexts as well as additional moderating variables would contribute significantly to advertising research.

Appendix 1. Pre-Test Advertisements

References


Why Is It Still Here? Examining the Determinants of Consumer Avoidance of Personalized Advertising on the Web

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Keywords: personalization, ad avoidance, irritation, privacy intrusiveness, boredom

EXTENDED ABSTRACT

Research Question
Personalization is one of the major characteristics of Internet advertising. Advertisers can personalize their advertisements (ads) and make their promotional marketing messages match individual consumers’ needs by analyzing consumers’ information on the Internet. Today, more and more firms, such as Google, Yahoo!, eBay, and Facebook, use personalized Internet advertising as an effective marketing communication tool. However, consumer reactions to such ads may not always be positive. What determines consumer avoidance of personalized online advertising becomes important for advertisers to understand. Based on psychological reactance theory, Baek and Morimoto (2012) proposed and tested a structural model describing determinants of consumer avoidance of personalized ads.

However, their model does not apply directly to Internet advertising because they focused on unsolicited text messages and e-mail ads. In this study, we developed and tested a new model to describe the determinants of consumer avoidance of personalized Internet advertising, proposing the following hypotheses: irritation has a positive impact on ad avoidance (H1); perceived privacy intrusiveness has a positive impact on irritation (H2) and on ad avoidance (H3); perceived usefulness has a negative impact on irritation (H4) and on ad avoidance (H5); and perceived boredom has a positive impact on irritation (H6) and on ad avoidance (H7).

Method and Data
To test the proposed model, we applied structural equation modeling to a consumer dataset. We used multiple scales developed by previous studies. Some indices, like scale composite reliability (SCR) and average variance extracted (AVE), suggested good reliability and validity. We administered a consumer survey to students in a business school. They were asked to recall an experience in which they shopped for an item online one day and then were exposed to personalized Internet ads for the item on another day. To examine whether the proposed model fit the data better than alternative models, we used three competing models.

The results of analysis showed that the proposed model fit the data. All parameter estimates had adequate signs, as previously hypothesized, and were significant to the 1% or 5% level, except H3. The results of the Sobel test indicated that the relationships between ad avoidance and the three determinants were mediated by irritation. The proposed model had more favorable Akaike Information Criterion (AIC) than all competing models. Also, for the proposed model, Goodness of Fit (GFI) and Comparative Fit Index (CFI) were highest, whereas Relative Chi-square ($\chi^2$/df), Standardized Root Mean Square Residual (SRMR), and Root Mean Square Error of Approximation (RMSEA) were lowest, suggesting a closer fit of the data to the model than to the competing models.
Summary of Findings
First, the results of structural equation modeling show that irritation has an impact on ad avoidance; if a consumer is irritated by personalized Internet ads, he/she is more likely to avoid the ads. Second, the results show perceived privacy intrusiveness produced by personalized Internet advertising may irritate consumers, but this may not make them avoid such ads. This may be because tracking of personal information is already common practice. Third, the results show that the perceived usefulness of personalized Internet ads may have a direct negative effect on ad avoidance as well as an indirect negative effect, mediated by irritation; if a consumer perceives that a personalized ad is useful, he/she is less likely to be irritated by it and therefore less likely to avoid the ad. Finally, the results show that boredom may have a direct positive effect on ad avoidance and an indirect positive effect via irritation; if a consumer is bored with a personalized Internet ad due to repetition, he/she is more likely to be irritated by and, therefore, avoid the ad.

Key Contributions
We developed a model to explain why consumers avoid personalized Internet ads. Our study contributes knowledge of this new issue to both researchers and practitioners.

For researchers, our empirical research indicates that ad irritation plays an important role as a mediator variable. In contrast, perceived privacy intrusiveness affects consumers’ avoidance of personalized ads. However, the impact is indirect and relatively weak. Perceived boredom, which has not been a concern in previous studies of personalized ads, was shown to have a stronger direct impact on ad avoidance. This finding suggests the importance of accommodating wear-out effects, i.e., boredom. While perceived privacy intrusiveness and perceived boredom have positive impacts on ad avoidance and irritation, perceived usefulness has a negative impact via irritation.

For practitioners, our research suggests that the risk of ad irritation and avoidance could be mitigated when practitioners provide useful ads to the consumer. The results show it is important that practitioners pay close attention to dealing with personal information; however, at the same time, advertisers should try to provide a rich variety of personalized ads in their portfolio.

References are available on request.
Is Naming Your Competitor in the Comparative Ad a Good Idea? The Effects of Typicality and Alignability

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Leona Tam, University of Wollongong
Yuping Liu-Thompkins, Old Dominion University
Edward Markowski, Old Dominion University

Keywords: comparative advertising, typicality, alignability

EXTENDED ABSTRACT

Research Questions
The mixed results from previous studies related to direct versus indirect comparative advertising would certainly lead us intuitively to believe in the possibility of the existence of moderating variables. In recent comparative advertising research, marketing researchers have looked at what types of comparative advertisement are more effective than others (Choi and Miracle 2004; Miniard et al. 2006; Pechmann and Ratneshwar 1991; Yang et al. 2007). To find these answers, in this research, two attribute-specific moderators, attribute typicality and structural alignability, were investigated using theoretical support drawn from the literature and marketing theories to try to answer following questions:

Is naming your competitors in the comparative ad a good idea?

Under what circumstances should firms focus on typical/atypical attributes in the comparative ads?

When should firms feature alignable or non-alignable differences in the comparative ads?

Methods and Data
In study 1, cell phone service providers were used as the stimulus with T-Mobile as the advertised brand and AT&T as the competitor brand. In study 2, tablet computers (Samsung vs. Apple) were used as the stimulus. Two experiments were conducted in which 2 (direct/indirect comparative advertising) x 2 (typical/atypical or alignable/non-alignable differences) between-subject designs were used. Data were collected via Amazon Mechanical Turk. Participants were adult customers in the United States.

Summary of Findings
In study 1, it was found that when the compared attribute was typical, direct comparative advertisements generated more positive attitude toward brand than indirect comparative advertisements and there was no difference in attitude toward the brand and purchase intention generated by direct and indirect comparative advertisements when the compared attribute was atypical. In study 2, it was hypothesized that there would be no difference in attitude towards the brand when the comparative advertisement features alignable differences. The findings supported this expectation. On the other hand, a significant opposite result was found and showed that indirect comparative advertisements indeed generated more positive attitude towards the brand when the comparative advertisement features nonalignable differences. It can be speculated here that it is better for those firms which want to compare themselves with more than one competitor to develop their own “specialized attributes” rather than focus on the attributes that have been well provided and served by many other companies.

For further information contact: Tommy Hsu, Assistant Professor of Marketing, Tarleton State University (e-mail: hsu@tarleton.edu).
**Key Contributions**

First, the results tell the managers that it is important for those companies who use direct comparisons to understand what attributes are typically considered by consumers when they make purchasing decisions. Nowadays we have seen more direct comparative advertisements, such as Apple vs. Samsung or Coke vs. Pepsi, and most of them directly compete with each other in multiple countries and markets. This issue can become even more critical when a company is targeting multiple market segments because typical attributes may be different in different market segments. In addition, the results provide important recommendations to marketing managers that they should make sure that its indirect comparative advertisement features nonalignable differences to claim that they have some “special attributes” that their competitors lack of. When nonalignable differences are used in the advertising messages, they should claim it is better than others in general instead of naming any specific competitors. By doing this, the firm is further providing evidence that they are indeed the best because no other firm offers the special and unique attribute stated in their advertisement.

*References are available on request.*
Competitive Advertising Clutter in a Real-World Media Context: Exploring Positive and Negative Ramifications

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Keywords: advertising effectiveness, competitive clutter, experimental research, consumer response

EXTENDED ABSTRACT

Research Question
This study aims at replicating and concurrently validating previously found interference effects induced through competitive advertising in a real-world media context. The anticipated negative effects on consumer memory (recall and recognition) as well as brand evaluations are explored in the context of a real, naturalistic women’s magazine employing real advertisements of familiar brands. Furthermore, this study is the first to investigate potentially beneficial effects of competitive advertising on consumer behavior thereby enhancing prior knowledge. This research tries to answer the question whether a competitive advertising environment induces a latent product desire and behavioral intentions for the advertised product category which would be a beneficial effect of competitive advertising.

Method and Data
The research questions are investigated on the basis of a one factor between subjects experimental design in which three levels of competitive advertising intensity (low, medium, high) are manipulated within a naturalistic real-world magazine surrounding. The treatment consisted of a mock Glamour magazine including excerpts of real advertisements and editorial content. The low intensity magazine contained two competitive ads for each of the two target categories (watches and perfumes), the medium condition contained 5 competitive ads each and the high intensity group was exposed to ten competitive ads each. Filler ads were used for the other advertisements yielding a total of 30 advertisements per magazine. 113 women between the age of 20 and 39 with a general interest in women magazines participated in the experiment and were randomly allocated to one of the three experimental conditions. Respondents had to answer questionnaires before and after the treatment, which necessitated 30 minutes of magazine reading. The obtained data was analyzed using ANOVA and Logistic Regression analysis.

Summary of Findings
The results of the study confirm that interference effects are present in recall of brand names as well as for recognition of advertisements in a real-world media setting.

Commonly it is assumed that an increasing advertising level decreases the recall of all advertisements (Danaher et al., 2008), however the competitive intensity threshold for interference effects to set in differs by product category. The consumer needs to be exposed to a high number of competitive ads for watches whereas for perfumes medium clutter intensity is sufficient for compromised recall. Extending prior findings with beneficial implications, competitive advertising is also effective in inducing a significant consumer desire for a product of the advertised category; however this effect could only be shown for one of the two target categories (watches but not for perfumes) leaving ambiguity. One reason why differences occur may be that perfumes are heavily advertised in general, thus the resulting ad over-exposure could potentially lead to weaker advertising effects. Purchase intentions for the advertised product categories could not be stimulated, yet search intentions for the next shopping trip were significantly increased when exposed to a substantial amount of clutter.

Key Contributions
First, this study validates impairing effects of competitive advertising on consumer memory within a real, naturalistic...
women magazine. By embedding the advertisements within editorial material, the findings add external validity to previous research.

Second, this study set out to challenge the common assumption of preceding research in this field that competitive advertising is not desirable. Thus it contributes by demonstrating that competitive advertising does not only induce negative effects on the consumer. In fact, an individual advertiser actually profits to a certain degree from competitive ads by an increased consumer desire for the advertised product category.

*References are available on request.*
Part D
Consumer Culture Theory

Track Chairs
Amber Epp, University of Wisconsin–Madison
Tonya Williams Bradford, University of Notre Dame

Market System Dynamics: Struggling with Identity
Consuming Ambiguity: Multiracial Identity Development and the Marketplace
Robert Harrison, Kevin D. Thomas, Samantha Cross

From Counterculture Movement to Mainstream Market: Market Emergence in the Organic Food Industry
John Schouten, Diane M. Martin, Andrei Botez, Hedon Blakaj

From Dresser Drawer to Top Shelf: Product Design as a Mechanism for Cultural Legitimacy
Aimee Dinnin Huff, Sarah J.S. Wilner

Consuming Kitsch: Memetic Idolization of the Middlebrow Pleasure
Soonkwan Hong, Chang-Ho Kim
Consuming Ambiguity: Multiracial Identity Development and the Marketplace

Robert Harrison, Western Michigan University
Kevin D. Thomas, University of Texas at Austin
Samantha Cross, Iowa State University

Keywords: consumer culture, multiracial identity development, consumer biracialization, forced choice

EXTENDED ABSTRACT

Research Question
1. Are there distinctive ways in which the symbolic value of consumption practices relates to the identity projects of multiracial consumers or are marketplace practices no different than those for mono-racial consumers?

2. How (if at all) do marketplace and consumption practices aid in the development of racial identities for multiracial individuals?

Method and Data
The authors employed a phenomenological approach that focuses on lived experience, as opposed to “objective” descriptions, which often denotes an attempt to describe an event detached from its contextual environment (Pollio 1982). Twenty-one mixed-race women between the ages of 19-25 were interviewed. “Mixed race” in this study was defined as having both a black and a white parent, both raised in the U.S. The average length of the interviews was between 60 and 75 minutes and were audiotaped and transcribed verbatim. Data analysis included the use of phenomenological procedures advanced by Colaizzi (1978), and as modified by Moustakas (1994). In an attempt to respect the varying ways in which gender and consumption interlace, we isolate gender identity while examining identity projects of multiracial consumers.

Key Contributions
We introduce the concept of consumer biracialization, which we define as a process in which consumption practices are utilized in the development of racial identities for individuals with two racial backgrounds. We explore the journey and develop the themes of living in two worlds and the mighty ringlets, which strongly suggest that the ways in which multiracial consumers engage with the marketplace (and vice versa) differs from that of their monoracial counterparts. While these themes may incorporate the symbolic value of marketplace commodities into their racial identity projects, embodying an existence inclusive of dominant and subordinate racial formations likely differentiates how multiracial consumers interact with the marketplace. This interaction becomes a dual play between consumption freedom and forced choice, our final theme. This study broadens the scope of the multicultural marketing landscape and deepens our understanding of multiracial consumers by conceptualizing multiculturalism as a fragmented concept that can encompass a distinctly different identity development. While multiracial consumers may be members of the multicultural marketplace, their lived experiences as multiracial individuals make them different from others who share the same multicultural classification. Thus, in order to serve this growing market segment, it is important to understand how their experience of multiculturalism differs. This study represents initial steps in that direction.

Summary of Findings
This study broadens the scope of the multicultural marketing landscape and deepens our understanding of multiracial consumers by introducing the concept of consumer biracialization, which we define as a process in which consumption practices are utilized in the development of racial identities for individuals with two racial backgrounds. We explore the journey and develop the themes of living in two worlds and the mighty ringlets, which strongly suggest that the ways in which multiracial consumers engage with the marketplace (and vice versa) differs from that of their monoracial counterparts. While these themes may incorporate the symbolic...
value of marketplace commodities into their racial identity projects, embodying an existence inclusive of dominant and subordinate racial formations likely differentiates how multiracial consumers interact with the marketplace. This interaction becomes a dual play between consumption freedom and forced choice, our final theme.

References are available on request.
From Counterculture Movement to Mainstream Market: Market Emergence in the Organic Food Industry

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Keywords: market dynamics, organic foods, market catalyst, embedded entrepreneurship, consumption-driven market emergence, assemblage theory, neomaterialism

EXTENDED ABSTRACT

Research Question
Martin and Schouten (JCR - 2014) develop a theory of consumption-driven market emergence (CDME) in the context of a niche recreational market, i.e., mini-motocross. This study examines whether and how CDME plays out in the context of a multi-billion dollar, mainstream and mundane market.

Method and Data
The context of the study is the market for organic foods in the United States. The data set consists of 46 interview-based oral histories of individuals engaged for approximately 30 years on average in organic food production and distribution in the Santa Cruz region of California. Oral history data are triangulated with a published history of natural and organic foods spanning the same era and beyond. The interpretive analysis tacks back and forth between macro-historical and micro-level narratives to achieve a plausible market-level narrative of the emergence of the organic foods market. The neomaterialist analytical standpoint is grounded in actor-network theoretics and assemblage theory.

Key Contributions
This study demonstrates the robustness and translatability of a theory of consumption-driven market emergence developed by Martin and Schouten. Key components of the theory (i.e., embedded entrepreneurship, market catalysts, key roles for material actants, the development of local communities of purpose, the development within those communities of market practices and structures, and the ultimate fusion of locally developed markets) all play crucial roles in the emergence of the international organic foods market. The robustness of the CDME theory is underscored by the radical extent of the progression in organic food production from the realm of counterculture to the dominant realm of food marketing. This study also reveals a potentially cyclical nature of market emergence that has yet to be identified in the literature. In other words, an emerging market, once legitimized and mainstreamed, may generate the same kinds of tensions that produced it in the first place, thus seeding yet another cycle of new market emergence.

Summary of Findings
The origins of the current organic foods industry in the United States can be found in a loosely confederated counterculture movement in the 1960s. With no single unifying ideology, people with a common interest in what were then called health foods began to organize into highly localized food “conspiracies” such as food communes and food cooperatives. These were motivated mostly by health, well-being and eco-consciousness (eventually growers were also motivated by the greater profit margins associated with organic produce). Demand for organic produce increased among consumers and also among restauranteurs, and with the demand came challenges of scale and distribution. To meet these challenges growers developed new skills and...
infrastructures. Other consumption-driven challenges (such as consumer confusion and confidence) led to the development of yet other market structures (such as certifications). Lacking support from the mainstream food industry, organic food producers, distributors and consumers co-created market structures as their resources allowed. Farmers’ markets became more prevalent. Better transportation and refrigeration systems allowed wider distribution and increased the quality of organics in specialty groceries. Eventually the federal government announced a national (USDA) standard for organic production and labeling, making interstate commerce a reality and encouraging investment from more traditional players in the food system. Major corporations began to acquire organic food companies, and organics began appearing on the shelves of mainstream grocers. Now the corporate grocers have begun to establish store brands for organic produce and processed foods with organic content. The major drivers of market emergence were consumer demand for safer, healthier foods; embedded entrepreneurs with the skills to grow the crops and distribute the produce; and market catalysts in the form of legislation, standardization and certifications.

References are available on request.
From Dresser Drawer to Top Shelf: Product Design as a Mechanism for Cultural Legitimacy

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Keywords: product design, legitimization, semiotic square, sex toys, stigma

EXTENDED ABSTRACT

Research Question
Building on prior research related to the socio-cultural meaning of goods and the ways that contemporary technological, environmental, and socio-cultural shifts disrupt these extant meanings, we explore the idea that product design is an important mechanism in the legitimation of stigmatized consumption practices. Our inquiry focuses on products for which the movement from cultural stigmatization towards cultural acceptance appears to rely upon some form of aestheticization, and we seek to understand the contribution that design can make in redefining moral consumption. Specifically, we study the emerging moral legitimacy of vibrator sex toys. These products have historically been highly stigmatized and rendered taboo in mainstream media and consumer discourse. In very recent years, sex toys have undergone profound changes in design from manufacturers who seek to produce aesthetically-pleasing, high quality products that are consistent with contemporary elite design schemas and taste regimes. Our research questions are: What is the discourse related to this product category, and how has it changed over the past 25 years? What mechanisms have contributed to shifts in its meanings and increasing acceptance? How have cultural narratives shifted to make sex toys more culturally acceptable in recent years?

Method and Data
Intrigued by the profound transformation of a product category from taboo to tasteful and the emphasis of design’s role in that conversion, we initiated our investigation by examining media- and market-based discourses that have contributed to the popularization and growing legitimation of sex toys. Drawing on Hirschman, Scott and Wells’ model of product discourse, we foreground the dynamic relationships between practice and text as product meanings are continually formed, modified and re-established over time. We gathered data from popular culture texts (e.g. movies, television series, lifestyle and women’s magazines) and producer perspectives (as represented in media interviews and websites). We searched, catalogued, and coded content related to vibrators, either current (at the time the content was produced) or past. As we moved through the stages of open, selective, and theoretical coding, we noted that the cultural readings of sex toys are firmly rooted in a number of binary oppositions. We then constructed a semiotic square that provides a framework for unpacking the role that design has played within this transitioning product category. This analysis reveals dynamic systems of signification, and enabled us to understand the trajectory of sex toys in terms of cultural legitimacy and the mechanisms contributing to their legitimation.

Summary of Findings
Our analysis revealed that cultural discourses related to vibrators were framed around two binaries: purity/filth, and therapeutic/hedonistic. Mainstream media give meaning to our product category by drawing on these semantic categories and the underlying tensions between them. We then began the process of tracing the course of legitimation. We identified two distinct shifts in cultural discourses related to sex toys in our data, and accordingly, have structured the semiotic square to illuminate three time periods. The first period, 1990-1997 represents a period of illegitimacy for vibrators, and is evidenced by scant attention of the product category in mainstream media. Cultural acceptance and discourse on vibrators is sparse, and dominant themes in representation include vulgarity and perversion. The second

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period, 1998-2007, involves a sharp shift of representation. The vibrator is increasingly represented as hedonistic and self-indulgent rather than perverse and filthy. Vibrator designs in this period support the mainstream media’s representations of the product as kitschy and novelty. The third period, 2008-2014, represents a period of legitimation through radical redesign. Manufacturers conspicuously communicate vast improvements to form and function, including the use of high-quality materials. In this period, the semantic concepts of health, addiction, elite design, and accessible acquisition emerge.

**Key Contributions**

Our contribution is a nuanced understanding of the role of designers and their designs in influencing cultural meanings of a product category undergoing significant transformation and moral reinterpretation. Examining multiple actors, agents and perspectives in the object system of this transforming product category provides an opportunity to more fully understand the influence of design on consumer culture.

We demonstrate that previous cultural meanings (i.e., tawdry) largely influenced and were influenced by product design; vibrators were once dominated by distorted forms—ranging from the hyperbolized pseudo-anatomical to infantilizing animals. In very recent years, this class of product has undergone a radical redevelopment associated with emergent cultural meanings (i.e., tasteful). Designers have transformed and indeed begun to legitimize sex toys for the mainstream consumer through meticulous attention to form and function. We posit that vibrators’ new cultural meanings have been accomplished, in part, through visual association with a popular taste regime, which emphasizes simple interface and sculptural form. We also document the other marketing tactics that have accompanied the radical design changes in this product category, including significant price increases, availability of the product at high-end retailers, elite packaging design, and promotion to romantic couples (rather than women).

*References and figures are available on request.*
Consuming Kitsch: Memetic Idolization of the Middlebrow Pleasure

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Keywords: kitsch, meme, celebrity, aesthetics, pop culture

EXTENDED ABSTRACT

Research Question
We seek to unpack celebrity culture in which celebrities become everyday necessities for individual identity struggle, prototypes for general branding strategy, contents for the media industry, and agents for sociocultural transformation. In order to better elucidate such a significant phenomenon, we also introduce two mostly palpable and more relevant domains of celebrity culture to consumer research—politics of aesthetics and memetics—as analytical tools.

Method and Data
In order to better elucidate such a significant phenomenon, we introduce two mostly palpable and more relevant domains of celebrity culture to consumer culture literature—politics of aesthetics and memetics—as analytical tools. Observations and publicly available narratives are also incorporated to enhance the review and critique of the celebrification process. Psy’s Gangnam Style is chosen as an archetype, due to its exceptionally vulgar but highly replicable nature.

Summary of Findings
Gangnam Style itself presents postmodern texts, contexts, and substances that bear no message but provides a re-creative pool of democratic, horizontal contents for the global audience. Correspondingly, Psy’s eccentric personality amplified the global catharsis based on the “meta-meme,” which is superior due to its “radical intertextuality” (Jenkins, 2006). This celebrification process, as the focus of this study, creates a power vacuum in which celebrities must delegate their power to the audience to create, disseminate, and better strategize their self-brands (van Krieken, 2012). Meanwhile, surrogate marketers (reproducers) of the celebrities immerse into the participatory culture and sell their labor for their own entertainment and identity showcase (du Gay, 1996). The power relations in the participatory culture is inside out and upside down, which in turn connotes that the very culture disempowers celebrities as they become more successful on their self-branding (Kirby, 2006).

Key Contributions
Kitsch is fundamentally the medium that connects celebrities to audience and vice versa. The specific case of Psy exposes three unique qualities (disconcertment, exaggeration, and subversive sensibility) of his kitsch (Gangnam Style) that substantially commensurate with the four prototypical characteristics of online memes. Additionally, the presence and extensive adoption of positivity and polysemy in the participatory culture is a lucid manifesto of the volatility of orthodox aesthetics, as well as the aesthetic agency as a qualification for the participants.

References are available on request.

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Global and Cross-Cultural Marketing

Track Chairs
Durairaj Maheswaran, New York University
Cathy Chen, Singapore Management University

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The Huge Gap: The Price Differences of Branding Clothes Between the United States and China

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**Keywords:** high-end brands, price discrimination, three parties’ model (SCG model), distribution channel, consumer behavior of China

**EXTENDED ABSTRACT**

**Research Question**
Mid- to high-end branding clothes, whose trademarks originated in the United States of America, are often subsequently manufactured in China. This research intends to discover why the retail price in China is much higher than that in the United States. Previous studies discussed the price policy in chain retail store (Zhang, Guo, 2012), the relationship between distribution channels and retail price (Coughlan, 1992), and consumer behavior in China (Schutte, 1996; Giele, 2009). However, Chinese clothing market, as one of the most notable and profitable market that sells High End foreign brands, seldom has been discussed in academic studies. American brands that are made in China have much higher price in China than in United States—this phenomenon has aroused a heated discussion among Chinese people, mass media and academia in China in the past few years, but no creditable explanations with sufficient evidence or with rigorous reasoning has been provided. In this study, it starts with discussing the problems in distribution channels through analyzing the first-handed information collected from brand supplier and retailing stores. Then, it explains the causation of the significant price difference from three perspectives: brand supplier’s strategy in oversea market, consumer culture and behavior, and Chinese government behavior.

**Method and Data**
This study first presents the first-handed data of selected well-known US brands including Tommy Hilfiger, Polo Ralph Lauren, Hugo Boss, etc. The data includes the retail prices and the value-added process of these brands in both United States and in China. The price gap between China and the United States was easily found. Next, through a comparative study, the paper explains the distribution channels of the two countries, and the nature of Chinese clothing market (collected from in-person interviews). Finally, to clarify the relationship and find the equilibrium among brand supplier, consumer and government, the “3-parties” theoretical model (Supplier, Consumer, Government, so called SCG Model) has been constructed.

**Summary of Findings**
The key findings of the paper partially refute the general opinions and previous relevant studies in China. Several concerns in Chinese mass media have been clarified: first, tax is one but not the exclusive reason that establish the higher retail price in China; secondly, instead of considering the intellectual property issue, the transferal of profit mode is the main reason for both shipping the clothes back to the United States and mark-up in the United States. Furthermore, Chinese consumers tend to consider the practical value (quality, style, etc.) and symbolic value (brand of origin). “Origin of Brand” is defined as the positive influence or association the clothes country of manufacture may have on consumers’ decision processes (Sivakumar, 2005). Finally, the SCG Model has been built to simulate theoretical equilibrium and to explain why in this case, the Mid-High price would be suitable to explain the current condition: From the Chinese consumers’ perspective, they are different purposes at play among the Chinese government, the retailer and the consumer. To the Chinese government protection of the domestic clothing industry, a higher price point is acceptable; to the retailer, the price is simultaneously, lower than European luxury brands and higher than domestic brands, and similar to Japanese brands, but pres-
ents a completely different style, so there is no direct competitor to the US brand. Furthermore, from the consumers’ perspective, the retail price is easy accepted for two reasons: one is the brand effect and culture difference, the other is clothing being treated as an emotional and non-durable good. Thus, if the price is affordable, consumers generally base their purchasing decision on style preference and their emotion drive to buy clothes. On the other hand, from the brander’s perspective, it is clear that if the price is not a problem to Chinese market, then they will absolutely capture their profits in the mark-up process.

**Key Contributions**

In the article, the “SCG Model” has been built to simulate and summarize the causation of price difference from 3 aspects: the brand supplier’s strategy, the Chinese consumer’s culture and behavior, and the government intervention on international trade. The Model is able to answer the questions that why the high markup is acceptable in Chinese market and has discovered the causation of price difference. SCG Model could be used for analyzing price position under collective environment and could also be helpful to find the general equilibrium under government intervention as well.

**Acknowledgment**

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*References are available on request.*
Country Image Research Review

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Keywords: country image, country of origin, COO, destination image, brand image

EXTENDED ABSTRACT

Research Question
The main research question is how country image research has progressed and been conducted in the last 35 years. Specifically, we pose the following three research questions.

1. What are the publication trends, in terms of number of articles, type of journals, and citation?
2. What are the authorship trends, in terms of globalization, collaboration, and productivity?
3. What are the procedure trends, in terms of research themes, study design, and methodology?

Method and Data
This review content analyzed 649 academic journal articles published from 1978 to 2013.

Summary of Findings
We observed an increasing globalization of authorship, and substantial expansion or great diversity of research themes. On the other hand, we found a slight downturn of CI publications in the past three years. We encourage CI researchers to produce more conceptual papers, and to adopt longitudinal research designs. Replications of important CI studies are also needed. Furthermore, future CI research would especially benefit from a shift in geographic focus towards under-researched countries and regions.

Key Contributions
The study sheds light on the evolution and status of country image research by examining publication, authorship, and procedure trends over the past 35 years.

References are available on request.

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Explaining the Differing Effects of Corporate Reputation Across Nations

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Keywords: corporate reputation, country differences, institutional theory, hierarchical analysis

EXTENDED ABSTRACT

Research Question
This study analyzes whether the corporate reputation (CR) of multinational corporations influences consumer loyalty across nations. In particular, this study highlights the boundary conditions of this relationship by investigating institutional country differences that may determine CR effects. Knowledge of the moderators that reinforce or diminish the reputation effects is of paramount importance for international reputation management. Scholars have intensively analyzed CR, balancing the benefits of a strong reputation for firm performance and its effects on customer behavior. However, the effects of CR in an international context have been rarely analyzed. Here, studies indicate varying effects of CR and link these effects to cultural differences. Thus, research is inconclusive regarding the cross-national effects of CR on loyalty and does not provide insights into further moderators, which may be more important than cultural differences. This study offers two contributions to the extant literature. First, we extend knowledge on the CR effects across nations, which is important because international reputation management is advantageous for an MNC but has rarely been examined. Second, we contextualize the reputation-loyalty relationship by investigating the moderating effects of a set of institutional variables. Further, we used a multilevel approach that disentangles the effects into individual- and country-level effects.

Method and Data
To develop the sample, we cooperated with an MNC in the chemical and pharmaceutical industry. The final sample consists of 13,665 consumers, nested in 40 countries, evaluating one multinational company. Regarding the measurements on the consumer level, we considered general aspects (such as the hierarchy of effects) and we relied on scales from previous studies. The measurements of the country-level variables were based on Berry, Guillén and Zhou (2010, JIBS). A set of 24 institutional variables which can be assigned to seven dimensions (culture, demographic, economic, financial, global connectedness, knowledge and political dimensions) have been inspected. Tests for uni- and multivariate normality showed no violation of the assumption of normal distribution. All scales were tested for reliability and validity. Further, we successfully tested for full scalar measurement invariance.

Our methodological approach involved two steps. First, fixed-effect models, i.e., multi-group models, were estimated using the country data as grouping variables followed by multilevel models with random intercept and slopes. Before we conduct our analysis, we examined the distribution of variance between consumer- and country-level. We found that 18.3% \(0.210/(0.210+0.937)\) of the differences in loyalty could be attributed to country differences.

Summary of Findings
First, the multi-group models as well as the multilevel models show a positive and highly significant relationship between perceived CR and customer loyalty across all nations.

Second, eleven of the 24 institutional variables show significant moderating effects: Four cultural variables (uncertainty avoidance, power distance, individualism and masculinity) show the expected effects in the multi-group as well as in the
multilevel models. Only the age distribution in society has a moderating effect in both models for the demographic dimension. Both international trade variables (economic dimension) as well as the number of listed companies (financial dimension) show moderating effects. The tourism activities in a country also show the expected effects in the multi-group and in the multilevel models. In the knowledge dimension only the number of scientific articles supports the moderating effects in both models. Finally, none of the political variables show a significant effect in the multilevel models.

Key Contribution
This study yields two major theoretical conclusions. We conclude that MNC reputation pays off by directly influencing consumers’ intention and readiness to purchase the products or offers of a firm. A strong reputation is an important signal in international markets and anchors the associations of an MNC in the memories of local consumers, which determines their purchase behavior. This result advances most extant studies and indicates that MNC reputation is an internationally important differentiation criterion from the consumer’s perspective.

Our analysis of the reinforcing or diminishing role of country differences responds to calls for more hierarchical studies. We discuss two conclusions in greater detail. First, not only culture but further country differences moderate the relationship between reputation and customers’ loyalty. These observations are notable in light of the almost exclusively culturally centered reputation research. MNCs need to identify the most important moderators as these moderators represent important foundations for adequate reputation management. Second, we believe that the proposed institutional framework of cross-national differences significantly contributes to the consumer-centered reputation research. Institutions are not systematically observed in reputation research. In turn, focusing on customer behavior may be of increasing importance for international business research because customers determine firms’ success.

References are available on request.
Online Piracy and Country-Level Influencers

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Keywords: online piracy, copyrighted information, cultural variables, consumer ethics

EXTENDED ABSTRACT

Research Question
We analyze whether individuals’ propensity to participate in illegal sharing of copyrighted content is influenced by a variety of country level variables.

Method and Data
In order to test our model, we collected country level data from different sources for 135 countries around the world. As a dependent variable, we used the piracy rates for 2011 as computed by BSA/The Software Alliance and INSEAD. For the independent variables, we used the country scores for the two dimensions of indulgence and individualism and information regarding research and development expenditures. We included the rate of theft at a national level and data from the Intellectual Property Rights Index for 2013. In order to test our model, we performed a multiple regression analysis, with online piracy rates as the dependent variable and six independent variables. After eliminating listwise the missing data, the sample size included 55 countries.

Summary of Findings
The positive relationship between the regular theft rate and the software piracy rate shows that countries with higher crime rates, and lower levels of ethical principles, are more likely to be breeding grounds for intellectual property crimes. The results also show that stricter national regulations regarding intellectual property show a direct positive relationship with lower software piracy rates. In the same context, legal systems that are stricter and stress the rule of law also lead to lower involvement in copyrighted software stealing. Besides governmental and political intervention within the legal system, the country’s institutions can also contribute to lower piracy by supporting research and development. The results of our analysis indicate that both cultural values and a country’s institutions have a significant impact on individuals’ propensity to engage in illegal software download and sharing. Hofstede’s individualistic value has a negative relationship with online piracy, underlining the fact that cultures with collectivistic values and lifestyles are more likely to share copyrighted content, even if such action is illegal or unethical. The relationship between regular theft rates and software piracy demonstrates that ethical and legal issues related to traditional low level crimes extend to modern cybercrime.

Key Contributions
Overall, the significance of our model underlines the fact that numerous factors that are related to a country’s cultural values, ethical system and legal system can contribute or deter its individuals’ implication in illegally sharing and downloading copyrighted electronic content and information. From this point of view, the results underline not only what factors are related to the intellectual property theft, but also the players that can act for the reduction of this type of crime. For example, marketers can develop communication and PR strategies that focus on the ethical aspects of online piracy and take advantage of the propagation potential of the marketing message within collectivistic societies. A better marketing communication strategy regarding the ethical, social and legal implications of online piracy has the potential to lead to decreased crime rates. Nevertheless, as shown by the negative relationships between online piracy and stricter intellectual property rights and legal systems, other factors, including governments, can intervene in improving legal systems and regulations related to this type of crime in order to further reduce instances of piracy.

References are available on request.

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Meaning in Life, Life Reminiscence, and Brand Relationship

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ABSTRACT
Meaning in life promises to give us life satisfaction and happiness. Previous research has shown that our relationships with brands can extrinsically provide us with meaning in life. This research aims to demonstrate that life reminiscence can provide meaning in life which dilutes brand love and increases brand-self distance.

Keywords: brand love, brand relationship, brand-self distance, symbolic brand, life reminiscence, meaning in life, values

Introduction
Brands have significant roles in our life. Our relationships with brands can help in resolving the life themes and profound existential concerns or tensions that individuals face in daily life (Csikszentmihalyi and Beattie, 1979). The consumers’ relationships with brands help in constructing, maintaining, and dissolving important life roles that significantly alter one’s concept of self (Cantor et al., 1987; Caspi, 1987; Erikson, 1950). Fournier (1998) has asserted that “what matter in the construction of brand relationships is not simply what managers intend for them or what brand images ‘contain’ in the culture, but what consumers do with brands to add meaning in their lives.” Recent research has demonstrated that some consumers have substituted their brands for their religion (Shachar et al., 2010; Cutright et al., 2011).

This research provides an understanding on the relationship that consumers have with their brands. Our relationship with brands can fulfill our meaning in life. As brands help provide our sense of self and are parts of our extended self (Belk, 1988; Park et al., 2010, 2013), when meaning in life is lacking, a sense of meaning can be obtained externally by consuming symbolic brands. Consumers’ relationships with brands will be strengthened as a result, and this is reflected in our stronger love toward a particular brand and lower brand-self distance. Despite this fact, the consumers’ relationships with brands can become diluted when consumers achieve their meaning in life through psychological mechanisms, particularly, through life reminiscence. This is reflected in our weaker love toward a particular brand and higher brand-self distance.

Conceptual Model and Research Hypotheses

Meaning in Life
Meaning in life is related to the concept of human beings’ desire to understand themselves and the world around them (Steger et al., 2008). Meaning in life has been defined as “sense made of, and significant feeling regarding, the nature of one’s being and existence” (Steger et al., 2006). Frankl (1963) commented that “humans are characterized by a will to meaning,” and a failure to find this meaning will result in psychological distress. Those who have found meaning in life reported higher levels of life satisfaction (Chamberlain & Zika, 1988), happiness (Debats et al., 1993), work enjoyment (Bonebright et al., 2000), and exhibited higher levels of adaptive psychosocial functioning (Dezutter et al., 2013). Various research studies have examined the factors which enhance experiences of meaning in life. For example, priming a positive mood without a cue can lead to higher reported meaning in life (King et al., 2006). Increased accessibility of true self-concept also leads to an increase in meaning in life (Schlegel et al., 2008). Priming mortality salience among those who are high in personal need for structure (PNS) also bolsters a sense of meaning in life. Furthermore, priming mortality salience among those who are low in PNS together with exploring the alternative course of one’s life also

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helped affirm the meaningfulness of the study participants’ lives (Vess et al., 2009). Practice of reminiscence and life review can enhance meaning in life (MacKinlay et al., 2009; Butler 1995; 1968; 1964) Counterfactual thinking enriches meaning in life through fate perception (for example, “It was meant to be”) and a benefit-finding mechanism, i.e., the recognition of positive consequences (Kray et al., 2010). Priming the sense of belongingness or increasing the sense of belongingness causes people to perceive their lives as meaningful (Lambert et al., 2013).

**Life Reminiscence**

Life reminiscence generally refers to a recall of memories which may be in the form of simple daydreaming, storytelling, or nostalgia, which is more descriptive in nature. Life reminiscence can occur among those who are at least 10 years old (King, 1982). Life reminiscence has been viewed as part of the normal life review process that occurs at all ages; however, it is accentuated later in life as older adults become more aware of their approaching mortality (Butler, 1964; 1968; 1995). The life reminiscence process has been suggested to help/result in identity maintenance, the reintegration of the self that enables openness to change and development in later life, and re-engagement in societies (Coleman & O’Hanlon, 2004). It has been shown that this process gives us an opportunity to retell our stories which enhance our sense of possibility, thereby making us feel that we are a “work in progress.” We can find our own unique worth and identity through effective engagement with the story (Kenyon et al., 2001; Kenyon 2003). In this research, our focus is on spiritual life reminiscence, a type of narrative that involves telling a life story with an emphasis on what gives meaning to life as well as what has given joy or brought sadness. It has been proven that this method is effective in helping older people to find meaning in life.

**Brands and Meaning in Life**

There are various aspects involved in defining, viewing, and measuring consumers’ relationships with brands, including brand relationship (Fournier, 1998), brand attachment (Park et al., 2010; Thompson et al., 2005), brand love (Batra et al., 2012), and attachment-aversion (AA model) of the customer-brand relationship (Park et al., 2013). When brands provide consumers with their life meaning, consumers become attached to the brand and love the brand (Ahuvia et al., 2012; Park et al., 2010; Park et al., 2013; Carroll and Ahuvia, 2006; Fournier, 1998). According to Fournier (1998), a brand has the ability to give meaning to consumers’ lives. When consumers decide how they would like to live their lives, they obtain brands that enrich the lives that they have chosen. From the brand attachment perspective (Park et al., 2010; Thomson et al., 2005), brand-self connection is the key element which enables consumers to create a sense of oneness with the brand. A brand becomes significant in their life because it expresses the actual-self and the desired-self. Brands enable consumers to pursue and achieve their life goals. From the brand love perspective (Batra, Ahuvia, and Bagozzi, 2012), the self-brand integration component which is composed of the concepts of current self-identity, desired self-identity, life meaning, and intrinsic rewards enables consumers to connect with a brand at a deeper level, i.e., they are able to experience self-actualization or personal growth (Richins, 1994), existential meaning, self-identity, or religious and cultural identity (Escalas & Bettman, 2005, 2003; Belk 1988). According to the Attachment-Aversion model of customer-brand relationships, brand-self distance enables us to measure whether consumers have high or low cognitive and affective (personally meaningful) memories of the brand. Hence, the lower the brand-self distance, the more positive the relationship between the consumer and the brand.

As brands can be one outlet for self-expression. However, when the need for self-expression has been fulfilled by other means, such as self-expressive activity, the importance of brand as a self-identity generator tends to decrease (Chernev et al., 2011). Brands can provide life meaning; however, when life meaning has been provided by internal means, such as life reminiscences, the strength of consumers’ relationship with brands will decrease. Thus, the second hypothesis of this study is as follows:

**H1:** When meaning in life has been internally acquired through life reminiscence, it may dilute consumers’ relationship with brands such that the magnitude of brand love will be weaker while the brand-self distance will be higher.

Carroll and Ahuvia (2006) found that satisfied consumer love is greater for brands in product categories perceived as offering more symbolic benefits (as compared to utilitarian benefits). Symbolic brands may gratify, enable, and assure the consumer’s sense of self (Escalas and Bettman 2003, 2005; Park et al., 2006) which is related to life meaning. Hence, the impact of life reminiscence as a source of meaning in life in weakening brand relationship should be stronger with respect to symbolic brands than to utilitarian brands. Therefore, the third hypothesis of this study is as follows:

**H2:** When meaning in life has (not) been internally acquired through life reminiscence, the perceived symbolic benefits of the brand especially symbolic brand will be lower (higher) results in weaker (stronger) consumers’ relationship with brands. Such that the magnitude of brand love will be lower (higher) while the brand-self distance will be higher (lower).
Method

Experiment 1

Previous research has shown that consumers’ relationships with brands exist because brands have the ability to provide consumers with a sense of meaning in life (Fournier, 1998; Thompson et al., 2005; Park et al., 2010, 2013; Batra, Ahuvia and Bagozzi, 2012). This experiment looks at consumers’ relationships with brands from a different perspective. We examine whether life reminiscence can be an alternative source of meaning in life instead of acquiring it externally from brands. Our hypothesis is that when a consumer internally perceives their meaning in life as the result of a life reminiscence process, the consumer’s relationship with brands can be diluted (lower brand love and higher brand-self distance) (H1).

Participants and Design

The 2 Meaning in Life (Life Reminiscence vs. Control) x 1 between subject experimental design was conducted utilizing a Mechanical Turk sample (n = 50). Participants were randomly assigned to each of the experimental condition.

Stimuli and Procedure

The experiment was conducted online via Qualtrics. The participants were informed that they would receive incentives to participate in the experiment. Participants were randomly assigned into each condition. In the life reminiscence condition, participants were requested to take their time to think about what provided their greatest meaning in life and were asked to elaborate more on whatever it was. In the control condition, participants did not experience the life reminiscence manipulation. Next, the participants were asked to think about a brand they like and wrote down the brand name. Then, they evaluated their relationship with brands through the brand love (Batra et al., 2012) measure using two 11-point scale items (1 = Not at all, 10 = Very much) in response to the questions “Overall, how much do you love this brand?” and “Describe the extent to which you feel love toward this brand.”

Manipulation Checks: Meaning in life manipulation was tested by assessing the participants’ responses to the Meaning in Life Questionnaire (MLQ) with a focus on the Meaning in Life Presence (MLP) sub-scale (Adopted from Steger et al., 2006). These items are as follows: “I understand my life’s meaning”; “My life has a clear sense of purpose”; “I have a good sense of what makes my life meaningful”; “I have discovered a satisfying life purpose”; and “My life has no clear purpose”; the score for the last item was reversed. The meaning in life presence (MLP) subscale was significantly higher among the participants in the life reminiscence group than it was for the participants in the control group (M_reminiscence = 29.92 vs. M_control = 22.52, F (1, 48) = 23.55, p < 0.01.)

Results

There is a significant difference in terms of level of love toward brands. In response to the questions “Overall, how much do you love this BRAND?” and “Describe the extent to which you feel love toward this brand,” these items were average to create an outcome brand love measure (α = .76). The result shows the effect of life reminiscence on brand love (M_reminiscence = 7.31 and M_control = 8.26, (F (1, 48) = 5.23, p < 0.05).

Experiment 2

In experiment 2, this study aims to understand how lack of life meaning (negative life reminiscence) will influence the magnitude of consumers’ relationships with brands. The consumers’ relationships with brands will be enhanced when the meaning in life is in doubt (negative life reminiscence). Therefore, it leads to greater brand love and lower brand-self distance. The effect is higher with respect to symbolic brands than utilitarian brands (H2).

We conducted pretesting (n = 59) to identify two levels of brands (Symbolic, Utilitarian). The pretesting was done with an undergraduate student sample in the Mid-Western school. Participants gave their rating on a scale from 0 to 100 (where 0 refers to a highly utilitarian brand and 100 refers to a highly symbolic brand) to the following 10 brands: Apple, Burberry, Coca-Cola, Gap, Google, Kellogg’s, Nike, Nintendo, Samsung, and Tide. The results show that the Apple brand represented a symbolic brand and the Samsung brand represented a utilitarian brand (M_Apple = 63.42, M_Samsung = 39.19, p < .01).

Participants and Design

The 3 Meaning in Life (Positive Life Reminiscence vs. Negative Life Reminiscence vs. Control) x 2 Brand Types (Utilitarian vs. Symbolic) was conducted by utilizing the Mechanical Turk sample (n = 115). Participants were randomly assigned to the experimental conditions. Next, participants evaluated both the Utilitarian and Symbolic brands; the order of brands was randomized to eliminate the order effect.

Stimuli and Procedure

The experiment was conducted online via Qualtrics. Participants were informed that they would receive an incentive to participate in the experiment. Participants were randomly assigned to the experimental conditions. In the positive life reminiscence condition, participants were requested to take their time to think about what provided their greatest mean-
ing in life and were asked to elaborate more on whatever it was. In the negative life reminiscence condition, participants were asked to take time to think about when the meaning of their life is in question or when they experienced a lack of meaning in life; they were also asked to elaborate their response to this question. In the control condition, however, participants did not experience any of these manipulations. The participants were then asked to evaluate on the following dependent measures toward two levels of brands as follows:

**Brand Love**: Brand love (Betra et al., 2012) was measured using two 11-point scale items (0 = Not at all, 10 = Very much) in response to the following questions: “Overall, how much do you love this brand?” and “Describe the extent to which you feel love toward this brand.” These items were averaged to create an outcome brand love measure (α = .98).

**Brand Self-Distance**: Brand self-distance (Park et al., 2013) was measured using bipolar 11-point scale items in response to the following questions: “I am personally disconnected from (brand name)” and “I am personally connected to (brand name).” The lower score reflects higher brand self-distance.

Participants were given the definitions of both utilitarian and symbolic brands (Strahilevitz and Myers 1998; Chernev et al., 2011). A utilitarian brand is a brand that provides value through its functional benefits, including its features, performance, and reliability. A symbolic brand is a brand that provides additional values beyond its functional benefits and performance. Participants were then asked to rate the degree of perceived utilitarian and symbolic value of each brand (0 = Utilitarian, 100 = Symbolic).

### Results and Manipulation Checks

**Meaning in life manipulation** was checked by assessing each participant’s response to the Meaning in Life Questionnaire (MLQ) with a focus on the Meaning in Life Presence (MLP) sub-scale (Steiger et al., 2006). These items included the following: “I understand my life’s meaning”; “My life has a clear sense of purpose”; “I have a good sense of what makes my life meaningful”; “I have discovered a satisfying life purpose”; and “My life has no clear purpose”; the score for the last item was reversed. There is a mildly significant difference in terms of meaning in life among different conditions (F (2, 112) = 2.58, p < .10). When investigated further, the meaning in life presence (MLP) in doubt condition is significantly different from the reminiscence condition (M reminiscence = 29.21 vs. M doubt = 26.21, t (74) = 2.02, p < .05). However, meaning in life presence (MLP) was not significantly different between the doubt condition and the control condition (M doubt = 26.21 vs. M control = 26.70, t (80) = .35, p = .35).

**Brand Type manipulation** was checked by assessing each participant’s evaluation of the perceived brand type of Apple and Samsung. The manipulation check result is consistent with the pre-test result, i.e., the Apple brand was perceived as more of a symbolic brand compared to the Samsung brand. (M Apple = 62.99, M Samsung = 44.01, p < .01).

**Brand Love**: There is a significant main effect of meaning in life condition. The magnitude of brand love will be lower once consumers internally find meaning in life via life reminiscence. In addition, brand types (Symbolic brand vs. Utilitarian brand) moderate the effect. Hence, in the symbolic brand (Apple brand) condition, there is a significant difference in brand love across conditions (F (2,112) = 3.34, p < .05). Brand love is higher in the doubtful (negative life reminiscence) condition than in the positive life reminiscence (M positive reminiscence = 6.09 vs. M doubt = 7.68, F (1, 74) = 4.94, p < .05). However, in the utilitarian brand (Samsung) condition, the level of brand love across the conditions has no effect (M positive reminiscence = 6.00 vs. M doubt = 6.05 vs. M control = 6.44, F (2,112) < 1), as illustrated in Figure 1a.

**Brand-Self Distance**: There is a significant main effect of meaning in life condition. The brand-self distance will be greater once consumers find their meaning in life internally via life reminiscence. In addition, brand types (Symbolic brand vs. Utilitarian brand) moderate the effect. Hence, with the Symbolic brand (Apple), there is a significant difference in brand-self distance across conditions (F (2,112) = 3.34, p < .05). Brand-self distance is lower in the doubtful (negative life reminiscence) condition than in the positive life reminiscence condition (M doubt = 5.35 vs. M positive reminiscence = 7.12, F (1, 74) = 4.89, p < .05). However, with the utilitarian brand (Samsung), the brand-self distance across the conditions has no effect (M positive reminiscence = 5.51 vs. M doubt = 5.30 vs. M control = 6.10, F (2,112) < 1), as illustrated in Figure 1b.

### General Discussion

Previous research has shown that consumers’ relationships with brands exist because brands have the ability to provide consumers with a sense of meaning in life (Fournier, 1998; Thompson et al., 2005; Park et al., 2010, 2013; Batra, Ahuvia and Bagozzi, 2012). This research shows that once consumer internally perceives their meaning in life as the result of a life reminiscence process, the consumer’s relationship with brands can be dilute (H1). The result from both experiments supports this claim. Furthermore, participants in the life reminiscence condition demonstrated lower brand love (Experiment 1 and 2) and greater brand self-distance (Experiment 2).

Previous research also demonstrated that symbolic brands have the ability to provide consumers with symbolic benefits.
beyond the brand’s features and functional benefits. A symbolic brand communicates something about the brand to the users. In addition, a symbolic brand can gratify, enable, and assure the consumer’s sense of self (Escalas and Bettman 2003; 2005; Park et al., 2006). As meaning in life has been defined as “a sense made of, and significant feeling regarding, the nature of one’s being and existence” (Steger et al., 2008), the sense of self is part of our life meaning. The experiment results show that when meaning in life is lacking, symbolic brands play a significant role representing self-concept. A consumer’s relationship with brands become stronger in the symbolic brand condition than in the utilitarian brand condition when brand love is higher and brand-self distance is lower (H2) (Experiment 1).

According to Park et al., 2013, when consumers do not have highly self-relevant cognitive and affective (personally meaningful) memories about a brand, consumers will not perceive a close brand-self relationship, but instead will be indifferent to the brand. Hence, as a result, this research also demonstrates that when the consumers feel meaningful about their life, their memory about the brand become less relevant and their relationship with brands becomes weaker and brand self-distance is higher (H2) (Experiment 2).

These findings also provide managerial insight into marketing strategies. Brands that provide life meaning will be able to build strong relationships with consumers. When consumers feel a lack of meaning in life, this relationship or their bonding with brand will become even stronger as consumers need to rely on brand as their reliable source to provide life meaning. This effect occurred especially in the symbolic brand. It seems that the type of relationship that consumers have with symbolic brand is unique from the type of relationship that consumers have with utilitarian brand. While relationship with symbolic brand is quite fragile, consumer relationship with utilitarian brand are less easy to falter.

Further research can investigate in details on the type of relationship that consumers have with symbolic brand and utilitarian brand. How long the lack of meaning in life effect lasts when life meaning is substituted externally by a symbolic brand. What is the linkage between a consumer’s attachment to a brand and their willingness to buy? What is the relationship between consumers’ materialistic value and their meaning in life? We expect that consumers who have high materialistic values would be more prone to consume symbolic brands when they feel a lack of life meaning.

References


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Cross-Cultural Success of Low-Fit Brand Extensions: The Impact of Information Type

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Keywords: cross-cultural psychology, brand, brand extension, information

EXTENDED ABSTRACT

Research Question
Brand extension, the pervasive marketing activity in which a brand launches a product in a new category, has been widely recognized as an effective strategy to leverage the extant equity of the parent-brand. Most findings indicate that high (vs. low) fit extensions are more successful and more favorably impact the parent-brand. In real settings, however, there exist many successful low-fit extensions, especially in Eastern cultures, suggesting that while the findings for high-fit extensions are consistent with observations in the marketplace, the unfavorable evaluations of low-fit extensions are less defensible. In this research, in two studies, we identify factors that result in successful low-fit extensions in Eastern and Western cultures. We implicate the type of extension information (attribute vs. benefit) as a determinant factor of the success of low-fit extensions and suggest that the differences in context dependence (the degree to which the context is incorporated into judgments) of Eastern and Western consumers impact low-fit extension success. Our research extends the current understanding of low-fit extension success and provides guidance to global marketers on how to communicate their extensions in different cultures.

Method and Data
In study 1, we investigate the hitherto unexplored relationship between context-dependence and the systematic focus on attributes versus benefits. We primed context-dependence or independence, exposed respondents to attribute or benefit information about a product, and measured recall. Context-dependence resulted in reliance on information-type as the context, such that exposure to benefit-information led to greater recall of benefits, and exposure to attribute-information led to greater recall of attributes. In contrast, context-independence led to a focus on attributes regardless of information-type provided. In study 2, using participant samples from two countries (India and the United States), we examined the implications of context-dependence and information-type on extension effectiveness and the consequent impact on the parent brand. Results showed that for Westerners, who are context-independent, only extension-fit mattered, such that they evaluated the high- (vs. low-) fit extension more favorably regardless of the extension information provided. For Easterners, who are context-dependent, information-type and extension-fit both mattered. When Easterners saw attribute-information, high (vs. low) fit extensions led to favorable (vs. unfavorable) evaluations of the extension and the parent brand. When they saw benefit-information, high (vs. low) fit extensions led to favorable (vs. unfavorable) evaluations of the extension and the parent brand regardless of extension-fit.

Summary of Findings
We implicate the type of brand extension information (based on attributes vs. benefits) as an important factor that impacts brand extension effectiveness in different cultures and suggest that the differences in the extent of context dependence (the degree to which the context is incorporated into judgments) of Eastern and Western consumers impacts the effectiveness of low-fit extensions. Our research aims to extend the current understanding of factors that impact low-fit extension success and provide guidance to global marketers on how to communicate their extensions in different cultures.

Key Contributions
This research aims to make significant contributions to the literature on cross-culture differences, brand extension and feedback effects, and provides a template to global mar-
keters on how to enhance the effectiveness of their low fit extensions in different cultures. We develop a framework based on context-dependence to understand the conditions under which low-fit extensions can be effective. In addition, we also contribute to research on the persuasive effects of the type of information by examining the effects of attribute versus benefit information in the context of the cross-cultural and brand extension literature. Our research also provides additional insights on when and how parent brand evaluations decline in the face of brand extension activity.

Our findings are unique in that we identify a condition when even positively valenced information about an extension could lead to dilution effects. As our findings show, providing benefit information may help low-fit extensions in Eastern cultures, while a planned third study aims to show that Western consumers can be primed to be context dependent through communication strategies, and thus, may respond favorably to low-fit extensions.

References are available on request.
Customer Responses to Switching Costs: The Moderating Influence of Culture

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Keywords: switching costs, culture, relationship marketing, meta-analysis

EXTENDED ABSTRACT

Research Question
Researchers and practitioners alike are interested in the consequences of switching costs because they provide insights into how customers respond towards relationship marketing activities. A condition that largely has been neglected in previous research is the role of the cultural context switching costs are generated in and exert their influence on customers, although researchers have long suggested that customers’ behavior and reactions strongly depend on the cultural context this behavior is embedded in. Findings about the differential influence of switching costs on customers’ reactions have important implications for firms operating in international markets, because they indicate whether and to what extent they should build up switching costs in a particular market and what kind of switching costs should be applied in different countries. A primary reason for the fact that previous studies have not investigated the moderating effect of the cultural context on switching costs effects is the difficulties involved with a study design that requires variance across cultures, which cannot be assessed in studies in a single country. Therefore, we perform a meta-analysis that accumulates findings from 184 independent samples collected in 25 countries, providing a unique opportunity to examine the moderating role of culture on the consequences of switching costs.

Method and Data
This meta-analysis includes all empirical studies that measure buyers’ perceived switching costs and provide estimates on these consequences: positive word-of-mouth (WOM), negative word-of-mouth, affective loyalty, cognitive loyalty, behavioral loyalty, and switching. We identified 184 independent samples that reported on one or more consequences of perceived switching costs. We use a hierarchical linear model estimation procedure (HLM) to test for the moderating effects of cultural dimensions as suggested by Hofstede on the influence of switching costs on their consequences.

Summary of Findings
While the effect of switching costs on positive word-of-mouth is neither moderated by individualism nor uncertainty avoidance, these cultural dimensions moderate the effect of switching costs on negative WOM: negative WOM decreases with increasing individualism and uncertainty avoidance. As for behavioral loyalty, we find that individualism decreases the influence of switching costs on behavioral loyalty, but uncertainty avoidance does not have any effect. Increased power distance moderates the effect of switching costs on cognitive loyalty: with increasing power distance, the influence of switching costs on cognitive loyalty increases. We find that masculinity moderates the effect of switching costs on affective loyalty; while the effect on affective loyalty does barely change, the influence on other non-affective variables increases. As for the influence of switching cost types, we found that the influence of switching costs on consequences decreases for other switching costs types that are not merely monetary. We were suggesting an increase for monetary switching costs types, but this effect remains rather stable. Masculinity increases the influence of non-monetary switching costs on their consequences.

Key Contributions
The key contributions of this study provide implications for research and practice:

1. Switching costs have differential influence on customers in distinct countries.

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2. The effect of switching costs on behavioral loyalty is weakened in individualistic countries such as the US or UK. Thus, for firms in such countries it is more difficult to motivate customers to stay in the current relationship.

3. Switching costs effects on positive WOM are not culture-bound. Hence, programs motivating positive customer WOM can be adapted from countries where the firm was successful in the past.

4. Effects on negative WOM are stronger in low uncertainty avoidance countries. Thus, switching costs lead to more negative WOM in countries such as China.

5. Non-monetary switching costs are more effective in masculine countries, while monetary switching costs outweigh other switching costs types in individualistic countries.

These findings extend previous work on the consequences of switching costs and contribute to the research stream on the influence of culture on customer behavior. The insights provide important implications for practitioners, because they indicate how marketing measures such as loyalty programs that intend to increase switching costs have differential influence in different markets.

References are available on request.
Love Yourself and Like the Others: Why Domestic Favoritism Is Different from Consumer Ethnocentrism

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Keywords: domestic favoritism, psychological closeness, consumer ethnocentrism

EXTENDED ABSTRACT

Research Question
We seek to provide a more comprehensive understanding of preferences for domestic products and shed additional light on prior academic studies that mostly concentrated on exploring moral beliefs concerning purchasing goods from abroad. Based on a distinction among ingroup favoritism and outgroup denigration, we develop a concept of domestic favoritism, namely, a preferential treatment of domestic products manifested by perceived closeness and the suitability of these products. We investigate the relative explanatory power of this new, ingroup based construct comparing it to consumer ethnocentrism and national identification constructs.

Method and Data
In Study 1, in line with established scale development procedures (e.g., Churchill 1979; DeVellis 2003; Netemeyer, Bearden, and Sharma 2003), we construct the domestic favoritism scale, which is then validated by experts as well as a first convenience consumer sample (233 adult consumers in Lithuania), and establish scale convergent validity using confirmatory factor analysis and a stepwise procedure with LISREL 9.1.

In Study 2, we assess the stability of the domestic favoritism scale on an independent sample (representative 267 adult consumers sample in the United Kingdom). We examine the empirical relationships between the new scale and existing scales in the proposed research model and test our hypotheses by estimating a structural equation model with LISREL 9.1 (Jöreskog and Sörbom 2007).

In Study 3 we replicate the findings from Study 2 and extend the impact of domestic favoritism into additional outcome variables using representative consumer panel data from 283 adult consumers in Lithuania and structural equation modeling (LISREL 9.1).

Summary of Findings
Based on social identity and construal level theories, the authors propose and validate a new psychometric domestic favoritism measure. Three studies demonstrate that domestic favoritism is distinct from consumer ethnocentrism and national identification. Empirical evidence is provided that shows that domestic favoritism has an independent and important influence on domestic product quality judgments, willingness to buy as well as pay more for domestic products. Research indicates that individuals scoring high on ingroup favoritism cannot be automatically assumed to also score high on outgroup denigration. Consumers’ positive attitudes towards domestic products can coexist with positive attitudes towards foreign products. Domestic favoritism has greater explanatory power in predicting domestic product purchases and evaluations than either consumer ethnocentrism or national identification. From a managerial point of view, an examination of domestic favoritism can provide at least a partial explanation as to why international and foreign brands fail to establish stronger positions in domestic markets.

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Key Contributions
The intended contribution is threefold. From the theoretical side, we provide insights showing that additional constructs might be important for domestic product preferences. In terms of a methodological contribution, we offer a new psychometric measure of domestic favoritism that might assist researchers interested in ingroup bias in domestic and international markets. Finally, from a managerial point of view, an examination of domestic favoritism can provide at least a partial explanation as to why global and foreign brands fail to establish stronger positions in domestic markets and what additional forces drive consumer behavior.

Acknowledgments
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References are available on request.
National Culture Versus Organizational Culture: An Empirical Assessment of the Implementation of Market Orientation Across Nations

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Keywords: market orientation, global marketing strategy, meta-analysis

EXTENDED ABSTRACT

Research Question
In recent years, a growing body of research has focused on the relationships involving market orientation and its drivers in various country contexts (e.g., Bhuian, 1998; Burgess and Nyajeka, 2006; Cadogan et al., 2001). However, these findings have often been mixed. In this study, we suggest that the conflicting findings pertaining to the drivers of market orientation can be explained by the national cultural values. Considerable research shows that national culture is considered a major driver of organizational culture and the resulting perceptions and behaviors of employees in organizations (Hofstede 2001; Schwartz 1994). In efforts to address this important issue that has attracted limited attention in the extant market orientation literature, we first develop a conceptual framework based on Kirca and Hult (2009) to propose a set of hypotheses pertaining to the contingent nature of relationships involving market orientation and its antecedents.

Method and Data
We test our predictions using meta-analytic research techniques.

Summary and Findings
Our meta-analytic approach helps resolve some of the previous conflicting findings pertaining to the relationships involving market orientation and its antecedents. The findings indicate that the often-cited effects of senior management factors (e.g., top management emphasis), interdepartmental dynamics (e.g., interdepartmental conflict), and organizational systems (e.g., centralization, formalization, reward systems) on market orientation are context dependent.

Key Contributions
Organizations and employees derive their values and behaviors at least partially from their national culture. Therefore, we provide evidence that the implementation of market orientation across nations is a function of the national cultural environment in which firms operate. As such, the present study provides specific guidelines for researchers and managers in implementing market orientation in diverse country markets.

References are available on request.

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Does Listening to the Customer Pay Off? Customer Orientation–Performance Links in Developed Versus Emerging Markets

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Keywords: customer orientation, multidimensionality, firm performance, developed vs. emerging markets

EXTENDED ABSTRACT

Research Question
Our aim is to investigate potential multidimensionality of customer orientation (CO) construct and reveal the specific performance implications of its distinctive dimensions on the firm performance in the context of developed and emerging markets. We focus on the following research question: Does adopting a multidimensional approach help understand the contradictory findings on CO-performance link in extant literature? Can it help to explain the differences between the developed and emerging economies?

Method and Data
Two data sets were collected by a web-based survey targeted at the top management of Finnish-Russian firms. The Finnish data was collected in Fall 2012, yielding an n of 953; the Russian data was collected in the following year with an n of 313. The CO scale was adapted from a number of well-established studies (Narver & Slater, 1990; Narver, Slater & MacLachlan, 2004; Deshpande et al., 1993) that allowed to include both reactive and proactive elements of customer orientation.

We use a sequence of multivariate methods to test for reliability, validity and invariance of our data. EFA and LISREL were applied to analyze the data and test it for validity. After refining the measurement model, regression analysis based on summated scales was conducted to evaluate the performance implications as well as the relative role of each dimension in defining business performance.

Summary of Findings
Three dimensions of CO were revealed based on the results of EFA, including strategy and values dimension, proactive activities and monitoring processes. Later confirmation was provided by testing the factorial structure using LISREL. In a subsequent regression analysis the distinct dimensions of CO were found to explain 8% and 13% of the performance variation in the Finnish and Russian data, respectively (FIN: $R^2 = 0.08$, RUS: $R^2 = 0.13$). This result is in line with previous research that has shown that MO accounts for about 12% of the business performance explained variance (Cano, Carrilat & Jaramillo, 2004).

The impact of the three CO dimensions across the countries has been different. In the Finnish data, all dimensions show a significant relationship with business performance, this relationship being strongest for customer-oriented strategy. On the contrary, in the Russian data, only customer-oriented activities have a significant impact on performance.

Key Contributions
Our results confirm a multidimensional nature of CO, including dimensions of strategy and values, proactive activities, and monitoring processes. Our results demon-
strate that distinct dimensions operate differently in distinct markets. More specifically, only proactive activities show significant impact on performance in emerging markets, while all dimensions and especially strategy do so in developed markets. Thus, our results support the assumption on a need for proactive CO in the context of emerging economy (Sheth, 2011; Burgess and Steenkamp, 2006)—indeed, in our sample of Russian firms this dimension is the only one significantly influencing firm performance. Farley and Deshpande (2006) predicted that CO will become a central force in the Russian markets, replacing previously dominating producer orientation. Still, after more than 20 years of transition not all the dimensions of CO have equally developed to reach comparable level and impact on performance with a developed economy, here exemplified by Finland. However, overall, CO is indeed found to stronger impact on business performance in emerging markets. In developed markets CO may have become a cost of competing (Kumar, Jones, Venkatesan & Leone, 2011), while in emerging markets this is a source of potential growth.

References are available on request.
(Un)Truth in Bilingual Consumer Recall of Brands in Advergames: A Three-Country Comparison

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**Keywords:** false recall, bilingual consumer, advergames, cross-country comparison

**EXTENDED ABSTRACT**

**Research Question**
We attempt to answer whether (1) there is a difference between retrieving memory by using recall or false recall of brands in an interactive and imagery-rich environment such as advergaming, and (2) there are differences in memory in the same context if the languages of proficiency are based on the same script (e.g. alphabetic/alphabetic such as Spanish/English) vs. cross-script (e.g. logographic/alphabetic such as Chinese/English).

**Method and Data**
A series of international experiments addressed memory of brand placements in advergames—via correct and false recall—across groups of bilinguals from three countries. Three sports games with different characteristics and pace were selected for the study. Convenience samples of mixed gender were used. The entire sample for the experiment included 300 bilingual participants from China, Mexico and South Korea.

**Summary of Findings**
Our study contributes by demonstrating that due to the advergames’ innate characteristics such as interactivity and an imagery rich environment, advergames may also increase false memories. Moreover, we found that not all advergame players develop false memories in similar manner. Specifically, our findings supported the notion that advergame memory from second language proficient and non-proficient groups differs. We found that the second language proficient groups were more likely to create false memories in the interactive environment of advergaming.

**Key Contribution**
Our most salient finding revealed advergame interactivity increased false memory more pronouncedly in the proficient groups (“experts”), supporting the notion of increased false recall as a result of feelings of accountability that experts naturally experience. This finding stresses the significance of assessing not only correct recall but also false recall in future work assessing brand memory.

References are available on request.

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Marketing Luxury Brands Across Asian Markets: An Investigation of Consumer Luxury Value Perceptions in China, India, and Indonesia

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Jaywant Singh, Kingston University
Madhumita Banerjee, American University of Sharjah

Keywords: luxury, value perceptions, Asian consumers, cross-national comparison, structural equation modelling

EXTENDED ABSTRACT

Research Question
Over the past decade, Asian economies have become a major growth sector for the luxury goods industry. Many luxury brands including LVMH, Gucci and Hermes have been highly successful in penetrating Asian markets. However, brands such as Prada and Mulberry have struggled to establish themselves in Asia (Butt and Roberts 2014; Osborn 2012). Analysts have ascribed the underperformance of luxury brands mainly to factors originating from the organization side such as over-expectations, and treating many Asian markets as homogenous (Financial Times 2014). How a luxury brand can profit from these rapidly growing and highly competitive markets represents an important question (Shukla 2012; Hennigs et al. 2013). Researchers have established that the attempts to explain the social behavior of consumers in one culture based on another culture would be inadequate due to differences in the psychology of consumption and value associations (Belk 1999; Sheth et al. 1991; Sharma 2010). With regards to Asian consumers and status consumption, the evidence on the underlying value perception that drives luxury consumption is largely anecdotal (Chadha and Husband 2005). As a consequence, the insights on the changing effects of value perceptions on consumers in different Asian markets are inconclusive, and are highlighted as a substantial research gap by several authors (e.g., Berthon et al. 2009; Hennigs et al. 2012; Shukla 2012; Wiedmann et al. 2009).

This study, therefore, examines the constituent value perceptions that drive luxury purchase intentions among the largest and prominently growing Asian markets, namely, China, India and Indonesia. Researchers have attempted to conceptualize constituent luxury value perceptions through various lenses, including, brand luxury index (Vigneron & Johnson 2004), consumption values (Hennigs et al. 2012; Wiedmann et al. 2009), co-creation (Shukla & Purani 2012; Tynan et al. 2010) and impression management (Shukla 2012). Berthon et al. (2009) suggest that in order to understand luxury values, it is essential to capture the full dimensionality of the relationships among people, products, and brands. Following Karl Popper’s “three worlds” hypothesis, Berthon et al. (2009) conceptualize luxury brands with three distinct value-based dimensions: functional, experiential and symbolic. The functional dimension relates to the material embodiment which reflects in physical manifestations such as quality of material and craftsmanship. The experiential dimension is associated with subjectivity, and is idiosyncratic as it differs from person to person. It gets reflected through sensations, feelings, cognitions and behavioral intentions aroused by brand-related stimuli such as logo, packaging, advertisements and environment. The symbolic dimension gets reflected in the social signals which are constructed through the narrative associated with the brand’s meaning, myth, stories and consumer’s own wealth, prestige and social status.

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In this study, we extend the three-component model proposed by Berthon et al. (2009) by including two specific sub-dimensions for symbolic value. Based on the work by Tynan et al. (2010) and Shukla and Purani (2012), we posit that symbolic value is driven by self-directed and other-directed symbolisms. This is because luxury goods are used by many people to feel good about themselves (Shukla and Purani 2012; Wiedmann et al. 2009) and at the same time they possess a desirability that provides the owner with a perceived status through its signals (Hennigs et al. 2012).

**Method and Data**

A survey of actual luxury consumers was used to test the hypotheses. First, we developed a questionnaire based on existing scales. The conceptual and functional equivalence for all constructs was assessed subjectively by the multi-cultural, multi-national and multi-institutional research team members followed by expert evaluation of the questionnaire by two executives and two academics working in the field of luxury marketing in China and India. A pilot test was carried out (n = 20 for each market) to identify any unclear or difficult to understand questions. The questionnaire was distributed in Shanghai and Beijing in China; Mumbai and Bangalore in India and Jakarta in Indonesia, as each of these cities are major hubs of luxury stores in the respective countries. In order to avoid response bias, the questionnaire was translated in Mandarin and Bahasa Indonesia by native speakers of the language. The questionnaire was then back translated by another native speaker in order to adhere to equivalence of meaning. To minimize and estimate the effect of common method variance, several recommended procedural and statistical remedies were used as suggested by Podsakoff et al. (2003). In order to capture the views of real luxury consumers, the procedure for filtering the consumers was followed as suggested in extant literature by Han et al. (2010) and Shukla (2012). In total, 626 fully completed questionnaires were used for the analysis. The composition of the respondents for each nationality is: China (n = 231; response rate: 41.03%; M_age = 27.3 years; female = 51.5%), India (n = 190; response rate: 41.44%; M_age = 24.37 years; female = 62.1%) and Indonesia (n = 205; response rate: 43.94%; M_age = 32.8 years; female = 65.1%).

**Summary of Findings**

The analysis was carried out using LISREL 8.8. Invariance was measured following the procedure developed by Steenkamp and Baumgartner (1998). Full configural and metric invariance, and partial scalar invariance, were achieved. The results show that the constituent value perceptions driving these consumers to purchase luxury goods differ significantly across the three countries studied in our research. In India, the construct of other directed symbolism is significantly related to luxury value perceptions, indicating a demonstration effect on luxury brand consumption. Luxury value perception of the Indonesian customers, on the other hand, is influenced by the self-directed symbolism of luxury brands. Functional value perception has a significant impact on luxury value perceptions across all three countries in the study.

**Key Contributions**

This study makes the following theoretical and managerial contributions. First, this study empirically tests and extends Berthon et al. (2009)’s three component model of luxury value perceptions, and thereby enhances our understanding of the constituent luxury value perceptions. A novel approach here is the development of symbolic value as a bi-dimensional concept consisting of other-directed and self-directed symbolism. The benefit of this distinction of symbolic value perception is proven important as other-directed symbolism is a significant influencer for Indian consumers, while self-directed symbolism is highly influential for the Indonesian consumers. This finding offers insights to managers as to how a luxury firm can profit from customizing the constituent value perceptions as a differentiator in their marketing strategy. Moreover, the results also offer an opportunity to standardize luxury marketing campaigns, as functional value is observed to be significant across all markets.

The study examined the constituent luxury value perceptions in the Asian consumer context. Overall, the theoretical and practical contributions make this study important to both researchers and managers. Previous studies have largely treated Asian consumers as a homogenous entity, and this misconception has often spilled over to marketing practice resulting in costly mistakes by several luxury brands. The findings of this study demonstrate that Asian consumers vary in their value perceptions of luxury goods. Asia is a vast continent, consisting of several cultures and subcultures, and consequently poses significant challenges to the marketers of luxury products. Thus, the study provides insights into the constituent luxury value perceptions of Asian consumers, and by doing so, enriches knowledge in the domains of value perceptions and behavior of Asian consumers.

*References are available on request.*
Part F
Innovation and New Products

Track Chairs
Kersi Antia, Western University
Deepa Chandrasekaran, University of Texas at Austin

Innovation Processes and Outcomes

An Empirical Investigation of Composite Product Choice
Kalpesh Desai, Dinesh Gauri, Yu Ma

The Effect of Superstar Software in the Video Game Industry: The Moderating Role of Product Generation Lifecycles
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It’s All Your Fault! Attributing Blame for Co-Created New Product Failures in B2B Relationships
B.J. Allen
An Empirical Investigation of Composite Product Choice

Kalpesh Desai, University of Missouri
Dinesh Gauri, Syracuse University
Yu Ma, University of Alberta

ABSTRACT

Prior ingredient branding research has examined the influence of “stated” factors such as fit between partner brands on composite product (e.g., Tide with Downy fabric softener) attitudes. This research focuses on choice of composite products, and addresses three managerially relevant questions: Which consumer segments are more likely to adopt the composite product? Will the choice of the composite product have positive or negative reciprocal effects on partner brands? Will the introduction of the composite product benefit the primary or the secondary brand more? The authors use a brand choice model to investigate the “revealed” choice of complements-based composite products. Study results indicate that (i) despite high fit between the composite product and the primary brand, consumer segments have different choice likelihoods for these products, whereas prior research suggests equal likelihood; (ii) the choice of a composite product may not provide a positive reciprocal effect to the secondary brand; and (iii) the introduction of a composite product may benefit the primary brand more than the secondary brand, whereas prior research suggests a symmetrical benefit for the partner brands. Finally, the finding that introducing a composite product may not cannibalize the sale of the primary brand extends the ingredient branding literature, which has been silent on this issue.

Keywords: composite product, ingredient branding, choice models, scanner panel data

Introduction

A currently popular marketing strategy for increasing brands’ attractiveness to consumers is the introduction of composite products comprising complementary branded components. Examples include Downy fabric softener in Tide laundry detergent, Cascade automatic dishwashing detergent with Dawn dishwashing liquid, Andes candy in Perry’s ice cream, and Lays potato chips with KC Masterpiece vinegar. This composite product strategy uses one brand from each of the two complementary product categories as a component in the composite product. As an example to clarify our terminology, the product incorporating Downy fabric softener in Tide laundry detergent is referred to as the composite product, Tide is the primary brand, laundry detergent is the primary category, Downy is the secondary brand, and fabric softener is the secondary category. Tide and Downy are jointly referred to as partner brands, and reciprocal effects refer to the influence of the choice of composite product on the boost in attitudes toward primary and secondary brands. The strategies of ingredient branding and composite products differ slightly. In ingredient branding, one brand is a component or part of the final product that is sold under a different brand name (e.g., Intel in an HP computer, Nutrasweet in Diet Coke). In the case of composite products, two brands (primary and secondary) from complementary categories act as components in the composite product. However, we rely on the ingredient branding literature to guide our theorizing, because the literature regarding ingredient branding is well established and the difference between these two strategies is minor.

Prior research in ingredient branding has investigated the distinct roles that a secondary brand plays in the primary category. For example, experimental data showed how an ingredient co-brand (Godiva) can help a primary brand (Slim-Fast) overcome a limitation (poor taste) and improve

1An alternate terminology could be host brand for the primary brand and ingredient brand for the secondary brand, but for clarity, we use primary and secondary brand. We thank an anonymous reviewer for this suggestion.
its evaluation when extending into a new category (Slim-Fast cake mix) (Park, Jun, and Shocker 1996). Similarly, the role of the secondary brand may be to lend a specific characteristic to the primary brand (e.g., Irish Spring bath soap lending its scent to Tide laundry detergent) or to provide the primary brand with a new attribute (e.g., Dayquil adding cough relief to Life Savers candy) (Desai and Keller 2002).

While prior research has enhanced understanding of the ingredient branding, these earlier studies focused primarily on stated factors (e.g., reported brand attitude and stated brand familiarity) that influence attitudes toward the ingredient product and partner brands. Controlled lab experiments may not necessarily reflect actual consumer behavior and hence may limit the external validity of the findings (Geylan, Hofstede, and Inman 2008). Although many new products combining complementary offerings have appeared on the market, the market structure literature contains little research on these products (Elrod et al. 2002). This exploratory study investigates consumers’ revealed choice of these products by employing scanner panel data to examine important questions of interest to retailers and brand managers. The results not only fill key gaps but also answer recent calls for more research on ingredient branding (Keller and Lehmann 2006) and multiple-category decision making (Russell et al. 1999).

Our research addresses three interrelated managerially relevant questions. First, which segments of consumers are more likely to choose composite products (that combine primary and secondary brands) and thus be targeted by marketers? Theoretically, might any factors hold back a consumer from choosing the composite product despite currently using (and liking) either or both partner brands? Second, will choosing this composite product positively or adversely change the adopter’s evaluation of either or both partner brands? Theoretically, will the consumer’s evaluation of the secondary brand, post-choice of the composite product, go up because it is the only brand in the secondary category that partners with the high-equality primary brand, or will it go down because the performance of the secondary brand is now less visible as part of the performance of the composite product? Third, will the introduction of the composite product benefit the primary brand more than the secondary brand? Theoretically, in addition to changes in market share because of the composite product’s likely cannibalization of the choice of individual partner brands, will the introduction of the composite product increase the competitive clout or vulnerability of partner brands?

**Data Description**

The data for our study come from a suburban grocery market of a mid-sized city in the northeastern U.S. For this study, we obtained access to a dominant local retail chain’s daily transactions data, which provide information about the date of the transactions and bonus card holder information (whether a shopper card was used), as well as dollar volume, unit price, quantity, category, and coupon use for every UPC sold. For product stimuli, we selected two composite products according to the following considerations. First, the composite product should have been introduced somewhere in the middle of the three years for which we have the data to facilitate the comparison of pre- versus post-introduction periods. Second, the composite product should have a reasonable level of penetration (we selected only composite products that were bought by at least 1,000 households after the introduction). Third, since unbiased identification of the effects on the primary and secondary brands is important, the composite product should be a combination of only one primary brand and one secondary brand. Fourth, the primary brand should have a prior history of marketing without the secondary brand to facilitate the comparison of performances of the primary brand in pre- versus post-composite product introduction scenarios. Similar criteria applied to the secondary brand. Fifth, the secondary brand should be an ingredient in only one product, which should facilitate a “cleaner” attribution of changes in the choice of the secondary brand post-introduction of the composite product. Similarly, the primary brand should have only one secondary brand and should not feature distinct ingredients in different line extensions of the primary brand.

Two composite products, Tide laundry detergent with Downy fabric softener and Cascade automatic dishwasher soap with Dawn dishwashing liquid, satisfied our criteria. Tide (primary brand) belongs to the laundry detergent category, while Downy (secondary brand) belongs to the fabric softener category. Tide with Downy represents a complementary composite product because consumers use these products together to wash and dry clothes. Similarly, Cascade (primary brand) belongs to the automatic dishwashing detergent category while Dawn (secondary brand) belongs to the manual dishwashing liquid category, and both could be used together for the same occasion (pre-wash dishes manually with Dawn before putting into the dishwasher and cleaning with Cascade). We also empirically verify the functional relationship between these two sets of product categories.

Since consumers buy composite products less frequently, our analyses included purchase data for 45 weeks before introduction and 45 weeks after introduction of the composite product (2003–2005). We selected only consumers who...
had made at least one purchase in the primary and secondary categories before the introduction of the composite product (Swaminathan, Fox, and Reddy 2001). Using this criterion, we were able to have 5,215 and 2,604 households in the Tide and Cascade composite product samples, respectively.

We considered all the brands in the corresponding categories. Tables 1 provide some descriptive statistics about the data in the period before the introduction of the composite product. It shows that Tide and Downy are market leaders in their respective categories and that each brand has the highest price (in cents per ounce) in its category. Arm & Hammer receives the maximum feature and display support in laundry detergent category. Tide and Downy have the largest number of SKUs and receive the largest advertising spending\(^3\) in their respective categories. Availability of manufacturer coupons\(^4\) is also the highest for both Tide and Downy.

\(^3\)The estimated weekly national advertising expenditures of the brands were obtained from TNS Media Intelligence for the corresponding period of the data.

\(^4\)Manufacturer coupons are coded as 1 if available for selected market at a given week and 0 otherwise.

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### Table 1. Descriptive Statistics of Brands in Detergents and Fabric Softener Categories Before the Introduction of Composite Brand

<table>
<thead>
<tr>
<th>Brand</th>
<th>Market Share</th>
<th>Price (cents/oz)</th>
<th>Feature</th>
<th>Display</th>
<th>Coupon Availability</th>
<th>Avg. # of UPCs in a week</th>
<th>Log (weekly advt. spending)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td><strong>Laundry detergents</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tide</td>
<td>30.14</td>
<td>6.81</td>
<td>.70</td>
<td>.31</td>
<td>.30</td>
<td>.12</td>
<td>.26</td>
</tr>
<tr>
<td>Arm &amp; Hammer</td>
<td>18.90</td>
<td>4.12</td>
<td>.84</td>
<td>.81</td>
<td>.30</td>
<td>.75</td>
<td>.36</td>
</tr>
<tr>
<td>Era</td>
<td>15.08</td>
<td>4.63</td>
<td>.93</td>
<td>.35</td>
<td>.44</td>
<td>.16</td>
<td>.35</td>
</tr>
<tr>
<td>All</td>
<td>10.50</td>
<td>4.62</td>
<td>.34</td>
<td>.49</td>
<td>.43</td>
<td>.11</td>
<td>.29</td>
</tr>
<tr>
<td>Purex</td>
<td>7.51</td>
<td>4.05</td>
<td>.70</td>
<td>.40</td>
<td>.42</td>
<td>.32</td>
<td>.42</td>
</tr>
<tr>
<td>Wisk</td>
<td>6.57</td>
<td>5.38</td>
<td>.58</td>
<td>.46</td>
<td>.40</td>
<td>.21</td>
<td>.34</td>
</tr>
<tr>
<td>Xtra</td>
<td>5.88</td>
<td>2.10</td>
<td>.22</td>
<td>.38</td>
<td>.44</td>
<td>.24</td>
<td>.40</td>
</tr>
<tr>
<td>Cheer</td>
<td>3.47</td>
<td>6.58</td>
<td>.46</td>
<td>.15</td>
<td>.33</td>
<td>.13</td>
<td>.31</td>
</tr>
<tr>
<td>Private Label</td>
<td>3.26</td>
<td>2.31</td>
<td>.52</td>
<td>.37</td>
<td>.43</td>
<td>.02</td>
<td>.13</td>
</tr>
<tr>
<td><strong>Fabric softeners</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Downy</td>
<td>36.64</td>
<td>8.95</td>
<td>1.11</td>
<td>.29</td>
<td>.35</td>
<td>.13</td>
<td>.29</td>
</tr>
<tr>
<td>Private Label</td>
<td>19.81</td>
<td>3.69</td>
<td>.68</td>
<td>.46</td>
<td>.33</td>
<td>.10</td>
<td>.24</td>
</tr>
<tr>
<td>Snuggle</td>
<td>13.99</td>
<td>6.62</td>
<td>.46</td>
<td>.48</td>
<td>.37</td>
<td>.14</td>
<td>.28</td>
</tr>
<tr>
<td>Bounce</td>
<td>14.25</td>
<td>4.80</td>
<td>.17</td>
<td>.24</td>
<td>.32</td>
<td>.00</td>
<td>.05</td>
</tr>
<tr>
<td>Arm &amp; Hammer</td>
<td>6.73</td>
<td>4.59</td>
<td>.37</td>
<td>.34</td>
<td>.43</td>
<td>.20</td>
<td>.39</td>
</tr>
<tr>
<td>All</td>
<td>3.41</td>
<td>4.19</td>
<td>.12</td>
<td>.43</td>
<td>.40</td>
<td>.11</td>
<td>.27</td>
</tr>
<tr>
<td>Cling Free</td>
<td>5.17</td>
<td>3.05</td>
<td>.23</td>
<td>.38</td>
<td>.42</td>
<td>.16</td>
<td>.33</td>
</tr>
</tbody>
</table>
brand experience is customer-specific. PBE (SBE) of 1 suggests a loyal user of the primary (secondary) brand, whereas PBE (SBE) of 0 suggests the household is a non-user of the primary (secondary) brand. A value of PBE (SBE) between 0 and 1 implies that the household is a familiar user who switches between the primary (secondary) brand and other brands in the primary (secondary) category.

Tables 2a and 2b show the percentage of users in various segments, classified on the basis of their experience with the primary and secondary brands. Of all the households in our detergent composite product sample, 12.04% and 11.85% constitute loyal users of the primary brand (Tide) and the secondary brand (Downy), respectively, while the percentage of users that are loyal to both Tide and Downy is relatively small (2.42%). Of the households in the dishwashing composite product sample, 23.85% and 24.58% are loyal users of the primary brand (Cascade) and the secondary brand (Dawn), respectively. The percentage of users that are loyal to both Cascade and Dawn is small here also (7.07%), although a bit larger than in the other case.

Model Specification
Our goal is to estimate a shift in consumers’ brand preference after introduction of the composite product. To isolate the change in brand preference owing to changes in marketing activities, we employ brand choice models (Guadagni and Little 1983; Krishnamurthi and Raj 1988; Lattin and Bucklin 1989) in the primary and secondary categories, estimated simultaneously and incorporating household-level heterogeneity.

We illustrate the model specification using the example of a detergent and softener composite product. For both categories, we assume that households derive utility from the purchase and consumption of a brand. Computation feasibility leads to analysis at the brand level (e.g., Erdem 1998; Mehta 2007) instead of the SKU level (Fader and Hardie

Table 2a. Segmentation of Users Based on Prior Primary and Secondary Brand Experience for Laundry Detergent and Fabric Softener Categories

<table>
<thead>
<tr>
<th>Percentage of Customers</th>
<th>Secondary Brand (Downy) Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-users</td>
</tr>
<tr>
<td>Primary brand (Tide) experience</td>
<td></td>
</tr>
<tr>
<td>Non-users</td>
<td>47.02</td>
</tr>
<tr>
<td>Familiar users</td>
<td>18.43</td>
</tr>
<tr>
<td>Loyal users</td>
<td>7.56</td>
</tr>
<tr>
<td>Total</td>
<td>73.00</td>
</tr>
</tbody>
</table>

Table 2b. Segmentation of Users Based on Prior Primary and Secondary Brand Experience for Automatic and Hand Dishwashing Detergent Categories

<table>
<thead>
<tr>
<th>Percentage of Customers</th>
<th>Secondary Brand (Dawn) Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-users</td>
</tr>
<tr>
<td>Primary brand (Cascade) experience</td>
<td></td>
</tr>
<tr>
<td>Non-users</td>
<td>20.85</td>
</tr>
<tr>
<td>Familiar users</td>
<td>13.06</td>
</tr>
<tr>
<td>Loyal users</td>
<td>10.91</td>
</tr>
<tr>
<td>Total</td>
<td>44.82</td>
</tr>
</tbody>
</table>

Note that our segmentation of consumers is based on their initial purchases. This way of segmenting, while facilitating managerial interpretations, may introduce two potential biases owing to the “regression to the mean” (RTM) phenomenon and ceiling effect. For example, some consumers may be classified into the loyalty segment by pure chance, even if their choice probability of the focal brand is less than 100%. As a result, the introduction of the composite brand may seem to reduce these customers’ choice probability of the focal brand owing to RTM. The ceiling effect might also occur—the consumers with the highest probability of buying the focal brand would have less room to improve.
1996). Although examining SKU-level choice would reveal additional substitution patterns among SKUs on attributes such as size and scent, this approach would not enhance our research focus on brand alliance. In addition, we isolate the composite product from the primary brand and treat it as a separate alternative in the primary category so that we can calculate potential cannibalization within the primary category without losing tractability.

The utility is composed of a deterministic part and a random error with certain distribution assumptions. We assume that the deterministic part can be written as a linear function of the brand preference, price, and other marketing mix variables. Households choose the brand that offers the most utility within the choice set. Formally, let \( h \) denote a household, \( t \) denote time, \( X \) denote a vector of marketing mix variables (including price, feature, display, number of UPCs, coupon availability, state dependence, \(^\text{6}\) and advertising spending), and \( t_0 \) denote the time when the composite product was launched. Let \( P \) denote the primary category, \( S \) denote the secondary category. Let \( j \) denote a brand in the primary category, where \( j = 1, \ldots, J \). Let \( k \) denote a brand in the secondary category, where \( k = 1, \ldots, K \). Furthermore, let \( cp \) and \( pb \) denote the composite product and the primary brand in the primary category, respectively, and let \( sb \) denote the secondary brand in the secondary category.

Before the launch of the composite product \((t < t_0)\), the utility of choosing a particular brand in the laundry detergent (fabric softener) is given by:

\[
(1) \quad u_{hjt}^p = b_{hj}^p + X_{hjt}^p \beta_h^p + \epsilon_{hjt}^p, \forall j \in P, t < t_0
\]

\[
(2) \quad u_{hkt}^s = h_{hk}^s + X_{hkt}^s \beta_h^s + \epsilon_{hkt}^s, \forall k \in S, t < t_0
\]

where \( u_{hjt}^p \) is the utility of buying brand \( j \) in the primary category at time \( t \) by household \( h \), \( b_{hj}^p \) is the brand dummy for brand \( j \), and \( X_{hjt}^p \beta_h^p \) captures the effect of marketing mixes. Equation 2 represents the corresponding utility of buying brand \( k \) in the secondary category. However, owing to the introduction of the composite product \((t \geq t_0)\), we would expect two changes. First, the number of alternatives increases in the primary category (detergent). Second, brand experience effects occur (from the primary/secondary brand to the composite product) as well as reciprocal effects (from the composite product to the primary/secondary brand). For the composite product, the primary brand, and the remaining brands in the primary category, we specify the utility functions below.

\(^\text{6}\)We aggregated SKUs’ marketing mixes to brand level using market share as weights.

**Utility of Composite Product**

\[(3) \quad u_{h, cp, t}^p = b_{h, cp}^p + \alpha_{PL}^h \{PBE_{h, t}^p = 1\} + \alpha_{PF}^h \{PBE_{h, t}^p \in (0,1)\} + \alpha_{SF}^h \{SBE_{h, t}^p = 1\} + \alpha_{SP}^h \{SBE_{h, t}^p \in (0,1)\} + \alpha_{PL}^h \{PBE_{h, t}^p = 1\} \{SBE_{h, t}^p = 1\} + X_{h, cp, t}^p \beta_h^p + \epsilon_{h, cp, t}^p, t \geq t_0\]

First, we assume the utility of the composite product in the above equation depends upon the brand effect \( b_{h, cp}^p \) and marketing mix effect \( X_{h, cp, t}^p \beta_h^p \). In addition, we introduce \( \alpha_{PL}^h, \alpha_{PF}^h, \) and \( \alpha_{SF}^h, \alpha_{SP}^h \) to represent the segment-specific brand-experience effects, where \( L \) denotes loyal users and \( F \) denotes familiar users. Therefore, \( PL \) represents the loyal users of the primary brand, \( SL \) means the loyal users of the secondary brand, and so on. The terms \( \alpha_{PF}^h \) and \( \alpha_{SF}^h \) capture the impact of a customer’s previous familiarity with the primary brand and the secondary brand, respectively, on the value of the composite product, when the customer is a familiar user. On the other hand, \( \alpha_{PL}^h \) and \( \alpha_{SL}^h \) represent the brand experience effect on the composite product when the customer is a loyal user of the primary or secondary brand, respectively. Since we normalize the non-user as the baseline, we implicitly assume no brand experience effect occurs if the customer has no prior experience with the primary or the secondary brand. Finally, we also model the potential interaction effects for those customers who are loyal to both the primary and the secondary brands. Let \( BL \) denote the loyal users of both the primary brand and the secondary brand. Therefore, \( \alpha_{BL}^h \) captures the interaction effects of being loyal users of both categories.

**Utility of Primary Brand**

\[(4) \quad u_{h, pb, t}^p = b_{h, pb}^p + \lambda_{h}^p CPE_{h, t} + X_{h, pb, t}^p \beta_h^p + \epsilon_{h, pb, t}^p, t \geq t_0\]

where \( CPE \) denotes a household’s experience with the composite product. Following the prior definition of “reciprocal effect indicator” (Swaminathan, Fox, and Reddy 2001), we set \( CPE \) to 1 if the household has tried the composite product at time \( t \), and 0 otherwise. Therefore, \( \lambda_{h}^p \) captures the reciprocal effect of adopting the composite product on the primary brand. We expect \( \lambda_{h}^p \) to be positive and significant if a reciprocal effect occurs as we hypothesize.
introduction. We assume the composite product introduction has no direct effect on the utility of other brands. However, the choice probability would change owing to the shift in the utilities of the primary brand and the composite product.

For the secondary category, the number of alternatives remains the same. We only need to incorporate the reciprocal effect into the utility of the secondary brand. Utility of the secondary brand and the remaining brands in the secondary category are specified as follows.

**Utility of Secondary Brand**

\[
 u_{h,ab,t}^S = b_{h,ab,t}^S + \lambda_h^S CPE_{ht}^S + X_{h,ab,t}^S \beta_h^S + \epsilon_{h,ab,t}^S, t \geq t_0
\]

The interpretation of the above equation is similar to that of equation (4). The utility of remaining brands remains the same. We only need to incorporate the reciprocal effect into the utility of the secondary brand. Utility of the composite product remains the same. We only need to incorporate the reciprocal effect into the utility of the secondary brand.

**Incorporating Heterogeneity**

Significant unobserved heterogeneity across households in brand preferences and responses to marketing variables is well documented (Gupta and Chintagunta 1994; Kamakura and Russell 1989). We incorporate heterogeneity with a random coefficient approach (e.g., Chintagunta, Jain, and Vlccasim 1991; Gonul and Srinivasan 1993). Specifically, we assume that the brand value, marketing mix coefficients, and brand experience and reciprocal effect coefficients follow a multivariate normal distribution across households and across both categories. The mean and the variance of the normal distributions are estimated from the data. Let \( b_{h}^P \) be the vertical stack of all brand value parameters in the primary category, \( b_{h}^P = (b_{h,1}^P, b_{h,2}^P, \ldots, b_{h,J}^P) \), and let \( b_{h}^S \) be the same brand value vector in the secondary category. Let \( \theta_h \) be the vertical stack of all brand experience and spillover effects in both categories, \( \theta_h = (\alpha_{hP}, \alpha_{hS}, \alpha_{hSP}, \alpha_{hSL}, \lambda_{hP}, \lambda_{hS}) \). We assume: \( \theta_h \sim N(\theta_0, \Sigma_0) \), \( b_{h}^P \sim N(b_{h0}^P, \Sigma_{bP}), b_{h}^S \sim N(b_{h0}^S, \Sigma_{bS}) \), \( \beta_{hP} \sim N(\beta_{h0P}, \Sigma_{\beta P}), \beta_{hS} \sim N(\beta_{h0S}, \Sigma_{\beta S}) \). The joint log likelihood of both categories can be computed by integrating over the heterogeneity distribution. Let \( \Theta_h = \{b_{h}^P, b_{h}^S, \beta_{hP}, \beta_{hS}, \theta_h\} \), and let \( f(\Theta) \) denote the joint distribution of all parameters in \( \Theta_h \). The log likelihood can be written as \( LL = \sum_{h=1}^{N} \log \left( \int L_h(\Theta_h) f(\Theta) d\Theta \right) \).

We use simulated maximum likelihood to estimate the above model (see Hajivassiliou and Ruud 1994 for properties of simulated likelihood estimator). The integration can be approximated by simulation as follows:

\[
 LL = \sum_{h=1}^{N} \log \left( \frac{1}{NS} \sum_{ns=1}^{NS} L_h(\Theta_{h}^{ns}) \right)
\]

where \( NS \) is the total number of simulated draws and \( \Theta_{h}^{ns} \) are random draws from the distribution \( f(\Theta) \). We can then obtain estimates by maximizing the above equation.

**Estimation Results**

We describe below the estimation results of our proposed model for each of the two product category pairs and then discuss the implications. We estimated the full model and a baseline model assuming no brand experience and reciprocal effects. The full model outperforms the baseline model according to the Bayesian Information Criterion BIC (69643 vs. 70198 for detergent and softeners; and 37300 vs. 37412 for automatic and manual dishwashing detergents).

**Results for Laundry Detergent and Softener Categories**

Table 3 lists results of laundry detergent and softener. The coefficient for price is negative and significant for both categories, suggesting that as price increases, consumer choice likelihood goes down. In addition, feature, display, and coupon availability have a positive and significant effect on consumer choice, as expected. State dependence coefficient is positive and significant, indicating a strong inertia in brand choice. The effect of advertisement spending is significant for laundry detergent but is insignificant for fabric.

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Footnotes:

7Households’ past purchases could influence future decisions. State dependence captures this effect and is coded as 1 if this brand is bought at the last purchase occasion and 0 otherwise.

8The multinomial probit model should also alleviate any concerns about the IIA assumption, as it is not likely to hold owing to the similarity of the composite product with the primary and secondary brands.
softener. The brand intercepts represent the relative preference in choice with respect to a base brand (which we selected as Arm & Hammer in both categories) after controlling for various marketing mix variables. The coefficient of the number of SKUs in a category is positive and significant for the laundry detergent category, implying that consumers tend to choose brands with more SKUs available. However, this is not applicable to the fabric softener category.

For the utility of the composite product, we find that the coefficients of the primary brand loyal user (0.57, \(p = .34\)) and the secondary brand loyal user (-.31, \(p = .72\)) are insignificant. These two coefficients represent the brand-experience effects of a loyal user of the primary brand and the secondary brand, respectively, on the value of the composite product. Recall that these segment-specific results are with respect to the baseline segment of non-users of the primary and secondary brands. Therefore, we find no difference in the adoption likelihood of composite products between loyal users and non-users of the primary as well as the secondary brands. The coefficient (2.17, \(p < .01\)) of primary brand experience (PBE) is positive and significant, while the coefficient (-.08, \(p = .91\)) of secondary brand experience (SBE) is insignificant. These two coefficients capture the impact of a customer’s previous experience or familiarity with the primary and secondary brand, respectively, on the value of the composite product, when the customer is a familiar user. Thus, the adoption likelihood of the composite product is greater among familiar users than among non-users of the primary brand, but not of the secondary brand. The coefficient (-2.19, \(p < .10\)) of the interaction between the primary brand loyal user and the secondary brand loyal user is negative and marginally significant, showing that adoption likelihood of the composite product among loyal users of both the primary and the secondary brands is lower compared to that of either the primary or the secondary brand. The coefficient (3.15, \(p < .01\)) of the reciprocal effect of the composite product on the primary brand is positive and significant, showing that adoption of the composite product results in a positive reciprocal effect on the primary brand. We also find that the coefficient (1.70, \(p = .16\)) of the reciprocal effect of the composite product on the secondary brand is positive but not significant, which suggests no reciprocal effect occurs with respect to the secondary brand. This finding is consistent with our expectation that the reciprocal effect on the secondary brand should be either non-existent or weaker than that for the primary brand.

**Conclusions**

Drawing on scanner panel data, the current research found that relative to the low likelihood that non-users of the primary brand would choose the composite product, familiar users of the primary brand were more likely to adopt the composite product but loyal users of the primary brand were not. In contrast, the buying likelihood of the composite product was not different between non-users, familiar users, and loyal users of the secondary brand.\(^9\) Moreover, loyal users of both the primary and secondary brands have lower likelihood of choosing the composite product compared to non-users of either of the two partner brands. Regarding other findings, the choice of the composite product resulted in a positive reciprocal effect for the primary brand but did not generate either a positive or negative reciprocal effect for the secondary brand and did not cannibalize host brand sales. We believe that these results make a stronger contribution than those related to adoption likelihood of composite products. In addition, the introduction of the composite product helped both partner brands in several ways, including improving their competitive clouts, but in terms of market share gain, it helped the primary brand more than it helped the secondary brand. Finally, results of the supplementary analysis revealed that the introduction of the composite product affected the close competitors of both the primary and secondary brands in their respective categories, although the effect was not uniform. The findings were consistent across both composite products (Tide and Downy; Cascade and Dawn), attesting to the potential generalizability of our findings. Next, we discuss implications of our findings for brand managers, retailers, and theory.

**Theoretical Implications**

Our findings extend the ingredient branding literature, which has shown that positive equity of partner brands influences consumers’ stated attitude toward composite product (Simonin and Ruth 1998). However, as our findings reveal, this does not necessarily influence consumers’ revealed choice behaviors. For example, primary brand loyal consumers, secondary brand loyal consumers, and secondary brand familiar users, despite holding a positive attitude toward the primary and secondary brands, have very low likelihood of adopting the complements-based composite product. Thus, while brand equity and good fit between partner brands and categories might be adequate to influence composite brand attitude, among these segments other factors seem to override these influences on buying the composite product. As we don’t have access to thought processes of consumers in these segments, we speculate on these factors on the basis of our theoretical arguments. For example, primary brand loyal consumers are less likely to buy complements-based composite products because their exclusive use of the primary brand might make them believe that adding the secondary brand to the primary brand will interfere with the core functionality of the product (Kirmani,

\(^9\)We do not assume a full covariance matrix over all the parameters due to computation consideration.
### Table 3. Random Coefficient Probit Model Results for Laundry Detergent and Softener Categories

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Coefficient</th>
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<th>Sigma</th>
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<td></td>
<td>Mean</td>
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<td>Mean</td>
<td>Std Error</td>
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<td>.60</td>
<td>.11</td>
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</tr>
<tr>
<td>SB Loyal User</td>
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<td>.87</td>
<td>.31</td>
<td>.30</td>
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<tr>
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<td>1.23</td>
<td>1.72</td>
</tr>
<tr>
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<td>1.09</td>
<td>.45</td>
</tr>
<tr>
<td>SBE</td>
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<td>1.14</td>
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<tr>
<td>Reciprocal effect of composite product</td>
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<td>on secondary brand (CP2SB)</td>
<td>.60</td>
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**Laundry Detergent**

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<tr>
<td></td>
<td>Mean</td>
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<td>Mean</td>
<td>Std Error</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Composite product</td>
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<td>.43</td>
<td>.10</td>
<td>.16</td>
</tr>
<tr>
<td>All</td>
<td>3.42***</td>
<td>.10</td>
<td>1.21</td>
<td>.09</td>
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<td>9.95***</td>
<td>.18</td>
<td>1.66</td>
<td>.15</td>
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<td>.13</td>
<td>1.6</td>
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<td>Private Label</td>
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<td>.15</td>
<td>1.7</td>
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<td>Purex</td>
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<td>.09</td>
<td>1.74</td>
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<tr>
<td>Tide</td>
<td>6.21***</td>
<td>.21</td>
<td>2.14</td>
<td>.17</td>
</tr>
<tr>
<td>Wisk</td>
<td>6.22***</td>
<td>.12</td>
<td>.12</td>
<td>.16</td>
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<tr>
<td>Xtra</td>
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<td>.96</td>
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<tr>
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**Fabric Softener**

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<td></td>
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<td>Std Error</td>
<td>Mean</td>
<td>Std Error</td>
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<tr>
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<td></td>
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</tr>
<tr>
<td>All</td>
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<td>.21</td>
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<tr>
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Note: 1. We also controlled for new product introductions by incorporating dummy variables in both laundry detergent and softener categories.
2. *** p < .01; ** p < .05; * p < .1
Sood, and Bridges 1999; Roedder-John, Loken, and Joiner 1998). Similarly, familiar users of the secondary brand might be less willing to buy the composite product because to adopt it, they would have to give up their current brand in the primary category.

Our research has a few limitations. While strengthening internal validity, the extensive criteria used in selecting composite products limited us to two replicates. These selection criteria severely restricted the number of composite product replicates we could work with, but they allowed us to be more confident in attributing our findings to posited theoretical arguments (e.g., attributing choice of the composite product to users familiar with the primary and secondary brands or attributing reciprocal effect on choices of primary and secondary brands). Future research can relax these criteria to see whether our findings extend to more composite products. Moreover, our research used consumers’ choices to test the hypotheses, but without access to consumers’ thought process, we can only speculate about theoretical reasons underlining our findings. Another limitation is that the complements-based composite products selected were “same” use situation products—that is, neither partner brand could be used outside of the common use situation of washing clothes or cleaning dishes. An interesting investigation would explore how our findings would change if this assumption of common use is relaxed by investigating composite products such as the El Fudge sandwich cookie with Nestle’s Butter Finger candy, in which consumers use or consume the primary and secondary brands in distinct situations. Since we have used data from two sets of complementary categories belonging to a single chain located in a particular market area, future research could use data from multiple stores, categories, and market areas to generalize our findings and attribute the influence of any of these characteristics on consumer choice. An interesting avenue of research would be the study of the moderating influence of various factors, such as the quality of the composite product or the perceived value, on composite product choice. We also acknowledge that this study lacks information about manufacturing costs, which could help investigate the impact of composite products on profitability of various brands (George, Kumar, and Grewal 2013). Finally, future research can use multi- and cross-category models (Russell et al. 1999; Pancras, Gauri and Talukdar 2013) to model both primary and secondary categories to yield more insights into the substitution patterns induced by composite products.

Figure 1 Conceptual Framework

[Diagram showing the conceptual framework with marketing mix of focal brands, marketing mix of competing brands, composite product choice, experience, and reciprocal effects]
References
The Effect of Superstar Software in the Video Game Industry: The Moderating Role of Product Generation Lifecycles

Richard Gretz, Bradley University
Suman Basuroy, University of Texas at San Antonio

Keywords: indirect network effect, superstars, software, hardware, new product introductions, product generation lifecycle, video games

EXTENDED ABSTRACT

Superstars in general seem to dominate many industries. Superstar individuals or products “possess unique and superior attributes or skills” and command a disproportionately large payoff (Binken and Stremersch 2009; Rosen 1981). Examples of such superstars abound in most industries—Tiger Woods in golf, Steven Levitt among economists, Microsoft Word in word processing, IBM in consulting. In the entertainment industry especially, superstars appear to dominate product segments—Grand Theft Auto in video games, Da Vinci Code in fiction, Brad Pitt among actors, Game of Thrones on cable television, Howard Stern on radio, Angry Birds among mobile phone apps, Harry Potter among movies, etc. Binken and Stremersch (2009), in a seminal article in the marketing literature, discuss the importance of superstar video games in the context of the video game industry and show that the introduction of game superstars affects the sales of hardware (console) significantly positively.

Our data set is provided by the NPD Group, and includes monthly point-of-sale data on prices and quantities for video game consoles from January 1995 through October 2007 from roughly 65% of US retailers. In total, the data set contains average price and quantity data for 15 consoles over 4 distinct product generations.

Using this dataset, our paper extends the results of Binken and Stremersch (2009) in several ways. First, we build on their results and show that the presence of superstar software positively and significantly affects console market share. Second, and importantly, we show that such superstar effects vary dramatically over the product generation’s (console) lifecycle. Specifically we find that superstars are significant for console market share early on, especially in the Introductory and Growth phases of the product generation lifecycle but not important later on. This finding provides interesting managerial insights which we discuss later and serves as key departures from extant results. Third, we find that regular games (non-superstars) are important later on especially in the Decline phase of the generation product lifecycle but not important earlier. Thus managerial strategies regarding superstars should vary with the console generation lifecycle. Fourth, Binken and Stremersch (2009) do not consider a simultaneous equation system where both hardware and software impact each other (feedback loop). However, following Stremersch et al. (2007), we jointly estimate both the demand for hardware and the supply of regular and superstar software which make our results more robust. Including this complexity (feedback loop) has the benefit of informing managers when they can leverage their installed base to attract superstars to their console. Our results show that the effect of the installed base on the supply of superstars is significant in the Growth phase and not in the Introduction phase. Also, the installed base has a positive and significant effect on superstar supply in the Decline phase—when the effect of superstars on console demand is weakest. This interesting result and insight regarding the criticality of the network effect on the supply of superstars was ignored in prior research and would not be possible without considering the feedback loop that we model.

Fifth, software and hardware sale are usually affected by omitted variables that pose endogeneity problems, an issue not addressed by Binken and Stremersch (2009). In this paper, we control for such endogeneity by using several reasonable instruments with instrumental variables regression techniques via generalized method of moments (GMM) estimations.

References are available on request.

For further information contact: Richard Gretz, Associate Professor, Bradley University (e-mail: rgretz@bradley.edu).
The Mitigating Effect of Personal Agency on Escalation of Commitment

Sunil Contractor, Johns Hopkins University

Keywords: escalation of commitment, regret, decision-making, foregone outcome, personal responsibility

EXTENDED ABSTRACT

Research Question
Marketing managers and individuals making a variety of decisions (decision makers hereinafter) are likely to continue a failing course of action and escalate commitment if they are responsible for initiating the course (Boulding, Morgan, and Staelin 1997). However, none of the research to date shows that responsibility to initiate a course of action (hereafter personal agency) mitigates (i.e. decrease) escalation of commitment conditionally. Moreover, debate concerning the process to explain this phenomenon is thriving (Sleesman et al., 2012).

In this paper, I integrate the research on escalation of commitment and the research on regret, a negative emotion that is experienced based on cognitive evaluations of an adverse outcome (Zeelenberg, Van Dijk, and Manstead 2000a), to explicate the conditional effects of personal agency on the phenomenon. I propose that likelihood of receiving a desired final outcome (hereafter outcome reversibility) jointly with the availability of the information about superior foregone outcome moderates the effect of personal agency on escalation of commitment. I also hypothesize that regret mediates the effect of personal agency on escalation of commitment to propose regret regulation (Zeelenberg and Pieters 2007) as a theoretical rationale for the phenomenon.

Method and Data
I recruited 192 business students (mean age 21 years, male 49%, experience 4.25 years) and evaluated their escalation of commitment decision on a stock investment using a 2 (personal agency: self select vs. assigned) x 2 (probability of receiving a desired outcome subsequent to interim loss from the stock investment: 65% chance versus 25% chance) between-subjects design. At the outset of the study, I manipulated personal agency by asking half of the participants to select and justify the stock they would choose to receive as a gift (Bobocel and Meyer 1994). The other half of the participants had no choice.

Subsequently, I manipulated reversibility of the adverse outcome by reporting an interim loss from the investment and a probability (65% versus 25%) that the future outcome of the stock will deliver desired outcome. I also reported the superior performance of the foregone stock investment to all participants. Then, I measured each participant’s regret, self-attribution for the loss and perception of the superiority of the foregone option. In addition, as measures of attitudinal and behavioral escalation of commitment, I assessed each participant’s intentions to sell the stock and the actual amount of the stock they sold. Furthermore, I gave them bonus cash and measured their additional investment in the stock.

Summary of Findings
Study results suggest that personal agency mitigates perceived superiority of the foregone option when the reversibility of the received outcome is high, and amplifies it when the reversibility of the received outcome is low. On the other hand, results suggest that personal agency not only triggers self-attribution when the outcome of the foregone option is superior, but it also further amplifies self-attribution when the reversibility of the received outcome is reduced. More importantly, results show that when the outcome of the foregone option is superior, the effect of personal agency on regret and escalation of commitment is contingent upon the reversibility of the received outcome. On the one hand, when the reversibility of the received outcome is high, participants who self-choose a course of action experience less regret, which, in turn, increases their escalation of commitment. On the other hand, when the reversibility of the received outcome low, those who self-choose experience more regret, which, in turn, decreases their escalation of commitment. Accordingly, a mediation test sug-
gests that regret mediates the conditional effects of personal agency on escalation of commitment.

**Key Contributions**
Study results show that personal agency decreases or increases escalation of commitment when the outcome of the foregone option is superior and the reversibility of the received adverse outcome is low or high, respectively. Therefore, this is the first study to demonstrate the mitigating effect of personal agency on escalation of commitment. The results also suggest that the knowledge of the foregone option’s outcome and the reversibility of the received outcome are important characteristics of an escalation situation. While proposing self-justification theory as a rational for escalation of commitment, Staw (1976) asserts that individuals attempt to avoid self-attribution of causality when their behavior leads to negative consequences or results in personal failure. However, I find that those who are responsible for initiating a failing course of action not only engage in self-attribution for the adverse outcome, but they amplify their self-attribution when the probability of recovering from a loss decreases so that the negative consequence or the personal failure is more apparent. Moreover, while researchers have proposed several other theories to explain the amplifying effect of personal agency on escalation of commitment, none explains the mitigating effect. Therefore, my research suggests regret regulation as a theoretical rationale for the effect of personal agency on escalation.

*References are available on request.*
An Exploratory Study of Antecedents and Consequences of Radical Product Innovation Capability

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Keywords: innovation, capability, first-to-market, performance

EXTENDED ABSTRACT

Research Question
The literature in marketing, management, strategy and innovation has evolved in two important directions. One, antecedents to innovation have been studied at the organization or project level. There has not been much work on an organization-level innovation capability and the work that has been done is largely conceptual. Two, there has been a lot written about two kinds of innovation, incremental and radical innovation. However not much attention has been paid to the issue of whether the antecedents and outcomes of radical product innovation are different than those for incremental innovation. It is widely recognized that companies like Amazon, Apple, P & G, and Google are better at being pioneers and launching radical innovations whereas Dell, Microsoft and Samsung are arguably better at being followers or launching incremental innovations. This paper takes a focused look at the antecedents of an organizational capability called radical product innovation capability and explores how that results in specific consequences for new product launches such as being first to market and product performance.

Method and Data
We developed an online survey with multiple-item measures for the constructs of interest. The items were presented in scrambled order so that underlying constructs could not be identified. Some items had the wording reversed at periodic intervals. The survey questionnaire was pre-tested with 9 executives familiar with innovation processes in their company and revised for clarity. A list of 6000 email addresses was purchased from a vendor, of senior managers in US companies across many industries. An email solicitation with the link to the online survey was sent to each person addressed by name. They were requested to answer the survey if they were familiar with a major new product or service their company had launched within the past 3 years. Respondents were asked to answer the questionnaire with that product in mind. They were also asked to voluntarily provide the name of the product or a web page address where one could obtain more information about the product (81% of respondents provided this). We received 97 responses of which 95 were usable. The main industries in our sample were Computer and Electronic Product Manufacturing (34%), Publishing but not Internet (27%), Machinery Manufacturing (13%), and Professional, Scientific, and Technical Services (12%).

Summary of Findings
We have a 3-stage model and do path analysis results using OLS regression. We use two control variables at every stage, one for the environment (market uncertainty) and one for the age of the business. In Stage 1, we find that all three of our antecedents (risk tolerance, learning to explore new competencies, innovation process) are positively related to RPI capability. In Stage 2 we find that RPI Capability is positively related to being First to Market. And in Stage 3 we find that First to Market is not related to RPI Performance, however, RPI Capability is positively related to RPI Performance. We test the moderating effect of being First to Market on the positive relationship between RPI Capability and RPI Performance and find there is a positive moderating effect.

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Key Contributions

This paper makes several contributions to the literature. First, it conceptualizes measures and empirically tests the concept of radical product innovation capability, as the central construct, which enables firms to consistently bring out new to the world products every few years. Second, it provides empirical support for the antecedents to radical product innovation. In order to develop, nurture and maintain this capability firms need to take risks and tolerate failure as part of their culture of innovation. They need to encourage employees to explore and learn about new competencies (technologies, products, markets) and they also need to have internal processes in place to incubate radical ideas and convert them into big business opportunities. Third, we show that a radical product innovation capability does result in pioneering or first-mover advantage. Consistent with equivocal findings in the literature, (Tellis and Golder 1996) we find no direct relationship between being first to market and product performance. However, if a firm has RPI Capability and is first to market, we do find a positive impact on patent performance.

There are some interesting managerial implications of our findings. What separates Amazon, Apple and Google from Dell, Microsoft and Samsung, we believe, is the first three companies have had radical product innovation capability through most of their history whereas the latter three have not. Just being first to market doesn’t result in successful product performance. Being first to market together with radical product innovation capability is needed to enhance product performance.

References are available on request.
Avoiding a Babylonian Confusion: A Systematic Review on Low-Cost Innovation

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Keywords: low-cost innovation, disruptive innovation, BOP innovation, frugal innovation, systematic review

EXTENDED ABSTRACT

Research Question
Low-cost innovations, defined as new products or services that organizations direct at consumers who have a lower willingness-to-pay, enable firm growth and help drive societies’ prosperity. However, research has generated a plethora of different theories and frameworks to investigate low-cost innovation. Consequently, this study seeks answers to the following questions:

1) Which theories relate to low-cost innovation?
2) How do low-cost innovations create value for consumers?
3) How can companies capture the value they have created?

Method and Data
A systematic review was conducted to provide collective insights through theoretical synthesis into fields and sub-fields following a structured, reproducible methodology. Using the different sub-fields of low-cost innovation as inputs into the database search and systematically eliminating irrelevant papers results in a sample of 97 relevant, peer-reviewed articles. Starting from a basic structure of value creation and value capture, I used the text analysis software MaxQDA to code each of the 97 articles. Finally, a reference network analysis reveals clusters in low-cost innovation research.

Summary of Findings
The results of the network analysis imply contingencies concerning the introducer (i.e., incumbents vs. entrants) and the target market (i.e., emerging vs. developed market). Applying the contingency lens in combination with the value creation and value capture perspective in the content analysis leads to a set of consistent factors (i.e., valid across settings) and contextual factors (i.e., valid in particular settings). Consistent value creation factors for low-cost innovation include a lower price, a focus on key performance dimensions and new value combinations. Contextual value creation mechanisms in emerging markets comprise innovating financing models and creating access. Firms across different settings are more likely to capture value from low-cost innovation when they can use economies of scale and when they possess a low-cost innovation culture. In addition, incumbents benefit from creating an ambidextrous organization and firms in emerging markets need a business model orientation as well as unique low-cost innovation processes.

Key Contributions
Researchers use a multitude of different theoretical lenses to analyze products and services that organizations direct at consumers who have a lower WTP than the going rate. By highlighting overlapping theories from disruptive innovation, emerging markets, strategy and entrepreneurship, and defining low-cost innovation from a consumer point of view, this study provides a basis for further research on this issue. The systematic review reveals consistent factors for both value creation and value capture that are valid across different settings and firm types. In addition, the analysis revealed unique factors that are contingent on the setting and firm type. Consequently, low-cost innovation theory can be understood as a nested model. The proposed model offers the opportunity to combine research streams on a global level as well as on a context specific level.

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References are available on request.
Development of Successful Really New Products: The “Over-Collaboration” Effect at Different Stages of the New Product Development Process

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Keywords: collaboration breadth, really new products, new product development, process stages

EXTENDED ABSTRACT

Research Questions
Based on an extensive literature review we find that there is a lack of research (1) addressing the effectiveness of collaboration breadth for the development of successful really new products (RNPs) and (2) investigating the impact of collaboration breadth in the different stages of the new product development (NPD) process. Collaboration breadth refers to the number of different types of external collaboration partners (Laursen and Salter 2013). The deficiency of research is surprising because the various stages of the NPD process, i.e. the idea generation, research and development, design, test and evaluation, and market introduction stage, have different knowledge requirements and thus, lead to different levels of uncertainty. These knowledge requirements can be potentially addressed by various and different external collaboration partners. Thus, different levels of collaboration breadth can be an effective way to integrate the required knowledge in the NPD process and to reduce stage-specific uncertainties. Therefore, the main research questions of the paper are: (1) how does collaboration breadth impact the performance of RNPs overall and (2) how does collaboration breadth impact the performance of RNPs specifically in the various stages of the NPD process? (3) whom to collaborate with in which stage of the NPD process?

Method and Data
We used the Mannheim Innovation Panel from the Center for European Economic Research as our data source. The yearly conducted large-scale survey designed as a panel represents the German part of the Community Innovation Survey (CIS). The definitions of constructs and the methodology of the survey follow the Oslo Manual (OECD/Eurostat 2005). The CIS data have been previously used in innovation research (e.g., Van Beers and Zand 2014; Laursen and Salter 2006). Of the total sample of manufacturing and service firms (6,110 firms), 1,718 firms (28.1%) indicated that they were actively engaged in the development of RNPs, thus constituting our effective sample size.

The dependent variable ‘performance of RNPs’ is heavily left-censored as it measures the performance of RNPs in percentage of sales that ranges between 0 and 100. Because of left-censoring we applied a Tobit regression as recommended in the literature (Greene 2011).

Collaboration breadth is measured as sum of six different types of external collaboration partners (customers B2B, customer B2C, suppliers, service providers, competitors, and universities and research institutes) that ranges from 0 to 6 (Laursen and Salter 2013). We included firm size, firm age, R&D intensity, human capital, firm location and industry as control variables in the analysis.

Summary of Findings
Based on the relational view, the findings reveal evidence of a general ‘over-collaboration’ that means an inverted U-
shaped relationship between collaboration breadth and the performance of RNPs over the entire NPD process and at every stage of the NPD process. In addition, we see across the different stages of the NPD process, that the development of RNPs benefits the most from collaboration breadth in the initial idea generation stage, while the optimal number of collaboration partners decreases towards the end of the NPD process.

Furthermore, we identify which external collaboration partners should be integrated in the different stages of the NPD process. We demonstrate that B2B customers are the most important external collaboration partners as they contribute to the performance of RNPs at all stages of the NPD process. In contrast, the knowledge of suppliers seems to be very specific to the development of RNPs in the R&D/construction stage. Whereas universities and research institutes appear as important collaboration partners in the first stages of the NPD process, service providers gain importance in the later stages of the NPD process.

**Key Contributions**
First, we contribute to research on the impact of collaboration breadth on the performance of RNPs which has been called for previously (e.g., Knudsen 2007). We garner intriguing evidence for the effect of ‘over-collaboration’, a non-linear relationship between collaboration breadth and performance of RNPs across and at each and every stage of the NPD process. By exploring the influence of collaboration breadth on the performance of RNPs in the different stages of the NPD process, we address general calls for research for a stage-specific investigation of the relationship between collaboration and successful NPD (e.g., Homburg and Kuehnl 2013). Second, with the focus on RNPs, we add to the understanding on how firms can improve the development and performance of the most important and critical type of new products represented by RNPs. Third, we provide managerial implications for managers who seek to optimize the number of collaboration partners in the different stages of developing RNPs as called for previously (e.g., Di Benedetto 2012). Lastly, we make a theoretical contribution to the relational view by showing that the positive impact if collaboration with diverse external partners in NPD has its limits.

References are available on request.
Sustainability, Open Innovation, and New Product Program Success

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Keywords: open innovation, sustainability orientation, customer focus, new product success

EXTENDED ABSTRACT

Research Questions
Over the years, firms have been reinventing their innovation approaches, anticipating changes in society and markets. Current trends suggest that businesses are witnessing the emergence of the next big innovation wave, driven by societal and environmental needs. Increasingly, firms are looking at the impact of their operations on the environment as well as the positive or negative impact on the communities in which they operate. Understanding these impacts can drive improvements in corporate strategy, in developing new products more creatively and competitively, and ultimately determine a firm’s innovation performance. As such, this research explores how the sustainability efforts of innovating firms affects their new product program (NPP) performance, i.e., the extent to which the new product program is successful and meets its performance target. This research also attempt to understand how firms draw on and successfully utilize external ideas and knowledge in their new product development.

Method and Data
The data analyzed is drawn from the 2012 Product Development and Management Association (PDMA)’s Comparative Performance Assessment Study (CPAS), which was administered on a global scale using Global Park’s online survey tool. Emails containing a link to get a code that allowed each respondent to access the online survey were sent to PDMA members and PDMA contacts. A total of 1,167 codes were sent to key respondents for their business unit with instructions on how to fill out the survey, yielding 453 useable surveys. The final sample consists of firms from North America (198), Asia (149), Europe (61), and elsewhere (45) across multiple industries. Goods manufacturers make up 56% of the sample, with technology companies comprising 45.4% and business-to-business companies accounting for 56.4% of responding companies, while companies with less than $100 million in revenue make up 63.3% of the sample. We test our hypotheses using multiple regressions with, if necessary, relevant interactions terms.

Summary of Findings
The findings of the study suggest that sustainability can enhance firm performance through its positive impact on new product innovation, and customer focus mediates the innovation outcomes of a sustainability orientation. Furthermore, our findings suggest that this mediated link varies significantly across firms with different levels of open innovation activities. While open innovation activities aimed at gathering market insights enhances customer focus directly, open innovation activities aimed at technical problem solving accentuates the link between customer focus – NPP performance.

Key Contributions
This study advances our knowledge about the business case of sustainability by documenting the positive association between sustainability orientation and NPP performance. Since new product innovation is critical to the profitability and long-term performance of any firm, our findings suggest that sustainability can improve firm performance through its positive impact on new product innovation. More importantly, we identified a route through which sustainability orientation is related to NPP performance. Our results indicate that a firm’s sustainability orientation helps enhance its customer focus in the NPP, in turn customer focus positively affect the innovation outcomes. The mediating role of customer focus is important for two reasons. First, it extends the

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sustainability literature by uncovering a previously ignored outcome (i.e., customer focus) of sustainability orientation. Second, it extends the literature on customer focus by uncovering the antecedents (i.e., sustainability) of customer focus. Furthermore, our study highlights the importance of differentiating between two types of open innovation activities, those aimed at gathering market insights and those aimed at technical problem solving, as they function differently to enhance NPP performance. This suggests that managers should leverage these two types of open innovation activities differently in various phases of new product development program.

*References are available on request.*
It’s All Your Fault! Attributing Blame for Co-Created New Product Failures in B2B Relationships

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Keywords: co-creation, B2B channels, new product development, product failure

EXTENDED ABSTRACT

Research Question
The literature exploring co-creation, the process of integrating customers in the new product development process, has grown rapidly in the last decade. The extant work has established co-creation as a powerful tool for both innovation and improving customer perceptions of the firm. While co-creation is widely used within B2B markets, there is little work exploring the use of co-creation within B2B channels. Additionally, while co-creation is touted as a positive interaction for business, there may also be negative relationship outcomes of co-creation in B2B relationships. This research takes a novel approach to B2B co-creation and investigates what happens when channel partners co-create a product together and the new product performs poorly in the marketplace. This conceptual study seeks to answer three main questions. First, what effect may failure of a co-created product have on B2B channel relationships? Second, how do channel partners assess blame for the product failure and what role does blame play in explaining negative relationship outcomes. Third, what characteristics of the relationship and what characteristics of the new product moderate the effect of product failure on B2B partnerships? This paper takes a conceptual approach and offers propositions regarding the effect of new product failure on B2B relationships.

Key Contributions
This research makes some important theoretical and managerial contributions. First, the co-creation literature in the B2B space is limited and this study sheds light on issues within B2B co-creation. Although new product development is an essential aspect of B2B success, very little is understood about the dynamics that exists between channel partners resulting from the co-creation process. This research proposes that the degree to which channel manufacturers assess blame to customers for the new product failure impacts channel relationships. Second, the literature on the negative outcomes of co-creation is also limited. Much of the co-creation literature discusses the positive production and relational benefits of co-creation, but co-creation is also bound to have negative nuances that have yet to be considered. Co-creation involves new types of interactions between partners which could create new avenues for friction. This paper helps researchers develop a theoretical context for which to understand the co-creation process and how to study problems that may arise.

Summary of Findings
Using the theoretical underpinnings taken from the new product literature and the relationship marketing literature, this study proposes a conceptual model that aids future research in better understanding all the nuances of co-creation in B2B settings. Using the theory of self-serving bias, this study shows how co-created new product failures can cause B2B relationships to deteriorate. Relationship partners are likely to assess blame to each other when a co-created new product performs worse than expected. This blame causes increased volatility in relationship sentiments such as relationship continuity and performance. This paper also proposes moderators that strengthen and weaken the effect of new product failure on relationships. Specifically, this study shows how attributes of the relationship and attributes of the co-created product impact how channel partners assess blame for co-created product failure.

References are available on request.

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Part G
Marketing Analytics, Marketing Metrics, and Research

Track Chairs
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Marketing Analytics, Marketing Metrics, and Research

A Video-Based Garment Recommendation Model
Shasha Lu, Li Xiao, Min Ding
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The Impact of Coupons in Coalition Loyalty Programs: Promotion and Waste Effects
Markus Kindler, Nancy V. Wünderlich
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New Product Development Heterogeneous Conjoint Choice Design
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How Do Initial Discounts Affect Customer Retention?
Maria Jose del Rio Olivares, Jaakko Aspara, Pekka Mattila
G-7
A Video-Based Garment Recommendation Model

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Keywords: retailing, customer preference, video analysis, product recommendation

EXTENDED ABSTRACT

Research Question
As a clothing and accessories retailer, Zara launches 11,000 designs on store shelves every year. There are over 200 distinct items in a given Zara store with a one-week inventory turnover. A retailing chain like Zara usually maintains a wide variety of products at its warehouse, but only displays a much smaller set of products at a given store due to space constraints. Even so, evaluating all the items (>200) in a single store would be a tremendous drain on time and require significant cognitive effort from customers. Since only a subset of the available inventory is typically evaluated, a consumer may leave the store without finding anything s/he likes, even when the retailer may possibly carry the products appealing to his or her preferences—at the store, a different store, or the warehouse.

Understanding customer preference is the key to address these problems in garment retail stores. We have developed and tested a model relying on the state-of-art computer vision techniques, to infer customers’ individual preferences based on their affective and behavioral responses, which are captured by video recording. The method infers a customer preference for garment features from physical clues such as facial expressions and features-of-interest on garments.

Method and Data
In this paper, we propose and test one method of inferring individual preferences using in-store video analysis, relying on the state-of-art computer vision techniques. This video-based preference inference method automatically detects customer’s facial expressions and features-of-interest from video captured while a customer is evaluating garment in a retail store. Customers’ preferences on a subset of garment features are then inferred from this information. These partial preferences, together with customer’s body features extracted from the video are then used to match with a customer database to construct a composite preference profile for the focal customer. Finally, product recommendations are made for customer based on this composite preference profile. The recommendations help customers find products that fit their preferences and thus enhance their satisfaction of overall shopping experience, thereby increasing store sales in both the short and long run. This model combines video analysis method from the computer science discipline and standard marketing research methods.

Summary of Findings
We test performance of the garment recommendation model in a garment retailing context, where 127 apparel shoppers choose from 140 garments displayed on racks in a store-like environment. The model is able to make individualized recommendations every time a customer evaluates a product, and its superior predictive performances are shown to be robust using information inferred from any garments a customer evaluated. The proposed method can benefit customers as well as retailers by helping customers find items that fit their preferences better than using average partworths from conjoint analysis. In an empirical study on implementation, the recommendation model is shown to: (a) improve the average percentage of customers who finally purchase the recommended items; and (b) perform consistently using information inferred from any garments a customer evaluated.

Key Contributions
To the best of our knowledge, this research is one of the first attempts to integrate video analysis with extant marketing research methods.

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research methods to create useful managerial tools in the retail context. The present study contributes to the marketing discipline on video data in two ways. First, to the best of our knowledge, this is the first paper that uses video data, a new source of data compared to survey and scanner data, to estimate customer preferences in retailing context. Second, unlike existing marketing literature that uses commercial software, we are among the first to write and test algorithms for video analysis in marketing, thus opening the black box of existing commercial software. This should help pave the way for new innovations in modeling in marketing as related to video data. We believe that this video-based recommendation model will be of great benefit for both customers and garment retailers, especially for Clothing Chain Company that can share customer database and garment database among its chain stores.

References are available on request.
The Impact of Coupons in Coalition Loyalty Programs: Promotion and Waste Effects

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Keywords: coupons, sales promotions, advertising spillover effects, loyalty programs

EXTENDED ABSTRACT

Research Question
Vendors commonly use coupons to enhance their sales numbers. Given the importance of coupons in daily business practice, studies on promotion effectiveness usually focus on the strengths of promotions and conditions under which they are efficient (e.g. Reibstein & Traver, 1982; Yin & Dubinsky, 2004). As coupon promotions expose recipients to both, the featured products’ brands and the vendor’s brand, they increase product awareness and vendor brand awareness simultaneously. However, vendors do not know whether the coupons they issue may lead to customers wanting products that they might purchase at competing vendors. We call such unintended effects of coupon promotions on customers “waste effects.”

We examine coupon promotion effectiveness on multiple dependent variables, such as revenues and customer numbers of the issuing vendors and competitors. At first, we investigate whether coupon promotions in coalition loyalty programs affect customers’ purchase behavior at the issuing vendor and at partner vendors in the same loyalty program. We call these intended effects of coupon promotions on customer behavior “promotion effects.” Secondly, we determine whether coupon promotions trigger waste effects in the same way. At last, we distinguish between three coupon types (discount, special offer, and gift coupons) and examine how different coupon types influence promotion effects and waste effects.

Method and Data
To answer our research questions we use a data set from a European coalition loyalty program (CLP). The data set includes purchase transaction data from 14,000 CLP members and 141 marketing campaigns that use a coupon to promote specific vendors or products. Thus, we are able to observe whether customers, who received a coupon, subsequently buy at any CLP vendor. Furthermore, all customers own a credit card from the CLP. The credit card data allows us to look at purchases conducted outside the CLP and at competitors. We estimate customers’ reactions to coupon promotions by performing a panel vector autoregression (PVAR). A PVAR enables us to control for unobserved individual heterogeneity between different coupon promotions. Our dynamic model estimates revenues and customer numbers for the coupon-issuing vendor, for other vendors inside the CLP, for vendors outside the CLP, and for competitors. Based on the PVAR model, we calculate impulse response functions, which are able to predict the response of sales to shocks like a coupon promotion. Since we include a dummy variable for each coupon type, we are able to estimate the effects of different coupon types on revenues and customer numbers.

Summary of Findings
Coupons offering a discount and special offer coupons cause promotion effects on weekly revenues. They both increase revenues of the issuing vendor and of other vendors in the CLP. Additionally, revenues of vendors outside the CLP and competitors decrease after customers received such coupons. In general, special offer coupons perform better than discount coupons, which confirms current research. However, we observe different effects for coupons that offer a gift to customers. Revenues of the issuing vendor and of other vendors in the CLP decrease in the first week of a gift
coupon promotion, but increase in the succeeding weeks. We could show that waste effects exists when vendors use gift coupons as revenues increase outside the CLP network and at competitors after a gift coupon promotion. Furthermore, we found that coupons’ effects on revenues are stronger than on customer numbers. Based on our findings, we recommend managers to use special offer coupons instead of discount or gift coupons as they lead to strong promotion effects and no waste effects.

**Key Contributions**

Our main contribution is to provide insights on waste effects and on customers’ purchasing behavior as a response to coupon promotions in general. Furthermore, this is the second study that explicitly investigates the effects of promotions in coalition loyalty programs. Dorotic et al. (2011) found mixed results addressing promotion effects in CLPs. As we are able to use 141 marketing campaigns, we can control for individual promotions’ heterogeneity and determine general effects of promotions. Besides that, we are able to estimate the effects of three different coupon types. Different studies already focused on each of the coupon types and its promotional effects (e.g. Reibstein & Traver, 1982; Chen, Marmorstein, Tsiros, & Rao, 2012; Kamins, Folkes, & Fedorikhin, 2009), but until now, no study compared all three types of coupons to each other and none of them investigated waste effects. With our research results, we are able to help managers to choose an adequate coupon type for their promotions.

*References are available on request.*
New Product Development
Heterogeneous Conjoint Choice Design

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Keywords: experiment design, choice experiment, new product development

EXTENDED ABSTRACT

The first and critical step of a conjoint choice experiment is to set up an efficient experimental design for the conjoint tasks. Extant research on choice designs in marketing generally use numerical approaches to search the design space in order to locate a good experimental design. Such search, conducted in the exact design framework, cannot guarantee the optimality of the final recommended design, simply because computing power limitation forbid a thorough search through a noncontinuous design space. This computation challenge has proven a problem for choice designs. Also, extant research on choice designs in marketing focuses on the construction of efficient homogeneous designs where all respondents get the same design or questionnaire. Sandor and Wedel (2005) were the first to propose the construction of efficient heterogeneous designs where different respondents or groups of respondents get different subdesigns or questionnaires, and demonstrate substantial efficiency gain when such heterogeneous designs are employed.

A significant hurdle in widespread adoption of heterogeneous designs is the high computation cost. We use well-established mathematical theories for quick identification of a globally optimal design. The proposed approach makes it feasible to generate a highly efficient choice design that is completely heterogeneous—a unique conjoint choice questionnaire or subdesign for each individual respondent in the choice experiment. Results from simulation and empirical studies demonstrate superior performance of the proposed approach over extant approaches in constructing efficient heterogeneous choice designs.

In the field of new product development, it is critical to understand consumer preferences and choice behavior. Given the high cost of conducting conjoint choice experiments and impact it will have on the product to be made and marketed, it is desirable to use an optimal experimental design. Choice optimal experimental design allows a marketing researcher to effectively design experiments to probe consumer preferences. With the proposed new method, marketing managers can find a globally optimal design in a relatively short time period. This is valuable for marketing research professionals who rely on choice designs to find out about consumer preferences, and develop new products accordingly.

In summary, the proposed new algorithm, compared to existing algorithms, has the advantage of faster speed and more efficient parameter estimation. For practitioners, this means a much faster method to find out about consumer preferences. The contribution of the current work is that this statistical theory based new method makes the task of designing a choice experiment easier/faster as well as with better efficiency.

References are available on request.

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How Do Initial Discounts Affect Customer Retention?

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Keywords: customer retention, price discount, insurances, survival analysis

EXTENDED ABSTRACT

Research Question
In the context of contractual settings, the notion that customer retention is not only beneficial but also profitable for companies is widely accepted. For this reason, there is an ongoing interest of practitioners and academics on finding ways to increase customer retention. In this study, we examine the effectiveness of a common strategy adopted by companies, in which they attract customers through an initial discount for a product or service, in the hope of retaining them in the long run. Thus, we investigate a rather simple issue that has been overlooked in extant research and has to do with the influence of an initial discount on long-term customer retention. In this study, we do not attempt to provide a new methodology for calculating customer prediction churn. Rather, our purpose is to provide empirical evidence on how an initial discount granted to customers has an impact on customer retention even five years after the discount was granted, and whether the magnitude of the discount also plays a role on increasing customer retention. To these ends, our research question is: How do initial discounts affect customer retention?

Method and Data
We use survival analysis to estimate the effect of the initial price discount on the duration of customers’ relationship with the company. We tested our hypotheses utilizing Cox Proportional Hazard Model, which assesses the effect of several independent variables on customer survival. In our model, the dependent variable is the hazard of defection (i.e. the customer ceases to purchase the service). In the analysis, we used four variables: the magnitude of the initial discount, and three control variables (premium paid by the customer, customer’s age, and whether the customer was awarded with regular customer credits).

The data used in this study were obtained from a financial services company. The data set includes customers who purchased car insurances (N=333,411) and spans the period from 2007 to 2012. Our sample includes those customers who obtained a discount during their first year as customers, but no additional discounts during later periods (44,332). These customers are compared with customers who did not get any discount from the company during the period under study (289,079). We excluded from the sample the customers who obtained discounts in one of the later years (N=74,427), to avoid confounding effects and misspecifications in the estimation model.

Summary of Findings
Our results show that granting an initial discount is an effective strategy for increasing customer retention. On average, customers’ likelihood to stay with the company is 94% when an initial discount was granted and 73% when no discount was granted, after five years. Furthermore, the analysis suggests that the initial discount has a U-shaped relationship with respect to the hazard of defection. In other words, the higher the initial discount granted, the more likely is that the customer repurchases the service, when the discount is relatively low. At higher levels of initial discount, the rate at which the discount negatively influences customer churn levels off. Also, the effect of the control variables was statistically significant. Customers who received regular customer credits at the time of the initial purchase are 3.5 times more likely to repurchase the service, when compared with those who did not. Customers who purchased car insurances at an older age are less likely to stop purchasing the service by 1.1% per additional year. Finally, the churn tendency of those who obtained an initial discount decreases by 0.2% as
the premium increases by one euro. The effects of the control variables, however, are not moderated by the magnitude of the initial discount.

**Key Contributions**

This study is aimed at understanding and evaluating the impact of an initial discount on customer retention in the short and the long term. Extant literature has shown that a small improvement in customer retention rates has a remarkable impact on firms’ profits. Through this study, we provide empirical support to the use of price discounts as a strategy for attracting customers, thus shedding light on one simple and often economic form of increasing customer retention rates in firms. This study shows that granting relatively high initial discounts, is not the best solution for attracting customers. Yet, granting a small initial discount could help companies that want to effectively improve the retention rates of its customers. We also provide further insights on the type of customers that could be potentially appealing for companies to attract. These insights could be of major utility for companies having problems related to customer selection, and serve to prioritize companies’ efforts towards this type of customers. Our results also provide fruitful avenues for future research—for example, related to the role of discounts at different stages of the customer lifecycle and the moderating role of cross-buying behavior in contractual settings.

*References are available on request.*
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Marketing of Services and Retailing

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Effectiveness of Retail Atmospherics: A Comparative Study Between Normally Sighted and Visually Impaired Consumers

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Keywords: atmospherics, sensory marketing, visually impaired, information utility, identity salience

EXTENDED ABSTRACT

Research Question
The objective of this research is to preliminarily investigate the relative effectiveness of retailer atmospheric cues on each of the human senses individually through the analysis of consumer satisfaction, repurchase intention, positive word-of-mouth communications, and information utility where the consumer’s sense of sight is either absent or dulled through disability. We seek to determine whether the use of different retail atmospherics can provide a significantly more favorable and inclusive retail purchasing environment for visually impaired consumers.

Method and Data
The effectiveness of atmospheric strategies is gauged by a comparison of perspectives between visually impaired consumers and normally sighted consumers. Participants for this test study were recruited using an electronic snowball sampling technique from the local chapters of the Foundation Fighting Blindness and the National Federation of the Blind, as well as from the office of disability resources of a local university. We received 158 fully completed questionnaires (74 normally sighted and 84 visually impaired). Identity salience and distinctiveness theory were used as priming mechanisms to cause the visually impaired identity of this consumer group to become most salient for the purposes of this study. Previous analysis of visually impaired consumers has shown that this identity is made salient in the actual marketplace as a result of attempted participation in the marketplace. This priming mechanism for the visually impaired group was necessary as we were interested specifically in their opinions as visually impaired consumers in the retail environment, and not their opinions based upon their other identities (e.g. man, woman, student, parent).

Summary of Findings
An exploratory factor analysis produced a two factor solution (satisfaction and its correlated factors and information utility) for the senses of smell, touch, and hearing, and this distinction for the two factors was made even more apparent for the visually impaired consumer group than for the normally sighted consumer group when the groups were analyzed separately. A between groups comparison showed atmospheric effectiveness to be stronger for the visually impaired consumer group when atmospheric cues targeted the senses of smell and touch, but were equally weak for the sense of taste, and equally strong for the sense of hearing.

Key Contributions
From the promising initial results of this preliminary study we are encouraged that the concept of atmospheric effectiveness is viable and can be operationalized through testing individual senses, especially for visually impaired consumers. The normally sighted consumer experience provides positive effects from atmospheric cues as well, particularly with the olfactory and auditory senses, which unlike the taste and tactile senses that must be purposefully experienced, occur without choice or deliberate action. The notion that atmospherics can provide competitive differentiation is commonly referenced in the atmospherics literature; however, to the best of our knowledge the concept of information utility and the ability to differentiate retailers for visually impaired consumers is still underdeveloped.
impaired consumers based upon atmospherics is unique to this study. By illuminating which atmospheric strategies are more likely to succeed or fail based upon the absence of consumer sight, retailers may better serve their visually impaired customers as well as their sighted customers since previous findings have shown retail atmospherics to directly cause positive consumer behavior. Finally, by enhancing the quality of information utility and increasing satisfaction with purchasing experiences, retailers may be able to convert this often overlooked visually-impaired market segment (estimated by the 2010 U.S. Census to be over eleven million people) to more profitable, repeat customers.

References are available on request.
Tipping Behavior: The Impact of the Bill Folder Color

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Keywords: color, gold, tipping, payment

EXTENDED ABSTRACT

Research Question
Colors have been used in marketing to increase consumption behavior in various situations. Building on symbolic interactionism, this study investigates the effect of the color gold on tipping behavior in a restaurant. Restaurant tipping behavior was chosen to study the influence of the color gold due to staggering statistics on tipping revenue (Azar 2007) and the nature of tipping situations upon which social status demands are made (Lynn 1997; Shamir 1983).

The color gold is a status-laden color that conveys symbolic meaning of rarity and high socio-economic status (Drèze and Nunes 2009; Price and Arnould 2004). Based on this, we posit that the color gold will influence increasing tip amounts. Factors that might influence status perceptions such as a bill size or party size are investigated as a boundary condition. Having this as a background, our study seeks to answer the following research questions:

Does a gold [versus black] colored bill folder influence tipping behavior?

Does the bill size and the number of people at the table heighten the effect of the gold-colored bill folder on tipping behavior?

Method and Data
We conducted a two-week-long field experiment at a family-run restaurant. All customers who had lunch at this restaurant over the course of the study were subjects of this study, for a total of 288. Before conducting the field experiment, we trained restaurant servers on how to present the bill folders to avoid potential bias or changes in servers’ attitude when presenting it to customers.

In the first week of the field experiment, which included 146 patrons from Monday through Saturday, only gold bill folders were presented. In the second week, only black bill folders were presented, this time to 142 patrons. In this way, the day of the week was not a major factor in the tipping results. No special events or holidays occurred during these two weeks. To control factors that could influence the color effect such as design and texture of the bill folder, both bill folders were identical except for their color.

All customers’ receipts were collected for analysis. The data on the merchant copy of each receipt included meal price, dining party size at a table (to measure the impact of presence of others on tipping), tip dollar amount, payment method (credit card or cash), and the name of the server were collected and analyzed.

Summary of Findings
We analyzed the data using ANCOVA, with tip percentage as the dependent measure and the color of the bill folder as a predictor. Based on literature (Lynn and Zinkhan 1993), we controlled factors that could potentially influence tipping: server, payment method, and day of the week. Tip percentage was calculated by tip dollar amount divided by meal price. An ANCOVA revealed the main effects of bill folder color. Customers presented with the gold bill folder gave statistically significantly larger tips than those presented with the black bill folder (M_{black} = 18.9\% vs. M_{gold} = 21.4 \%; F (1,233) = 4.76, p < .05). For a moderating effect, an ANCOVA revealed significant interaction between color and party size (F(1, 224) = 4.66, p < .05). Tip percentage from customers presented with the black bill folder decreased as dining party size increased. This inverse relationship was buffered when customers were presented with the gold bill
folder such that tip percentage for customers presented with the gold bill folder did not decrease with the increase of dining party size. There was no significant interaction between color and the bill size (F(1, 224) = 1.87, NS). In summary, the results of our study show that encountering the color gold at tipping increased tipping amount in a restaurant and the number of accompanying guests in a tipping situation moderated this relationship.

**Key Contributions**
We endeavor to make three important contributions with this research. First, we demonstrated the effect of the color gold on actual payments in a restaurant tipping context. By focusing on actual payments, we contributed literature on colors in marketing, which mainly focus on the influence of color on consumers’ perceptions of product (Chebat and Morrin 2007), brand (Bottomley 2006), and willingness to pay (Bagchi and Cheema 2013).

Second, our study sheds light on the influence of color from a sociological perspective. Our study suggests that the color gold that conveys symbolic meaning of high status and rarity increases tipping. Its influence is heightened when customers are with more people.

From a managerial perspective, this research suggests the impact of color on tipping revenue in a restaurant business. Presenting a gold (versus black) colored bill folder to customers would increase tipping. For a restaurant that has large party sized customers, gold (versus black) colored bill folders would increase tip amounts per table by buffering the inverse relationship between dining party size and tip amount per customer.

*References are available on request.*
The Influence of Visual Representations on Consumers’ Selection of Intangible Experiences

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Keywords: visual representation, visual elements, place identity, intangible experiences

EXTENDED ABSTRACT

Research Question
While visual effect has been intensively studied in the context of advertising (Danaher, Bonfrer, and Dhar 2008), branding (Macklin 1996), and product purchase (Bloch, Brunel, and Arnold 2003), the above literature, however, does not account for situations where the consumers are neither using visual cues to assist purchasing tangible goods nor using them to assess physical evidence to infer the service quality. For example, when consumers choose a travel destination by evaluating different images of natural attractions, they are making decisions based on their imagined experiences. The question of how visual images influence consumers’ decisions in such experiential context remains unanswered. The lack of deeper understanding of the role played by visual images in the context of intangible experiences encourages this research.

This research aims to extend the current literature of sensory marketing by addressing the following research questions:

1) How do visual representations facilitate consumers’ decisions on intangible experiences, such as choosing a travel destination?

2) What are the key visual themes and components that construct a representative place identity in consumers’ eyes?

3) Given the wide ranges of visual representations that are available to marketers, how can the most appealing images for tourists be selected and packaged?

Method and Data
We chose tourism as our research context as it perfectly represents a situation where consumers form their decisions on future intangible experiences mainly on the visual images they saw in a digital or printed form. In addition, tourism is one of the world’s fastest-growing businesses. Tour agents employ different strategies to promote their countries or cities to potential tourists. Unlike the traditional product market, the tourism industry offers goods, services, and unique experiences combined to consumers. Promoting a tourist site is more challenging than ever before given the growing number of destinations, more informed consumers, and increased consumers’ expectations due to the Internet and social media.

For this research, we chose a medium-sized tourist-oriented region in Canada as the research site. The survey technique was employed to examine how consumers decode and evaluate visual representations that are generated by either professional photographers or amateurs. The researchers administered a self-report questionnaire to 145 (52% female) university students from a Canadian university. The questions asked participants’ perceptions of eight images that represent tourist activities and experiences (e.g., adventuring in nature, wine tourism, sports activities such as skiing and water rafting, and cultural exploration) that are relevant to the region.

Summary of Findings
Our findings identified four visual themes that contribute to the formation of an effective visual representation, which in turn helps to form a unique place identity that can be easily recognized by consumers. They are visualizing physicality of a place, visualizing culturality of a place, visualizing socializability of a place, and technicality of the image.

Visualizing physicality refers to the presentation of physical appearance of a place. For example, landscape is both a rep-
representation and materiality of the place (Mitchell, 1996). Visualizing culturality of a place refers to the visual presentation of the history, myths, and cultural heritage that are attached to and bounded by the place (Low, 1992; Schroeder, 2002). Visualizing socializability of a place refers to the perceived social environment that consumers could participate in. Finally, technicality refers to the production values of the images (Kozinets and Belk 2007), for instance, photographic techniques and the selection of identity symbols in the images.

All four themes are essential to construct effective visual representations of a place and to form a unique place identity. They are not mutually exclusive. The right combination of the four themes will enhance the communication power of the images.

Key Contributions
The four themes that were identified demonstrate what makes “a sight a site” (Webb, 2002). The research findings offer a deeper understanding of the key visual elements that consumers use to evaluate images, while simultaneously shedding light on the literature of place identity by disentangling important factors that consumers value in terms of conveying a place identity such as culturality and socializability of a place. Visual representations are powerful tools to form the impression of a tourist site (Schmitt, 1999). This research shows the importance of the content of an image in symbolizing the place identity. Furthermore, the technicality theme highlights the importance of aesthetic value in visual representations.

The current research advances knowledge in the area of sensory marketing and place identity. This research makes several contributions to the literature. First, this study identified the factors that consumers value when they evaluated visual representations of a place. Second, it categorized participants’ responses into four visual elements. Last, with such important elements in hand, marketers are able to construct a better place identity and images, thus making the travel destination more appealing through visualizing physicality, culturality, and socializability of a place, as well as the technicality of a visual representation.

References are available on request.
Do Touch Screen Users Feel More Engaged? The Impact of Touch Interfaces on Online Shopping

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Keywords: engagement, memory, retail environment, touch screen, online shopping

EXTENDED ABSTRACT

Research Question

Online shopping environments have changed dramatically during recent years, and one of the fundamental changes has been to the input device, namely moving from a mouse to a touch interface. However, most studies still view the online environment as no broader than website design. Touch is an important cue for purchase intentions and attitudes in offline retail environments (Peck and Childers 2003). In online shopping, touch (i.e. touching computer interfaces) has a positive impact on perceived ownership (Brasel and Gips 2013), students’ engagement and performance (Enriquez 2010). Engagement leads to higher recall of commercials (Moorman, Neijens and Smit 2007) and enhances satisfaction, trust and commitment in a virtual brand community (Brodie et al. 2011). Product involvement level also affects consumer evaluations (Solomon 2013). However, the degree to which the use of touch interfaces is associated with shopper engagement and purchase decisions, which are of direct concern to online retailers, remains unknown.

This study proposes a positive association between a touch interface and 1) shopper engagement among low involvement product shoppers and 2) purchase decision measures (product information recall, purchase intentions, product evaluations and satisfaction). It also expects a mediation effect of engagement between a touch interface and purchase decision measures.

Method and Data

The experiment had a 2 × 2 between-group design (touch interface and mouse × cameras and sweatshirts). The study analyzed 127 participants aged between 18 and 35 years old recruited through e-mail.

Experimental sessions were held in a research lab, where each partitioned desk had a 22-inch touch screen monitor, mouse and keyboard. All subjects were randomly assigned to four groups of 30–35 subjects. Conditions 1 and 2 browsed a camera website, and each condition used a different input device, either a touch interface or a mouse, to navigate the site. Conditions 3 and 4 browsed a sweatshirt website, using either a touch interface or a mouse as in Conditions 1 and 2. All conditions were given one of two shopping scenarios according to the product category. Product types and website details were decided based on the results of a pilot study and on the findings of previous studies of touch interfaces (Brasel and Gips 2013). Sweatshirts (cameras) were chosen as low (high) involvement products. After browsing the site, participants completed a questionnaire on engagement, purchase decision measures and a few manipulation checks.

Summary of Findings

Touch interface users were clearly more engaged with their shopping session than those who used a mouse, but as proposed, this effect was significant among sweatshirt (low involvement product) shoppers only. Compared with those who were less engaged, shoppers with higher engagement showed higher satisfaction with shopping, higher purchase intentions and more positive product evaluations of product design and product availability. However, engagement level was not significantly associated with product information recall or product evaluation of prices.
Using a touch interface also resulted in significantly less accurate brand name recall than using a mouse when shopping for cameras (high involvement product), but there was no significant impact on recalling other types of information. For the other purchase decision measures (purchase intentions, product evaluations and satisfaction), there was no significant difference between touch interface and mouse users. Finally, the mediation test (the Sobel test) results showed that shopper engagement had no significant mediation effect between a touch interface and purchase measures.

**Key Contributions**

The findings of this study highlight the role of a touch interface as a new retail cue for shoppers’ engagement beyond traditional retail cues. The study suggests that to maintain a high level of shopper engagement, online retailers need to be aware of the device type that customers use to ensure the best possible shopping experience. Device type also matters to brand name recall when shopping for a high involvement product such as a camera. In addition, the presented findings highlight the role of product type in engagement when using a touch interface. Online shoppers who use a touch interface are more engaged with shopping than those who use a mouse, but the effect differs by product category, especially product involvement level. Lastly, the findings confirm that neither a touch interface nor a mouse has a direct impact on purchase decision measures except brand name recall. Given the associations between a touch interface and engagement, the lack of a direct impact implies that device type alone does not work as a strong retail cue. Further, the role of computer devices in online shopping is salient when viewed with other relevant factors such as shopper engagement and product type.

*References are available on request.*
The Customer Shopping Experience: A Love/Hate Relationship

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Keywords: retail, salespeople, attention, shopping experience, retail consumer behavior

EXTENDED ABSTRACT

Research Question
What are the outcomes of a salesperson’s varying level of attentive behavior on a customer’s attitude and behavior toward the retailer?

Method and Data
A critical incident technique (CIT) study is conducted to examine the customer’s shopping experience through the perception of attention received and to assist in the development of items for the quantitative study. Data was collected through snowball sampling. Seven hundred and thirty-two participants responded to the CIT questionnaire. A series of quantitative research including new scale development procedures was conducted to validate the four types of attention taxonomy (i.e., bonding, negligence, autonomy, and stalking) that have emerged from the CIT study. In total, 418 subjects participated in this survey, and we analyzed data from 322 surveys to test the proposed model after deleting the surveys with incomplete information. The sample is 64% of female, with an average age of 51 years old and a range from 20 to 83 years old.

Summary of Findings
The responses from the CIT study revealed that the level of attentiveness sought varied with the relational needs of the customer. The comments represented two ends of a continuum of desirability and respect. Customers needed acknowledgement and to be seen as desirable (bonding) while being respected as an individual (autonomy). The other end is active disregard and withholding of attention (negligence) and unwanted pursuit and ignoring need for autonomy (stalking). The findings from the quantitative study demonstrate that customers experience the four shopping situations found in the CIT study (bonding, autonomy, negligence, and stalking). The four experiences are the result of the attention given by the salesperson. Furthermore, bonding and autonomy both have a positive effect on customers’ repatronage intention, but the positive effect of bonding are greater in terms of positive word of mouth and satisfaction. Thus, bonding and autonomy are equally important in creating customer’s direct behavioral intention but different in generating positive affect and more proactive behavior that have an ability to influence other customers. On the other hand, negligence and stalking both have an equally strong negative effect on customers’ attitude and intentions.

Key Contributions
Given the predominant role of technology in how customers shop and acquire information (Ahearne and Rapp 2010), there is a need to reexamine the right amount of attention to provide customers at brick and mortar stores. This study finds that consumers do not always want an attentive salesperson but want to know that their autonomy is respected while being seen as desirable by the salesperson. This examination of customer’s perception of the salesperson’s attentiveness led to the identification of four possible shopping experiences: stalking, bonding, autonomy, and negligence. Understanding these experiences and the types of customers they apply to can help managers reevaluate the salesperson’s role in the retail setting.

References are available on request.

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Investigating Reciprocal Effects Between Retail Brand and Perceived Value

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Keywords: reciprocity, perceived value, retail brand equity, fashion and grocery retailing

EXTENDED ABSTRACT

Research Question
The purpose of this paper is to examine first, how the reciprocity between retail brand equity (RBE) and perceived value is characterized and to determine whether RBE or perceived value has a stronger effect on store loyalty. Perceived value is defined as customers’ evaluations of received retail offers in terms of utility and expectations (Zeithaml 1988), whereas retail brand equity (RBE) refers to consumers’ perception of a retailer as a strong, attractive, and unique brand (Hartman and Spiro 2005). Our assumption that RBE and perceived value interact in influencing store loyalty enhances the existing unidirectional studies. Second, it is questionable whether the effects of the reciprocity between brand and value perceptions on loyalty are stable or whether they vary between retail sectors. We illuminate the reciprocal mechanisms of utilitarian/hedonic value and retail brand by comparing two important retail sectors.

Method and Data
We conducted two longitudinal studies in two retail sectors (fashion and grocery retailing) employing quota sampling (national distribution of population according to gender and age) which resulted in 240 and 241 observations (fashion and grocery). Trained interviewers conducted the sampling in three waves in one mid-sized city over a nine month period using a standardized questionnaire and face-to-face interviews. The respondents were first asked to list local fashion or grocery retailers and then to name four retailers from which they frequently purchased either fashion or groceries. In the first wave, we randomly chose one of those retailers for each respondent to evaluate in all subsequent waves. To reduce the complexity of the six models—two general and four utilitarian versus hedonic value models in the retail sectors—we used item parceling for perceived value. Prior to testing our hypotheses we ensured reliability and validity and determined whether the measurements were invariant over time. We followed the three steps proposed by Raykov and Amemiya (2008) and did attain partial measurement invariance. We also tested for exogeneity using a Hausman test. To test our hypotheses, we applied a cross-lagged design for SEM using Mplus.

Summary of Findings
The results underline a positive reciprocal relationship between RBE and perceived over time in both retail sectors. We find that the total effect of RBE on store loyalty is stronger than the total effect of perceived value however the underlying mechanism behind these effects varies when comparing fashion and grocery retail sectors. In the fashion sector, for example, RBE dominates the path in the model by directly influencing loyalty more than or as strongly as perceived value at both time points and particularly by influencing value perceptions much more strongly than vice versa. By contrast, in the grocery sector, RBE directly affects loyalty more strongly than value at all time points, but with regard to the reciprocal relationship, the paths are nearly equal. When detangling the value construct, we find that the total effects of hedonic value on loyalty are stronger than those of utilitarian value in fashion retailing. This observation holds even when observing the value-loyalty paths at each time point. In the grocery sector, the total effects of utilitarian value have stronger effects on store loyalty than hedonic value. However, when observing the
value-loyalty paths at each time point, we find that hedonic value loses significance.

**Key Contributions**

This study offers two contributions to the extant literature. First, we propose a framework to explain the reciprocal relationship between RBE and perceived value and their joint influence on loyalty. Thus, we contribute to the frequently stated conceptual references to reciprocity in retailing (e.g., Jacoby and Mazursky 1984) and enhance the few empirical insights in the literature. Second, we study the reciprocal effects of RBE and utilitarian/hedonic value in different contexts (referring to calls, e.g., Carpenter 2008). With respect to our first research aim, the results show a reciprocal relationship between both constructs and generally indicate that RBE and value determine store loyalty; however, the influence of RBE is stronger. We believe that these observations are notable as they underline the importance of the reciprocity of both constructs and as they are stable in both sectors, although the extent of the effects varies between the retail sectors. With respect to our second research aim, we have responded to calls in the literature (e.g., Carpenter 2008) to determine whether the loyalty effects from the reciprocity of RBE and utilitarian and hedonic value are stable or whether they vary in retail sectors. We disaggregate the overall value conceptualization used above and extend the understanding of the bidirectional relationships of successful paths in both retail sectors.

*References are available upon request.*
Overall Restaurant Brand Image: An Informational Antecedent to Customer Loyalty and Behavioral Intentions

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Keywords: overall restaurant brand image, overall restaurant loyalty, intentions to recommend, intentions to revisit, overall restaurant satisfaction

EXTENDED ABSTRACT

Research Questions
- Among recent experienced customers, what is the relational linkage between overall restaurant brand image and perceived feelings of restaurant loyalty?
- Among recent experienced customers, what are the relational linkages between overall restaurant brand image and overall intentions to recommend, overall intentions to revisit, and overall restaurant satisfaction?
- Among recent experienced customers, what are the relationship linkages between perceived feelings of restaurant loyalty and overall intentions to recommend, overall intentions to revisit, and overall restaurant satisfaction?
- Among recent experienced customers, to what extent does perceived feelings of restaurant loyalty mediate the relationships between overall restaurant brand image and intentions to recommend, intentions to revisit, and overall restaurant satisfaction?

Method and Data
The current research employed a multi-method research methodology consisting of focus group interviews and an online, self-administered restaurant survey. First, we conducted a focus group with adults who eat out at casual-dining restaurants from a major Southeastern market of over 3.5 million people. The main goals of the focus groups were to gather initial insights on how customers evaluate casual-dining restaurants, as well as how those customers judge their satisfaction, intentions and loyalty to casual-dining restaurants.

Second, we conducted an online survey with 609 randomly selected restaurant patrons within the United States. We screened those 609 restaurant patrons for familiarity and experience with our focal restaurants (Applebee’s and Chili’s), so that we can focus on only known, experienced restaurant customers. This screening procedure reduced our sample size to 400 useable respondents, but also enhances the quality of the data. The self-administered survey consisted of pre-tested direct rating scales and standardized rating scales. A combination of correlation analysis, path analysis and multiple regression analysis procedures were used to test the study’s main hypothesized relationship linkages among the model’s constructs.

Summary of Findings
H1 finds that overall restaurant brand image (ORBI) has a strong positive influence (β = .56, p < .01) on creating customers’ perceptions of restaurant loyalty. H2 finds that ORBI has a strong positive influence (β = .72, p < .01) on creating customers’ overall restaurant satisfaction. H2a finds that customers’ overall restaurant loyalty is a strong positive influence on customers’ overall restaurant satisfaction (β = .62, p < .01). H3 finds that ORBI, overall restaurant loyalty, and overall restaurant satisfaction have moderate positive influences on intentions to recommend (β_{ORBI} = .32, β_{ORL} = .35, β_{ORS} = .17, all p < .01). H4 finds that ORBI and overall

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restaurant loyalty have a moderately strong positive influence on customers’ undertaking intentions to recommend, respectively ($\beta_{ORI} = .16$, $\beta_{ORL} = .57$, all $p < .01$). However, overall restaurant satisfaction was not found to significantly influence intentions to revisit the restaurant ($\beta_{ORS} = .10$, $p > .05$). H4a finds that overall restaurant loyalty serves as partial mediator to the relationships between ORBI and each of the outcome constructs. That is to say some of the influence and predictability of ORBI on intentions to recommend, intentions to revisit, and customers’ overall satisfaction of the casual restaurant is partially redirected through restaurant loyalty ($p < .01$).

**Key Contributions**

This study’s findings provide several meaningful contributions to the retailing, brand image, retail/customer loyalty literatures. First, conceptualizing ORBI as a reflective attitudinally-based informational antecedent offers researchers a different perspective for understanding the role ORBI plays with customers’ feelings of restaurant loyalty. Moreover, the attitude-oriented conceptual framework emphasizes capturing an overall global attitude and behavioral data rather than individual detailed attribute data, making scale measurement designs simpler and easier to administer. Second, this research conveys the importance of using respondents that have actual first-hand experience with whatever object is contextually under investigation when conducting brand image research. Brand image researchers need to realize that a perception toward an object of interest is significantly different than attitudes toward the object. Third, once restaurant customers establish their ORBI, it serves as an important antecedent that influences restaurant loyalty and not just an outcome of loyalty. Lastly, ORBI directly and indirectly through restaurant loyalty positively influence customers evaluative judgments of not only customers’ ORS but also important behavioral intentions.

*References are available on request.*
Retail Patronage as a Network: An Alternative Approach to Customer Segmentation

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Keywords: multiple-store patronage, customer segmentation, purchasing strategies, retail brands, social network analysis, blockmodeling

EXTENDED ABSTRACT

Research Question
We investigate how multiple-store patronage behavior gives rise to distinct retail brand portfolios and how different customer groups using these portfolios can be characterized.

Method and Data
We combine methods from two fields: blockmodel analysis, a method from social network analysis, which constitutes clusters of actors based on similarity of their relationship patterns, and multivariate statistical analysis on different sociodemographic and purchasing behavior variables. The first enables us to identify homogeneous groups of customers being characterized by similar patronage patterns. With the second, we examine if customers with similar patronage patterns also share common characteristics, thereby allowing for customer segmentation.

To perform our analyses, we use a random sub-sample of 500 households out of a panel data set of 36,502 German households in the fast moving consumer goods sector. This data comprises full information about all purchases realized by households including the retail brand, product categories, price, as well as sociodemographic data on households such as age, income, household size.

Summary of Findings
The findings of our study show that by grouping customers with similar patronage patterns, distinct retail brand portfolios emerge. This signifies that customers do not randomly combine different stores, but assort portfolios of certain retail brands. The results of multivariate analyses confirm our underlying assumption that customers’ characteristics are important with respect to the selection of their retail brand portfolio in two ways. First, customers seem to combine different retail brands depending on attributes such as age, their income, and the size of their household. And secondly, customers in the different clusters demonstrate common traits in behavior concerning the number of retail brands they patronize, their propensity to purchase special offer items, their loyalty to different retail brands and the part of their income they devote to FMCG shopping. We suggest that the combination of relational and psychometric analytical techniques provides a fruitful avenue when analyzing multiple-store patronage. Specifically, the method of combining network analytical techniques with the analysis of customers’ attributes allows for a more complete investigation of customers’ purchasing strategies with respect to their FMCGs purchases.

Key Contributions
We develop an alternative methodological approach by analyzing the structural properties emerging from customers’ multiple-store patronage in order to deduce customer segmentation from it. Focusing on relational and network-based analytical techniques and complementing them with psychometric methodologies yields better insights into customers’ strategies when combining purchasing acts at different retail brands.

References are available on request.

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Research Question
The payment offer towards customers represents an important aspect for both a retailer’s marketing- and financial objectives with direct implications for firms’ profitability (Ingene and Levy 1982). Especially the increasing volume of worldwide transactions, substantial innovations in payment technology and infrastructure (Kahn and Robers 2009) as well as significant changes in consumers’ payment habits (Pimentel 2013; Schuh and Stavins 2010) require new ways of handling payments in business-to-consumer markets in e-commerce (Stroborn et al. 2004).

So far, existing studies on payment costs report a wide variance in cost rankings, contradicting results as well as divergent managerial conclusions (Shampine 2007, 2009), hence, scholars recognize this topic as a fruitful area for further research (Koivuniemi and Kemppainen 2007; Schmiedel, Kostova, and Ruttenberg 2012). Especially the question of which payment instrument turns out to be least expensive depending on the transaction size still remains to be answered (Humphrey 2010). Therein, researchers call for new studies involving detailed data on individual consumer or bank level to investigate the complexity of financial payment instruments and consumer behavior (Scholnick et al. 2008).

Method and Data
In order to estimate retailer’s transaction costs, we execute ordinary least squares regression individually for each of the payment instruments invoice, credit card, PayPal and prepayment. This approach is well in line with the studies of Boeschoten (1998) and ten Raa and Shestalova (2004) who also estimate separate cost functions for each transaction instrument. We follow Whitesell’s (1989) theory and incorporate the transaction value as a key variable in our research model. Subsequently we add transaction-instrument-specific variables, e.g., controls for payment default of fraudulent customers or type of credit card provider. To quantify working capital differences across payment methods, we calculate cost of capital of each order position as presented by Ingene and Levy (1982).

We use a unique set of transaction-level data from a leading European e-commerce company selling shoes- and apparel products. The sample covers the period from January to December 2013 and consists of more than ten million sales transactions including information on the merchants’ costs of providing payments, order- and payment date, transaction value, number of payments per order, type of credit card used as well as additional online shopping trip specific information, e.g., number of sold and returned items.

Summary of Findings
Applying a cost-based approach to evaluate retailers’ efficient payment provisions the empirical results show a significant positive influence of the transaction size on retailers’ payment costs in e-commerce. This finding reaffirms Whitesell’s (1989) theory implying that the transaction value is an important determinant in predicting transaction costs. Furthermore, we identify allowance costs due to fraud and payment default as well as the type of credit card provider to have a significant influence on retailers’ payment costs. More precisely, regression results reveal that for small transaction sizes invoice is the most cost-efficient payment instrument.
method while prepayment dominates for large transaction sizes. Interestingly, electronic payments in terms of both credit card and PayPal cause higher transaction costs and do not show scale efficiency in e-commerce. In addition, we find significant differences in collection time of accounts receivables across payment methods implying cost of capital arising to the retailer. Our results disclose prepayment and PayPal to induce the lowest cost of capital. Especially invoice payments require a remarkably higher level of working capital since collection time crucially depends on customers’ moral to pay immediately as well as retailers’ performance in dunning management.

Key Contributions
Our study enhances the understanding of how retailers cost-effectively provide payments in e-commerce. We apply the “transactions demand for cash” framework developed by Baumol (1952) and Tobin (1956) to e-commerce and follow the call of Santomero (1984) for further research on the relationship between different payment instruments, deposit reaction and profitability in a real-world environment. We believe to be the first to empirically investigate cost rankings of the payment instruments invoice, credit card, PayPal and prepayment using a large data set of actual sales transactions. This approach is unique since existing studies on the retailers’ transaction costs are limited to surveys and aggregate statistics (Scholnick et al. 2008) and do not focus on electronic payment instruments (ten Raa and Shestalova 2004). In addition, to the best of the authors’ knowledge this research is the first to explore differences across payment methods in the collection time of accounts receivables and the respective influence on firms’ profitability.

From a managerial perspective, the findings provide guidance to online retailers as to refine their payment provision in order to direct customers towards more efficient payment instruments regarding costs and working capital requirements.

References are available on request.
Don’t Remove That Tag: A Look at Customer Motivation for Product Returns

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Keywords: product returns, customer motivation, expectancy theory, customer retailer relational trust, return policies

EXTENDED ABSTRACT

Research Questions
What factors shape a customer’s return intentions of a product?

How does the nature of the return (honest vs. devious) influence return outcomes?

How does a relationship between the customer and retailer change, if at all, intentions to return a product?

Method and Data
The current research employed a multi-method research methodology consisting of in-depth interviews and an online experiment. First, we conducted in-depth interviews with 30 randomly selected US consumers from a national panel. Participants were qualified based on their return habits over the last 9 months. The goal of the in-depth interviews was to gain preliminary insight on how customers perceive return policies.

Second, we conducted an online experiment with 472 US consumers recruited from a national panel. The type of the return policy, the level of trust, and the nature of the return were experimentally manipulated, thus a 3 (type of return policy: lenient, moderate, strict) by 2 (level of trust: low, high) by 2 (nature of return: dishonest, honest) between-subjects design was employed. Participants saw a randomly assigned scenario about a fictional character, Sam, who needed to return a product. To test the study’s main hypotheses, we used a path analysis exploratory approach. Exploratory path analysis is an appropriate approach as it permits the researcher to identify the important variables and processes influencing an outcome by estimating the magnitude of the predicted pathways.

Summary of Findings
To test our hypotheses, we examined the magnitude of the path coefficients in our conceptual framework to determine their relative contribution to explaining the focal constructs. H1A predicts that overall liking of the return policy positively shapes customer’s instrumentality of the return policy, while H1B predicts that customer-retailer relational trust positively shapes instrumentality of the return policy. Both H1A and H1B were supported (βLIKE = .72 t = 21.85, p = .000; βCRRT = .10, t = 3.04, p = .002). H2A predicts that instrumentality of the return policy positively shapes return intentions, while H2B predicts that the customer’s instrumentality of the return positively shapes return intentions. H2B was supported (βIRP = .09 t = 3.80, p = .000; βIR = .84, t = 33.74, p = .000).

Key Contributions
The main implication of this holistic look at product returns is the limited role the instrumentality of the return policy plays in shaping a customer’s overall intention to return a product. Even if a retailer creates an optimal level of restrictions and hassles in the return policy, the overall effectiveness of the return policy in reducing product return intentions appears to be minimal. The instrumentality of the return has a much larger influence on participant return intentions and return outcome. Thus, managers of retail stores hoping to reduce product returns may need to

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focus on customer education instead of return policy restrictions. Since the customer’s instrumentality of the return represents his/her association between the type of the return and likelihood of the retailer accepting a product return, retail stores who educate customers on honest and devious returns have a larger probability of reducing devious product returns than those retail stores focusing on return policy restrictions. Even though retail stores attempt to define for consumers what constitutes an acceptable return, getting customers to see a devious return as such, may require education beyond the stipulations of the return policy. If Sam can wear the dress shirt once, return it, and still meet all the requirements of the return policy, Sam may feel that such a return is fair and acceptable. Such a return is only fraudulent from the retailer’s perspective, and thus, the challenge that remains is to close the gap between the retailer and customer perspectives and definitions of return fraud.

References are available on request.
Charity at Checkout: The Implications for Retailers

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Keywords: retail, cause related marketing, competitive advantage, customer satisfaction

EXTENDED ABSTRACT

Research Question
Dramatic changes in the macro-economy have impacted the once vibrant retail industry (e.g., Jia 2008). For example, fluctuations in gas prices, the unpredictable real estate market, and high rates of unemployment have forced many to shop more carefully and deliberately than before. In addition, the growing popularity of discount chains has pressured many retailers to adopt low cost models that are further eroding their already small profit margins (e.g., Neumann 2008). Needless to say, retailers are in constant search of sources of competitive advantage (e.g. Wade and Hulland 2007).

Retailers like Wal-Mart use lean networks to achieve advantage, while Nordstrom and other premium retailers have created advantages by increasing the value of their offerings. Even still, some retailers like PETCO, Macy’s, and Home Depot participate in cause related marketing (CRM) to distinguish themselves from competitors (e.g., Smith 2010).

Despite their growing popularity, the implications of CRM activities are unclear. It is specifically unclear if point-of-purchase charitable solicitations boost retailers’ reputations, sales, shopper loyalty, or result in any other competitive lift. We fill this gap by studying how point-of-purchase charitable solicitations impact retail financial performance.

Method and Data
To determine the impact of point-of-purchase charitable solicitations on retail performance we conducted an experiment and ran a regression analysis.

Data was obtained from 131 students from Midwest universities. Subjects were randomly assigned to one of the following conditions: (1) “Imagine that you are on a typical shopping trip to the grocery store. You have completed your shopping and are being checked out by a cashier.” or (2) “Imagine that you are on a typical shopping trip to the grocery store. You have completed your shopping and are being checked out by a cashier. The cashier asks you to donate to a charity.” After reading their scenario, subjects completed Aquino and Reed’s (2002) Moral Identity Scale, and rated the retailer’s image and their satisfaction.

To conduct the regression analysis, we rely on three data sources. Announcements were gathered from corporate websites, and shopper satisfaction scores and retailer type were gathered from The American Customer Satisfaction Index (ACSI). To note, MBA students coded donation types as monetary, vote, product, purchase, or incentive after reading announcements. Using this information, we modeled shopper satisfaction as a function of retail format, fit between the charity and retailer, and donation type.

Summary of Findings
The survey results suggest that subjects not asked to donate to charities rated their shopping experiences significantly higher than those asked to donate ($M_{control} = 5.08$, $M_{donate} = 4.58$, $p < .05$). We analyzed the data further, to account for subjects’ Moral Identity ratings and gender. This fuller model is significant ($F = 4.26, p < .01$) with adjusted-$R^2 = .093$. Donation solicitation is still significant ($F = 4.58, p < .05$), along with the Moral Identity variable ($F = 10.1, p < .01$). A post-hoc analysis reveals that gender interacts with donation solicitation ($F = 3.68, p = .05$). Males asked to donate at checkout are less satisfied than their peers ($M_{control} = 5.35$, $M_{donate} = 4.49$, $p < .01$), but no such effect exist for females ($M_{control} = 4.79$, $M_{donate} = 4.78$, ns).

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Similarly, secondary data from ACSI shows that the type of donation retailers solicit is significantly related to satisfaction ($\beta = 2.78$, $p < .001$): shoppers asked to donate products (i.e., canned goods) are more satisfied with their shopping experiences than those asked to make other types of donations. Thus, retailers should avoid monetary donation programs.

**Key Contributions**

We demonstrate that shoppers asked to donate to charities during checkout are less satisfied than those not asked to donate. Given what the field already knows about the link between satisfaction and performance (e.g., Anderson et al. 1993), this means that retailers that solicit point-of-purchase donations are likely to underperform relative to peers. This is not to say that retailers should avoid CRM activities, but understand that the structure of such programs is critical to retail success. For example, retailers may change the point at which shoppers are asked to donate. It is possible that retailers would not suffer such negative satisfaction scores if the point of donation solicitation was moved to a different point in the shopping process or the donation process was not forced upon consumers.

While the managerial implications of this research are quite clear, it makes key theoretical contributions as well. By demonstrating that point-of-purchase donation programs negatively impact retail performance, we identify a key strategic adjustment retailers should make to achieve competitive advantage. We also show that the consequences of point-of-purchase solicitations vary given donation type, adding to the current research on charitable giving (Sen and Bhattacharya 2001; Winterich et al. 2012).

*References are available on request.*
Testing Competing Models of Frontline Employee External Customer Mindset

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Keywords: external customer mindset, organizational commitment, turnover intention, role ambiguity, job characteristics

EXTENDED ABSTRACT

Research Question
The purpose of this paper is to extend Zablah et al.’s (2012) findings by (1) further evaluating the psychological and behavioral model structures by utilizing one such employee attitudinal construct, external customer mindset (ECMS), that may better reflect the important employee customer-related attitudes necessary for their and their firm’s success, and (2) enhancing the model’s explanatory power by also considering a set of potential antecedents to the employee’s customer-related attitudes.

Method and Data
Data were gathered from a sample of frontline employees of a variety of firms located in a mid-sized southeastern United States city. All items used in the analysis were adapted from established scales. Based on the recommendation of Anderson and Gerbing (1988), the measurement model was first refined before testing the structural component of the model. Every factor in this study was submitted to a confirmatory factor analysis and all factor loadings were significant at the 0.01 level (Bagozzi and Baumgartner 1994). The final set of items included in the study had acceptable discriminant and convergent validity, internal consistency, reliability and parsimony. Based on the results, we found the measures to have sufficient validity and reliability and so allow testing the two competing models.

Summary of Findings
The results support Zablah et al.’s (2012) finding that employee customer-related attitudes are best considered as a psychological construct directly associated with their levels of role stress and job engagement and indirectly associated with their job outcomes. Furthermore, these results confirm that the general “employee attitude → role stress/job engagement → job outcomes” structure suggest that ECMS not only adequately represents frontline employee customer-related attitudes but since it is more consistent with a psychological conceptualization of these important employee attitudes it is actually a superior means to do so.

Key Contributions
Managers should consider ECMS as an important tool when dealing with decisions associated with the front line employees. ECMS provides an opportunity for managers to understand the attitudes of front line employees when there is limited interaction with the customer. ECMS reduces the stress related (role ambiguity) aspect of the job which results in better engagement in the job. This is beneficial to the managers as company resources invested in attracting, selecting and retaining frontline employees may offer returns in the form of better performance and lower attrition.

References are available on request.

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A Different Perspective on Service Productivity in Manufacturing Firms

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Keywords: service productivity, decision theory, stochastic optimization, substitution

EXTENDED ABSTRACT

Research Question
What are determinants of service productivity? How do these determinants interact within service organizations? How can an optimum level of service productivity be achieved?

Method and Data
We use qualitative research techniques in order to identify determinants of service productivity. More, insights into the management of service productivity in manufacturing firms were gained. In the empirical study, 29 expert interviews, resulting in 23 hours audio and 422 pages transcript, and three focus group sessions were conducted. Using these insights for further research, a generic approach was followed to further develop a decision theoretical optimization model.

Summary and Findings
We examine the relevance of understanding and managing service productivity. We identify several internal and external determinants that are key determinants of service productivity, such as employees, IT and software, customers, suppliers, and knowledge. Using these determinants identified, we present a decision model to optimize the level of service productivity. The objective is to maximize manufacturers profit under resource constraints whilst we assume demand depending on service quality and availability of service determinants. A stochastic model that balances over- and underestimations of customer demand and resource investments is developed. We contribute to prior research as presented in detail above.

From a managerial perspective, these insights guide managers when implementing systems to enhance service productivity. The knowledge on key determinants of service productivity provided here is necessary for the cost management of services. More, a decision model is necessary to help managers when deciding on which and how many of their resources to invest to provide services efficiently and effectively. Ultimately, manufactures can use the model for their decision making process of resource investments into service determinates. This will help to improve profitability for manufactures during processes of service transition.

Key Contributions
We contribute to prior research by providing a detailed view on determinants of service productivity by identifying internal as well as external determinants of service productivity. More, we gain insights on how these determinants influence service productivity and how the determinants itself interact. Finally, existing literature on the management of service productivity is enhanced by providing a stochastic optimization model that balances customer demand and the resource investments of multiple antecedents. Doing so, we provide a deeper understanding of the interaction of the determinants of service productivity and how to allocate them optimally in service production processes. Doing so, we add to the stream of research that tries to identify the optimal level of service productivity.

Acknowledgments
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References are available on request.

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A Typology of Customer Territorial Responses to Closing Time Intrusions by Frontline Employees

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Keywords: services, human territoriality, service failure, retail

EXTENDED ABSTRACT

Research Questions
How do customers respond to perceived territory infringements by retail employees? How does rapport with the retail employees affect these responses?

Method and Data
The paper includes two exploratory studies and one main study. The first exploratory study utilized critical incident technique interviews (N = 21). The second exploratory study (N = 200) and the main study (N = 220) utilized surveys.

Summary of Findings
The results indicate a new category of territorial responses, deferential verbalizations, along with deferential actions, retaliatory verbalizations, retaliatory actions, and abandonment, are responses to perceived intrusion by front-line employees. The results also indicate that employee rapport has a positive moderating effect on the relationships between intrusiveness and all of the responses except abandonment, such that rapport amplifies the effects of intrusiveness on the outcomes of territory infringements.

Key Contributions
The manuscript presents a typology of customer responses to territory infringements. The typology, which was developed in the context of closing time boundary infringements, suggests a new category of territorial responses, deferential verbalizations, where a customer verbally acknowledges the infringer but continues to pursue his/her goals. It also separates retaliatory actions from retaliatory verbalizations, which is important because the two responses have different costs to the retailer. Finally, it establishes a role for customer rapport with employees, which may increase the likelihood a customer will give up the domain, but may also increase the likelihood that the customer will retaliate. The results have implications for managers and the theory of human territoriality.

References are available on request.
Research Question
Marketing services employees are commonly incentivized on both quantity and quality performance (i.e. dual objectives) where the prescriptions for incentive design with singular objectives may not fully extend to dual objectives. Although the theoretical literature (Hauser, Simester and Wernerfelt 1994; Holmstrom and Milgrom 1991) offers some clarity on how to design dual-objective incentives, the empirical literature is surprisingly dearth and the prescriptions are inconclusive. Consequently, we address two main questions in this research by constructing a comprehensive, empirical test. First, we examine whether managers are able to utilize incentives to manage service quantity and quality performance and second, we assess whether managers should incentivize one or both objectives to boost marketing service employee performance.

Method and Data
Our empirical analysis consists of one laboratory experiment and two field experiments conducted in a large Asian call center. Across the lab and field settings, we exogenously manipulate the incentives across the dual objectives to examine our research questions and test theory. In the laboratory, we employ the experimental economics methodology and investigate whether participants from a large research university allocate effort consistent with the dual-objective theory of incentives. Similarly, in the two field experiments, we extend our investigation to employees at a large, inbound, call center in Asia who solve troubleshooting problems. The call center representatives were measured and compared across the conditions on quantity (the number of calls completed) and quality (the customer satisfaction scores obtained for each employee) performance.

Summary of Findings
The results of the laboratory experiment and the two field experiments show ample support for the dual-objective incentive theory. First, we find significant differences in marketing service employee performance across the conditions. Hence, we confirm that managers can indeed use incentives to manage service quantity and quality. Second, our results indicate that incentivizing one or both objectives can lead to varied outcomes. Incentivizing one objective leads to the greatest improvement in performance for the focal objective and a concurrent loss in performance for the non-focal objective, while incentivizing dual objectives prevents performance drops, but results in only modest gains in performance. Consequently, managers can utilize the incentive program to pursue either a specialization or a balance strategy to achieve the firm’s service goals.

Key Contributions
Our contributions are threefold. First, this research empirically validates the dual-objective theory of incentives and demonstrates that managers can use incentives to effectively manage marketing service employee performance when the objectives are dual. Second, we provide further clarity as to how managers should design these incentive

EXTENDED ABSTRACT

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programs to obtain specific goals for service quantity and quality performance. This finding is imperative because incentive design with dual objectives is vastly more complex than with singular objectives since managers need to account for the interrelatedness of the dual objectives to obtain the envisioned results. Third, we adopt an empirical methodology that relies on the combination of laboratory and field experiments to test theory. Thus, our findings can be interpreted without strong threats to internal and external validity.

References are available on request.
“Dear Customer, We Must Increase Our Prices ...” How Service Firms Utilize Types of Price Increase Communications

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Stephan Zielke, Aarhus University

Keywords: price increase, price communication, services, qualitative study, content analysis

EXTENDED ABSTRACT

Research Question
Because price increases often lead to customer switching, managing and implementing them is a key challenge for firms. Firms search for tactics to raise prices for their customers while securing profit margins and also maintain their customer base. Further, many industries are required to explicitly announce increased prices by sending customers notification letters. This ascends the question how firms respond to this requirement and try to prevent the undesirable effects on their customer base such as switching. Therefore, it seems plausible that these firms conceptualize their price increase letters according to their assumptions what factors might impact customers more positively regarding the price increase and finally prevent negative responses such as complaints toward the firm, negative word-of-mouth and switching. We thus aim to investigate the following research questions:

How do service firms communicate price increases in obligatory notifications?

How do price increase communication practices follow or neglect theoretical and empirical research findings?

Thus, this study focuses on the investigation of how companies deal with obligatory price increase communication directed towards customers.

Method and Data
From prior findings in marketing research on price increases and theoretical reasoning, we derive a conceptual framework of firm communication of price increases as an important determinant of customers perceived switching costs, price (increase) fairness perceptions and switching behavior and offer seven propositions on price increase communication practices. After developing our propositions, we test our assumptions by content analyzing 97 mailings of German energy suppliers who communicated price increases toward their customers. We selected the firms by randomization and aimed to sample over most federal states in the country. For all investigated content and across all three coders, we have an inter-coder reliability ranging higher than 94%, signaling a high reliability. We examined letters of price increase communication of energy suppliers for a time period of four months, two months before years end, two months after. Our sample consists of firms with their head office in eleven out of 16 federal states of Germany. We also calculated the potential size of the population which might be affected by the price increase of these firms. In sum, we investigated firms with an overall customer base of about 11.12 million which corresponds to approximately one fourth of German households.

Summary of Findings
We find support for several propositions on price increase announcements and associated firms’ tactical behavior. These tactical behaviors encompass a usage of selective information to convince customers maintaining their relationship with the firm. We determine that service firms implement several means which have been shown to influence consumers positively (e.g., relating price increases to costs on which the firm has no control). Thus, 69.1% of the firms verbally stated having no control over the recent price increase. We moreover identified several new phenomena in price- and relationship-related communication practices. We found that only a small number of firms explicitly commu-
nicate price increases in headlines of their mailings. Consequently, firms hide price increase information to some extent. Further, 46.3% of the firms increased their price *more* than cost increases. However, findings also suggest that firms are not highly aware of the chances to communicate their investments to customers. They only selectively communicate the quality of their relationships and offerings or the future relationship by sentences such as “With us, you will have a fair partner also in the future”. Thus, firms are not aware of the potential social impact of referring to the intention to continue the relationship.

**Key Contributions**

Our framework and propositions are the first focusing on the content of genuine price increase communication by firms and therefore contribute to marketing research by enhancing our understanding of potential effects of price increases.

The key contributions of this study provide implications for research and practice:

1. We theorize the content of price increase communication from a firms’ perspective and add to recent knowledge on pricing tactics limiting negative consequences, such as perceptions of price unfairness.

2. We further uncover the communicative content firms use in practice in the context of price increases and our study thus sheds light on price-related persuasion tactics of firms, such as tendencies towards overpricing after a cost-increase. To illustrate, we found that every second firm increased the price more than cost increases caused by governmental regulation require.

3. We provide suggestions for future research on price increase communication. In particular, we aim to deepening the external validity in experimental studies on the effects of price increase communication on customer responses, such as price (un)fairness, switching and loyalty.

*References are available on request.*
How Customers Manage Purchase When They Lost or Gain? Effects of Price Surcharges and Savings on Expenditures

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Keywords: price partitioning, multi-dimensional pricing, price surcharges, shipping and handling fees, price dispersion, online pricing

EXTENDED ABSTRACT

Research Question
Digitization allows firms to set prices with more flexibility and apply a multi-dimensional price strategy. It also allows consumers to learn different components of price offers and make purchase decisions. Although previous works have examined the effects of the form of price partitioning on consumer’s shopping pattern (e.g., Lewis, Singh, and Fay 2006), and some studies investigate how price promotion strategies influence decisions (e.g., Lam et al. 2001), little work has empirically applied price surcharges and discounts jointly to investigate the purchase. To fill this gap, we employ a Gain-and-Loss Utility model (Inman, Dyer and Jia 1997) incorporating both gains and losses in prices presented to customers in the transactions to model online purchase behaviors.

In the current study, we associate price surcharge with “Loss” and price discount with “Gain” and show that price surcharge and price discount in an online purchase session would have significant effects on consumers’ purchase behaviors. We also find the asymmetry in the effects of “Gain” and “Loss”. In this way, we introduce a new way of looking at multi-dimensional prices that incorporate the studies on price partitioning, loss and gain in prospect theory, as well as works in numerical representations of prices. We contribute to this topic by jointly examining the effects of Loss and Gain on consumers’ purchase decisions, as well as how purchased items disperse across product category and price levels.

Method and Data
Our data is a random sample of transaction records of multiple major online retailers in one year time frame in the United States. Since it is from online channel of brick-and-mortar retailer or pure-play E-tailer, there is no geographic limit to the purchase. All transactions made are from the websites and recorded in the website server of each retailer. When a consumer makes transaction online, she/he could complete the whole session, which starts when the customer enters the website, and ends when the consumer completes the transaction and closes the web page. The whole transaction process is called “purchase session” in the digital marketplace. The data in our current empirical study includes 18,715 unique purchase sessions. The data covers totally 43,556 different items purchased by 7,696 unique customers, from eight well-known online retailers. For each purchase session, we capture details about the expenditure, including customer’s machine ID, visit duration, pages viewed in the session, purchase date and time, names and categories of each items purchased in the session, purchase quantity of each item, price of each item, and total basket price (how much consumers pay at the end of session).

Following Inman, Dyer and Jia (1997)’s generalized utility model, which incorporates intuitively appealing notions of disappointment and regret jointly, we model consumers’ losses and gains on price when we observe the differences between product total price (the total dollar amount of all items they purchase in a session) and basket price (the total expenditure they need to pay in a session). Both positive and negative gaps are captured in the panel data, and thus we apply a piecewise linear model to incorporate the effects of losses and gains, operationalized by the positive and negative gaps and relative gaps we develop in two models.

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Summary of Findings
Empirical results show asymmetry in the effects of (both absolute and relative) price surcharge and price discount, which implies that customers are managing their purchases differently when they lose or gain. Specifically, given one dollar amount customers save in the basket, they tend to make more expenditures for their total purchase products, for their total basket, tend to buy more items, spend more on the average expenditure per item, buy products with larger price dispersions and more variations in the category. On the contrary, the dollar amount customers lose in the basket results in smaller basket size, however the components of product items in the basket show more variations. Specifically, given one extra dollar amount customers pay in the basket, consumers tend to make less expenditures for their total purchase products, for their total basket, spend on less average expenditure per item, however, they tend to buy more unique items, buy products with larger price dispersions and more variations in the category. The results provide insights that customers tend to maximize the benefits they’ve gained from the price savings in the basket, while they try to minimize the loss they face given a certain level of price surcharge at the checkout by putting more dissimilar product with larger variations in prices and categories.

Key Contributions
In sum, we propose a Gain-and-Loss Utility model incorporating both price surcharges and price savings developed from price partitioning, price promotion as well as prospect theory. By decomposing positive and negative gap between purchased product total prices and transaction basket price, we include both positive and negative gaps and examine “Gain” and “Loss” simultaneously in the price strategy framework. Our theoretical framework includes price partitioning, promotion strategy, price presentation, loss and gain theory, as well as price surcharges and price savings as the key stimuli of customers’ expenditure behaviors. Empirical results show asymmetry in the effects of (both absolute and relative) price surcharge and price discount, which implies that customers are managing their purchases differently when they lose or gain. Specifically, we discover that when customers lose by paying extra surcharges, it does not necessarily hurt the purchase however it encourages customers to buy more, buy products in the basket with more variations in both prices and category selections.

References are available on request.
Time Marches On: Effects of Temporal Orientation, Time of Release, and Discount Sizes on Purchase Intentions

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Keywords: discount size, temporal orientation, new product, promotion, purchase intention

EXTENDED ABSTRACT

Research on price promotions has harvested a lot of attention (Krishnan, Biswas, and Netemeyer 2006; Krishnan, Dutta, and Jha 2013). This is largely because marketers spend more than US$8 billion on price promotions per annum (Howard and Kerin 2006) and price information is a significant cue in consumer judgment and decision making (Chandrashekaran 2004). One of the major price promotion tools used by retailers is to provide the discount size information with reference to some external standards. On the other hand, consumers often evaluate an advertised discount size as plausible or exaggerated by comparing the sale price with some external or internal standards (Jacobson and Obermiller 1990).

Research Question

A number of researchers (Grewal, Marmorstein, and Sharma 1996; Krishnan, Biswas, and Netemeyer 2006) have studied the role of discount size in advertised price promotion. Although the effectiveness of exaggerated discount size is well documented, it has been shown that time pressure, frequency (Krishnan, Dutta, and Jha 2013), familiarity (Biswas and Blair 1991), consumers’ age (Licata, Biswas, and Krishnan 1998), and the consistency and distinctiveness of semantic cues used in reference price ads (Burton, Lichtenstein, and Herr 1993) have either weakened or strengthened its effectiveness. Therefore, in order to expand our understanding, we examine the effect of temporal framing and discount size on attitude and purchase intention. Additionally, we investigate the role of a consumer’s temporal orientation, which has not been examined in the extant pricing literature. We propose that psychological distance may systematically influence consumers’ price perceptions. We propose that this change in mental construal alters the relative salience of the two contrasting roles of price, leading to different product evaluations for psychologically distant versus near purchases.

Method and Data

We conduct a pilot and one experiment to test the hypotheses. The experiment was a 2 (Discount Size: Low vs. High) x 2 (Time of Release: 1 Week vs. 6 Months) between-subjects experiment addressing effects of DS and TR for a Tablet PC. The sample consisted of 248 undergraduate business students enrolled at a major southern university. Participants were given modest course credit for participating. The mean age of the sample was 21 years (SD = 1.7; range = 19 to 36) and 50.81% were female. Participants were informed that the purpose of the study was to test the effectiveness of an advertisement announcement directed towards college students.

Summary of Findings

While previous studies have shown the positive effects of discount size on perceptions, we find that an exaggerated discount is likely to have a negative impact on attitude toward the product and purchase intention when a product release is in the distant future. This effect is more visible for consumers who have a future-oriented temporal orientation. Additionally, using temporal framing and construal level framework, we find a significant mediating role of the value

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of the deal between the relationship of discount size and price perception.

**Key Contributions**
The findings of this study are likely to have theoretical and managerial implications. Theoretically, CLT is used to explain the impact of temporal framing and discount size on consumers’ attitudinal perceptions. Additionally, we find the boundary condition of our research finding using individual temporal orientation as a moderating variable. Managerially, it is important to know how consumers process the pricing message containing temporal elements in it. For example, online retailers can use temporal message framing with the different levels of discount size, such as pre-order options for products that will be released in the future. Our study provides insight to whether temporal framing with different levels of discount size is going to differ among consumers with different levels of time orientation.

*References are available on request.*
Determinants of Consumers’ Response to Pay-What-You-Want Pricing Strategy on the Internet

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Keywords: pay-what-you-want pricing, brand familiarity, virtual product experience, external reference price, online shopping

EXTENDED ABSTRACT

Research Question
Pay-what-you-want pricing strategy is a new form of participative pricing, which offers consumers the greatest control over prices, as it allows them to set the price at any level, including zero, and the seller cannot reject it (Kim et al. 2009). Previous research has studied the effects of pay-what-you-want pricing on consumers’ willingness to pay, suggesting that such approach could lead to an increase in overall revenues (Kim et al. 2009). Despite the potential financial benefits, the viability of pay-want-you-want practice for different industry sectors or selling channels remains under-investigated. Prior literature has mainly focused on the service sectors in brick-and-mortar stores. Given the distinct differences between the brick-and-mortar and Internet shopping environments (e.g., lack of sensory attributes), little is known about whether this new pricing strategy can be successfully extended to an online platform, particularly, to tangible products. The objectives of this research are to investigate the feasibility of adopting the pay-what-you-want pricing mechanism on the Internet and to identify determinant factors that might influence consumers’ willingness to pay.

Method and Data
Two between-subject experiments with a total of 259 participants obtained through a nationally representative online consumer panel by marketing research company Zoomerang (now Survey Monkey) were used to examine our hypotheses and conceptual model. In study 1, the respondents were randomly assigned to the conditions of a 2 (Virtual product experience: presence vs. absence of product video) x 2 (Product brand familiarity: familiar vs. unfamiliar) between-subjects factorial design. Participants first read a short scenario asking them to consider purchasing a movie DVD online. They were then shown the movie DVD product page with standard product images and a written description of the movie. To manipulate virtual product experience, a two-minute movie trailer (presence vs. absence of a movie trailer) was embedded within the product page. At the end, participants responded to seven-point Likert scales that measured product knowledge, perceived quality, and purchase intentions, and indicated the price they would pay for the DVD. In study 2, the subjects were randomly assigned to the conditions of a 2 (External reference price: presence vs. absence) x 2 (Product brand familiarity: familiar vs. unfamiliar) between-subjects factorial design. A 16GB USB flash drive was the experimental product.

Summary of Findings
Overall, the findings indicate that the effects of the presence of virtual product experience and an external reference price are moderated by brand familiarity. For an unfamiliar brand, providing consumers’ with a virtual product experience (e.g., a product video with both visual and auditory components) is important for enhancing consumer’s evaluations and increasing the price they are willing to pay for the product. On the other hand, an inclusion of an external reference price diminishes their evaluations and consequent behavioral intentions. In contrast, for a known, familiar brand, the experience:

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presence of a virtual product experience did not significantly influence the dependent variables. Including a suggested reference price increased perceived product knowledge and perceived quality. Finally, we demonstrate that in this pay-what-you-want pricing context consumers’ purchase intentions are influenced mainly by their perceived product knowledge, while perceived quality influences the price they are willing to pay.

**Key Contributions**
In this research, we explore the effects of pay-what-you-want pricing in an online setting and extend the scope of investigation to tangible products. We contribute to the pricing literature by identifying two factors that influence online shoppers’ perceptions of and response to pay-what-you-want pricing: a presence of virtual product experience (study 1) and an existence of an external reference price (study 2). Further, we identify brand familiarity as an important moderator of these effects. We also uncover two theoretical mechanisms underlying consumers’ pay-what-you-want purchase decisions. We demonstrate that consumers’ purchase intentions are primarily driven by their perceived product knowledge, while the final pay-what-you-want price they are willing to pay is determined by the perceived quality of the product. Subjective product knowledge and perceived product quality emerge as mediators of the proposed effects on consumers’ purchase intentions and pay-what-you-want price paid. Our empirical evidence also provides important and relevant implications to pay-what-you-want pricing managers.

*References are available on request.*
Referral Engineering in Service Markets: Initial Evidence and Consumer Motivations

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Keywords: referral engineering, word-of-mouth, referrals, customer referral programs, opportunism

EXTENDED ABSTRACT

Research Question
Despite their effectiveness as a marketing tool, studies have noted unintended consequences of Customer Referral Programs (CRP). In particular, potential customers may opportunistically take advantage of a CRP by engineering an artificial referral situation to obtain the reward. A new customer may learn that the company offers a reward for referrals and search for a friend who already is a customer to ask him or her for the referral. The potential customer purchases from the service provider, essentially “faking” a referral situation, which invokes payment of a reward. We call this process “referral engineering.” In the case of engineered referrals, CRPs may not build on existing customer satisfaction and do not stimulate authentic word-of-mouth. According to anecdotal evidence we received from the cellular services industry, opportunistic use of CRPs can account for more than 50% of all referrals, leading us to raise the following research questions: (1) How prevalent are engineered referrals in services industries? (2) In general, what factors motivate customers to engage in engineered referrals? (3) In particular, how do the size of the reward and the reputation of the service firm affect the likelihood that customers engineer referrals?

Method and Data
We conducted two empirical studies. First, we conducted an exploratory survey study to demonstrate the prevalence of referral engineering in different service industries. We contacted a representative set of German consumers via telephone (sample size 501). Second, we test our hypotheses in an online scenario experiment in which we analyzed the effects of reward size and reputation on intentions to engineer a referral. We conducted a 2x2 between-subjects factorial design and manipulated reward size (large versus small) and reputation (high versus low). We chose cellular telecommunications services as setting. In total, 307 subjects took part in this study.

Summary of Findings
In our survey, we could determine that approximately one-third of the sample (31.0%) had participated in a CRP by recommending a new customer to a firm offering a CRP. Of these 155 referrers, 71 (45.8%) engaged in referral engineering the last time they participated in a CRP. The most common service industries in which consumers participate in CRPs were: retailing; newspaper and magazine subscriptions; book, automobile, or fitness clubs; and telecommunications. We analyzed whether referral engineering is more common in certain service categories but found no significant differences among industries.

In analyzing the experimental data, we first tested for a positive effect of reward size on intentions to engineer a referral. The ANOVA results revealed a significant direct effect (F = 6.2; p < .05). In response to a large reward, subjects exhibited a 72.7% average intention to engineer a referral; for a low reward, this intention decreased to 62.6%. The direct effect of reputation on intention to engineer a referral was not significant (F = .1; p > .05), though the hypothesized interaction between reward size and reputation on intention to engineer a referral was significant (F = 4.0; p < .05). However, reward size only mattered for firms with higher reputation. When faced with a more reputable firm, customers’ intentions to engineer a referral increased from 59% to 77.3% for a large compared with a small reward. In contrast, intentions to engineer a referral for the less reputable firm remained the same for large and small rewards.

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Key Contributions
CRPs have been identified as a particularly effective and efficient customer acquisition tool. However, past research and marketing practice have vastly neglected the potential unintended consequences of CRPs (Wirtz and Chew 2002; Schmitt et al. 2011). Our research introduces the concept of referral engineering and provides first and notable empirical evidence on its pervasiveness in service industries. We can show that certain design elements of CRPs (i.e., size of the reward) increase the likelihood of referral engineering among customers, and that certain firms (i.e., those with low reputation) are more prone to face referral engineering. We suggest that marketing managers reconsider the effectiveness of CRPs based on this and future studies to better understand the impact referral engineering may have on firms as well as their customers.

References are available on request.
How and to What Extent Customer Orientation Leads to Deep Acting: The Roles of Emotional Sensitivity and Dysfunctional Customer Behavior Severity

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Keywords: customer orientation, dysfunctional customer behavior severity, deep acting, emotional sensitivity

EXTENDED ABSTRACT

Research Question
Customers and managers expect frontline employees (FLEs) to display positive emotions during service encounters. It is almost impossible, however, for FLEs to be in positive moods all the time when delivering services. As a result, FLEs are motivated to engage in emotional labor (Brotheridge & Lee, 2002). Emotional labor, the process by which FLEs regulate their emotions to show desirable displays, is often achieved by two means (Grandey, 2000): deep acting (modifying inner feelings to deliver positive emotional display) and surface acting (suppressing true feelings to fake positive emotional display). Deep acting, but not surface acting, enhances employee well-being and organizational commitment (Cho, 2012; Totterdell & Holman, 2003) and increases customers’ positive attitudes toward services (Gountas, Ewing, Gountas, 2007; Groth, Hennig-Thurau, & Walsh, 2009). This research aims to understand when and to what extent customer orientation leads to deep acting. Drawing on goal setting theory (Locke & Latham, 2002), I propose that FLEs’ personal goal of customer orientation encourages the goal performance of deep acting through their goal-relevant skill of emotional sensitivity. In addition, I propose that the positive effects of customer orientation on deep acting vary based on the severity of dysfunctional customer behavior (DCB).

Method and Data
A total of 330 respondents were recruited through M-Turk. Because 78 subjects failed the attention check and 15 subjects had no experience as service workers, the final sample contained 237 subjects. The study used a mixed method design using measured variables (e.g., customer orientation) and a scenario-based manipulated variable (i.e., DCB). Subjects were randomly assigned to one of two DCB conditions: severe DCB (n=116) and less severe DCB (n=121). Participants were asked to imagine that they were FLEs encountering a dysfunctional customer. The customer demands the FLE violate company policy. In the severe case, the customer makes this demand by yelling and throwing objects. In the less severe case, the customer makes this demand by complaining and providing negative feedback. Using seven-point Likert scales, the measures of customer orientation, emotional sensitivity, deep acting and perspective taking (included as a control variable) are based on the scales developed by Brown et al. (2002), Riggio (1986), Brotheridge & Lee (2003) and Chan & Wan (2012) respectively. Because all constructs indicate satisfactory reliability and discriminant validity, the composite scores are used to test the proposed model by running the Preacher-Hayes PROCESS model in SPSS 22.

Summary of Findings
Adopting PROCESS model 15 with 5000 bootstrap samples, the proposed theoretical model explains 16.94% variance in emotional sensitivity and 25.32% variance in deep acting. Controlling for perspective taking, the results support the full mediation effect that FLEs’ customer orientation encourages deep acting through emotional sensitivity because the positive effect of customer orientation on deep acting becomes non-significant ($\beta = 0.219$, $p = 0.208$, LLCI = -0.123, ULCI = 0.560) after including the mediator of emotional sensitivity ($\beta = 0.327$, $p = 0.007$, LLCI = 0.089, ULCI = 0.565).

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In addition, emotional sensitivity was found to interact with DCB severity to affect deep acting ($\beta = -0.379$, $p = 0.020$, LLCI = -0.697, ULCI = -0.060). To examine the moderating effects of DCB severity, dummy coding was applied to DCB severity manipulation, such that 0 represented the less severe group and 1 represented the severe group. Specifically, the positive effect of emotional sensitivity on deep acting was not affected when the DCB was less severe while emotional sensitivity had no influence on deep acting when DCB was severe. In sum, emotional sensitivity was found to mediate the positive influence of customer orientation on deep acting only when DCB was less severe.

**Key Contributions**

The current study contributes in several ways to the literature of customer orientation, DCB and emotional labor as well as offers a number of managerial implications. First, it extends the customer orientation literature by proposing that the indirect positive effects of customer orientation on deep acting will not hold in the presence of severe DCB. Second, it broadens the literature on DCB by exploring the different effects of DCB severity perceived by FLEs. Third, it contributes to the emotional labor literature by examining it from the goal-setting perspective to explain how the personal goal of customer orientation leads to the goal performance of deep acting through focus on the goal-relevant skill of emotional sensitivity. Lastly, it offers managerial implications for organizations to better manage service encounters. To encourage FLEs’ deep acting, managers are well-advised to help FLEs further develop the ability to sense customers’ emotion during service encounters. However, it also is important to note that the positive effect of emotional sensitivity on deep acting is likely to be moderated by the severity of DCB. Companies are recommended to monitor the severity of DCB and to develop coping strategies specifically targeted to severe DCB.

*References are available on request.*
The Impact of Personality Traits on Customer Orientation Among Call Center Workers: The Moderating Effect of Work–Family Conflict and Role Conflict

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Keywords: personality traits, role conflict, customer orientation, India, call centres

EXTENDED ABSTRACT

Research Question
To what extent do role stress variables like role conflict and work-family conflict moderate the relationship between a service employee’s personality traits and customer orientation? The personality traits are measured using the big five personality traits framework.

Method and Data
The research hypotheses are validated through a sample survey of 281 call centre executives in India. Established scales are used to measure the constructs and the measurement model is validated through the structural equations modelling. The hypothesised relationships are tested through a moderated regression.

Summary of Findings
The study finds that role conflict and work life balance in general have a negative moderating impact on the relationship between the big five personality traits and customer orientation of service employees. Except for the moderating impact of work family conflict on openness and role conflict on emotional stability, the moderating impact of RC and WFC on all the other relationships are shown to be statistically significant at p < 0.01 level. The moderator regression also controlled for the gender of the employees.

Key Contributions
The study establishes that a service employee’s role conflict and work family conflict can moderate the impact of personality traits on customer orientation. While previous studies have established the link between personality traits and customer orientation, by establishing the presence of moderating variables in this relationship, the study provides new insights to existing theory as well as practice.

References are available on request.

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Intertemporal Demand Effects in Fashion E-Commerce

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Keywords: e-commerce, intertemporal effects, fashion, price elasticity, customer segmentation

EXTENDED ABSTRACT

Research Question
In seasonal goods markets it is essential to understand intertemporal patterns of price-induced demand effects when developing pricing strategies (Levy et al. 2004). Knowledge of these effects is pivotal for online fashion retailers making use of mark-down pricing systems to clear inventories (Anderson and Simester 1998). Therein, prices of poorly selling articles are reduced to increase sales and avoid excess stock (Soysal and Krishnamurthi 2012). A lever to improve these systems is gaining knowledge of seasonal patterns of price elasticity to dynamically adjust prices and thus target specific customer segments at the right point in time (Sorescu et al. 2011).

Although the resource-based view identifies the importance to understand the pricing process as a capability (Dutta, Zbaracki, and Bergen 2003), literature aiming to gain a better understanding for underlying success factors of mark-down pricing remains scarce (Desiraju and Shugan 1999). The emergence of e-commerce likely leads to new behavioral patterns of customers with respect to price sensitivity considering increased information availability (Varadarajan and Yadav 2002). Nevertheless, little is known about intertemporal demand effects in fashion e-commerce and its drivers. We thus seek to make a contribution by analyzing customer segment behavior towards price changes and varying shop layouts over time.

Method and Data
A three-step approach is employed to answer the raised questions. First, customer segmentation is conducted using latent class analysis. Second, in line with related literature (Granados et al. 2012) different log-linear demand models are estimated on brand level by two-stage least squares to derive temporal price elasticity curves. Therein, an instrumental variables approach is used to account for possible price endogeneity. Third, obtained price elasticity estimates are regressed on varying levels of discount density to assess the effect of a changing shop appearance on price elasticity magnitude.

We have access to a unique data set provided by a leading European fashion e-commerce retailer consisting of more than 3.3 million actual sales observations of numerous apparel and shoes categories. We select 20 product categories for further analysis covering 373 brand-category combinations. The data were collected between September 2013 and February 2014 involving more than 1.2 million observations. They contain information on demand, selling price, purchase price, availability and average category prices of private and national brands in in the German web shop on product level. Furthermore, a customer-level subsample covering a two-year period in the women boots category is available for customer segmentation.

Summary of Findings
The empirical results reveal a generally increasing trend in price elasticity magnitude over the season. This trend stems from an increasing discount density over time leading to a decreasing effectiveness of price promotions. This effect outweighs a growing extent of price elasticity resulting from the development of the customer base. Therein, we identify three customer segments. First, a fashion-oriented segment with low price sensitivity buys early in the season and shrinks relatively over time. Second, a strategically-acting segment characterized by high price sensitivity gains relative size in the course of a season. Third, a price-comparison shopper segment maintains a rather constant segment share.

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Furthermore, we glean from our results that retailers need to employ time-specific elasticity estimates when developing mark-down systems as price elasticities fluctuate considerably over the season. Our results also show that it is pivotal to target specific customer segments in different periods during the season to ensure success of mark-down pricing practices as well as fostering customer satisfaction. Proposing items on sale to strategic customers early in the season when discounts are still low can contribute to firm profit as the same products are sold to the same customers but just earlier and at a higher price.

**Key Contributions**

To the knowledge of the authors this is the first study to empirically analyze intertemporal patterns of price elasticity in fashion e-commerce. We thus contribute to literature by following the call of Desiraju and Shugan (1999) to better understand and integrate marketing and revenue management. We disclose reasons in terms of differences in customer choice behavior why price elasticities change in the course of a season in fashion e-commerce with direct implications for mark-down pricing practices. Thereby, we address the call of Kopalle et al. (2009) to better understand pricing practices in online fashion retailing and to examine strategic customer behavior in the context of pricing for profitability.

Moreover, we identify the presence of customer segments with differing levels of price sensitivity resulting also from heterogeneity in search activity among customers. This heterogeneity in search activity most likely stems from differences in search costs (Srinivasan & Ratchford, 1991) and thus represents empirical evidence why price dispersion still prevails in online retailing (Kocas & Bohlmann, 2008), although search costs are predicted to be comparatively low in this setting (Bakos, 1997). We thereby follow a call by Ratchford (2009) to analyze demand side effects influencing price dispersion in e-commerce.

*References are available on request.*
Optimal Distance Between Franchising Outlets and Intra-Brand Competition

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Keywords: retail location strategy, franchising, intra-brand competition, spatial, modeling

EXTENDED ABSTRACT

Research Question
What is the optimal distance between two franchising outlets and what are the impacts of an individual franchisee’s advertising spending, as a function of distance to another franchisee, on the franchisor and franchisees’ expected revenues?

Method and Data
The authors develop a spatial model to 1) describe the optimal distance between franchising outlets with the consideration of simultaneously maximizing the profits of both the franchisor and franchisees and to 2) understand the consequences of a franchisee’s location-specific advertising spending intended to direct customers to a specific franchise outlet.

Summary of Findings
The results of this study suggest that the optimal solution for the locations of franchisees involves some cannibalization of sales between the outlets. In this optimal solution, both franchisors and franchisees can maximize their profits simultaneously. When patronizing identical franchise outlets, customers will attempt to travel to the outlet for which he incurs the least travel costs. A motivating assumption for the results is that these consumers cannot perfectly measure the costs of travel. A consumer’s inability to distinguish between two slightly different distances creates an indifference area between the franchise outlets where residents are indifferent to traveling to either of the franchise outlets. Because the revenue from this indifference area is uncertain, franchisees have the motivation to spend some fixed proportion of expected revenue from this area towards attracting consumers from this area to their own outlets. The single Nash equilibrium in this game occurs where both franchisees spend a very large proportion of their expected revenues on location-specific advertising to attract these indifferent consumers.

Key Contributions
In franchising, the territorial restriction is commonly used to reduce the cannibalization of sales of the existing outlet and, therefore, minimize potential conflict (Ghosh & Craig 1990). However, the territorial restriction is often guided by “common sense” or experiences of the franchisors instead of more objective measures (Hernández & Bennison 2000). The results of this study suggest that the optimal solution for the locations of franchisees involves some cannibalization of sales between the outlets, implying that territorial restrictions are generally harmful to the total revenues of the franchisor and franchisees.

Because consumers may fail to distinguish between two slightly different distances between the franchisee outlets, franchisees have the motivation to spend some portion of their expected revenues on additional advertising to attract these customers to their own outlets. This intra-brand competition hurts the total potential revenues for the franchisor and franchisees. Thus, franchisors should employ incentives and controls to prevent franchisees from engaging in location-specific advertising.

References are available on request.

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Unintended Effects of Customer Participation in Recovery: Can Choice Availability Be a Remedy?

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Keywords: service recovery, service failure, customer participation in recovery, availability of choice

EXTENDED ABSTRACT

Research Question
Customer participation (CP) is key to service delivery processes (Lovelock and Young 1979; Gallan et al. 2013). However, CP may not be limited to service delivery alone. For instance, in service failure customers may be required to participate in the recovery, by providing additional information or taking over new tasks. Customers who lose Internet connection, for example, may be required to reboot and restart their router, and participate in the recovery by following instructions from the Internet provider’s customer service employee. As service recovery after a failure is crucial to service firms in that it affects e.g., customer satisfaction and loyalty (e.g., Liao 2007; Maxham 2001; Smith et al. 1999), it is important to understand factors influencing those customers’ post-recovery evaluations. While the impact of perceived justice (e.g., Smith, Bolton, and Wagner 1999) or emotions (e.g., DeWitt, Nguyen, and Marshall 2008) on post-recovery evaluations has often been examined, the relevance of CP has been widely neglected (see Dong, Evans, and Zou 2008; Roggeveen, Tsiros, and Grewe 2012 for exceptions). Therefore, we ask how different degrees of CP impact customer’s satisfaction after recovery. Moreover, we examine whether choice availability as a situational variable may moderate this relationship.

Method and Data
We applied equity theory (e.g., Adams 1963) to investigate the relationship between the degree of CP in recovery and customers’ satisfaction after recovery in three laboratory experiments using student and consumer samples. In Study 1a, business undergraduates participated in a between-subjects laboratory experiment in which the level of CP in recovery (low vs. high) was varied. In Study 1b, we replicate our results in a different context using a consumer sample. Participants were recruited with Amazon’s Mechanical Turk and paid to perform tasks. Study 2 used a 2 x 2 factorial between-subjects design, with a business student sample, and used the same context as Study 1a. We varied the level of CP in recovery (low vs. high) and availability of choice (no choice vs. choice).

Summary of Findings
We consistently find a negative effect of customers’ participation efforts on customers’ satisfaction after recovery when the outcome of the recovery process stays constant. This effect is robust in different service settings and across student and consumer samples (Studies 1a and 1b). Hence, we show that CP during recovery processes may do more harm than good to the customer-firm relationship. By investigating the availability of choice, Study 2 reveals a boundary condition. Customers, who deliberately chose to do more during the recovery, report a significantly higher satisfaction after recovery than customers who had to participate in the recovery to a high degree. Study 2 provides evidence that choice of participation in the recovery process impacts customer satisfaction. Consequently, providing customers a choice of CP may help companies avoid negative effects arising from CP in recovery.

Key Contributions
Our research contributes to the marketing literature in several ways. From a theoretical perspective, it highlights the role of...
CP in service recovery processes, an under researched topic. Prior research suggests a positive impact of CP (Dong, Evans, and Zou 2008) or cocreation (Roggeveen, Tsiros, and Grewal 2012) in recovery on customer post-recovery evaluations. However, in contrast to our studies, those studies focus on situations in which the recovery outcome shifts based on customers’ increased participation in recovery. Hence, we contribute to that stream of research by holding recovery outcomes constant when examining CP in recovery. Moreover, our research adds to the stream of literature showing the unintended effects of marketing actions by revealing possible negative outcomes of CP activities. From a managerial perspective, this paper offers implications for service providers on the appropriate level of CP in recovery processes. By examining the influence of CP on customer satisfaction alongside the availability of choice to participate, this research identifies situations in which higher levels of CP are suitable.

Acknowledgments
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References are available on request.
Conceptualizing Service Failures Through the Lens of Service-Dominant Logic: A Value-Based Approach

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Keywords: service-dominant logic, service failures, value co-creation, value co-destruction, resource integration

EXTENDED ABSTRACT

Research Question
Traditionally, service failure occurs when the delivery does not meet a customer’s expectations. These expectations get linked to the goods (Folkes & Kotsos 1986) or services as units of outputs which are embedded with value. Consequently, service recovery (Tax, Brown, and Chandrashekaran 1998) is characterized as “value-adding activities” as suggested by a G-D logic perspective. However, in S-D logic goods and services are resources embedded “only with potential value” (Vargo and Lusch 2004), while service can be defined as “a process of applying resources for the benefit of another and the underlying basis of exchange” (Vargo, Lusch & Akaka 2010). These resources through a process called resource integration, turn into a specific benefit and thus value is derived from this process (Vargo and Lusch 2008b; Lusch, Vargo, and Wessels 2008). Therefore in terms of S-D logic “service failure” should be concerned about the failure of employment operant to operand resources, a process-failure and not an outcome, since emphasis is given on the resource integration processes, rather than the resources in terms of output. We seek to address these issues by developing an integrated model of resource-integration process in order to understand service failure in a continuum process, the “service process.”

Summary of Findings
We develop a conceptual model where service failures are described in a continuum of resource integration process as co-destruction process and their different streams (Arnould et al. 2006; Gummesson and Mele, 2010; Grönnroos 2011; Ramaswamy 2011; Grönnroos and Voima, 2013; Hilton et al. 2012; Plé, and Chumpitaz Cáceres, 2010; Echeverri and Skålén, 2011; Smith 2013), we propose an integrated conceptualization of resource integration process theorizing it as a sequence of incidents, events or activities and stages between actors which unfolds over the duration of direct interactions. We suggest that co-creation and co-destruction are both processes of resource integration which are formed due to resource-configuration, and may lead to: value-in-context, value-in recovery, value-in-reduction, value-through-misuse. Therefore the concepts of co-creation and co-destruction create a continuum, the resource integration process. “Service” is the resource integration process (Vargo and Lusch 2004; 2008a) which may form either co-creation (Vargo and Lusch 2008; Payne et al. 2008; Vargo et al. 2008) or co-destruction process. Stages of service process include actor’s resources as inputs, resource integration process, experiences and evaluation of experiences in forms of value acquired (outcomes).

Key Contributions
This article contributes to the existing literature by reconceptualizing service failures through the lens of S-D logic. We suggest that in terms of value, traditional service failures in goods and services are process-failures, since these resources are distribution mechanisms for value realisation. Therefore these failures concern resources during the development of the service process. We develop an integrated model of co-
creation/co-destruction process by supporting the notion that this is a continuum process rather than dichotomy and depends on changes and the contradictions of resource-configuration process. In terms of outcome-failure from an S-D logic perspective we argue that this matches with the perceived value-loss. Moreover, drawing on lifecycle and dialectic theories we treat service success and service failure (i.e. co-creation and co-destruction) as a sequence of events of in continuum process. In terms of failure severity, we suggest that severity of service failure gets link with the stage of service process and the resource availability, contrary to G-D logic which posits that severity is related to resources loss. The most important contribution of this paper is that by offering a new perspective for services failures (processes and outcomes) opens up important new avenues for the establishment of proactive recovery strategies before the value lost.

References are available on request.
Recovery Strategies Involving Bundled Products

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Keywords: service recovery, disconfirmation judgment, customer satisfaction, customer loyalty, social exchange theory

EXTENDED ABSTRACT

Research Question
Product failures are common and managers employ various recovery strategies to mitigate their effects (Grewal, Roggeveen and Tsiros 2008). Although much attention has been paid to recovery strategies (Kelley, Hoffman and Davis 1993), no research has examined their effects in the context of bundles. Given the prevalence of bundling (Brough and Chernev 2012; Harris and Blair 2006) and the increased number of products that could potentially fail, providing a better understanding of bundle recovery efforts would seem important. This research investigates whether consumer perceptions of customer satisfaction and repeat purchase intentions improve when refunds are allocated to the flawed product or to the unflawed product in a multiproduct bundle.

Method and Data
One hundred twenty-six undergraduate students participated in a 2 (failed product: pizza, wings) × 2 (recovery product: pizza, wings) between-subjects design. Participants were given a scenario where they placed an order with a fictitious pizza company consisting of a large pizza and ten wings for $20. To manipulate failed product, participants were informed that either the pizza or wings portion of the bundle was incorrect. In the pizza failure condition, the pizza did not have the correct toppings. In the wings failure condition, the pizza did not come with the correct sauce. Next, participants were informed that, after complaining to the company about the failed product, the company decided to refund a portion of the purchase price. The recovery product was manipulated by specifying the product to which the recovery was allocated. The recovery amount was $10 in each condition. Following the scenario, participants responded to measures of recovery satisfaction and repeat purchase intentions.

Summary of Findings
We tested for moderated mediation by investigating individual mediation models at each level of the moderator, failed product. The models included recovery product as the independent variable (pizza recovery = 0, wings recovery = 1), recovery satisfaction as the mediating variable, and repeat purchase intentions as the dependent variable. Recovery product was a significant predictor of recovery satisfaction in the pizza failure condition ($β = -.08; SE = .39; p < .01$) and the wings failure condition ($β = .76; SE = .36; p < .05$). Recovery satisfaction was also a significant predictor of repeat purchase intentions in the pizza failure condition ($β = .75; SE = .07; p < .01$) and the wings failure condition ($β = .72; SE = .28; p < .01$). Additional tests revealed that the effect of recovery product on repeat purchase intentions was fully mediated by recovery satisfaction in both the pizza failure and wings failure conditions (all $p$-values < .05). Although failed product moderated the effect of recovery product on recovery satisfaction ($p < .05$), failed product did not moderate the effect of recovery satisfaction on repeat purchase intentions ($p > .10$).

Key Contributions
The purpose of this study was to gain insight into recoveries involving multiple product bundles. The results demonstrate that the product to which a recovery is attributed in a bundle

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The Impact of Tri-Dyadic Fit on the Service Experience

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Keywords: service experience, dyadic fit, empirical research, structural equation modeling

EXTENDED ABSTRACT

Research Question
What is the impact of customer-firm, customer-employee, and employee-firm fit on the service experience?

Method and Data
The paper looks at the impact of fit on the service experience study and focuses on three specific types of dyadic fit: customer-employee, customer-firm, and employee-firm. A conceptual model is presented, accompanied by a detailed development of the hypotheses. A sample of 447 consumers is used to empirically test the proposed model.

Summary of Findings
The analysis reveals the importance of dyadic fit, and suggests a triadic relationship perspective is essential when designing for the service experience. First, the results demonstrate that customer-employee fit has a direct positive effect on both customer-firm fit and rapport. Second, the results suggest that employee-firm fit has both a direct positive impact on the service experience, and moderates the customer-employee fit/customer-firm fit relationship. Specifically, employee-firm fit is key to enhancing fit within the other dyads and providing a superior service experience. Lastly, our results also demonstrate that, in terms of a direct positive effect, a customers’ service experience might be enhanced by customer-firm fit. Taken together, these results indicate that service researchers should pay more attention to the integrated nature of fit within and among the dyads that create the service triad.

Key Contributions
Research implications: Prior research has not explored the impact of fit among the customer-employee, customer-firm, and employee-firm dyads in one model on an important outcome such as the service experience. Thus, this research extends the current knowledge base regarding the potential impact of fit by actually assessing how customers’ perceptions of fit in one dyadic relationship can influence the perception of fit in another. Furthermore, a review of the literature suggests that this is the first study to use a tri-dyadic fit as a theoretical basis to empirically investigate the relations among the service triad. From a theoretical perspective, this study extends the service experience literature by moving it from more descriptive research toward more theoretically grounded, prescriptive implications. Managerial implications: The tri-dyadic fit model suggests that managers need to adopt a triadic relationship perspective when designing for the service experience. While dyadic relationships are crucial in any service firm, managers should be cognizant of the integrated nature of three types of dyadic fits that form the service triad.

References are available on request.

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Customer Inspiration: Conceptualization, Scale Development, and Validation

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Keywords: customer inspiration, scale development, nomological network, psychometric properties, shopper marketing

EXTENDED ABSTRACT

Research Question
Introducing new ideas to the customer lies at the heart of marketing, yet surprisingly little is known about customers’ state of inspiration within a marketing context. Prior research has investigated different facets of inspiration, but lacks a comprehensive, marketing-specific conceptualization and a reliable way to measure customers’ level of inspiration. We address this research gap by presenting a conceptualization as well as developing and validating a scale for inspiration in a marketing context, hereafter named customer inspiration.

Method and Data
We report five studies as part of our empirical scale development for customer inspiration. These studies involve (1) item generation, (2) expert judgment, (3) card sorting tasks, (4) a scale refinement and initial validation study, and (5) a nomological validation study. We use qualitative and quantitative data from marketing academics, top managers, students, an online panel, and field data from shopper surveys. On that basis, we demonstrate the psychometric properties of the scale and its distinct position within the nomological network of related consumption variables.

Summary of Findings
Our findings support a two-dimensional, second-order conceptualization of customer inspiration. These two factors can be described as capturing the notion of being inspired by a stimulus and being inspired to perform an action. We find these two factors to be distinct, yet related. Moreover, our findings suggest that customer inspiration is predicted by transcendent customer experiences and indirectly by the hedonic motive of idea shopping. Furthermore, our results reveal that customer inspiration fosters customers’ positive affect, satisfaction, intention to recommend, and impulsive buying. Finally, we find evidence for a competitive mediation through impulsive buying which counteracts positive direct effects of customer inspiration on positive affect, satisfaction, and intention to recommend.

Key Contributions
The contribution of this paper is threefold. First, we provide a marketing-specific conceptualization of customer inspiration based on a review of prior research. Specifically, we define customer inspiration as a state, which is evoked by marketing stimuli, incorporates the realization of new, enhanced insights, and motivates customers to purchase a product or service. Second, we develop a two-dimensional scale to measure customer inspiration and address the dimensionality, reliability, and validity of the construct. Across two samples, we measured high convergent and discriminant validity of the scale. The scale satisfies all important criteria for newly developed construct measures. Finally, we test the nomological validity and explore the role of customer inspiration in its network of related marketing constructs.

References are available on request.

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Customer Relationship Management: Should Absence of Attitudinal Data Prevent Designing Effective Consumer Promotions?

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Keywords: sales promotions, customer relationship management

EXTENDED ABSTRACT

Research Question
The increased availability of information about customers’ behaviors is giving many firms the ability to customize marketing efforts to the tastes of their customers (Venkatesan and Farris 2012). Many direct marketing companies use their customer database to design effective promotional programs (Kumar 2010). To effectively target customers who will respond to promotions, academics have designed theoretical models that explain customer behavior based on both customer specific variables (such as attitudes and subjective norms) and promotion specific variables (such as the value of the promotion and type of the promotion). However, when implementing the Customer Relationship Management programs marketers may not have information about all the variables that affect consumers’ response to promotions. They are likely to have data on consumers’ past behavior and how they responded to different promotions. However, they are unlikely to have secondary data pertaining to the attitudes and subjective norms of these customers. How seriously are the marketers handicapped by the lack of attitudinal information when designing consumer promotions?

Method and Data
The data for this research was collected through the cooperation of a grocery chain. An instrument was developed to measure consumer’s intentions to redeem different types of coupons in the coffee and detergent product categories. Data on number of coupons redeemed per month and consumer’s intention to redeem coupons of three different face values, three different methods of distribution (free standing inserts, on pack coupons for next purchase occasion, and mail in coupons) and for two brands (their favorite brand and a brand they occasionally purchase) were collected. The overall attitude towards redeeming coupons and subjective norms were also measured using established scales (Shimp and Kavas 1984). Using a series of nested logistic regression models we estimated the incremental predictive ability of attitudinal variables over and above those of the characteristics of the consumer promotion.

Summary of Findings
In the case of a coupon promotion, the characteristics of the promotion (such as its face value, method of distribution, and loyalty towards the promoted brand) explained most of the variation in consumers’ coupon redemptions. Individual’s attitude towards the promotion and subjective norms did not significantly add to predicting coupon redemptions. The parameter estimates are stable when we tested the model using the overall sample and also when we randomly split the data and estimated them on each of the subsamples.

Key Contributions
Though CRM is gaining popularity among marketers, implementation of the CRM solutions requires firms to understand the underlying marketing problem at hand and to design processes to collect, analyze and apply the acquired customer information (Jayachandran et al. 2005). Different marketing problems require different types of information.

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and marketers may not have access to all of the important variables affecting the outcome of interest. In the case of consumer promotions, marketers have identified a number of attitudinal (Shimp and Kavas 1984), individual (Bawa and Shoemaker 1989), and promotion specific variables (Kumar and Srinivasan 2005) that affect consumers’ responsiveness to coupon promotions. Using field data, we conclude that for coupon promotions, the absence of attitudinal data does not significantly impact predicting coupon redemptions. Coupon characteristics and brand characteristics satisfactorily explain consumers’ aggregate redemption intentions. Future researchers might want to extend this research to other product categories and other types of promotions. Consumer’s use of coupons is not limited to their economic value, but also to its hedonic benefits (Chandon, Wansink, and Laurent 2000). Future researchers also might want to understand the impact of these hedonic benefits in explaining coupon redemptions.

References are available on request.
Nonlinear Effects of Frontline Store Managers’ Entrepreneurial Role Performance: Retail Profit and Revenue Analysis Using Item Response Theory

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Keywords: entrepreneurial orientation, frontline store manager, store performance, retail, item response theory

EXTENDED ABSTRACT

Research Question
At the frontlines, retail frontline store managers serve a boundary spanning role of creating value by blending merchandising and service practices that lead to superior customer experiences and strong financial outcomes. In past research, payoffs from entrepreneurial behaviors are neither uniformly positive nor invariant across contexts. In the context of modern big box retailers, increasingly frontline store managers are expected to act entrepreneurially but there is little evidence that such actions yield higher revenues or profits or both, and if so by how much. To address this gap, we first conceptualize and operationalize constructs corresponding to merchandising and service entrepreneurial behaviors that are suited for studying frontline manager role in a retailing context. Both merchandising and service behavior are treated as multi-dimensional constructs with dimensions of innovativeness, proactiveness, and willingness to undertake risks. Second, we examine nonlinear effects of frontline store managers’ entrepreneurial behaviors on mean level of store revenue and profits based on longitudinal store sales data over 10 time periods. Third, we use item response theory (“IRT”) in addition to usual psychometric procedures based on confirmatory factor analysis (“CFA”) for validating the proposed constructs.

Method and Data
We used a combination of psychometric and econometric approaches for data analysis. A psychometric approach is well suited to provide evidence for the reliability and validity of multi-item scales with self-report data. In item selection, we used exploratory and confirmatory factor analyses procedures as well as the S-χ² index and item information functions in multidimensional item response theory to identify valid construct items. An econometric approach is well suited for analyzing determinants of store revenue and profitability obtained as a longitudinal series over 10 time periods. Specifically, we estimated a time-series model that extracts variability due to the path dependence of revenue/profitability, seasonality and unobservable variables. We linked the two approaches by estimating MAP factor scores of each dimension (i.e. innovativeness, proactiveness and risk-taking) after satisfactory evidence of reliability and validity, and inputting them as predictors in the econometric analysis. Our retail setting is drugstores, which compete for prescription drug customers with other pharmacies by emphasizing service orientation and for everyday customers of grocery and convenience products by emphasizing merchandising orientation.

Summary and Key Contributions
We found: (a) robust evidence to support merchandising and service as distinct and meaningful constructs to represent frontline store managers’ role performance. Merchandising and service role performance achieve convergent validity (e.g., items load on hypothesized factors as per CFA), show...
discriminant information functions (e.g., as obtained from IRT), and nomologically relate differentially to store outcomes (e.g., store revenue and profitability). In developing these constructs and testing their validity, IRT offers several benefits over classical test theory in estimating psychometric properties of items, and in estimating construct scores. The most interesting results from our study are the finding of opposite effects of frontline store managers’ merchandising and service role performance on store revenue and profitability. The use of actual revenue and profitability data allows us to quantify these contrasting effects. Compared to frontline store managers with average level of service role performance, frontline store managers who perform at high level of service performance (+2 SD above mean) are expected to depress revenue at the rate of $277,190 for every SD increase in merchandising role performance, but increase profitability at the rate of $90,436 for every SD increase in merchandising role performance. This means that stores with frontline store managers who perform at high levels (+2 SD) of both merchandising and service performance will show a monthly revenue loss of about $0.5 million, but a monthly profitability lift of about $0.18 million compared to stores with average performing frontline store managers. Over a year, these numbers can add up: revenue loss = $6.6 million; profitability gain = $2.1 million. This is a surprising finding with significant managerial consequences. Retail top management that attends to revenue metric to assess store performance is likely to demotivate the more entrepreneurial frontline store managers—the very frontline store managers that want to drive innovative and provide net bottom line returns.

References are available on request.
Turning to the Role of Propensity to Participate in the Participation–Satisfaction Link

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Keywords: services, participation, co-creation, satisfaction, attribution

EXTENDED ABSTRACT

Research Question
Two controversies have emerged in the literature on the participation-satisfaction relationship. First, some researchers suggest a strong positive relationship (e.g., Chan et al. 2010; Lam et al. 2004), some find a weak relationship (e.g., Rodie and Kleine 2000), and still others report no relationship (e.g., Wu 2011) between the two. Second, in part to address these mixed findings, researchers have considered the effect of locus of causality attribution, dividing causes into “external and internal to the individual” (Weiner 1979, p. 6). Here, some studies find evidence of a self-serving bias. On the other hand, there are studies suggesting a different pattern, which we refer to as the “modesty bias.”

The purpose of this research is to address these two controversies (i.e., the main effect and the role of locus attribution) by looking to the consumer and examining an interpersonal difference that promises to shed light on the debate, which we refer to as propensity to participate (PTP).

Method and Data
The hypotheses are tested in two important service industries, namely higher education and personal training. In a scenario-based approach, consumers (i.e., students) are asked to imagine themselves in a hypothetical academic advising or a personal training session scenario, where the level of required participation is manipulated.

Summary of Findings
The results show that consumers vary in their attribution based on PTP. In particular, low-PTP relative to high-PTP consumers make stronger external attributions and lower internal attributions in general and particularly in encounters where high participation is required. Furthermore, PTP was shown to moderate the relationship between participation and satisfaction. With increased required participation, consumers low in PTP relative to their high-PTP counterparts experience lower satisfaction. On the other hand, attribution was not found to moderate this relationship.

Key Contributions
This study has important theoretical implications. In addressing the two controversies identified above, it provides a new construct. PTP appears to be a significant contingency factor in the participation-satisfaction relationship. More importantly, attribution is not found to moderate this relationship as argued in previous studies.

This research has also important managerial implications. Service providers need to understand that high required participation is not appreciated by every consumer. Rather, they differ in their PTP. Managers are encouraged to develop methods to distinguish between these types of consumers because this will ultimately determine their level of satisfaction.

References are available on request.

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Part I
Marketing Strategy

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Marketing Strategies and Firm Performance
Linking Stakeholder Orientations to Firm Performance: The Role of Job Satisfaction and Innovativeness
Ruby P. Lee, Susan Wei

Go Expand, but How Far? The Impact of Internationalization and Distance on Brand Strategy Performance
Saejoon Kim, Pravin Nath

Complement or Substitute? The Contingency Value of Firm Capabilities Under Different Market Conditions
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Quality–Efficiency Trade-offs in Service Organizations: A SFA-Based Approach with Application in Health Care
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Linking Stakeholder Orientations to Firm Performance: The Role of Job Satisfaction and Innovativeness

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Keywords: customer orientation, employee orientation, society orientation, innovativeness, job satisfaction

EXTENDED ABSTRACT

Research Question
Despite the rising interest in understanding the impact of a firm’s orientation toward different stakeholders, previous studies tend to investigate the effect of different stakeholder orientations independently. It would be more interesting to simultaneously examine different stakeholder orientations and their potential interactions because one group of stakeholders may influence another group of stakeholders’ interests and strategic actions. We ask in this study (1) how do additional stakeholder orientations influence the effect of customer orientation on firm performance and (2) how do job satisfaction and innovativeness that serve as competitive advantages facilitate that the link between different stakeholder orientations on firm performance?

Method and Data
We used a multi-stage stratified random sampling procedure to collect data from China. Our final data included a total of 3,960 individual respondents from 180 firms across nine cities in China. Although we employed multiple sources and multiple respondents for our research design, our unit of analysis is still at the firm level. Thus, the effective sample size is 180 firms.

Summary of Findings
Our results find a negative and nonsignificant effect of customer orientation on job satisfaction, but a positive effect of employee orientation and society orientation on job satisfaction. In addition, our results suggest that customer orientation and employee orientation respectively influence innovativeness in a positive way. We do not find a positive relationship between society orientation and innovativeness.

With respect to the interaction effects between customer orientation and employee orientation, our results indicate that although such combined effect does not influence innovativeness, it positively affects profitability. Regarding the interaction effect of customer orientation and society orientation, our results find a negative interaction effect on innovativeness and perceived performance and no effect on firm profitability. With respect to the direct effect of job satisfaction on innovativeness, our results indicate a positive relationship.

Key Contributions
First, instead of seeking explanations from environmental contingency influences, we take on an alternative approach to explore what other stakeholder orientations a firm can cultivate to improve the chance of success in a fast changing market. Specifically, with an increasing interest to the strategic implications of welfare to employees and society, this study adds to the literature on customer orientation by including two additional orientations that gear toward employees and society at large. Second, recent meta-analyses suggest that the link between firm orientation and performance is far from clear without considering contingency factors. We consider job satisfaction and innovativeness as sequential contingency factors that link stakeholder orientations to subjective and objective firm performance. Each of these sequential outcomes reflects different activities occur in a firm’s decision chain, from competitive advantage at employee level (job satisfaction) and organizational level (i.e., innovativeness) to firm performance. Our findings confirm the premise of extended RBV theory and further suggest that competitive advantages can be built across a firm at different levels.

References are available on request.

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Go Expand, but How Far? The Impact of Internationalization and Distance on Brand Strategy Performance

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Keywords: corporate brand, brand architecture, internationalization, geographic distance, economies of scale

EXTENDED ABSTRACT

Research Question
Our research objective was to understand the implications of firms’ choices regarding their brand strategies, or their brand architecture, in the context of internationalization. Prior research has demonstrated some evidence in the favor of a corporate brand (or branded house) strategy (Rao et al. 2004). However, as firms increasingly expand into foreign markets, a key strategic decision has to do with the extent to which they continue to rely on their corporate brand, which we conceptualize as the corporate brand dominance ratio, or CBDR. Using a longitudinal sample of retail firms, we are able to measure this construct as a continuous variable, unlike prior categorical classifications of corporate, mixed, and house of brands strategies. Specifically, we capture CBDR as the proportion of corporate brand stores.

Method and Data
We draw our sample of firms from Deloitte Consulting’s “Global Powers of Retailing” report, which annually lists the world’s top 250 retailers by sales (Deloitte 2009). We chose the five most recent years of the report, which is published with a 2 year lag. All models are estimated using Generalizing Estimating Equations or GEE developed by Liang and Zeger (1986), which allows us to account for serial correlation, and produces coefficients whose errors are robust to heteroskedasticity.

Summary of Findings
Our results, in line with our expectations, show that indeed, firm’s brand strategies’ impact on performance is conditional on the context of internationalization. First, we find that the impact of CBDR on firm performance changes curvilinearly as firms’ degree of internationalization (measured as FSTS, the ratio of foreign sales to total sales) increases. Thus, as we have argued in the paper, scale economies from a high CBDR are enhanced as firms internationalize, but this happens only at relatively high levels of FSTS. This suggests that perhaps there is a cost of learning in managing the corporate brand in international markets. Second, we find that the impact of CBDR is weakened as the degree (or distance) of geographic expansion increases, which shows there are limits to how far a brand can be stretched. Finally, we also demonstrate the complex interplay of FSTS and geographical distance, in their influence on the performance impact of CBDR, which further reinforces the notion that there are limits to the geographic expansion of a corporate brand.

Key Contributions
Theoretically, we contribute to the research on branding strategies, or brand architecture, as well to research on internationalization. In doing so, we demonstrate the importance of researching boundary conditions for the effective deployment of marketing assets. We also provide practical implications for firms as they decide to expand into foreign markets but are looking for guidance in terms of decisions regarding their brand strategy choices. The corporate brand is clearly a very strong asset, and we hope our research provides marketing researchers and firms with a slightly deeper understanding of how to better manage it during international expansion.

References are available on request.

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Complement or Substitute? The Contingency Value of Firm Capabilities Under Different Market Conditions

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Keywords: marketing capability, R&D capability, operations capability, growth

EXTENDED ABSTRACT

Research Question
Past research on firm capabilities has mainly focused on the impact of individual capabilities (e.g., marketing, R&D, or operations) in isolation within a short time-span (see Krasnikov and Jayachandran 2008 for review). However, in practice different capabilities coexist within an organization and are often intertwined. They are also developed over a long time and are embedded within the firm (Grewal and Slotegraaf 2007). In addition, the performance impact of capabilities may vary under different conditions (Moorman and Slotegraaf 1999). Building on contingency theory, this study examines the impact of multiple firm capabilities and their interactions on firm growth under different market conditions. More specifically, this study empirically examines two questions: First, how do different firm capabilities (e.g., marketing, R&D, operations) interact and impact firm sales and profit growth simultaneously over a long period of time? Second, how do external boundary conditions (e.g., market munificence and complexity) influence the interactive effects (e.g., complementarity vs. substitution) of firm capabilities on growth?

Method and Data
We draw an initial random sample of 1,000 public firms for the years 1993 through 2008 from the COMPUSTAT Fundamentals Database, which also provides us with firms’ financial information. Then we get patent and trademark data from the U.S. Patent and Trademark Office (USPTO) Database to calibrate and estimate R&D, operations and marketing capabilities metric following Dutta et al. (1999). After combining data from these various data sources and dealing with missing data, the final hypothesis testing sample contains data from 612 firms over 16 years (1993 through 2008) representing 60 industries. To deal with common panel data problems in our dataset such as unobserved heterogeneity, serial correlation and endogeneity, we apply first-differences and then use system GMM (General Method of Moments) to get unbiased and efficient estimates.

Summary of Findings
Our study reveals that (1) marketing and R&D capabilities complement each other in enhancing sales growth and these complementary effects are stronger in more munificent and less complex markets; (2) operations capability attenuates marketing capability’s effects on profit growth and these effects are stronger in more munificent and complex markets; (3) R&D and operations capabilities’ substitution effects on firm growth are stronger in the less munificent and less complex markets.

Key Contributions
This study offers several contributions to the firm capabilities literature. First, it provides a comprehensive picture regarding how multiple firm capabilities interact with each other simultaneously to drive growth by exploring marketing, R&D and operations capabilities and their interactions in one model. Second, it identifies market munificence and complexity as boundary conditions and finds that these market conditions are important factors to consider when mak-
ing resource deployment and capability development investment decisions as environment has significant effects on firm capabilities interactive effects (complementary vs. substitution effects). Third, using a large panel sample of U.S. firms over a long time, this study provides strong evidence on the interplay among different firm capabilities under different market conditions. It is hoped that this research will provide new guidance for marketing scholars and managers on when investments in building firm capabilities are most likely to pay off.

References are available on request.
Decomposing the Effects of Reward Program Enrollment and Program Usage on Store Profitability: A Mixed Model Assessment

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Keywords: reward program, marketing investment, profitability, RBV

EXTENDED ABSTRACT

Research Question
In this paper, we attempt to understand the impact of launching and growing a reward program on firm profitability.

Method and Data
Three years of data across 1,404 retail outlets are leveraged to develop and test a multi-level model using MPLUS.

Key Contributions
We document the effects of reward program enrollment on store profitability, thus demonstrating that growth in a rewards program can cause increases in profits. We also demonstrate that growth in the use of the program (ratio of reward to total transactions) has a negative effect on profitability. We identify two contingencies (competitive intensity and store age) that impact these effects.

Summary of Findings
Results reveal that enrolling new customers offers immediate profitability gains that persist after accounting for a year of lag effects. Moreover, these effects are stronger for newer stores, suggesting that reward programs can be an effective way to help launch new outlets. In addition, the results reveal a potential dark side to reward program growth as increases in the ratio of reward to total transaction was associated with losses in profitability.

References are available on request.
Investor Horizon and Executive Compensation: Implications for Myopic Management and Firm Performance

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Keywords: myopic management institutional investors executive compensation firm performance

EXTENDED ABSTRACT

Research Question
Drawing on agency theory of the firm, we propose that the top management’s compensation structure and the institutional investors’ investor horizon differences influence the practice of myopic management, as well as the payoffs to such strategies. Formally, we address the following questions: (1) Do the investment horizon of institutional investors and the temporal orientation of the compensation package of the chief executive and chief marketing officer in public corporations influence the likelihood of firms to engage in myopic marketing and innovation (R&D) management? And (2) Does the investment horizon of institutional investors moderate the subsequent financial market performance of firms that do engage in myopic actions?

Method and Data
We use a large panel data sample of over 3,000 publicly traded firms, over a 10 year period. We identify firms likely engaging in three types of myopic management (total myopia, marketing myopia, and innovation myopia) each year, and test the likelihood of public firms to be classified as myopic, using a panel logit model with instrumental variables to control for endogeneity. In order to test the second research question, we use the Arellano-Bond GMM panel data method to control for the inherent endogeneity in the key variables of interest.

Summary of Findings
Econometric analysis of a panel of public firms shows that greater ownership by long (short)-term institutional investors and the higher emphasis on long (short)-term CEO/CMO compensation, lower (increase) the odds that a firm would engage in myopic management of marketing and innovation investments. The results are robust to endogeneity concerns, alternative measures, and consistent over a range of sensitivity analysis.

Key Contributions
The financial impact of myopic practices is more nuanced than seen in prior research. On the one hand, myopic management has a deleterious effect on firm value and the effect is amplified with increasing long investment horizon institutional investors. In contrast, when there are increasing short investment horizon institutional investors, myopic management has a salubrious effect on firm value. We extend prior research by showing that while long-term investor ownership is associated with a further decrease in firm value, short-term investor ownership leads to increase in firm value, when firms engage in myopic management. In other words, we establish that myopic management is not always detrimental and it depends on the nature of the institutional investor owning the firm. The findings are salient to boards of directors and top-management of public firms for whom it is important to understand the heterogeneous impact of the investor community and executive compensation on the proclivity and returns of myopic actions in the financial markets. Also, we show that firms’ institutional shareholders exhibit measurable but asymmetric reactions to a firm’s myopic practices.

References are available on request.

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Understanding Strategic Change

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Keywords: financial performance, marketing strategy, board composition

EXTENDED ABSTRACT

Research Question
When firm performance fails to meet expectations, how do firms respond?

Method and Data
To test our model, we developed a unique dataset that combines data from three sources. The final dataset includes data for 53 S&P 500 companies that filed IPOs in 1990 and consists of 2,847 firm-quarter observations covering 17 years (1990-2006).

Summary and Findings
Using a resource advantage-theory lens, this study integrates two perspectives, the process view and the content view, of organizational change. The model hypothesizes the direct effects of financial performance, board knowledge (depth and breadth), and resource slack on marketing. In addition, it predicts the moderating effects of resource slack on the relationship between board knowledge and marketing investments. The results provide evidence that the two views (process and content) are complementary. Board knowledge depth is positively related to marketing investment. Second, both financial performance and resource slack influence marketing investment. Third, resource slack moderates the relationship between board knowledge depth and marketing investment.

Key Contributions
Our study contributes to the marketing strategy literature in three ways: (1) it “closes the loop” by hypothesizing and testing the effects of financial performance on future firm resource allocations, (2) by integrating the content and process views of strategic change through a resource-advantage theory lens, it provides a broader theoretical foundation for explaining and predicting strategic changes in organizations, and (3) it provides insights concerning the role that different types of board knowledge (i.e., depth and breadth) play in strategic change.

References are available on request.

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Value Dynamics in the Secondary Market: Advancing a Model for Product Line Valuation of Used Goods

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Keywords: secondary market, used-goods, products, valuation

EXTENDED ABSTRACT

Research Question
We advance the question of which products in a product line retain the greatest amount of value when they transition from the primary market to the secondary market.

Method and Data
The sample consists of sales data on 1,027 different vehicles sold in the secondary market from April to May 2013. Our sample consisted of 106 different product lines manufactured by twenty-seven different automakers. We used a hierarchical linear model to estimate the amount of value that used cars retained. Data on value retained was obtained from the National Automobile Dealers Association (NADA).

Summary of Findings
The findings revealed that products at the upper end of the product line lost the greatest amount of value but this was tempered by how wide the product line was and the lowest priced product. If the product contained several versions then the most expensive version lost the greatest amount of value thus indicating the lowest demand for these models. However, if the product had a very low price (such as some economy cars) then a lower price offered for these products would not make these products more desirable.

Key Contributions
As product obsolescence and cannibalization increases participation in the secondary market continues to grow. Consumers purchase from the secondary market because products in this market are often priced lower than their counterparts in the primary market. Firms can take advantage of this secondary market by extracting revenue from two points (sale in the primary and secondary market) thus it is important to understand which products retain the greatest amount of value.

References are available on request.

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Connecting Marketing Activities, Accounting Policies, and Financial Strategy

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Keywords: pricing strategy, discount strategy, cash conversion cycle, working capital strategy, warehouse store logistics, retail scanner data, regression modeling, price promotions, accounts payable strategy, pay-on-scan sales strategy

EXTENDED ABSTRACT

Consistent with the conference theme of establishing connections between marketing and the highly connected world, marketing research is needed that examines firms pricing strategies in B2B and B2C markets—focusing on possible relationships between marketing price discounts, accounting cash conversion cycling, and financial working capital strategy within firms. Cash flow is vital for firms. The important of cash flow has been discussed in many studies. Scholars have called for additional research studies to establish more detailed connections between various firm marketing activities and intermediate cash flow elements as they impact financial outcomes; many important questions are still unanswered.

The purpose of this research is to begin to theorize on and explore the extent to which price discounts translate into improved cash conversion cycling, controlling for several item (aka stock keeping unit, or SKU), store, and demand variables. We propose that one relatively unexamined benefit of price discounts is their potential ability to enhance retail firms’ existing capital investment through shortening of the cash conversion cycle, especially for retailers. This shortening could result in (1) less use of working capital that carries short term financing interest due on trade credit to suppliers or banks, or (2) provisional use (in capital investment) of revenue owed in accounts payables (in cases of a resulting negative cycle days). While we anticipate the accruals normally would not completely offset the lower SKU gross margin percent, at times firms may decide that the simple need for increased available cash flow alone might be worth the price discounting. And some retailers may even strategize on the predicted effect. However, we believe that the effect and such strategizing needs to take into account supply chain logistics variables in order to be successful.

Consistent with calls for looking at store-SKU-week level retail scanner data, we focus on items in the small appliance category of a leading big box retailer operating general merchandise and supercenter stores in the United States that is known for its expertise in supply chain logistics. This data needs to be merged with several other sources of data. We merge it with data on units and dollar values for store-SKU-week level figures for sales, inventory, and margin, SKU vendor contract payment terms (e.g., net 30), and retailer receivable type breakout percentages (i.e., cash, check, credit), and data from the census.

It is important to estimate all independent variables at the store-SKU-week level to be consistent with the dependent variables. Accounts receivable period (ARt) should be estimated using a weighted average of the (days associated with each) percentage of purchases that are cash, check, and credit cards. Days in inventory (INVt) should be estimated by dividing average inventory on hand (computed at the weekly level) by wholesale cost; one would begin with current on hand, and then subtracted sales units from the week and adding shipped units, so that average inventory is computed backwards across time, week-by-week. Wholesale cost (COGS) should be estimated using the supplier selling price of the SKU to the retailer (since it is unlikely to ever have dividable figures on operating costs across all of the SKUs). Accounts payables period (APt) should be estimated as the vendor contracted payment term for the SKU (e.g., net 30 days), assuming the firm waits until payment is due to send electronic (EDI) pay-
ment. Despite advances in recent years in logistics and distribution, two very important independent variables to include in this type of research would be (1) store selling size and (2) the distance/time between the warehouse and the retail store.

We advise that firms should strategically examine pay–on-scan accounts payable policies rather than adopt them without question. There is an ongoing debate about investment versus debt. The framework, as supported by the data, implies that firms do not necessarily have to change capital structure, as price promotions can open up working capital for other uses. In short, the findings support the notion that retail firms should try to balance margin and inventory. Faster moving items could have lower margins given a reduced use (or no use) of working capital, permitting incremental growth at no cost to the firm. Here, we are suggesting that SKU gross margin decreases with the price promotion, decreasing the merchandise category average gross margin at retail, and on up to the corporate level (aggregating all of the promotions’ effects on margin percent). However, the increase in SKU sales and margin dollars of the promoted SKU is supplied by the negative cash conversion cycle (assuming realized reinvestment) and not additional funding from shareholders, trade credit, or short term bank loans—resulting in a net increase return in profit to the per dollar of actual outstanding shares or loans. Thus, while average gross margin percent is lower, the return to the company’s owners could be greater.

The new suggested framework of strategic thinking (shown graphically below) elucidates how firms might reduce levels of trade credit or bank loan due to shortened positive cash conversion cycles, as well as how firms might even be able to generate provisional use of account payable funds in capital investment due to negative cash conversion cycles. We note that these considerations are especially important (1) in economic environments when loans and trade credit are more expensive or more limited, (2) for firms that have difficulty acquiring additional credit (including entrepreneurial or small businesses), or (3) as a strategy for organizations seeking competitive advantage.

References are available on request.
Mission Statements as a Key Tool for Marketing Strategy

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**Keywords:** mission statements, marketing strategy, customer orientation, firm performance

**EXTENDED ABSTRACT**

**Research Question**
Can mission statements framed from a customer perspective be utilized to enhance consumer evaluations of a firm and to ultimately boost a firm's net income?

**Method and Data**
Study 1 (n = 90 students) is an experimental study conducted in a laboratory setting to examine the impact that mission statements which are (vs. are not) framed from a customer perspective have on purchase likelihood among consumers who view the mission statement (as a part of marketing promotional materials). Study 2 utilizes firm-level secondary data, including firm mission statements and net income. Specifically, study 2 (n = 149 mission statements) examines the impact that the inclusion of nine key mission statement components from a customer perspective have on a firm's net income.

**Summary of Findings**
Overall, the results provided herein suggest that firms should write or craft mission statements with customers in mind, and include the documents in marketing communication materials to consumers, thereby utilizing the statements as a tool in marketing strategy. Doing so should result in greater consumer purchase likelihood and higher overall net income.

**Key Contributions**
The findings presented show that mission statements can be used as a key tool in marketing strategy. Specifically, the results of two studies reveal the customer and firm-level benefits of mission statements that include key components written from a customer perspective. Study 1 showed that consumers were more likely to purchase from a firm that had a mission statement which was (vs. was not) written with a customer-focus. Study 2 showed that firms which have mission statements that are (vs. are not) framed from a customer perspective are associated with higher net income.

*References are available on request.*
Examining the Effectiveness of Sponsorship and Ambush Marketing

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Keywords: sponsorship, ambush marketing, brand attitude, word of mouth, customer-based brand equity

EXTENDED ABSTRACT

Research Question
With rising sponsorship expenditures every year, marketing practice has an essential need for information on sponsorship effectiveness. Since sponsorship fees for major sports events may add up to $44 million per year for FIFA World Cup Partners, creative ambush marketers seeking to position themselves as official sponsors, without paying license fees increasingly threaten traditional sponsorship. It is therefore of high interest for both academia and practice to understand the extent to which ambush marketers and team sponsors achieve marketing success compared to official sponsors. In order to fill the gap in terms of empirical research and in order to answer marketing managers’ exigent question whether heavy investments in sponsorship license fees pay off, we analyze the effects of sponsorship and ambush marketing in terms of marketing effectiveness. We aim at contributing to the literature by providing a comprehensive analysis of the effectiveness of sponsorship and ambush marketing respectively, including several moderating effects. Furthermore, we examine whether consumers are able to distinguish between the advertisements of official event sponsors, team sponsors and ambush marketers, to find further evidence of the effectiveness of these advertisements. Additionally we aim at providing implications for practitioners operating in the area of event- and sport sponsorship.

Method and Data
We analyze print and online advertising effectiveness in the context of a large European sports event with a field-experimental study, taking into account the answers of overall 578 respondents. The respondents’ age ranges from 16 to over 65 and is approximately normally distributed, 55 percent of the respondents are male and 62.6 percent of the respondents have completed high school or college.

Applying ANOVA and structural equation modelling we analyze the direct effects the advertisings of official event sponsors, team sponsors and ambush marketers have on consumers’ attitude towards the brand, Word-of-Mouth intentions, and customer-based brand equity. Furthermore, we consider several variables that moderate the effect of the advertising on customers’ brand attitude such as brand-event fit, sponsorship awareness and media credibility to scrutinize the conditions under which ambush marketing succeeds.

Summary of Findings
We find that consumers have problems to distinguish between the different advertisements. Accordingly, there are no significant differences in brand attitude between ambushers and official event sponsors, confirming the notion that ambush marketing is effective by levelling the benefits of official sponsors. However, the performance of team sponsors is superior to official event sponsors and ambush marketers regarding the attitude towards the brand. We also find highly positive effects of brand attitude on word-of-mouth as well as customer-based brand equity.

In terms of the moderator variables, we confirm a positive moderating effect of fit between brand and event in terms of the effect of the treatment on brand attitude. Furthermore, we find empirical support for the hypothesis that the effect of the treatment on the attitude towards the brand is higher if consumers ascribe sponsorship to the advertiser. Finally, we...
present support for the notion that consumers ascribe sponsor- 
sorship rather to print advertisements than to online adver-
tisements, indicating that printed advertisements should be 
the weapon of choice for ambush marketers.

Key Contributions
We contribute to the literature by developing a multi-causal 
conceptual framework grounded in balance theory that 
allows comparative analyses of sponsorship and ambush 
marketing. Using this framework for our study, we offer an 
empirical analysis of the effectiveness of event sponsor-
ship, team sponsorship and ambush marketing in the con-
text of soccer in Europe. Finding that team sponsors per-
form best in our study, we suggest a possible explanation 
for this unexpected result, arguing that the cognitive dis-
tance of people to team sponsors is lower than to event 
sponsors.

Since the fit between brand and event positively moderates 
the effect of event sponsors and team sponsors on brand atti-
tude, it is important for practitioners to create a logical link 
between the brand and the event. Furthermore, event spon-
sors and organizers should collaborate in order to educate 
consumers about ambush marketing to induce a higher 
awareness and appreciation of sponsorship. On the other 
hand practicing ambush marketing can lead to a high effec-
tiveness of advertisements in a rather efficient manner that 
can be even improved through print advertisements.

Overall, our findings enhance transparency and understand-
ing of the underlying effects of sponsorship and ambush 
marketing for scholars, managers, event organizers and sport 
associations.

References are available on request.
The importance of marketing in determining firm performance is becoming increasingly well established as scholars have empirically demonstrated the impact that marketing capability can have on a firm’s financial performance. However, very little is known about the role that the individual who manages marketing (i.e., the Chief Marketing Officer) plays within the firm (e.g., Nath and Mahajan 2008). While the management literature has long highlighted the interrelationship between C-level executives and business outcomes (e.g., Khandwalla 1977), there is no contemporary research we are aware of that investigates the role that the CMO plays. Here we provide a theoretical perspective on the CMO’s “role” in the firm. To address these questions, we develop and extend role theory and in doing so incorporate insight from 60 CMO interviews. This research contributes to theory by identifying a new mechanism (i.e., the role of the CMO) that can impact the development of firm-level marketing capability.

This research also contributes to practice by providing new insights for CMOs regarding how they may be able to influence their role to achieve better firm-level and personal outcomes.

References are available on request.
A Conceptualization and Empirical Examination of the Effects of Marketing Alignment on Franchising Relationships

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Keywords: marketing alignment, franchising, cooperation, agreement, satisfaction

EXTENDED ABSTRACT

Research Questions
Franchising is a widely utilized business format that continues to grow in popularity both domestically and abroad. Through the recruitment of franchisees as agents, franchisors are able to access additional resources and rapidly expand their networks. The marketing relationship between franchising partners presents unique opportunities and challenges due to this captive and codependent channel structure. In order to fill a gap in the literature and better understand franchisee-franchisor relationships, the author conceptualizes marketing alignment as being comprised of both agreement and cooperation across the dimensions of strategies, operations, and values. A conceptual model is developed that addresses the following research questions: 1) What is franchisee-franchisor marketing alignment? 2) What effects do strategic marketing alignment, operational marketing alignment, and values marketing alignment have on franchisee satisfaction? 3) What factors moderate (and how) the effects of each type of marketing alignment on franchisee satisfaction?

Method and Data
The sampling frame was created by randomly selecting franchisees from the Franchise Disclosure Documents (FDDs) of 32 major food and beverage firms using a stratified approach. In total, 1000 unique franchisees were mailed survey packets that included the cover letter, printed survey, crisp $1 bill, and return envelope with postage paid. Follow-up packets were sent to the 896 non-respondents four weeks after the original mailing. Overall, a total of 131 surveys were received back from participants for a 13.1% response rate. Due to incomplete surveys and participants opting out, 21 franchisees were removed from the sample. This left 110 complete and usable surveys for an effective response rate of 11%, which consists of data from 31 of the 32 franchises originally included in the study. Once data was collected, reliability was assessed and convergent as well as discriminant validity were established. Prior to analysis, composite scales were calculated for each construct and subsequently mean-centered. Regression analysis was completed using MPlus. For all explanatory variables, including interactions terms, variance inflation factor (VIF) scores were calculated. All values were well below the recommended cutoff of 10.0, indicating that multicollinearity is likely not an issue.

Summary of Findings
There were found to be seven significant effects (out of twelve hypothesized effects) in the satisfaction model. These effects include the positive main effect of strategic marketing alignment on franchisee satisfaction ($\beta = .4, p < .01$), the positive main effect of operational marketing alignment on franchisee satisfaction ($\beta = .27, p < .05$), the positive main effect of values marketing alignment on franchisee satisfaction ($\beta = .24, p < .01$), the interaction of franchisor marketing mix control with operational marketing alignment ($\beta = .13, p < .1$), the interaction of financial transparency with strategic marketing alignment ($\beta = .12, p < .05$), the interaction of idiosyncratic investment with operational marketing alignment ($\beta = .11, p < .1$), and the interaction of idiosyncratic investment with values marketing alignment ($\beta = -.16, p < .01$). In summary, the results show that (a) strategic, operational, and values marketing alignment all positively affect franchisee satisfaction, and (b) franchisor marketing mix control, financial transparency, and idiosyncratic investment each play a unique role.
in moderating the main effects of marketing alignment on franchisee satisfaction under specific conditions.

**Key Contributions**

This research highlights the important role that marketing alignment—in terms of both agreement and cooperation—fulfills in the partnership between franchisees and franchisors. Furthermore, it parses out the differences among strategic marketing alignment, operational marketing alignment, and values marketing alignment into unique phenomena. It also adds empirical insight into the moderators and consequences of marketing alignment. In terms of practitioners, the paper provides a meaningful explanation of how and why the three dimensions of marketing alignment lead to greater satisfaction. The results imply that marketing managers can intentionally alter the degree of satisfaction that is achieved by franchisees through either greater alignment or by altering their own level of transparency, investment, and control. By embracing the importance of marketing alignment, franchisees and franchisors alike can better evaluate their current franchising relationships as well as any future franchising opportunities in order to determine the degree of marketing alignment that exists and how this will impact the ongoing partnership.

*References are available on request.*

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Keywords: contract, pricing, firm capability, transaction cost analysis, resource-based view

EXTENDED ABSTRACT

Research Question
Exchange partners entering into collaborative business relationships seek to balance the potential net productive gains from these relationships with the potential hazards posed by these relationships to their pre-existing assets and capabilities. Extant work in transaction cost economics and incomplete contracts, while focusing on designing “efficient” governance forms that support productivity gains within a relationship (e.g., through incentivizing dedicated investments), have principally ignored the interaction between governance design and the motivation to safeguard extra-relational pre-existing assets and capabilities. In the tradition of the incomplete contracting approach, we develop a model that shows how OEM manufacturers can protect their pre-existing assets through designing supplier-side contracts that dis-incentivize the supplier from over-investing, ex-ante, in activities that may facilitate appropriation of the buyer’s pre-existing assets ex post. We then take some key predictions from the model to data on procurement contracts between OEM manufacturers and their component suppliers. Consistent with theory results show that OEMs tend to use closed-price contracts, rather than open-price contracts, when their pre-existing brand equity is high. In addition, we also find that the use of closed-price contracts suppresses the supplier’s investments in dedicated assets reducing the potential gains that could be accrued to the OEM’s end products. Our work provides the first formal rationale and unique evidence on how parties, cognizant of the dark side of relationships, strategically trade-off between pre-existing capabilities and productivity gains in a relationship. The authors conclude with the theoretical and managerial implications of their study.

Method and Data
We develop a game-theoretical model to capture the essence of supplier-manufacturer interactions and generate testable hypotheses. We then take our analytical results to survey data obtained from 155 OEM-supplier agreements on engineering components in the industrial equipment and machinery sectors. We adopt a FIML approach to estimate a system of endogenous switching equations, in which we assume contract form is endogenous but its determinants such as pre-existing assets are simultaneously estimated with those of relationship outcomes such as dedicated investments and perceived sales growth.

Key Contributions
Our theoretical approach formally integrates some key elements in the Resource-Based View of the firm and Transaction Cost Analysis. In particular, we emphasize the importance of safeguard pre-existing, non-relationship-specific assets and posit contracts can be used to trade off opportunism and efficiency gains in the relationship. Empirically, our result show that efficiency gains and dedicated investments are negatively correlated with closed prices and higher pre-existing assets. This is a novel finding in the literature on governance and contracting in general. In sum, our paper adds to the formalization of inter-organizational studies in marketing; at the same time, our analytical and empirical results offer insights in managing complex supplier-OEM contractual relationships.

Summary of Findings
We find that firms use closed-price contracts when the OEM’s capability—measured by brand strength and market share—is high. We also find that supplier’s dedicated investments, and OEM’s end-product sales growth, are significantly lower under closed-price contracts than those under open-prices ones. These results are consistent with the idea that, closed-price contracts in which parties pre-specify their...
prices and prevent redistributive renegotiations disincentivize the supplier dedicated investment but help to protect OEMs’ vulnerable capabilities supplier’s potential expropriations in the future. Our results are robust after controlling for importance variables such as tenure, bargaining power, and technological uncertainty, and complexity. Note that the results that optimally chosen closed-price contracts reduce the supplier’s specific investments and the benefits generated to OEM’s end product runs against standard holdup, property rights, and multi-tasking models.

References are available on request.
Two Sides to a Coin: Investigating the Customer Value of Strategic Service Alliances

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Keywords: service alliance, B2B alliances, portfolio evaluation, spill-over

EXTENDED ABSTRACT

Research Question
During the last decades firms across industries have increasingly entered strategic service alliances (Kaplan et al., 2010). Given their importance, extensive research has been conducted to uncover the value of such strategic alliances for existing or potential members by measuring the benefits that arise through the alliance in terms of greater market coverage and shared risks, for instance (Kalligiannis et al., 2006). Few studies address the concept of alliance value for end customers and other stakeholders (Goh & Uncles, 2003). However, these studies do not investigate the consequences of customers’ alliance value on their behavior towards the alliance. Thus, it is aim of this study to explore whether customers derive a unique value from a strategic service alliance itself—beyond the value of each members’ offering—and if and how such a perceived alliance value can impact their relationship to both the alliance in general and individual members in particular. Furthermore, while we know that brand perceptions can spill-over from one brand to another, we aim to explore whether customers evaluate changes in the alliance’s member portfolio and how the customer’s perception of the value of the alliance is affected by alliance membership decisions on an inter-organizational level.

Method and Data
We conducted two studies. In study 1, we explored the impact of alliance value on customer retention and WOM on both—member and alliance level—indeedently from customers’ satisfaction with recent member performance. In study 2, we explored how a new member entry changes the alliance value and subsequently customer responses towards the alliance.

The empirical setting of our research is the transportation industry, where we analyze customer satisfaction survey data from a major alliance with roughly 25 members. The survey is conducted continuously with randomly chosen customers from each alliance member. Having been granted access to the customer satisfaction survey data from November 2007 to July 2010, our survey period covers 8 new member entries according to official annals. We base our analyses on ~200,000 surveys that contain questions regarding the customers’ recent service experience as well as perceptual and behavioral measures regarding the alliance and its members.

Summary of Findings
Our results show that the value customers derive from an alliance fosters their reuse and recommendation intentions towards the alliance itself, but also positively influences customers’ loyalty towards the individual members. This suggests that customers are not merely loyal to individual members of an alliance but also to the alliance itself. Our results also show that a new member entering the alliance changes customers’ perceptions and behavioral intentions towards the alliance in the short-run. We find that once this member entry is more accessible and salient to customers, the effect of the member entry has a stronger effect on customers’ alliance beliefs and intentions. More specifically, we can demonstrate that in the core market of the new member, customers are more strongly affected by the member entry, than in markets that are spatially more distant to the new member. Surprisingly, we find that customers, who make frequent use of the services of the alliance and its members, do not evaluate a new member entry as positive as the customer segment that does not use the alliance services so frequently.
Key Contributions
The present research is a first investigation of the unique value customers can derive from a strategic service alliance and its impact on customers’ loyalty towards the alliance in general and the individual alliance members in particular. Using a unique dataset of customer satisfaction surveys of a major alliance, we can show that the value customers derive from an alliance first and foremost fosters their reuse and recommendation intentions towards the alliance itself, but also positively influences customers’ loyalty towards the individual members. This suggests that customers are not merely loyal to individual members of an alliance but also to the alliance itself. Next to underlining the importance of the alliance value, the present study is also among the first to account for the dynamics in alliance portfolios and its impact on customer beliefs and intentions. Drawing from information integration theory (Anderson, 1981; Fazio & Williams, 1986), we demonstrate that a new member entering the alliance changes customers’ perceptions and behavioral intentions towards the alliance in the short-run.

References are available on request.
Quality–Efficiency Trade-offs in Service Organizations: A SFA-Based Approach with Application in Health Care

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Keywords: service efficiency, service quality, health care, SFA

EXTENDED ABSTRACT

Research Question
For service organizations, the efficiency of processes for converting inputs into valued outputs is both a challenge and an imperative. At its core, the challenge stems from the typically observed trade-offs between cost containment and quality improvements since quality improvement programs often require more labor, resources, and effort. These trade-offs can become unmanageable due to the heterogeneity, subjectivity and intangibility of service outputs. Practically, service organizations rarely consider quality improvement programs without consideration of its efficiency implications. However, past research has tended to examine either service quality and efficiency separately, or the nature of trade-offs between quality and but rarely studied organizational drivers for achieving both quality and efficiency objectives. To address this gap in past research we address the following questions: When do increases in quality come at the cost of lower efficiency in service organizations? What factors drive gains in both quality and efficiency? The aims of this study are twofold: (a) propose a Stochastic Frontier Analysis (SFA) model for developing quality-adjusted efficiency scores, and (b) examine drivers of quality-adjusted efficiency and misinterpretation risks that are likely to occur if quality adjustment is ignored.

Method and Data
We utilize multisource data from the US healthcare industry, specifically hospital services, comprising 995 hospitals over a three-year period (2008-2010) amounting to 1961 hospital-year observations. The health care industry constitutes a significant portion (18%) of US’s GDP amounting to $2.82 trillion and where regulators, providers, insurers and users appear to agree that both making efficient use of resources and delivering high care quality are imperative goals, not a matter of choice. Thus, the risks of ignoring quality by using unadjusted efficiency scores for regulatory, policy or medical decisions are likely to be “costly” for individuals and society alike. We employ a SFA to develop an approach for adjusting organizational service efficiency by service quality based on a multi-dimensional measure which captures key aspects of the service quality. Nine qualitatively different service quality dimensions were used: two pertain to quality as perceived by customers, five relate to quality processes, and two pertain to quality outcomes. Customer, process and outcomes represent distinct facets of total service quality, and including them provides a more meaningful quality-adjusted efficiency scores. To empirically examine this reasoning, we subsequently test the incremental contribution of quality-adjusted efficiency scores using the unadjusted, operational cost efficiency scores as benchmark.

Summary of Findings
We find that the proposed augmented SFA approach is effective in extracting quality-adjusted efficiency scores that go beyond the operational cost efficiency scores, and reflect the underlying trade-offs. In terms of organizational drivers, we find that employee efforts to enhance frontline interactions reduce unadjusted cost efficiency indicating that such efforts are prone to hurt efficiency; however, the same efforts are...
positively (and significantly) related to quality-adjusted efficiency signifying that, in fact, frontline interactions help improve the quality–efficiency trade-offs. Further, our results demonstrate that the operational economy of scale may not always hold in the service sector, nor are larger-size organizations better at making quality–efficiency trade-offs than smaller ones. Overall, the study suggests that focusing on high-quality frontline interaction may help firms (e.g. to design their organizational structure and/or adapt organizational process) make better strategic and tactic decisions in such a way that they could achieve better performance in making quality–efficiency trade-off.

Key Contributions
We propose an augmented Stochastic Frontier Analysis (SFA) model for developing quality-adjusted efficiency scores, and hypothesize organizational drivers that contribute to quality–efficiency tradeoff. In so doing, we isolate the disparate impact of organizational scale and process factors on quality-adjusted and -unadjusted efficiency scores. Overall, our findings provide a systematic and actionable approach for aiding managers in navigating quality-efficiency trade-offs.

References are available on request.
Part J
Sales and Customer Relationship Management

Track Chairs
Michael Ahearne, University of Houston
Zachary Hall, Texas Christian University

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The Spillover of Training Among Competing Salespeople

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Keywords: training, training spillover, salespeople, matching methods, propensity score

EXTENDED ABSTRACT

Research Question
Multi-day training events are the dominating method used by most companies to train their sales force. However due to special characteristics of a sales job such as time-in-territory importance, time pressure, and high turnover, many companies select only a portion of their sales crew to invest in for training events. In this paper we investigate the merits of partial- versus full-training and the spillover effect of training from the trained to the untrained salespeople in partially trained stores.

Method and Data
We test these and other moderating store- and individual-level hypotheses using a dataset of more than 1,400 retail salespeople in about 210 stores with various training policies (partial-, full-, and no-training [control]). We use recently-developed propensity-score-based matching methods to obviate selection bias in the data.

Key Contributions
Drawing from theories on information dissemination in competitive contexts as well as social identity theory we hypothesize that partial-training is as effective as full-training when the store has a less diverse set of selling abilities, and that training is transferred better in stores where the group of trained salespeople have diverse tenure levels.

Summary of Findings
Drawing from theories on information dissemination in competitive contexts as well as social identity theory we hypothesize that partial-training is as effective as full-training when the store has a less diverse set of selling abilities, and that training is transferred better in stores where the group of trained salespeople have diverse tenure levels.

References are available on request.

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Helping Colleagues with the Sale of Innovations: Does It Harm or Benefit Salesperson’s Own Performance?

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Keywords: selling innovations, sales unit, helping, proactive selling, contingencies

EXTENDED ABSTRACT

Research Question
While helping colleagues may be beneficial for the performance of the sales unit as a whole (e.g., Ahearne et al. 2010), research indicates that it may come at the expense of the individual helper’s own task performance (Barnes et al. 2008); allocating too much time and energy to helping colleagues generally leads to neglecting individuals’ own task accomplishment.

Therefore, the focal research question of this study is to examine how individual salespersons can effectively combine helping colleagues with proactive task-related selling with and make effective trade-offs between helping and meeting own sales performance targets.

Method and Data
We tested our framework and hypotheses using data of a large information and communications technology (ICT) company selling its products to the top 500 companies in Europe. The company’s product portfolio consisted of ICT products, such as workspace management systems, connectivity solutions, and datacenters. During the time of study the company introduced several new, cloud-based solutions that indicated a break with the existing solutions and required changes in customer work processes (Johnson et al. 2014) and created a new task buy context for customers (e.g., Yahoo abandoned cloud-based solutions; cnn.com). The complexity of the sales process meant that a sale could take several months to complete. The focus on the sales units of a single firm helped control for many confounding effects such as industry type, differences in reward structures, and support resources.

Data were collected from two sources. First, salesperson data were collected using a survey. This rendered data of 211 sales persons organized in 31 units (response rate = 73%). Second, we obtained each individual salesperson’s sales results from company records for the 6-month period following the survey data collection.

Finally, we analyzed the data in two successive stages. First, the descriptives were studied, and exploratory and confirmatory factor analyses performed. Second, we conducted multilevel regression analyses to test our hypotheses.

Key Contributions
We contribute to the literature in two important ways. First, we contribute to the extant research base by investigating how individual salespersons can combine the social activity of helping, which is one of the most powerful pro-social or organizational citizen behaviors (Podsakoff et al. 2000) with proactive selling, which is the most potent task-related behavior (cf. Pitt et al. 2002). According to sociotechnical systems theory (Kelly 1978; Pasmore et al. 1982; Trist and Bamforth 1951; Trist, Higgin, Murray, and Pollack 1963), the most effective organizations (or units) are those where the social and task-related systems are integrated (Emery, 1959). Research on frontline work unit and team effectiveness has indeed confirmed the importance of both task and social processes as drivers of sales performance (Ahearne et al. 2010a;
Surprisingly, no research has addressed the impact of both task-related and pro-social behaviors of the individual salesperson working in a sales unit and how these behaviors affect his/her own performance.

Second, while several studies have examined the role of contingencies at the sales unit level (Ahearne et al. 2010a), few studies have considered these contingencies for individual salespersons operating in unit-based settings. This is remarkable, because in sales settings individual-based performance targets rather than unit- or team-based targets still dominate. Therefore, we contribute to current research by considering two important moderators: sales unit diversity in member’s sales experience and individual salesperson task autonomy. First, recent work on serial entrepreneurs shows that prior experience with innovations can effectively leverage future innovations (Griffin et al 2007). We expect that this effect of experience will also hold for the activity of selling innovations. Second, by offering task autonomy, individuals become empowered and can make their own decisions, which is particularly important in front-line settings where local knowledge is key to optimal decision outcomes.

Summary of Findings
Our finding reveal that helping colleagues does not always harm but can even benefit salespeople’s own innovation selling performance if (1) salespeople combine their helping behavior with high proactive selling efforts, and (2) if they operate in a sales unit with a high level of diversity in sales experience. The results also suggest that diversity in sales experience in the unit can compensate for low levels of proactive selling because the sharing of experience makes low proactive sellers more effective.

References are available on request.
Till Death Do Us Part ... or Maybe Not? On Customer Firing in Business Markets

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Keywords: customer relationship management, customer elimination, customer firing, core business process, grounded theory

EXTENDED ABSTRACT

Research Question
This research seeks to understand the extent to which customer elimination exists as a process to be leveraged for strategically advantageous resource allocation within a firm’s larger customer relationship management strategy.

Method and Data
We use a grounded theory approach, which calls for complementing insights gleaned through in-depth interviews with the extant literature (Glasser and Strauss 1999; Strauss and Corbin, 1998). We gathered data through in-depth interviews with senior managers in B2B supplier companies across a variety of industries and firm sizes in a European Union country. All participants were influential decision makers involved in their firm’s customer elimination process. Our final sample consisted of twenty-five supplier companies across a broad array of industries. This is consistent with sample sizes achieved in previous studies undertaking a similar approach (e.g., Challagalla, Murtha, and Jaworski 2014; Flint, Woodruff, and Gardial 2002; Ringberg, Odekerken-Schröder, and Christensen 2007). We utilized an interview guide that broadly covered the topics of interest and allowed to elicit participants’ responses in a nondirective manner. This discovery-oriented approach allowed us to elicit informants’ rich insights and experiences regarding the phenomenon under study. All interviews were audiotaped and transcribed verbatim, a process which resulted into 180 pages of text. We followed the approach outlined by grounded theory researchers (i.e., open, axial, and selective coding) (see Strauss and Corbin, 1990; Ulaga and Eggert 2006; Ulaga and Reinartz 2011).

Summary of Findings
Our framework takes a broad look at reasons why firms decide to end relationships with customers, categorizing motivations under economic, relational, and social tensions. This categorization encompasses, expands upon, and adds clarity to those reasons discussed in previous research. This research offers an encompassing overview of the elimination process. We identify the implications of elimination on the supplier, relational impacts and finally the network pressures and outcomes that occur during and after a customer elimination. We find that the most frequent reasons for elimination were economic in nature (e.g., profitability issues, payment problems). Concurrently, opportunity cost of keeping poor customers was the greatest concern to top managers.

Drawing on the responses provided concerning any elimination practices, a process in the steps taken in the customer elimination process was developed. Briefly, the steps include: (1) a systematic assessment of customer relationship portfolio or spurious identification of weak customer relationship, (2) the exploration of possible solutions (firms consider the reallocation of resources within the customer relationship and/or divesting those resources completely), (3) the final stage of the process is an elimination decision. In the final stages of the process, communication of the elimination decision to the customer is the greatest focus. Firms must communicate understanding with minimal aggravation of existing economic, relational, or social tensions.

Key Contributions
This research highlights the practice of customer elimination within a B2B context and demonstrates the weight of the

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issue for many firms. By building on extant literature and synthesizing existing views with an in-depth analysis of qualitative interviews from top managers in the B2B environment, this research proposes a stronger, more complete theoretical understanding of the process and establishes a framework for use by future researchers in the field. We put forth a categorization of customer elimination motivations and outcomes to better conceptualize the stages of the customer elimination process and establish a structured process. Also, we put forth a definition specific to supplier initiated customer elimination that includes complete relationship break—as opposed to previous conceptualizations of termination and dissolution of relationships.

We demonstrate the extensive resource loss that can result from poor customer relationships. Mismanagement of resources can be detrimental to any firm, and the proper reallocation of resources freed by eliminating a customer can provide great returns for a company. By putting a strong customer elimination process in place, managers can help employees identify misused resources and uniformly enact elimination policies across the firm. With a consistent approach, customer elimination can help managers optimize their firm’s resources for peak performance.

References are available on request.
Research Question
In recent years, the rise of social media has attracted much attention in marketing research. Social Media enable open and broad communication and cooperation. Thus, social media applications provide marketing executives with a raft of new options – targeting the impact of direct user interaction, say, or the online integration of users in corporate value creation processes. However, extant research offers only scant insight into the use of social media in B2B sales relationships. Therefore, we need to achieve a better strategic understanding of how to use social media in sales processes. Resultant strategies need to be conceptualized and evaluated with respect to their effect on customer satisfaction, loyalty, and sales performance. Responding to these gaps in current social media marketing research, this paper addresses the following four questions: 1) How should social media usage in B2B sales relationships be conceptualized on multiple levels? 2) Which B2B social media strategies are important in enhancing customer satisfaction? 3) Which antecedents drive the usage of social media on multiple levels? 4) How effective is social media usage in B2B sales relationships for different types of customers?

Method and Data
The conceptual framework for evaluating these research questions consists of three constructs for social media usage by sales representatives in B2B relationships (information, content generation, customer interaction). The three levels of social media usage are affected by three antecedents (corporate social media strategy, age, expertise of the sales representatives). Finally, we assume that social media usage impacts on customer satisfaction. The strength of the social media effect on customer satisfaction is moderated by various customer characteristics. We tested the formulated hypotheses using dyadic cross-industry data collected from sales representatives and customers for IT services. Therefore, we addressed the top management of the corporate IT departments or alternatively the Chief Information Officers (CIOs). 362 CIOs agreed to participate. As a second step, we directed the CIOs to randomly select three to five suppliers they have worked with on an IT project during the last three years. Finally, we conducted a random sample to identify 362 focal customer-supplier relationships. All interviews in the final sample were conducted by phone and recorded digitally in order to ensure that the questionnaires were properly administered.

Summary of Findings
After the measurement models were deemed acceptable, we estimated a structural path model to test the hypotheses in our conceptual model. The fit indexes ($\chi^2(168) = 292.33; \text{CFI} = .986; \text{NFI} = .970; \text{RMSEA} = .058$) suggest that the model acceptably fits the data. No less than 10 of 12 hypotheses were supported. Additionally, according to our research model, we applied an established multigroup method to analyze the differences between various subsamples with different customer characteristics. Thus, we used an extended LISREL model with mean structures. Accordingly, we divided the main sample into two sub-samples,
integrated the mean structures in the model, and estimated a multisample analysis. Thereby, the three basic moderation hypotheses received differential support.

**Key Contributions**

The conceptual model in this research has several theoretical implications for social media usage in B2B relationships. In the first instance, social media usage can be resolved into three independent constructs: information usage, content generation, and customer interaction. In general, all three constructs impact positively on customer satisfaction. Moreover, the focal constructs are affected by three different antecedents (expertise, age, strength of corporate social media strategy). Additionally, the researched model holds further relevant implications, due to the impact of social media usage with different customer characteristics. Even more promising for marketing executives are the managerial implications of this research. Marketing and sales executives should foster the expertise of their sales representatives in social media usage. This will lead to a stronger usage of information delivered through these new media formats for purposes of B2B account- and opportunity management. Such strategies are particularly important for corporations handling customer relationships or dealing with customers who use social media intensively for their own business. A strong corporate social media strategy and viable formats for training and personal development will both contribute significantly to customer satisfaction. In sum, social media will continue to play an important role for sales performance in B2B relationships.

*References are available on request.*
From an Absolute to Relative Perspective of Customer Orientation: Its Effect on Frontline Employees’ Job Satisfaction and the Underlying Process

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Keywords: customer orientation, (mis)fit, coworker relationship quality, job satisfaction, person-environment fit theory, self-determination theory

EXTENDED ABSTRACT

Research Question
Prior research suggests that CO, which is viewed as a psychological trait and workplace value, enhances job satisfaction (Donovan et al. 2004; Zablah et al. 2012). We extend previous research on the attitudinal CO outcomes of frontline employees by recognizing that an employee typically interacts with coworkers with varied and often diverse CO levels. We have taken a relative perspective toward CO (i.e., how a frontline employee’s CO measures up against that of coworkers) compared to the absolute level approach that has dominated the extant CO literature. To corroborate this novel aspect of CO research, we developed and tested a process model grounded in person–environment fit and self-determination theory.

Method and Data
We recruited participants using Amazon’s Mechanical Turk (mTurk), an increasingly popular means for recruiting participants for academic study purposes in marketing (e.g., Suri et al. 2013). The context of our study was the restaurant business, and participants had to have a minimum work experience of one year as a waiter or waitress in a restaurant to be eligible to participate in the study.

We manipulated participants’ CO using an essay-writing task to simulate conditions of high or low CO (Freitas and Higgins 2002). Our research design employed a 2 (frontline employee CO: high vs. low) x 2 (coworker CO: high vs. low) between subjects design. We recruited a total of 102 participants who were randomly assigned to one of four cells.

Summary of Findings
Results from an experiment using servers in the restaurant industry show that coworker relationship quality is higher when (a) there is fit (vs. misfit) between a frontline employee’s customer orientation and that of coworkers and (b) the fit is achieved at high levels of customer orientation (i.e., high-high) compared to low levels of customer orientation (i.e., low-low). Also, coworker relationship quality and job satisfaction were lowest when frontline employee’s customer orientation was high and coworkers’ customer orientations were low. Finally, coworker relationship quality fully mediated the relationship between customer orientation (mis)fit and job satisfaction.

Key Contributions
Our research contributes to marketing theory and the CO literature in a number of ways. First, our study is grounded on the notion that frontline employees’ attitudes toward the workplace are not formed in vacuum by independent self-evaluations of CO but are, in fact, affected by how their CO measures up against that of coworkers. Previous studies have focused on CO from either an absolute level (e.g.,...
Brown et al. 2002; Donavan et al. 2004) or a group level (e.g., Grizzle et al. 2009) perspective. This study broadens and deepens our understanding of the role of CO from a relativity perspective at the individual level. Second, our results are consistent with meta-fit theory: not all fit situations are identical and the level of absolute fit matters. We reveal that relationship quality is higher when a high CO is matched with high coworkers’ CO. Third, while the first two contributions state that fit is superior to misfit and that fit at high levels is preferred over fit at low levels, this study also unveils that there is asymmetry in misfit. Fourth, in accordance with self-determination theory (Deci and Ryan 2000), our findings offer new insights into the importance of relationship quality in mediating the relationships of CO (mis)fit with job satisfaction.

In this study, we center on fit rather than misfit and view CO as a workplace value, which is in consonance with value congruency theory. Nevertheless, there might be circumstances in which misfit is favored over fit. If the target of comparison is not value but ability, skill, or any other competency that employees possess, misfit rather than fit may positively influence job satisfaction, organizational commitment, and performance, albeit through a different mediating mechanism. A frontline employee’s possession of better customer relationship management skills or superior adaptive selling capabilities compared to coworkers may yield high self-efficacy (one of the other dimensions of need according to self-determination theory) that in turn can strengthen employee’s attitude and performance. The implication is that either fit or misfit can positively impact workplace attitude and behavior depending on the target of comparison (e.g., value vs. skill) and that the chosen comparative reference influences the type of need that functions as a mediator.

References are available on request.
Age Differences at the Customer Encounter: The Role of Customer Orientation and Customer Perceptions of Empathy

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Keywords: age differences, employee-customer interface, empathy, customer orientation

EXTENDED ABSTRACT

Research Question
While current literature emphasizes the negative consequences of demographic dissimilarity at the customer encounter, little is known about how frontline employees can overcome this demographic divide. This study focuses on age differences at the employee-customer interface. Drawing on social identity theory and self-categorization theory, we develop two research questions.

As fostering customer perceptions of FLEs’ empathy seems to be especially important in customer encounters characterized by large age differences, knowledge is needed on how FLEs’ customer orientation contributes to perceptions of FLEs’ empathy among customers significantly younger or older than the corresponding FLE. Thus, our first research question is: Does an FLE-customer age divide affect the relationship between FLEs’ customer orientation and customer perceptions of FLEs’ empathy?

This paper also investigates two organizational antecedents of employees’ propensity to engage their customers with respect and dignity: an age-inclusive climate and team-member exchange. Thus, our second research question is: Can an age-inclusive climate and team-member exchange increase FLEs’ customer-oriented attitude and, in turn, FLEs’ customer-oriented behavior and customer perceptions of FLEs’ empathy?

Method and Data
To test our model, we collected data from both FLEs and their customers. In unannounced visits to their workplaces, 350 FLEs were contacted and asked to join the study. To collect the customer data, three consecutive customers were asked to evaluate the FLE’s behavior immediately after their interaction with him or her. The final sample consists of 175 frontline employees and 432 corresponding customers. Validated multi-item scales were used to operationalize our latent constructs with five-point Likert scales ranging from 1=“fully disagree” to 5=“fully agree”.

Each FLE in our sample typically served up to three customers, and thus, we employed multilevel path modeling. Age-inclusive climate, team-member exchange, customer orientation, as well as goods vs. service focus, product innovativeness, FLE age and gender only vary between FLEs, and were modeled as Level 2 variables. All other variables, including the moderator, were modeled as Level 1 variables.

We applied multiple group multilevel analyses to test the moderating effects of age differences on the relationship between FLEs’ customer orientation and customer perceptions of FLEs’ empathy. Our sample is clustered into three groups based on the age difference between FLEs and their corresponding customers.

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Summary and Findings
An age-inclusive climate (H1a: γ = .136, p < .05) and team-member exchange (H1b: γ = .206, p < .01) positively influence FLEs’ customer-oriented attitude, supporting H1a and H1b. In support of H2, the results show strong and positive effects (H2: γ = .439, p < .01) of FLEs’ customer-oriented attitude on their customer-oriented behavior. Our results also support H3a and H3b, showing that FLEs’ customer-oriented behavior (H3a: γ = .149, p < .01) and customer-oriented attitude (H3b: γ = .147, p < .05) positively influence customer perceptions of FLEs’ empathy. As predicted by H4, customer perceptions of FLEs’ empathy is a strong driver of customer satisfaction (H4: γ = .555, p < .01). In support of H5, the results show strong and positive effects (H5: γ = .625, p < .01) of customer satisfaction on customer loyalty. H6a and H6b were tested by using a multiple group multilevel analysis. H6a is supported (Δχ² = 10.51, d.f. = 2, p < .01), whereas H6b had to be rejected (Δχ² = n.s.). Thus, our results suggest that FLEs’ customer-oriented attitude becomes more important as the age difference between FLE and customer increases. Surprisingly, this effect was not found for customer-oriented behavior.

Key Contributions
The findings of our empirical study contribute to research on the role of customer orientation and demographic dissimilarity for the success of FLE-customer interactions in several ways. First, our analyses provide evidence for a strong positive relationship between customer-oriented attitude and customer perception of FLEs’ empathy for FLE-customer dyads with age differences greater than 10 years. Surprisingly, age differences do not moderate the positive relationship between FLEs’ customer-oriented behavior and customer perceptions of FLEs’ empathy.

Second, our study shows that customers perceive both FLEs’ customer-oriented attitude and behavior as signals of FLEs’ empathy, which in turn contributes to their satisfaction and loyalty. Yet, as our results indicate, moderators might have divergent effects on the relationships between the two dimensions of FLEs’ customer orientation and customer-related outcomes.

Third, we extend the limited knowledge on antecedents of the attitudinal dimension of FLEs’ customer orientation by introducing an age-inclusive climate and team-member exchange as precursors of FLEs’ customer-oriented attitude. Our analyses reveal that both constructs, through their emphasis on mutual respect and appreciation, play a central role in evoking positive attitudes toward others.

References are available on request.
Reaping Benefits from Investing in Solution Selling Capability: Do Product and Customer Characteristics Matter?

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Keywords: solution selling, dynamic capabilities, performance, resource-based theory, multilevel modeling

EXTENDED ABSTRACT

Research Question
Acute global competition, ever-increasing product commoditization, and pressures to have a measurable impact on customers’ bottom line have irreversibly changed the way firms create value in business markets. One result of these trends is a fundamental change in the way firms strive to differentiate themselves. The basis of differentiation has shifted from an emphasis on the exchange of goods/services, to one focused on the exchange of intangibles and specialized knowledge (Vargo and Lusch 2004), and most recently, to co-creating value with customers by offering integrated solutions (Tuli, Kohli, and Bharadwaj 2007). Unfortunately, the reality of implementing a solution sales approach is less sanguine. Accordingly, this research seeks to address the following questions: (1) How can firms effectively implement solution selling? (2) How can firms develop solution selling capabilities (SSC) among their salespeople? (3) Does solution selling pay off for salespeople in the form of increasing sales revenues, profits, and margins? (4) Is the effectiveness of solution selling bounded by certain conditions, such as product and customer characteristics?

Method and Data
Using multilevel data from a matched sample of 58 managers and 247 salespeople spanning a broad spectrum of firms and industries, we test our framework using hierarchical linear modeling (HLM). Selection of industries was done with the aim to include those that were systematically mentioned to be involved in the development and offering of solutions in popular business press articles, academic studies, and in feedback gleaned from in-depth discussions with several knowledgeable senior sales executives. We then match this data set with secondary objective information on firm’s earnings before taxes (EBT) to validate our results.

Summary of Findings
The current study shows that SSC matters for firms in that SSC has a positive influence on salesperson performance even after several covariates are included across levels. Beyond the linear effect identified in the model, we also uncovered multiple moderating effects. The first moderating effect found was the attenuating influence of product complexity on the SSC to performance relationship. We see that as products become more complex the effect of a high SSC is not as strong as when products are not as complex. Next, we found that both a customer’s solution orientation and portfolio heterogeneity had a positive moderating effect on SSC to performance. Interestingly, the highest level of salesperson performance is found when both SSC and a high solution orientation is present. However, we find that when a customer demands a solution approach but the salesperson does not have that capability, performance suffers dramatically.

Key Contributions
The purpose of this study was to engage in an initial investigation of what a SSC is and whether it has a positive influence on salesperson performance. Another goal of this research was to capture a salesperson’s ability to sell solutions and determine if the context in which the salesperson sells has an effect on the aforementioned relationship. First, we specify what comprises SSC as well as its key dimensions. Second, we examine whether SSC has an impact on salesperson performance. Third, we offer useful recommendations that help managers adjust solution selling efforts to the characteristics of their product offerings and customers.

References are available on request.
The Effects of Polychronicity on Salesperson Performance: The Moderating Effect of Job Complexity

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Keywords: polychronicity, salesperson performance, multiple mediation, sales job complexity

EXTENDED ABSTRACT

Research Question
How does polychronicity, an individual preference to multi-task, relate to salesperson effectiveness? How does the complexity of a sales job impact this process?

Method and Data
To test our hypotheses, we solicited a sample of salespersons from: (1) multiple industries; and (2) multiple types of sales jobs that vary with respect to task demands. An online global supplier emailed a link for our online survey to 707 business professionals and allowed two weeks for completion. The final sample consisted of 310 adults, ranging from age 18 to 81 (M = 40.2), with 50.6% male. We tested our model with a multiple-industry sample of sales representatives, using multiple moderated mediation analyses.

Summary of Findings
Results show that polychronicity positively and indirectly impacts salesperson performance. In particular, polychronicity impacts salesperson performance through several sales-related factors, including improvisation, creativity, and role conflict. However, the complexity of a sales job (e.g., number of products sold, task requirements) moderates how polychronicity impacts salesperson performance. As job complexity increases, the positive and indirect effects of polychronicity on salesperson performance also increase.

Key Contributions
First, we extend the growing body of literature that explores drivers of salesperson effectiveness. Second, we introduce polychronicity into a sales context across multiple industries (e.g., retail, wholesale) and more importantly, develop a comprehensive model that explains why and when polychronicity impacts salesperson performance—polychronicity impacts performance indirectly, and is dependent on job complexity. Third, our findings offer practical knowledge to salespersons and sales force managers.

References are available on request.

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Part K
Social Media and Digital Marketing

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Internet Technologies and Online Sales
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User Reviews Variance, Critic Reviews Variance, and Product Sales: An Exploration of Customer Breadth and Depth Effects

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Keywords: user reviews, critic reviews, market breadth, market depth, variance

EXTENDED ABSTRACT

Research Question
Online user reviews constitute a new element of the marketing communication mix that has the potential to significantly affect product sales. A general consensus holds that a positive valence of user reviews benefits product sales, yet the effect of variance is less intuitive and current findings are mixed. We argue that user reviews variance actually constitutes a double-edged sword that can either hurt or help product sales, depending on the variance of critic reviews and other quality signals. Three complementary studies in multiple industries (movies, digital cameras, books) with multiple methods (secondary data analysis and behavioral experiment) reveal three key insights in this setting. First, after recognizing a high variance in user reviews, many potential buyers may simply exclude the focal product from their consideration sets for fear that the focal product may not be what they are looking for, which is termed the customer breadth effect. Second, high user reviews variance, in combination with high critic reviews variance, can elicit a sense of uniqueness and thus enhance purchase intentions of consumers, which is termed the customer depth effect. Third, quality signals (e.g., product cost and product extension) can strengthen the positive customer depth effect. The overall influence of user reviews variance on product sales thus depends on the relative strength of the customer breadth and depth effect. The eventual outcomes can be negative, insignificant, or even positive. These findings have critical theoretical and managerial implications.

Method and Data
In this paper, three empirical studies were conducted to test the hypotheses. The first two studies used movie data and digital camera data to examine the basic phenomenon whereas the third study adopted the experimental method to underpin the mechanism. Specifically, the first study used review data and sales data about 136 movies, and the second study used similar data about 179 digital camera models. In both studies, the simultaneous equations models were adopted to process the data. In study 3, we collected experimental data with a book as the focal product. ANOVA analysis was used to process the experimental data.

Key Contributions
First, we develop a theory about how variance of user reviews impacts sales. Specifically, we differentiate two consequences of high user reviews variance: a negative customer breadth effect and a positive customer depth effect. Therefore, this paper can draw our attention to a Janus-like nature of high user reviews variance: it can hurt sales by increasing perceived risk but help sales by amplifying perceived uniqueness. This finding can deepen our understanding of the role of user reviews variance substantially.

Second, to the best of our knowledge, this is the first study to examine the interactive effects of user reviews and critic reviews. The significant interaction between user reviews variance and critic reviews variance suggests that these two

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sources of information should be examined together, as ignoring one could result in biased estimations of the effects of the other. By focusing on the interactive effects of user reviews variance and critic reviews variance, this study responds to the call of examining the nature of how information from multiple sources works together to affect purchase and sheds light on how user reviews and critic reviews may impact important variables collectively.

Third, we also find that product quality signals can amplify the customer depth effect. The overall effects of user reviews variance can thus be negative, insignificant, or even positive, depending on which effect, the customer breadth or the customer depth effect, is stronger in different situations (e.g., whether a product is an extension or not). Therefore, our findings can reconcile conflicts in previous literature. Besides, this paper, along with others, provides insights about how online word-of-mouth interacts with other product quality signals in firms’ control (e.g., product cost) to affect sales.

**Summary of Findings**
Three complementary studies in multiple industries (movies, digital cameras, books) with multiple methods (secondary data analysis and behavioral experiment) reveal three key insights in this setting.

First, after recognizing a high variance in user reviews, many potential buyers may simply exclude the focal product from their consideration sets for fear that the focal product may not be what they are looking for, which is termed the customer breadth effect.

Second, high user reviews variance, in combination with high critic reviews variance, can elicit a sense of uniqueness and thus enhance purchase intentions of consumers, which is termed the customer depth effect.

Third, quality signals (e.g., product cost and product extension) can strengthen the positive customer depth effect. The overall influence of user reviews variance on product sales thus depends on the relative strength of the customer breadth and depth effect. The eventual outcomes can be negative, insignificant, or even positive.

*References are available on request.*
The Impact of Friending on Sales

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Keywords: causality, propensity score, data truncation, endogeneity, social influence

EXTENDED ABSTRACT

Research Question
This research investigates the causal impact of friends on purchase activity. Consumers are often influenced by their friends when making purchase decisions. As marketers leverage the ‘social value’ of friends via online retailing and social media platforms (Smith 2014), it is pivotal for managers to understand the causal impact of friends on consumer purchases.

Method and Data
We propose a two-phase model in a unified framework that identifies causality with observational data and quantifies the sales effects of having friends. The first phase of our model deals with biases in observational data in which treatment is not randomized: there may be systematic bias in groups with different treatment levels. Thus, we use propensity score matching to create two groups (a treatment group of having friends vs. a control group of not having friends) that are as virtually similar to each other as possible in terms of the full statistical distributions of all observed covariates; we then evaluate the sales effects of the treatment. By effectively mimicking a randomized experiment, when the treatment assignment is independent of the outcome, causality could be inferred from observational data conditional on propensity score matching.

The second phase deals with data truncation bias in the outcome data (i.e. sales). Specifically, sales purchase data is only observed and well-defined for consumers who “survive” (do not churn and still interact with the firm), but not for those who have churned. The statistics literature refers to such outcome variable truncation as ‘truncation by death’ (Zhang and Rubin 2003), another key bias confounding the causal inference of the treatment effects. In other words, sales data are undefined for consumers who do not survive (e.g., consumers may have defected from the company and there is no more record of their company transactions). Such zeroes for sales data are confounded and may be driven by either consumer absence or a refrain from spending. If this potential data truncation bias in the post-treatment period is not accounted for, misestimates of treatment effects would persist even in randomized experiments. Thus, our second phase develops a principal stratification to correct for possible sales data truncation.

Key Contributions
We aim to make two key contributions to marketing research. Substantively, by applying our model to an online social game dataset, we assess the extent to which friending impacts sales. Methodologically, extending propensity score matching-related research in marketing (Huang et al. 2013), we introduce principal stratification and demonstrate how to resolve the potential truncation bias that may arise when the treatment results in the truncation of the outcome variable. Our two-phase causality identification method is non-trivial for marketing research because the biases of non-randomly assigned treatment and outcome data truncation may confound the impact of marketing policies on sales even in randomized experiments. Also, we extend the literature by integrating a simultaneous model (with both the probability of purchase and spending amount conditional on the purchase decision) into a two-phase framework for identifying causality with observation data.

Summary of Findings
We apply our proposed method to a unique dataset from a massive multiplayer online role playing game that contains observations of both having friends and purchases. Our results
show that having friends significantly affect in-game purchases. We find that consumers with friends have a greater probability of both making purchases and logging into the game. More interestingly, we find that conditional on making a purchase, consumers who have made friends may spend less during a purchase session. However, we find that having friends, on average, increases the total amount spent when considering both the impact of having friends on the probability of purchase and amount of cash spent on the purchase session together. In addition, we find that truncation by death is a significant issue in our context. Specifically, the estimates from only the propensity score matching method underestimate the impact of having friends on sales when compared with the results from our proposed unified framework.

References are available on request.
Competitive Poaching in Contextual Targeting Advertising

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Keywords: Internet technologies, contextual targeting, competitor-targeting, promotional incentive, electronic commerce

EXTENDED ABSTRACT

Research Question
Is CCT effective in increasing ad click-through and conversion rates? Will its effects be enhanced by adding a promotional incentive?

Method and Data
In this study, we employ a multi-method approach that comprises field quasi-experiments, focus groups, and laboratory surveys. These methods complement each other: the field quasi-experiments provide empirical validations of the effects of CCT and promotional incentive on ad CTRs and conversion rates based on objective field data; the focus groups and laboratory surveys help provide an understanding of the psychological factors that may explain the field empirical findings.

We did two field quasi-experiments. In Study 1, a stock software company ran the experiment for 97 days starting on June 1, 2012. In Study 2, a hotel chain ran the experiment for 86 days starting on November 2, 2011.

For the focus group part, eight participants (5 females) shared their thoughts in two separate group discussions. Based on the inputs from the focus group, we designed our follow-up laboratory surveys. A total of 154 subjects participated in the session and completed the surveys.

Key Contributions
Our findings help clarify for managers how this new Internet-enabled CCT to target competitors’ customers can be effectively leveraged. We show that CCT is productive for firms wishing to attract CTRs with their ads, which increases the chance of brand and product recognition by consumers (Hollis 2005). Garnering the attention of prospective customers (in this case, customers of competitors) is important in today’s increasingly competitive and saturated market. Moreover, companies that are tempted to offer promotional incentives in CCT must heed its differential impacts. Specifically, offering a (or more of a) promotional incentive can increase CTRs but not conversion rates as a result of CCT, compared with no (or less of a) promotional incentive.

Our study also contributes to theory in several ways. First, we clarify the theoretical mechanism through which the novel Internet-enabled CCT works in poaching consumers, i.e., by acting as an incongruous stimuli that kindles consumer curiosity. Second, extending theories of curiosity to the context of Internet advertising, our field studies and laboratory surveys shed light on the influence of curiosity as well as its boundary conditions in the context of online browsing. Third, we show that offering a (or more of a) promotional incentive may further enhance CCT’s potency by boosting consumer curiosity and thus ad CTRs, but not conversion rates, due to the brand loyalty factor, thereby enriching our understanding about the relationship between promotional incentives and brand loyalty in the setting of the novel Internet-enabled CCT poaching.

Summary of Findings
This paper, through two field quasi-experiment studies, demonstrates the effectiveness of CCT in increasing ad
CTRs but not conversion rates when compared to generic targeting. We also explore whether the incorporation of a promotional incentive amplifies the effects of CCT poaching. The answer is not straightforward because in a simple ‘poaching’ framework such incentives may be useful to persuade consumers to defect. Consistent with our hypotheses grounded in the incongruity theory of curiosity and brand loyalty perspective, our field quasi-experiment studies show that the effects of blending CCT with promotional incentives are neither simple nor straightforward. Rather, our analyses show that a promotional incentive is effective in amplifying CCT’s effects on consumer attention in the form of clicks, but is less successful in expanding CCT’s effects on consumer purchases.

The follow-up studies comprising focus group discussions and laboratory surveys gain theoretical insights into the effects of CCT and its combination with promotional incentives as well as to rule out plausible alternative explanations. The results indicate that curiosity constitutes the primary factor in boosting click intention for CCT ads, but becomes insignificant in influencing purchase intention for CCT ads. Furthermore, offering a promotional incentive in CCT poaching can boost consumers’ click intentions due to their heightened curiosity. However, consumer loyalty to the targeted competitor brand becomes salient and undermines purchases in the presence of a promotional incentive in CCT ads, i.e., consumer loyalty to the competitor brand reduces intention to make a purchase from the focal firm that employs CCT and incentives to poach. The results collectively suggest that contextually targeting competitors’ customers and offering a promotional incentive are worthwhile for gaining consumer CTRs but not immediate purchase conversions as a result of CCT poaching.

References are available on request.
The Effect of Online Review Variance on Product Evaluations: Information Diagnosticity Framework

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Keywords: Internet marketing, online consumer reviews, product cues, word of mouth, rating variance

EXTENDED ABSTRACT

This research examines how variance among online consumer reviews influences consumers’ decision confidence and product evaluations. Drawing on findings which demonstrate that people may perceive uncertainty as positive or negative (Laran and Tsiros 2013), we design three studies to elucidate the conditions under which consumer review variance serves to enhance or diminish consumers’ product evaluations. Based on accessibility-diagnosticity theory, we propose that the influence of online consumer review variance on consumers’ product evaluations varies depending upon the type of intrinsic (i.e., search/experience attributes; hedonic/utilitarian properties) and extrinsic (i.e., brand and reviewers credibility) cues consumers consider.

Research Question
How does variance among online consumer reviews influences consumers’ decision confidence and product evaluations?

Method and Data
We report the results of three online experiments to provide insights into the psychological processes and moderators surrounding the relationship between online review variance and product evaluation. The data for this study are collected from an online consumer panel.

Summary of Findings
Our findings show that greater variance among consumer reviews may enhance or weaken consumers’ product evaluations depending upon the cues consumers consider. The results indicate that higher levels of variance among online reviews lead to a greater reduction in consumers’ purchase intentions when they consider products with search compared to experience attributes. This relationship is also moderated by product type such that when decision risk is low, higher variance among reviews increases consumer purchase intentions for hedonic (vs. utilitarian) products. We also report evidence of a “blocking effect”; whereby reviewer credibility enhances consumers’ product evaluations when brand equity is low. However, this influence is muted when brand equity is high.

Key Contributions
We believe this study makes substantive theoretical and managerial contributions. First, this research offers an explanation for the mixed findings within the literature regarding the influence of variance among online consumer reviews. Given the correlational nature of the existing research and its failure to establish causality, we exploit the key advantages of controlled experiments over cross-sectional data to provide insights into the psychological processes and moderators surrounding the relationship between online review variance and product evaluation. Further, by demonstrating how intrinsic cues (in the form of attributes and product type) interact with consumer review variance, we extend research by Huang, Luri and Mitra (2009), which suggests that consumer’s process information related to search and experience goods differently in an online environment. Finally, this research broadens the work of Ho-Dac, Carson, and Moore (2013) by taking into account reviewer credibility. In doing so, we show that reviewer credibility does not have a significant influence on consumers’ purchase intentions when brand equity is high.

References are available on request.

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Social Transformation via Social Networking Sites? Consumer Motivation to Participate in Brand Boycotts via Facebook

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Keywords: social networking sites, brand boycotting, self-enhancement, brand loyalty

EXTENDED ABSTRACT

Research Question
Although consumer resistance expressed through boycotting is not a new phenomenon, the influence of online consumer-to-consumer communication through digital media like social networking sites (SNSs) and anti-branding websites is of growing concern to brand management (Albrecht, Campbell, Heinrich, & Lammel, 2013). SNSs are increasingly being used to initiate boycotts against companies that have committed social, political, and ethical malfeasance. Consumer-activists are able to draw awareness to their cause and virally spread their anti-brand sentiment to significantly more consumers than was possible in the pre-SNS era. Although research has explored consumer motivations to engage in brand boycotting, none has done so within the context of SNSs; thus, this study extends the boycotting literature to the emerging domain of Facebook. The following research questions are addressed: (1) Does the number of likes on the brand boycott Facebook page influence intention to participate? (2) Does scope for self-enhancement mediate the relationship between the number of likes on the brand boycott Facebook page and intention to participate? (3) Does susceptibility to interpersonal influence moderate the relationship between the number of likes and scope for self enhancement? (4) Does brand loyalty negatively influence intention to participate in the brand boycott via Facebook?

Method and Data
This study used a 2 (number of likes: low vs. high) x 2 (brand boycott Facebook page: Gap vs. Chick-fil-A) between-subjects experimental design. Following previous experimental research on consumer boycotting (Sen et al., 2001) which manipulated others’ boycott participation by showing participants the percentage of consumers who intended to participate (low = 15%, high = 80%), this study manipulated the number of likes that the brand boycott page had received (low = 23 likes, high = 256,415 likes). For the purpose of stimulus sampling, two real brand boycott pages from Facebook were selected; Chick-fil-A is a boycott target due to the company’s donations to anti-gay groups, while Gap is a boycott target due to the company’s alleged use of sweatshop labor. The stimuli used authentic images of the above brands’ boycott Facebook News Feeds, except that the number of likes shown on the images was manipulated to reflect the respective experimental condition. A convenience sample of 128 university students participated in this online experiment. Participants completed a brand loyalty measure and then reviewed a brand boycott stimulus, randomly assigned among the four stimuli. Then, participants completed dependent measures (scope for self-enhancement and brand boycott participation intention), manipulation check measures, and a susceptibility to interpersonal influence measure.

Summary of Findings
Structural equation modeling (SEM) was used to answer the research questions. The SEM fit indices demonstrate acceptable model fit (RMSEA = .076, TLI = .90, CFI = .90). The number of likes on the brand boycott Facebook page did
not significantly influence intention to participate in the brand boycott via Facebook ($\beta = -.022, p = .792$). The number of likes significantly influenced scope for self-enhancement from boycott participation, but this influence was negative ($\beta = -.37, p < .05$). Scope for self-enhancement positively influenced intention to participate in the brand boycott via Facebook ($\beta = .32, p < .001$). Brand loyalty did not influence intention to participate in the brand boycott via Facebook ($\beta = -.004, p = .901$). According to multiple-group SEM results, normative susceptibility to interpersonal influence (SII) did not significantly moderate the relationship between the number of likes on the brand boycott Facebook page and scope for self-enhancement (low normative SII: $\beta = -.373, p = .065$; high normative SII: $\beta = -.374, p = .226$). However, informational SII significantly moderated this relationship in that the number of likes significantly influenced scope for self-enhancement for the high informational SII group ($\beta = -.571, p < .05$), but not for the low informational SII group ($\beta = -.096, p = .695$).

**Key Contributions**
This study fills a theoretically and managerially important research gap by extending the boycotting literature to SNSs and illuminating the possibility for differential boycott motivations within virtual environments. A significant relationship between the number of likes on the brand boycott Facebook page and scope for self enhancement was found; however, this relationship was unexpectedly negative. This result could be due to a free-riding effect (Klein et al., 2004), whereby consumers may feel less responsible to participate as the number of other participants increase. Overall, scope for self-enhancement was the only significant determinant of participation intention, which illustrates that virtual brand boycotting may serve as a means for self and social identity enhancement (Kozinets & Handelman, 1998). Contrary to previous research (Albrecht et al., 2013; Sen et al., 2001), brand loyalty may not deter participation in brand boycotts via Facebook. These findings suggest that the theoretical frameworks applied within traditional consumer boycotting literature may not wholly transcend to virtual environments, and as the pervasiveness of SNSs continues to alter brand-to-consumer and consumer-to-consumer communication, it is imperative that brands, companies, and academia develop a more comprehensive understanding of virtual brand boycotts.

*References are available on request.*
Impact of Information Source and Promotion Characteristics on Consensus of Promotion Evaluations

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Keywords: word of mouth, consensus of evaluation, promotions

EXTENDED ABSTRACT

Online word of mouth (WOM) is becoming one of the most popular corporate promotional vehicles. Current research has focused on the role played by the volume of online WOM, arguing that high volumes of WOM communication provide greater benefits than low volumes of WOM. However, other research suggests that volume alone is not sufficient to ensure that WOM is influential. Specifically, prior research shows that it is not just what any one review says, but also the overall consensus among reviews that influences consumers. Consensus in WOM refers to the level of agreement between consumers’ reviews. In high consensus WOM, there is a high degree of agreement among consumers regarding the merits or failings of a product. On the other hand, low consensus occurs when consumers are divided in the assessments. Despite the documented importance of consensus to making WOM influential, there has been remarkably little research on what factors contribute to or detract from the formation of consensus. Thus, the purpose of this study is to investigate the impact of source and promotional characteristics on the degree of consensus in online consumer evaluations of promotions.

To investigate this research question, we gathered data on the evaluation of promotions posted on a C2C deal forum website, which allows consumers to post information about promotions that they have received. The information that is posted by users includes price, store name/website, discount amount, discount percent, discount type, limitations, and product information. The data were consisted with 11,354 promotions posted by 2,356 different members of the forum and rom this, a random sample of 1,000 deals was selected to be analyzed and coded. For this study, we calculated consensus as the dependent measure by dividing the evaluation score (from $-\infty$ to $\infty$) by each promotion’s total number of votes so that it enables to calculate how well users agreed upon their deal information evaluation.

To test our hypotheses, we used general linear regression models with the dependent variable being the absolute value of consensus, ranging from 0 (no consensus) to 1 (perfect consensus). The independent measures consisted with poster reputation score, number of votes that each posting received, number of views, and promotional deal characteristics including: time and quantity limits; uncertainty of deal redemption; and the deal offering being the cheapest.

The results from this study revealed that the larger group size initially increases positive consensus. Larger group size can also initially decrease negative consensus. Also, promotional characteristics that generate group pressure including time and quantity limit increase both forms of positive and negative consensus. Moreover, among promotional deal characteristics, promotional offer found out to be the lowest price among other retailers by forum users, it increases the positive consensus. Lastly, the deal poster reputation as the source of presenting the promotion, plays little role in formation of either positive or negative consensus.

This study provides insights into the drivers of consensus in online consumer evaluations of promotions. It first reveals how the drivers of favorable consensus differ from the drivers of unfavorable consensus. This study also confirmed the

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promotion literature that the characteristics of promotions contribute to the formation of consensus. However, contrary to the predictions of the WOM literature, characteristics of the WOM sources found out to play little role in the formation of consensus in deal evaluations.

For marketers, this study provides insights into how to influence the formation of favorable consensus and inhibit the formation of unfavorable consensus. Marketers often struggle with how to counter negative reviews. Some marketers have sought to pressure websites to remove negative reviews or have even sued individuals who have posted negative reviews. However, these approaches have often led to further negative reactions in the press and among consumers. The results suggest rather than trying to deter consumers from providing further reviews, marketers may benefit from encouraging more reviews which can dilute the initial negative consensus.

References are available on request.
Collaborative Brand Attacks in Social Media: Exploring the Antecedents, Characteristics, and Consequences of a New Form of Brand Crises

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Keywords: social media, crisis, shitstorm, firestorm, eWOM, reputation

EXTENDED ABSTRACT

Research Question
Collaborative Brand Attacks (CBA) in social media are attacks, in which a large number of internet users consciously and jointly attack an organization, resulting in large amounts of negative user-generated content that is ultimately spread in the offline and online world. Synonyms for CBAs are “Shitstorms” or “Online Firestorms”. The number of such collaborative brand attacks has increased during the last years, independent from the industry, brand, or country. Even large brands like BMW, Domino’s pizza, or Chrysler have become victims of CBAs.

Given the prevalence of the phenomenon and the keen interest of academics and managers, this constitutes an important research gap. We thus aim to answer the following research questions:

Why and how do CBAs develop?
What are Implications of CBAs?
What are potential strategies to avoid harmful consequences?

Method and Data
A Delphi Study was conducted among Experts. The authors then analyzed multi-case study analysis qualitatively, based on a variety of recent CBAs.

Summary of Findings
We identified the main triggers, targets, and initiators of CBAs. One particularly important difference between CBAs and traditional crises is that CBAs can arise from vanities, such as carelessness of a low-rank employee. We furthermore conclude that steadily monitoring social media content is important for companies to identify CBAs in the very beginning, and that companies should react quickly on triggers. Our results show that deny- or ignore strategies are less effective in mitigating CBAs as compared to traditional crises. Rather we conclude that fast, user-focused, and transparent reactions at eye level with the customer should be preferred.

Key Contributions
The key contributions are: (1) definition and (2) systemization of CBAs and (3) adaptation of Situational Crisis Communication Theory (SCCT) to online crises. Furthermore, (4) recommendations to prevent and cope with CBAs are discussed, as well as future research directions.

References are available on request.

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Visual Social Media and Image Associations Transfer to the Brand

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Keywords: social media, brands, visual communication, social community, shares

EXTENDED ABSTRACT

Research Question
This paper seeks to understand how social media users interpret visual content posted by brands in social media websites and what the implications for brand management are.

Method and Data
Online panel members and undergraduate students from a U.S. University participated in three experimental studies.

Summary of Findings
Social media users interpret and integrate collections of images curated by brands and used them to form brand judgments. The popularity of an image within the social media community (number of shares a picture receives) influences the weight given to the image unique associations when social media users integrate multiple visual stimuli in the process of interpreting the brand. Specifically, social media users anchor the interpretation of a brand on the most popular image in a profile. Self-construal moderates the influence of the social media community in the interpretation of a brand.

Key Contributions
From a theoretical perspective, this paper expands the social media literature to the visual communication context. To the best of our knowledge, this is the first attempt to understand how visual communication and social media variables interact in the formation of brand judgments. From a managerial perspective, this paper contributes to the practice of brand management. Brand management has become a marketer-user shared process and we argue that the creation of visual content should be the result of well strategized plan.

References are available on request.

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Part L
Social Responsibility, Sustainability, and Public Policy

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Social Responsibility: Culture and Image
Building a Socially Responsible Image: An Analysis of the Fortune Global 500 Companies Through Their Websites
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Overcoming Ownership Risks at the Base of the Pyramid with Access-Based Services
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Taken for Granted or Taken with Gratitude? An Examination of the Differential Effects of Donations of Time and Money on Consumers’ Evaluation of Corporate Philanthropy
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Co-Created Social Responsibility: How Letting the Consumer Choose the Brand’s Donation Recipient Strengthens Consumer-Brand Relationships
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**Social Responsibility: Frugality, Boycotts, and Covertness**

A Definition and Typology of Covert Marketing
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A Typology of Environmentalism and the Frugality Connection
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Why Do Boycotters Cool Down Over Time? An Analysis of the Intra-Personal Dynamics of Boycotting
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Building a Socially Responsible Image: An Analysis of the *Fortune* Global 500 Companies Through Their Websites

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**Keywords:** corporate social responsibility (CSR), Fortune Global 500, corporate website, content analysis, cross-culture differences

**EXTENDED ABSTRACT**

**Research Question**
This study aims to explore how global companies communicate their Corporate Social Responsibility (CSR) involvement through their homepage.

RQ1: To what extent do *Fortune* Global 500 companies communicate their CSR activities through the homepage of their websites? Does the extent of CSR communication vary by country-of-origin?

RQ2: How are the three aspects of CSR (ideological, operational, and societal) communicated by *Fortune* Global 500 companies via their homepages? Does the communication in each of the three aspects vary by country-of-origin?

**Method and Data**
A content analysis was conducted. CSR communication was conceptualized as having two types—general and specific CSR communication. General CSR communication is CSR-related information displayed in the homepage such as navigation headings. Meanwhile, specific CSR communication is defined as specific descriptions of a company’s CSR engagement and activities through stance, operation, and impact. In this regard, specific CSR-related information was categorized into communicating three aspects of CSR, the ideological, operational, and societal. Specifically, each aspect of CSR communication was classified by five dimensions of CSR—environmental, social, economic, stakeholder, and voluntariness.

The study coded the presence of CSR-related elements in each corporate homepage based on the conceptualization of CSR communication. General CSR communication coded the display of CSR-related information in navigation headings and headlines, and the presences of CSR news, CST report, code of ethics, and CSR banners. In addition, specific CSR communication coded the presence of the three aspects and five dimensions of CSR in specific CSR-related information in the headline of the homepage.

**Summary of Findings**
Results show that companies focused on communicating different aspects of CSR according to where their headquarters were based. Results from this study show significant differences between Eastern (Asia) and Western (Europe and North America) companies in how they communicated the ideological and operational aspects of CSR. Western companies displayed higher emphasis on communicating the operational aspect while Eastern companies showed more attentiveness to communicating the ideological aspect.

Findings indicate that CSR communication could be influenced by cultural factors (Hall, 1976; Hofstede, 1980). Asian companies, with a collectivistic cultural orientation, tended to depend on high-context CSR communication through the...
ideological aspect. For example, instead of articulating specific CSR activities, Asian companies embedded CSR-related information in their mission, value, vision, and belief as well as using environmental-friendly symbols such as a green leaf as a layout of their homepage headlines. In contrast, western companies, with an individualistic cultural orientation, tended to depend on low-context communication such as communicating CSR endeavors through the operational aspect. They used more explicit words to illustrate achievement, processes and engagement to justify their actions. They relied on presenting specific CSR programs, awards, experts, and research data.

Key Contributions
Findings from this research contribute to understanding of how global corporations are building socially responsible images through online communication. This study also provides insights on the role of culture in CSR communication.

References are available on request.
Research Question
Do these cross-national differences in environmental protection perceptions—American autonomy versus Korean imposed choice—affect consumers when they must expend effort in processing advertisements for recycling and energy conservation?

H1: Americans who invest a high level of effort in making an environmental pledge preceding the ad will show more favorable attitudes and behavioral intentions regarding environmentally friendly behavior than will Americans who invest a low level of effort.

H2: Koreans who invest a high level of effort in making an environmental pledge preceding the ad will show less favorable attitudes and behavioral intentions regarding environmentally friendly behavior than will Koreans who invest a low level of effort.

Method and Data
Study 1 demonstrates that when environmental pledges requesting more effort precede ad messages, Americans are more persuaded but Koreans are less persuaded. Study 2 extends the findings and rules out an alternative explanation—mere-effort effect—by showing that the results are replicated only with an issue-relevant pledge, but not with an issue-irrelevant pledge.

Key Contributions
The current research has straightforward implications for global marketers. That is, our findings provide insights for green marketers dealing with global consumers. By considering the sociocultural background of target audiences, marketers may be able to craft culturally customized environmental messages using contextual cues that increase or decrease the effort message recipients must expend. In particular, when targeting audiences from individualistic cultures (e.g., North Americans and West Europeans), it would be worthwhile to incorporate promotional tactics that encourage consumers to expend additional effort (e.g., commenting or transcribing). However, when targeting audiences from collectivistic cultures (e.g., Latin Americans and East Asians) such effort-generating tactics should be scaled down.

Summary of Findings
In Study 1, we observe that, among Americans, high effort fosters more favorable attitudes toward recycling. In contrast, among Koreans, high effort produces less-favorable attitudes. Accordingly, Study 1 demonstrates that environmental advertising persuasion depends on two key message-recipient factors: 1) the amount of effort exerted and 2) sociocultural background. Study 2 shows that these findings are robust across contexts; that is, the same pattern of data emerged for an energy conservation campaign. Furthermore, Study 2 tests and rules out an important alternative hypothesis: whether it was merely the effort, regardless of the pledge content, that produced the interaction observed in Study 1. Study 2 results indicate that the issue-relevant effort, but not the issue-irrelevant pledge, increases ad effectiveness among Americans and decreases ad effectiveness among Koreans.

Our findings have several theoretical and managerial implications. From a theoretical standpoint, the current research takes the important step of understanding the impact of...
effort investment on compliance with green requests. Although previous research has identified that effort investment impacts have some boundary conditions (e.g., Zhang, et al. 2011), this study is the first looking into how the effects of effort investment vary depending on message recipients’ national culture. The findings thus broaden our understanding of how effort investment interplays with sociocultural environments.

References are available on request.
European Union Consumers’ Willingness to Pay for Green Products: An Investigation into the Effects of Country, Gender, Age, and Types of Region

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Keywords: green products, willingness to pay, European Union, demographics

EXTENDED ABSTRACT

Research Question
What are the moderating effects of country, gender, age, and types of region in predicting European Union consumers’ willingness to pay more for green products?

Method and Data
Quantitative data were drawn from a questionnaire of Flash Eurobarometer 367, part of the European Commission’s research on “Building the single market for green products”. The data was collected in December 2012 and included 21,514 participants (41.9% male vs. 58.1% female consumers) from 28 European Union Member States. The analyses were conducted using the software Mplus. A structural equation model (SEM) of willingness to pay more for green products is tested first, followed by multigroup SEM analyses for comparisons by country, gender, age, and types of region. Correlations with Hofstede’s cultural dimensions are also explored.

Summary of Findings
A SEM model of willingness to pay more for green products is proposed and tested using a sample of 21,514 European consumers. This reveals that subjective knowledge about the product’s environmental impact, general environmental product attitudes and the importance of the product’s environmental impact predict willingness to pay more for green products. Additionally, based on multigroup SEM analyses, it was found that the hypothesized relationships vary by country and gender, but not by age and types of region. Cultural dimensions were also significantly correlated with the examined variables.

Key Contributions
This paper responds to the corporate social responsibility (CSR) literature’s calls for further research on cross-country comparisons on the drivers of green consumption and further examination of multiple demographical variables and the nature of their relationships (Leonidou et al. 2010). Additionally, we expand on previous studies by examining the effects of Hofstede’s six cultural dimensions, which include two new dimensions—pragmatic/normative and indulgence/restraint. Our results suggest that European countries should not be treated as a homogenous group with respect to environmental attitudes and behaviour, despite being bound by a common history and geography; as well as united by a common currency, joint regulatory frameworks, labour, capital and goods mobility for over three decades. In the light of these findings, we make recommendations related to policy making and marketing communications for a heterogeneous European Union consumer market.

References are available on request.
Environmen tally Friendly Consumer Choices: Cultural Differences in the Self-Regulatory Function of Anticipated Pride and Guilt

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Keywords: emotions, functions, self-construal, collectivistic, individualistic, culture, environment

EXTENDED ABSTRACT

Previous studies show that the self-regulatory function of guilt is present in both individualistic (i.e. Canada; Hynie et al., 2006) and collectivistic (i.e. Taiwan; Su et al., 2011) countries. However, the function of these emotions is not yet explored in a broad range of countries, or compared directly across cultures. It is therefore not clear yet whether there are cultural differences in the function of these emotions, and how these can be explained.

Research Questions
- We explore the self-regulatory function of pride and guilt—that is, the mediating effect of pride and guilt between the attitudes-intention and norms-intention associations.
- We explore whether this function is comparable within, but different across individualistic and collectivistic cultures.

Method and Data
In total, the sample consisted of 3,854 respondents. We used the individualism dimension of Hofstede’s framework (Hofstede & Bond, 1984) to select individualistic and collectivistic countries. For individualistic countries we selected: Australia (score = 90; n = 507), Canada (score = 80; n = 510), Germany (score = 67; n = 514), the Netherlands (score = 80; n = 507), the United Kingdom (score = 89; n = 503), and the United States (score = 91; n = 507).

Respondents were asked to answer an online survey. We focus on purchases of organic products because they are among others purchased out of concern for the environment (Lockie, Lyons, Lawrence, & Mummery, 2002; Magnusson, Arvola, Hursti, Åberg, & Sjödén, 2003). Respondents answered items that measured attitudes (Ajzen, 1991) regarding organic products, perceived descriptive social norms around buying organic products (Nolan, Schultz, Cialdini, Goldstein, & Griskevicius, 2008), anticipated pride and guilt (Holbrook & Batra’s inventory, 1987) regarding behaving in an environmentally friendly/unfriendly way, and intention to buy organic products (Ajzen, 1991).

Key Contributions
We offer theoretical insights into the nature and functioning of self-conscious emotions, respond to the call for research on emotions in the context of environmentally friendly behaviour and provide practical insights into ways of stimulating pro-environmental behaviour cross-culturally.

Summary of Findings
The present study shows that there are differences between, and not within, collectivistic and individualistic cultures in how emotions are evoked (i.e. a self-evaluation on different standards) and how they affect intentions. Attitudes have a stronger effect on self-conscious emotions in individualistic compared to collectivistic cultures. Self-conscious emotions thus seem more focused on the self and living up to one’s own standards in individualistic compared to collectivistic cultures. The results of the current study imply that differences in the cultural concept of the self result in a different function of self-conscious emotions.

References are available on request.

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Do Not Text and Drive: The Impact of Creativity on Message Effectiveness and the Role of Discrete Emotions on Creativity

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Keywords: social marketing, creativity perception, discrete emotions, corporate social advertising

EXTENDED ABSTRACT

Research Question
Texting and driving is an important social problem that has been the focus of CSR efforts from a variety of brands and institutions, including automobile brands, cellular service providers, police departments, and governmental organizations such as the NHTSA. Such organizations have spent millions of dollars to change the attitude and behavior of drivers due to the large number of accidents and deaths arising from this behavior. Every year at least 23% of car accidents involve using cell phones and texting, resulting in up to 1.3 million accidents each year (NSC 2011) and leading to more deaths than even drinking and driving (Andrews 2013).

In this paper, we explore factors that might influence the effectiveness of such advertisements. Specifically, research on advertising and creativity has repeatedly shown that creativity has a positive impact on different cognitive, affective, and conative responses such as ad/brand attitudes, ad credibility, brand awareness, ad/brand recall, attention and motivation, emotional responses, and purchase intention (e.g. Dahlén 2006; Kover, Goldberg and James 1995; Smith, Chen and Yang 2008; Stewart and Koslow 1989; Swee and Low 2000). However, it is unknown whether creativity also matters for CSR advertisements, and if so, what executional elements might enhance or reduce the ad’s perceived creativity. We focus specifically on the impact of discrete emotions on creativity, as well as the source of those emotions (textual or graphical elements of the ad). We focus our attention on emotions because prior research has shown that emotional appeals are more effective than rational appeals when communicating about social issues (Terblanche-Smit and Terblanche 2009).

Surprisingly, research is very scant when it comes to understanding the factors that strengthen creativity perceptions. We propose that discrete emotions will differentially influence perceived creativity depending on their arousal level and appraisal pattern (certainty, predictability). High arousal leads people to engage with the source (Russell, Weiss, and Mendelsoh 1989) and so will simulate people to actively try to understand the advertisement, leading them to connect the various pieces of the advertisement, increasing its perceived creativity. Similarly, uncertainty increases motivation to process information carefully (Isbell and Lair 2013), so ads evoking uncertain emotions (such as fear) could help viewers process the ad locally, enabling them to discover the meaning and connectedness of divergent pieces of the ad, again increasing perceived creativity. Unpredictability is associated with novelty (Fontaine et al. 2007) and novelty, originality, and unexpectedness are associated with creativity. Therefore, we expect an unpredictability appraisal helps increase perceived creativity.

The source of the emotions—either textual or graphical elements of the ad—might also influence the impact of emotions on perceived creativity. Visual images create more curiosity compared to verbal messages in ads (Wells, Burnett, and Moriarty 2003). Visual images are also usually the first part of the ad that is examined (Bolen 1984) and are

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processed quickly and easily (Rossiter 1982). Images are also more effective at conveying emotional appeals, while text is more frequently used to convey rational appeals (Hirschman and Soloman 1984). These findings suggest emotions that arise from visual elements of the ad will have a stronger impact of perceived creativity than ones arising from textual elements.

**Method and Data**

To test these research questions, we collected 162 advertisements with a “don’t text and drive” message. We recruited 684 respondents (40% male; M_{age} = 38) from an online panel. Each respondent viewed 3 advertisements randomly selected from the set. After viewing each ad, the respondents indicated their attitude toward the ad, their attitude toward the issue (i.e., texting and driving), how persuasive they thought the ad was, and their intentions to refrain from texting while driving. They also rated the ad’s creativity and to what degree they felt several emotions (anger, guilt, sadness, fear, shock, disgust) while viewing the ad. Finally, they indicated the degree to which words and images were responsible for the emotional content of the advertisement. Each advertisement was rated by approximately 12 people, and ratings were averaged to provide a single rating for each advertisement, which then served as the unit of analysis.

**Summary of Findings and Key Contributions**

As expected, creativity perceptions matter in a CSR context, similar to findings regarding creativity within traditional (i.e., commercial) ads. More creative ads led to more positive attitudes towards the advertisement and increased participants’ reports that they would not text and drive in the future. Respondents also believed such ads were more persuasive. These findings are notable since they indicate that perceived creativity influences message compliance, regardless of whether that message promotes taking a positive action (as in traditional ads) or refraining from a negative action (as in many CSR contexts).

Second, discrete emotions did influence perceived creativity of the ads. Although we looked at discrete emotions of the same valence (negative), their impact varied due to differences in their appraisals and arousal levels. Ads invoking shock and fear, which are unpredictable, uncertain, and highly arousing emotions, were perceived as more creative. In contrast, disgust, a low arousal, certain emotion, decreased perceived creativity. Anger, guilt, and sadness did not affect perceived creativity. Finally, we found that emotions arising from images had a bigger impact on perceived creativity than emotions rising from text. Emotions evoked by images positively affect creativity, but emotions evoked by text only impact creativity if these feelings are also supported by the content of the images.

Together, these findings make several theoretical and managerial contributions. Theoretically, these results enhance our understanding of drivers of perceived creativity, identifying emotions as a potential antecedent to such perceptions. Our findings also extend our understanding of the effects of creativity in advertisements to a CSR context. Managerially, the results highlight the importance of creativity in a CSR context. Thus, there is value in finding creative ways to communicate CSR messages rather than just focusing on rational appeals that communicate the message in a monotonous, non-creative way. Second, our research indicates that managers can use certain emotions to enhance the perceived creativity of their advertisements, and that they should invoke these emotions through the images used in the ad.

*References are available on request.*
Smokers vs. Vapers: The Intended and Unintended Consequences of an E-Cigarette Warning Statement on Perceived Health Risks and Mediating Effects on E-Cigarette Use Intention

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Keywords: e-cigarettes, smoking, health risk, addiction

EXTENDED ABSTRACT

Research Questions
This research examines several important questions that are currently relevant to public policy makers and marketers. Specifically, the following research questions are addressed:

1. Do addiction and other health risk perceptions (e.g. cancer, heart disease) vary based on electronic cigarette (e-cigarette) and traditional cigarette smoking status?

2. Will addiction warning statements on e-cigarette advertisements have similar effects across e-cigarette and traditional cigarette smokers?

3. Will addiction and other health risk perceptions extend to attitudes and future intent to use e-cigarettes, and will the strength of these mediational effects be similar for both addiction and other health risks?

Method and Data
A national sample was recruited for two studies through Amazon’s Mechanical Turk. For Study 1, e-cigarette and traditional cigarette smoking status were used to form a 2 (E-cigarette user status: user or non-user) x 2 (Traditional cigarette smoking status: smoker or non-smoker) between-subjects design. ANOVA’s were then used to examine the effect of the e-cigarette and traditional cigarette smoking status interaction on addiction and other health risk perceptions. For Study 2, the experimental design was a 2 (Addiction warning: present vs. not present) x 3 (Smoking status: e-cigarette user vs. traditional cigarette smoker vs. both e-cigarette user and traditional cigarette smoker) between-subjects design. Participants were randomly assigned to view either an e-cigarette advertisement with an addiction warning or an advertisement without an addiction warning. ANOVA’s were then used to examine the effect of the smoking status and warning statement interaction on both addiction and other health risk perceptions. To answer our third research question, in both studies sequential mediation was tested using the PROCESS algorithm (Hayes 2013) with 10,000 bootstrap samples.

Summary of Findings
Results of Study 1 show that the addiction and other health risk perceptions vary based on e-cigarette and traditional cigarette smoking status. Consumers’ risk perceptions related to diseases have a stronger indirect effect on future intentions than consumers’ addiction risk perceptions. Study 2 indicates that, in a sample of e-cigarette users and traditional cigarette smokers, an addiction warning statement in an ad interacts with smoking status to affect addiction risk

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and other health risk perceptions. The presence of an addiction warning significantly increased addiction risk perceptions among individuals that exclusively use e-cigarettes, but this effect did not reach significance among individuals that exclusively use traditional cigarettes or use both e-cigarettes and traditional cigarettes. The presence of a warning also significantly increased other health risk perceptions among individuals that exclusively use e-cigarettes and individuals that use both e-cigarettes and traditional cigarettes, but this effect did not reach significance among individuals that exclusively use traditional cigarettes. Health risk perceptions, but not addiction risk perceptions, were found to negatively influence attitudes toward e-cigarettes which, in turn, positively influence intent to purchase the e-cigarettes promoted in the ad.

**Key Contributions**

Given the concerns surrounding the toxicants and nicotine contained in e-cigarette vapor coupled with the FDA's proposed addiction warning, our findings are critical to understanding the intended and unintended consequences of an e-cigarette addiction warning. Results suggest that the health risk perceptions (beyond addiction) among individuals that use e-cigarettes appear to be impacted by an explicit warning focusing on addiction, suggesting unintended consequences. Behavioral intentions are indirectly affected by these health risk perceptions, but not necessarily in a way that is consistent or beneficial for all consumers. E-cigarette and traditional cigarette users are probably more concerned with long-term disease risk (e.g., cancer) than addiction, which would explain why behavioral intentions may not be directly or indirectly affected through addiction risk. By affecting consumers’ health risk perceptions, the warning potentially may decrease the likelihood that current e-cigarette users will purchase e-cigarettes. If purchase intentions for current e-cigarette users decrease, these consumers may quit using tobacco products altogether, which could have a positive impact on their long-term health. Alternatively, might these e-cigarette users decide to resume or initiate traditional cigarette use, which then may have greater detrimental effects on their health? Clearly, there are many important questions that are suggested by these initial findings.

*References are available on request.*
Thanks, But No Thanks: A Social Contract Perspective on the Effects of High-Intensity Warning Disclosures

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Keywords: social contract theory, counterpersuasion, two-sided messages, cigarettes, smoking cessation

EXTENDED ABSTRACT

Research Question
The Family Smoking Prevention and Tobacco Control Act (FSPTCA 2009) requires graphic (pictorial) warning labels to cover 20% of cigarette advertisements. Few studies, however, have experimentally examined the effects of graphic pictorial warnings (GPWs) embedded within cigarette advertisements, and work conducted in this area has often focused on the relationship between GPWs and smoking cessation. Yet, GPWs offer a unique opportunity to examine the effects of countervailing two-sided messages (i.e., the favorable product message from the company and the unfavorable GHW associated with product use).

The purpose of our research is to examine how countervailing two-sided messages impact consumer evaluations of both the product and the advertiser. Prior research examining competing messages suggests that negative “disapproval” messages dominate and affect subsequent behavioral intentions (Pechmann and Wang 2010). However, the explicit presentation of information that supports consumer welfare and safety may reinforce the social contract (Donaldson 1982; Torres, Sierra, and Heiser 2007) between cigarette marketers and consumers and lead to more favorable evaluations of cigarette advertisers. Thus, our research examines the distinct effects of GPWs on consumer evaluations of product-related evaluations such as purchase intentions as well as evaluations of product advertisers.

Method and Data
The warning statement and pictorial inclusion manipulations were tested in the context of a mock one-page magazine advertisement for a fictitious cigarette brand embedded between two non-cigarette filler ads. Participants were drawn from an online subject pool (N = 285; M_age = 29) and randomly assigned to one of four experimental conditions in which two of the newly mandated warning statements (FSPTCA 2009) and the presence or absence of the accompanying pictorial warning was manipulated.

The dependent variables of interest in our study included motivation to stop smoking, purchase intentions, personal relevance of the ad, perceived social responsibility of the tobacco advertiser, evoked negative affect, and perceived corporate trustworthiness.

Summary of Findings
Analyses of variance were performed and our results indicate that the inclusion of pictorial warnings that vary in graphic level have divergent effects on smoking related intentions and advertiser perceptions. In particular, we find evidence that the inclusion of high graphic level pictorial warning disclosures engender stronger motivation to stop smoking and decrease purchase intentions for the promoted cigarette product. We also find that high graphic level pictorial warnings positively influence consumer’s perceptions of the advertisement’s personal relevance and perceptions of the advertiser’s social responsibility. These effects were mediated by negative affect and corporate trustworthiness perceptions. Findings also indicate that consumers express less favorable evaluations (e.g., trustworthiness) of advertisers when low-graphic warnings are displayed in conjunction with the cigarette advertisement.

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Key Contributions
The present research provides insight into counterpersuasion and cigarette health warning literatures. Our research suggests that two-sided countervailing messages may engender dissimilar effects on message acceptance and advertiser perceptions. We find that high graphic level warning disclosures embedded within cigarette advertisements lead to smoking cessation outcomes but positively influence consumer’s evaluations of the advertiser. These results are particularly interesting considering the current landscape of the tobacco industry; the decline in cigarette sales (FTS 2012) and fast-paced growth of alternative tobacco delivery products (e.g., electronic cigarettes, chewing tobacco, small cigars, CDC 2014). Our findings suggest that high level GPWs embedded within cigarette advertisements may produce favorable downstream consequences for tobacco companies that produce alternative products, particularly since many of these products lack significant warning disclosures.

References are available on request.
Home vs. Workplace Energy Saving Attitudes and Behaviors: The Moderating Role of Satisfaction with Current Environmental Behaviors, Gender, Age, and Job Duration

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Keywords: corporate social responsibility (CSR), employees, energy saving attitudes, workplace energy saving behaviors, home energy saving behaviors

EXTENDED ABSTRACT

Research Question
How do employees’ energy saving behaviors at work differ from those at home? Can we assume generic spillover effects as discussed in the prior literature? How do general and specific workplace energy saving attitudes impact home and work behaviors? Do employees’ perceived satisfaction with current environmental behavior, age, gender, and job duration affect the impact of general and specific workplace attitudes on energy saving behaviors at work and at home?

Method and Data
This quantitative study uses survey data collected from a UK university employees, before delivering an energy saving intervention, and a series of multigroup structural equation modeling analyses to explore energy saving attitudes and behaviors at the workplace and at home, across groups with different levels of perceived satisfaction with current environmental behavior, age, gender, and job duration.

Summary of Findings
The results illustrate that the relationship between home and workplace energy saving attitudes and behaviors is not always positive and significant, but rather varies by perceived level of satisfaction with current environmental behavior among employees, and gender. This study reveals specific differences between employees’ home and workplace energy saving attitudes and behaviors, rather than assuming generic spillover effects as discussed in prior literature. Age and job duration did not significantly moderate relationships between attitudes and behaviors.

Key Contributions
This paper offers valuable insights and future research directions on the differences between employees’ home and workplace energy saving attitudes and behaviors, which is a timely CSR topic with both financial and image/reputation implications for organizations. This study reveals specific differences between employees’ home and workplace energy saving attitudes and behaviors, rather than assuming generic spillover effects as discussed in the prior literature. The impacts of attitudes on behaviors vary depending on employees’ perceived level of satisfaction with current environmental behavior and their gender. The paper also highlights specific managerial implications for the design of social marketing energy saving interventions, in connection to key variables and moderators included in this study. Addi-
tionally, to the authors’ knowledge, this is the first study in the area of employees’ environmental behavior which explores the moderating effects of perceived satisfaction with current environmental behavior on how attitudes impact behaviors, at work and at home, via a series of multi-group SEM analyses.

References are available on request.
All Marketing Is Local: Using Support Theory to Examine Perceptions of Local Government

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Keywords: support theory, subadditivity, local government, public sector marketing

EXTENDED ABSTRACT

Research Question
One of the primary concerns facing local governments is how to make citizens more aware of the broad variety of services that they provide. Despite the increasing use of marketing and other promotional techniques by local governments, citizens are often unaware of the many services that local government provides, or feel that many of these services are not representative of their needs. The current research uses concepts from support theory to examine the perceptions that individuals have toward the services provided by local government. Three studies examine support theory’s tenets of availability and representativeness as they relate to the provision of governmental services. In addition, we extend support theory by demonstrating that individuals high in need for cognitive closure make greater probabilistic assessments of a given event when highly representative information occurs in the first position of the event’s partition.

Method and Data
The current research uses concepts from support theory to examine the perceptions that individuals have toward local government. Respondents for the 3 studies presented were recruited via Amazon’s Mechanical Turk. Respondents participating in the 3 studies were randomly assigned to one of three conditions for their particular study, and provided assessments of the perceived likelihood of a given event. Additionally, respondents in the 3rd study completed the shortened formed, need for cognitive closure scale (references available upon request). Data was analyzed using difference in means tests and analysis of variance (ANOVA).

Summary of Findings
We find that many local government services, such as the roles of ombudsmen and clerks, aren’t available from memory and, in the case of public transportation options, are not representative of the citizenry. In addition, we find that the mere ordering of an event’s (a listing of governmental marketing campaigns) partition interacts with a respondent’s need for cognitive closure, such that individuals high in need for closure tend to overweight information that occurs in the first position of the event’s partition.

Key Contributions
The current research extends support theory by demonstrating that individuals high in need for cognitive closure make greater probabilistic assessments of a given event when highly representative information occurs in the first position of the event’s partition. In addition, the current research demonstrates that many of the services that local government provides aren’t available from memory, or are not representative of the citizenry. Local policy makers would be well served to consider additional promotional techniques, such as E-government and “place branding” to make their citizens more aware of the wide breadth of services that they provide.

References are available on request.
Obesogenic Environments: An Empirical Examination of the Relationship Between the Retail Food Environment and Childhood Obesity

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Scot Burton, University of Arkansas

Keywords: food environment, childhood obesity, low-income, food desert

EXTENDED ABSTRACT

Research Question
The development of interventions to improve access to healthy food in the retail environment of underserved areas is a major U.S. policy endeavor and a key part of the $400 million Healthy Food Financing Initiative (HFFI), a program that seeks to increase the number of traditional food outlets in low-income neighborhoods. The introduction of traditional retail food outlets in these so-called ‘food deserts’, however, is a costly proposition with the budgetary constraints and shopping patterns of low-income consumers (Srinivasan et al. 2013). Moreover, prior findings examining the relationship between the food environment and consumer health have been mixed (Larson, Story, and Nelson 2009; An and Sturm 2012).

The purpose of our research is to examine how changes in the retail food environment affect obesity rates among low-income preschool children. More specifically, we examine how modifications to the food environment such as increased access to supermarkets versus convenience stores, retail outlets that provide significantly different opportunities to purchase healthful foods (Farley et al. 2009), impact low-income preschool childhood obesity rates.

Method and Data
Secondary data sources were used to conduct cross-sectional, county-level analyses. Data were obtained from the U.S. Department of Agriculture (USDA) Economic Research Service’s (ERS) Food Environment Atlas U.S. and the Census Bureau, County Business Patterns. The outcome measure of primary interest was the low-income preschool childhood obesity rate. Our independent variables included the percent change in the number of supercenters and grocery stores. Regression models were developed to investigate the relationship of these independent variables, individually and collectively. Results indicate a significant negative relationship between the change in supercenters and supermarkets and low-income preschool childhood obesity rates.

Summary of Findings
Our findings suggest a positive relationship between the number of convenience stores (per capita) in a community and low-income, preschool obesity rates. The more convenience stores, a retail format associated with easy access to less healthful foods, the higher the obesity rate. Our findings also suggest that changes to the retail food environment that increase the number of grocery stores/supermarkets and supercenters/club stores per capita may positively influence obesity rates among low-income, preschool-aged children. More specifically, our results suggest that an increase (decrease) in the number of grocery stores/supermarkets and supercenters/club stores in the retail environment is related to lower (higher) low-income preschool childhood obesity rates.

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Key Contributions
While many factors contribute to childhood obesity, recent efforts have centered on so-called ‘obesogenic environments’ (i.e., environments that promote weight gain, Swinburn, et al., 1999) and retail food environments, in particular. Research in this vein, however, has primarily been speculative rather than empirically driven (Dubowitz et al. 2013) and/or has focused on a small subset of the population with mixed results (i.e., the impact of opening one store in a particular neighborhood, Cummins, Flint, and Mathews 2014). In contrast, we attempt to empirically examine the effects of food retail modifications across the United States and to focus on low-income preschool aged children. Our focus on this vulnerable demographic was based, in part, on research that suggests that obesity rates in U.S. children have risen faster than the adult population (CDC 2014), as well as the substantial economic and societal costs associated with childhood obesity. Our results suggest that the built retail environment may play a role in childhood obesity among low-income preschool aged children and that retail modifications may positively impact this vulnerable demographic.

References are available on request.
Sustainamorphism: The Role of Attachment Style and Anthropomorphism in Sustainable Consumption

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Keywords: attachment style, anthropomorphism, sustainable consumption, action identification

EXTENDED ABSTRACT

Research Question
Does interpersonal attachment orientation impact the positive effect of action identification on consumer evaluations of sustainable products? Does anthropomorphism impact the interaction of action identification and attachment orientation on consumer evaluations of sustainable products?

Method and Data
The present research includes data from two studies. The first employs an MTurk sample of adults in the United States. The second study uses participants in the behavioral lab at a major university in the United States. In study 1, both action identification and attachment orientation are measured and anthropomorphism is manipulated through product advertisements. Study 2 follows the procedures in study 1; however, attachment orientation is manipulated rather than measured.

Summary of Findings
Across two studies, we find support for the hypothesis that the relationship between action identification and consumer evaluations of sustainable products is moderated by interpersonal attachment orientation. Specifically, action identification has a positive impact on evaluations for securely attached individuals, but a negative impact on evaluations for anxiously attached individuals. In addition, we find that these relationships are strengthened when a product is anthropomorphized.

Key Contributions
This research contributes to the marketing and consumer research literature on sustainable consumption, action identification, attachment theory, and anthropomorphism. We find support for the prediction that the positive effect of action identification on consumer evaluations of sustainable products holds for securely attached individuals, but not for anxiously attached individuals. In addition, and consistent with the extant literature which highlights the implied social relationships present in anthropomorphism, we show that interpersonal attachment style impacts the effect that anthropomorphism has on consumer behavior. The present research offers guidance to managers and public policy makers, as to three specific factors that can be manipulated and used in communications to enhance consumer evaluation of sustainable products as they are introduced to the market.

References are available on request.

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Corporate Social Responsibility, Attribution, and Customer Satisfaction: New Findings from the Expectancy Confirmation/Disconfirmation Paradigm

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Keywords: corporate social responsibility, attribution, customer satisfaction, and expectancy confirmation/disconfirmation

EXTENDED ABSTRACT

Peloza and Shang (2010) advise that managers and scholars should gain a better understanding of how consumers evaluate corporate social responsibility (CSR) messages since consumers are the drivers for all CSR activities in the company (Kotler 2011). This request for more research is partly due to the fact that our understanding of consumer responses to CSR, as of now, is mostly a component of social identity theory (Stanaland, Lwin, and Murphy 2011) and evaluations of CSR perceptions. Which in turn has led to the absence of any interest in consumer CSR expectations. Given that scholars (e.g., Luo and Bhattacharya 2006) have made strong arguments for using satisfaction with the firm as justification for CSR contributions, it should then be a priority for scholars to understand how consumer CSR expectations influence satisfaction with the firm given that this is the standard practice in satisfaction literature. Yet, to the best of the author’s knowledge, no study has empirically measured consumer CSR expectations and CSR perceptions in a single CSR study. Therefore we argue that incorporating the expectancy confirmation/disconfirmation paradigm in a CSR context may lead to new and valuable insights.

Research Question
First, how do CSR expectations impact consumer evaluations of CSR information and overall evaluations of consumer satisfaction with the firm? Second, how does attribution impact the CSR-satisfaction relationship when CSR expectations and CSR perceptions are measured?

Method and Data
A scenario-based survey, which manipulated CSR contributions, was developed to capture the importance of measuring CSR expectations, while additionally investigating how CSR expectations influence consumer satisfaction with the firm. The moderating effect of attribution on the CSR-satisfaction relationship was also examined due to the absence of this variable in previous studies (e.g., He and Li 2011; Luo and Bhattacharya 2006; Matute-Vallejo et al. 2011). The sample for this study consisted of individuals who were 18 years or older, had a full-time or part-time job, and had a cellular phone at the time the survey. Data collection efforts lasted about four months and resulted in 100 to 136 responses in each of the five experimental cells.

Summary of Findings
The results of this study support the pertinence of measuring CSR expectations along with CSR perceptions. The results show that overall evaluation of CSR is positively associated with satisfaction with the firm. Our analysis also revealed that consumers do have a level of tolerance towards CSR information. If the CSR contribution is evaluated as meeting a standard, then the consumer tends to respond with favorable customer satisfaction ratings; however, if the contribution fails to meet a minimum standard then the respondent tends to respond with unfavorable customer satisfaction ratings. Finally, the most interesting finding that emerged was the moderating effect of attribution. While theory suggested

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that intrinsic attributions would strengthen the CSR-satisfaction relationship and extrinsic attributions would weaken the relationship, no evidence of a weakened relationship emerged among the latter group.

**Key Contributions**

By considering the expectancy confirmation/disconfirmation paradigm this study has the prospect of four substantial contributions to the CSR literature. First, this study proposes a framework to help understand consumer evaluations of CSR. Second, this study expands our understanding of consumer evaluation of CSR information by placing all evaluations in the context of consumer expectations, which is the dominant practice in satisfaction and service quality literature. Third, while taking expectations into consideration, this study reexamines the CSR-satisfaction with the firm relationship. Finally, this study expands our understanding of the moderating effect of attribution in the CSR-satisfaction with the firm relationship.

*References are available on request.*
Exploring the Dynamics of Corporate Social Responsibility and Brand Loyalty

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Keywords: corporate social responsibility, brand loyalty, corporate reputation, brand identification

EXTENDED ABSTRACT

Research Question
CSR has been defined and measured by several researchers (Berens et al. 2005; He and Li 2010; Marin and Ruiz 2006; Mohr and Webb 2005). However, little research has focused on (a) the effect of the company’s contributions to local communities (CLC) on brand loyalty or (b) comparing the importance of CLC to other aspects of CSR. The present study is designed to fill these gaps in current research. Therefore, the present paper extends the definition by introducing the concept of contributions to the local community (CLC), which is measured using three items developed for the present study. A conceptual model that examines the effects of CSR and CLC on corporate reputation (CR), brand identification (BI) and brand loyalty (BL) is used to frame the study.

Method and Data
To test the conceptual model, a consumer panel survey (N = 400) was conducted. Four hundred responses were collected among Finnish consumers through a consumer panel administered by an established international marketing research company. Of those that were sent the invitation, 60% responded to the questionnaire. The questionnaire was based on existing well-established scales. In addition, it was carefully developed to incorporate feedback from several academics and non-academics through a preliminary study (N = 18). For the questionnaire, the Finnish mobile communications giant Nokia was chosen as the case company. The reasons for choosing Nokia were based on the assumption that it is well known among respondents and they are likely to have established opinions on it.

The data was analysed following a two-step structural equation modelling approach. First, a confirmatory factor analysis (CFA) was carried out to assess the validity of all of the construct measures included in the study. Second, a structural equation model was used to test the hypothesis.

Summary of Findings
The CFA was carried out to assess the validity of all of the construct measures included in this study. The results show that the model provides an acceptable fit ($\chi^2 (109) = 404.76$, CFI = .981, NNFI = .976, RMSEA = .082). In order to evaluate the reliability of the latent variables, composite reliability values for each latent variable were calculated. They all exceeded the recommended level of .70 (ranging from .899 through .954). In addition, the square root of the average variance extracted (AVE) (ranging from .855 through .934) is greater than all of the corresponding correlations, which indicates adequate discriminant validity.

The overall statistics for the structural model indicate an adequate fit ($\chi^2 (113) = 306.99$, CFI = .940, NNFI = .928; RMSEA = .078). The results show, first, that both CSR and CLC have an effect on BI and CR. Second, both BI and CR influence BL. Third, CSR has a stronger influence on BI than on CR. Fourth, CLC has a stronger influence on CR than BI. Thus, the study resulted in the interesting finding that CSR is more important for BI, whereas CLC is more important for CR. In addition, the results indicate that CR has a stronger role than BI in building BL.

Key Contributions
The present paper makes three important contributions to the literature: (1) it examines one unique and previously untested driver parallel to CSR – contributions to local communities (CLC); (2) by extending the prior conceptualization of CSR it distinguishes the specific effects of CLC on
and CR; and (3) using rigorous data collection and analysis procedures, it demonstrates the specific effects of CSR and CLC on BI and CR, and, finally, BL. The present study also offers several managerial implications. First, it highlights the importance and role of CLC when managers want to enhance BI and CR. Here, when the target is to increase BI, managers should focus more on CSR than CLC. By contrast, when the target is CR more emphasis should be placed on CLC. Moreover, the study shows that of BI and CR, the former is a stronger driver of BL.

References are available on request.
Measuring an Enterprise’s Progress Toward Social Profit Goals: Suggesting Useful Metrics

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Keywords: social profit, metrics, corporate social responsibility, hybrid corporation, non-profit

EXTENDED ABSTRACT

Research Question
Why social profit metrics are important for all enterprises?

What metrics can we suggest for measuring an enterprise’s progress toward social profit goals?

Summary of Findings
The social profit metrics suggested in this paper include: Total Social Profit; Unit Social Cost; Fixed Unit Social Cost; Variable Unit Social Cost; Social Return on Investment; Social Return on Assets; Working Social Capital Productivity; Social Break-even Point; Net Cash Flow from Social Operations; Social Program Free Cash Flow; and Social Return on Fundraising. These social profit metrics recognize the interdependency between social and business results in creating shared value. Social profit metrics are critical to motivating the behavior and enhancing the performance of for-profit and social profit enterprises (such as not-for-profit charities).

Key Contributions
Metrics has become a top priority of the Marketing Science Institute (2008) as they can be used to not only measure business value but also turn intangible outcomes into measurable value. Just as marketers need metrics for market share and profit, among others, they also need metrics for contribution to society, whether a for-financial profit firm or a for-social profit firm. This paper addresses the lack of quantitative metrics for social profit (benefit to society) and argues that social profit metrics are essential in informing action and in policy maker decision aid.

References are available on request.

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Overcoming Ownership Risks at the Base of the Pyramid with Access-Based Services

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Keywords: access-based services, base of the pyramid, risk perception theory, experiment

EXTENDED ABSTRACT

Research Question
The idea of reducing poverty through economic exchange has received widespread attention (Prhalad 2010) and is an important area of public policy scholarship (e.g., Bertrand et al. 2006; Viswanathan et al. 2012). One major challenge at the base of the pyramid (BoP) are consumers’ restrictions (Hil 2002), as most individuals cannot afford to purchase many durables, preventing them from gaining access to products that could improve their living conditions. Moreover, the “burdens of ownership” (Moeller and Wittkowski 2010), i.e. risks and responsibilities that come with owning a product, are an additional disadvantage for BoP consumers. However, these challenges could be addressed with services that offer consumers access to goods without ownership (Karnani 2007). We therefore investigate the question whether access-based services (i.e., services that give multiple individuals subsequent and temporary access to a product) reduce the risks associated with ownership and thereby increase usage intentions among consumers at the BoP, and additionally consider the potential moderating influence of the income of BoP consumers.

Method and Data
Our research uses an experimental study that included one manipulated between-subjects factor (consumption mode: access vs. ownership) and one measured variable (household income). For the study context, water filters were chosen. Established scales were used to capture perceived financial and performance risk (DelVecchio and Smith 2005), and purchase/usage intentions (Kozup et al. 2003). Data were collected from 116 BoP consumers in rural India, based on paper-and-pencil questionnaires and personal interviews. Data analysis was based on PROCESS (Hayes 2013) to estimate direct, moderated, and mediated moderated effects.

Summary of Findings
Our results support the assumption that BoP consumers exhibit higher intentions to access a product than to purchase it. This effect was explained by the perception of access bearing less financial risk than ownership, which was found to mediate the increase in usage intentions. However, this effect is moderated by income. As the household income of BoP consumers increases, the perceived financial risk of ownership is reduced; at the same time, the advantage of access regarding this variable is attenuated. Similarly, an increasing income leads to higher intentions to purchase a product. No support was found for a reduction of perceived performance risk through access.

Key Contributions
It is important to understand whether assumptions that were supported for consumers in developed countries also apply at the BoP, because consumption processes in the latter context are not necessarily the same as in developed economies (Chakravarti 2006). By shedding light on the specific perceptions and preferences of consumers at the BoP, our study thus adds knowledge that can help in addressing these markets. Specifically, our study contributes to the existing literature by applying the access-based service concept to the BoP context, thereby providing a better understanding of the decision processes regarding ownership and access. The results of our study are relevant for public policy makers in evaluating the viability of access-based service initiatives for sustainable poverty alleviation.

References are available on request.
Taken for Granted or Taken with Gratitude? An Examination of the Differential Effects of Donations of Time and Money on Consumers’ Evaluation of Corporate Philanthropy

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Keywords: corporate philanthropy, gratitude, motive attributions, reciprocity, volunteerism

EXTENDED ABSTRACT

In recent years, the nature of corporate giving has begun to change. Corporate philanthropy, whereby a corporation donates a portion of its resources to a societal cause, has become more focused and strategic in its’ execution (Corporate Philanthropy, 2012). In order to compete, companies have begun to reevaluate, not only which causes to support, but also the manner in which they support them. To that end, there is a need for a deeper understanding of the underlying processes that drive returns from CSR related activities (Bhattacharya et al., 2009, p. 258).

In this research we submit that the emotion ‘gratitude’ plays an instrumental and previously undelineated role in consumers’ desire to reciprocate for a firms’ philanthropy. To date, little is known about which forms of philanthropy are most likely to engender feelings of gratitude and a desire to reciprocate on the part of consumers. Guided by indirect reciprocity theory, this research examines the potential for corporate donations of time and money to differentially influence consumers’ feelings of gratitude and their desire to reciprocate.

Research Questions

Do different forms of corporate philanthropy differentially influence consumers’ desire to reciprocate?

What role does gratitude play in the relationship between corporate philanthropy and consumers’ desire to reciprocate?

What factors serve to strengthen or attenuate the relationship between corporate philanthropy and consumers’ desire to reciprocate towards a company?

Method and Data

In the first study, one hundred and eight subjects were offered a monetary reward for participating in an online survey panel (\(M_{age} = 37\) years, SD = 11.66), of which 56% were female. The data was analyzed using Hayes Process macro. Similarly, subjects in the second study were also recruited from an online panel (\(n = 263, M_{age} = 33\) years, SD = 10.34). The hypotheses in study two were analyzed using multivariate analysis of variance (MANOVA).

Summary of Findings

Drawing upon indirect reciprocity theory (Alexander, 1987), we show that corporate donations of time compared to money elicit a greater desire to reciprocate or reward a firm for their giving. Evidence of serial mediation indicates that corporate donations of time, in the form of volunteerism, are perceived as being more effortful than monetary donations. This in turn leads to more altruistic motive attributions, and ultimately greater admiration towards the firm and a stronger desire to reciprocate on the part of consumers. This research also introduces the concept of “relative cost” in the context of corporate philanthropy. We find that consumers consider not only the donation amount, but the amount in relation to the resources of the firm. Importantly, we also

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offer a more precise understanding of the underlying processes that drive returns from corporate giving by demonstrating the mediating role of ‘gratitude’ in the relationship between corporate donations of time and money and consumers’ desire to reciprocate. Finally, this research shows that the effect of corporate donations on consumers’ approval of company actions and feelings of gratitude are moderated by the extent to which consumers embody narcissistic and empathetic traits.

**Key Contributions**
This research shows that donations of time and money differentially influence consumers’ desire to reciprocate. We add to the robust stream of literature on motive attributions by demonstrating the influence of perceived effort in the formation of motive attributions (Rifon et. al., 2004; Folse, Niedrich and Grau, 2010). We introduce the concept of relative cost. From a theoretical perspective, a contribution is made by introducing indirect reciprocity theory to CSR literature as a framework for understanding how consumers possess a desire to reciprocate or reward a firm for their giving, when they themselves do not directly benefit from the giving. This research also furthers our understanding of the mechanisms through which indirect reciprocity occurs by going beyond cognitive processes (e.g. image scoring, good standing), to include affect in the form of gratitude. Finally, we offer marketing managers insights into the allocation of CSR resources and call on them to consider not only which causes to support, but also the manner in which they support them.

References are available on request.
Co-Created Social Responsibility: How Letting the Consumer Choose the Brand’s Donation Recipient Strengthens Consumer-Brand Relationships

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Keywords: corporate social responsibility, cause-related marketing, co-creation, empowerment, brand attachment

EXTENDED ABSTRACT

Research Question
This research explores the branding implications of an emerging form of co-created social responsibility, cause-related marketing (CM) with choice, in which the consumer chooses the cause to which the brand will donate for each consumer purchase (Robinson, Irmak, and Jayachandran 2012). Because shared consumer control can range from restricted (select a cause from a list whose length may vary) to unrestricted (choose any cause), CM with choice poses important theoretical and managerial questions. Specifically, it is unknown (1) to what extent consumer perceptions of empowerment depend on the type and degree of control shared by the brand and (2) how perceived empowerment impacts consumer-brand relationships.

By integrating research on power and relationships and applying it to the brand management and social responsibility domains, we predict a serial mediation model, with CM with choice strengthening consumer-brand relationships by increasing consumer empowerment and, in turn, engagement. Granting consumers unrestricted (vs. restricted) cause choice should bolster the effects, whereas expanding the choice set may not (Wathieu et al. 2002). Positive CM-with-choice effects, however, may be eliminated or even reversed for brands with a negative image, similar to the boomerang effect arising from consumer reactance to an unwanted partnership offer (Clee and Wicklund 1980).

Method and Data
Three experiments test our theorizing. Study 1 examines the effect of type of cause choice on brand attachment and the predicted consumer empowerment to engagement pathway mediating this effect. Study 2 seeks to replicate Study 1 on a different product class with a nonstudent sample to increase generalizability and assesses mediation by supplementing bootstrapping analyses using Model 6 from the PROCESS macro (Hayes 2013) with structural equation modeling (Bentler 1989). It also explores if managers can enhance the CM-with-restricted-choice effects by increasing the number of cause options. Thus, Study 2 tests the potential effects of scope neglect (Hsee and Rottenstreich 2004) and choice overload (Iyengar and Lepper 2000) on consumer-brand relationships in a prosocial context. Finally, Study 3 extends Study 1 and 2’s tests of fictitious brands to real brands in a third product category and assesses a potential boundary condition: While donating to a charity may strengthen attachment to all brands regardless of their image valence, encouraging consumers to co-create the CM campaign by letting them choose the donation recipient may fail to strengthen their attachment to brands with a negative image and may, in line with reactance theory (Brehm 1966), even weaken it.

Summary of Findings
Study 1 shows that increasing consumer-choice-of-cause freedom in CM strengthens brand attachment across the no-choice, restricted-choice, and unrestricted-choice conditions. With all pairwise contrasts being significant and mediated by an empowerment to engagement pathway, giving consumers restricted (vs. no) choice strengthens brand attachment less than does increasing the freedom of that choice by making it unrestricted. Study 2 replicates all
effects and finds that expanding the list of cause options from 4 to 48 (twice as many as the conventional choice over-load threshold of 24; Iyengar and Lepper 2000) increases perceived decision difficulty but fails to alter brand attachment. Study 3, however, indicates that positive CM-with-choice effects are not universal. While introducing a conventional CM campaign strengthens brand attachment regardless of the brand’s image valence, adding consumer cause choice to a CM campaign yields positive (and even stronger) effects only when the brand’s image is neutral or positive. When the brand’s image is negative, adding consumer cause choice fails to strengthen brand attachment and, among up to a quarter of consumers, even increases brand aversion. This boundary condition’s backlash effect suggests caution when considering CM-with-choice campaigns for target markets that include large segments uninterested in working closely with the brand.

Key Contributions
This research makes the following contributions: First, it bridges the gap between corporate social responsibility activities and consumer-brand relationships (Sen, Du, and Bhattacharya 2009) by (1) documenting the branding implications of letting consumers co-create CM campaigns and (2) echoing recent research (Dunn and Hoegg 2014) indicating that attachment can arise quickly, even when brands are unknown. Second, we provide empirical evidence for Wathieu and colleagues’ (2002) conceptualization of consumer empowerment as being determined more by the flexibility to define one’s choices than by the number of choice options provided. Third, our findings contribute to the power literature. Whereas recent research found that consumers primed to feel empowered are more likely to switch brands (Jiang, Zhan, and Rucker 2014), we show that when the brand itself is the power-sharing source and has a neutral or positive image, the opposite obtains: Consumer-brand ties grow stronger as consumer empowerment increases. Finally, we help overcome research biases toward studying only nonnegative brand relationships (Fournier and Alvarez 2013; Park, Eisingerich, and Park 2013). While donating still strengthens consumer relationships to brands with a negative image, sharing consumer control over the donation recipient does not and can even backfire, as consumers prefer to keep their distance.

References are available on request.
A Definition and Typology of Covert Marketing

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Keywords: covert marketing, stealth marketing, masked marketing, concealment

EXTENDED ABSTRACT

Research Question
Consumers are bombarded daily with thousands of communications in multiple different forms, some which are made visible, while others remain masked. There has been much discussion regarding the use of these masked (or covert) techniques, ethical issues involved, and consumer responses to these practices. However, opposing views exist that indicate further discussion is needed. In order for discussion to be fruitful, there are two main issues to be addressed. First, after review of the literature, it is apparent that multiple definitions exist and multiple terms have been used, to describe practices such as advertainment, posers, and video news releases. Second, due to the lack of consensus regarding the domain and definition of covert marketing, there subsequently is no practical application that could be useful to managers in classifying current and future covert marketing techniques. As such, the purpose of this paper was two-fold; to provide a clearer, more concise definition of covert marketing, and to create a typology of covert marketing practices that would allow managers to classify these masked marketing techniques.

Summary of Findings
Through a review of the literature on covert, stealth, and masked marketing, three main points were found within the definitions for these widely used terms: (1) concealment of the source of communication or affiliation with the company; (2) concealment of the commercial message; and (3) intentionality. These three points provide the basis for the definition of covert marketing proposed by the authors: Covert marketing is a marketing method that intentionally disguises or conceals both the marketing message and the real/actual source of the sponsorship of that message.

The authors also created a two-dimensional typology of covert marketing that builds on previous typologies that are based on single dimensions. The two dimensions we used are concealment and interactivity. Concealment relates to both forms of concealment identified within the definition of covert marketing—concealing the marketing message or source. Interactivity relates to the level of involvement the consumer has with the communication. As each of the dimensions increases in strength, the levels of different ethical issues (deceptiveness, exploitativeness, and intrusion) become more predominate.

Key Contributions
This research provides both a definition and typology of covert marketing. The proposed definition provides a firm platform from which further discussions regarding the implications of covert marketing can take place. The typology is based on two dimensions that build on previous typologies that mainly identified and used concealment only. These two dimensions are important because they allow for discussion and identification of the three primary aspects of ethics involved in covert marketing: deception, intrusion, and exploitation. The typology allows managers to categorize covert marketing techniques and identify potential ethical issues related to each technique, depending on the level of the two dimensions.

References are available on request.

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A Typology of Environmentalism and the Frugality Connection

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Keywords: environmentalism, frugality

EXTENDED ABSTRACT

Research Question
Environmentalism has been, in large part, treated as a generalized concept in academic research. This research proposes that, on the contrary, consumer environmentalism has varied and separate components of environmental behaviors and attitudes. Using prior relevant research, brief qualitative interviews, and empirical analysis, an instrument is developed and tested by examining the effects of consumer frugality on specific environmental attitudes and behaviors. The following hypothesized relationships of each environmental dimension with consumer frugality were derived:

H1: Frugality will have a significant and positive effect on domestic waste recycling.

H2: Frugality will have a significant and positive effect on materials conservation.

H3: Frugality will have a significant and positive effect on energy economy.

H4: Frugality will have a significant and negative effect on green consumption.

H5: Frugality will not have a significant effect on environmental politics.

H6: Frugality will not have a significant effect on appreciation of nature.

Method and Data
The six environmental constructs of domestic waste recycling, materials conservation, energy economy, green consumption, environmental politics, and appreciation of nature were derived conceptually. To corroborate these categories, initially, structured intercept interviews were conducted. For empirical testing, an instrument was constructed, with the goal of creating original, valid, and reliable measurement items of the six environmental constructs. Frugality was measured through items developed in an established instrument by Lastovicka et al. (1999). Each respondent received an identical survey with all fifty-two items in the same randomized order, and no incentive was offered for participation. The survey hyperlink remained active for approximately twelve weeks which resulted in 286 observation points for subsequent analysis. Out of the fifty-two original items, eight were eliminated for subsequent empirical analysis based mainly on the criteria of reliability analysis for the individual items and constructs, measure of sampling adequacy values, and cross-loading. For hypothesis testing using structural equation modeling, the data were fitted in confirmatory factor analysis using maximum likelihood estimation.

Summary of Findings
During the structured intercept interviews, all six environmental factors seemed to be represented, and no responses seemed to refute that any of the factors measured environmentalism. The items used to operationalize the environmental and frugality variables demonstrated high convergent and discriminant validity. The empirical findings from hypothesis testing indicated that a deconstructed model of environmentalism provided a better fit than a generalized model in this research context, supporting the notion that consumers exhibit specific environmental attitudes and behaviors that can be measured as unique factors. Setting an a priori significance threshold of 0.05 for rejection of each hypothesis, four out of the six original hypotheses were supported with the empirical data. As predicted, frugal consumer behavior contributes a positive and significant effect on materials conservation (H2) and energy economy (H3), a significant negative effect on green consumption (H4), and no systematic effect on environmental politics (H5).
data did not support the hypothesized positive and significant effect of frugality on domestic waste recycling (H1), and, contrary to the hypothesized relationship, the data revealed a positive and significant effect of frugality on appreciation of nature (H6).

Key Contributions
Prior conceptual work on environmental consumer behaviors and attitudes seemed to indicate that the concept of environmentalism in consumers’ minds is compartmentalized into specific components. However, much of the prior empirical work linking environmentalism to other consumer behaviors and attitudes, such as frugality as one example, has treated it as a composite construct and has also, as a whole, produced varied conclusions. Considering that environmentalism is manifesting itself more prominently in consumer markets, it seems all the more important for marketing and consumer research in related disciplines to reconcile the mixed empirical findings related to environmentalism research by re-specifying the conceptualization of the variable. The current analysis has proposed and produced preliminary empirical evidence that a deconstructed model of environmental behaviors and attitudes would improve environmentalism research in two ways: (1) reflect actual consumer behaviors more realistically and (2) provide a better fit for empirical modeling of relationships between environmentalism and other consumer behaviors. In other words, a conceptualization of specific environmental consumption behaviors and attitudes is more appropriate than a broad or generalized notion of environmentalism in certain relationships.

References are available on request.
Why Do Boycotters Cool Down Over Time? An Analysis of the Intra-Personal Dynamics of Boycotting

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Keywords: boycott behavior, intrapersonal processes, longitudinal analysis, corporate social responsibility, PLS-SEM

EXTENDED ABSTRACT

Research Question
Early 2013, German public TV broadcasted a documentary on the mortifying work conditions of employees subcontracted by a leading e-tailer. This documentary evoked strong reactions, leading to many consumers publicly expressing their willingness to boycott the company. Half a year later, however, public indignation and readiness to boycott appeared to have settled at a lower level. To date, however, marketing and consumer researchers have not analyzed in detail why boycott motivation and participation tend to decline over time. In order to investigate the temporal dimension and the longitudinal dynamics of boycott participation on an individual level, we conducted a study measuring the changes of perceived egregiousness and boycott participation over time. In order to decompose the underlying motivational processes we examined promoters, such as perceived control and self-enhancement, and inhibitors, such as corporate image and participation costs, that have been highlighted as most prominent in previous studies. According to this, our paper aims at answering the following questions: Do boycott participation and perceived egregiousness change over time? Which intrapersonal processes are thought to be responsible for a change in boycott participation?

Method and Data
Five months after the triggering TV documentary was broadcasted, we conducted a study in which we asked respondents to indicate their current egregiousness and participation and to retrospectively evaluate both constructs five months before. We assigned the participants, which were recruited via a social network and were mostly young consumers, into one of three categories based on the following criteria: In cases where the level of boycott participation remained stable (change = +/- 0), participants were assigned to the first group. Of the remaining participants those who exhibited a decrease in boycott participation in combination with a decrease in perceived egregiousness were assigned to the second group. The remaining participants who exhibited a decrease in boycott participation together with stable perceived egregiousness were assigned to the third group. To empirically test the hypothesized influence of promoters and inhibitors in the three groups, we applied covariance-based structural equation modeling. We tested the structural model for the pooled data as well as for each of the three groups. Applying a PLS-SEM multigroup analysis with the parametric approach to PLS-MGA we tested whether the path coefficients of the promoters and inhibitors significantly differ across the groups.

Summary of Findings
The findings of the present study demonstrate that the impacts of promoters and of inhibitors vary across different boycotter groups. Consumers with stable boycott participation are more likely to rely on the reputation of the boycotted company. These consumers have initially decided not to boycott the firm or they keep the boycott participation on a low level over time. Consumers with changing boycott participa-
tion and stable level of egregiousness emphasize their boycott-related subjective costs and hence differ from consumers with changing egregiousness. They wish to join the boycott but recognize that subjective costs (e.g., greater mental effort for seeking new alternatives) are higher than personal rewards (e.g., boosting or maintaining self-esteem by responding to social pressure). Thus, they revert to purchase products of the initially boycotted company even though they still have a high level of perceived egregiousness.

Key Contributions
In comparison to previous studies in this field, mainly dealing with consequences of boycotts without exploring intrapersonal processes over time, we examined the motivational background as a possible driver of changes in individual boycott behavior. Thus, the study makes at least two contributions to the literature on unethical firm behavior and consumer boycotts. First, we explored differences across consumers who differ in their perceived egregiousness and boycott behavior over time. Second, we explored the influence of promoters and inhibitors that have been highlighted as most prominent in previous studies. Taken together, the present study extends our knowledge of the drivers of boycott participation over time, particularly considering different types of consumers. Managerial implications and avenues for further research are proposed as well.

References are available on request.
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