2014 SUMMER MARKETING EDUCATORS’ CONFERENCE

Leveraging New Technologies to Create Value

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Editors: Rebecca Hamilton and Alberto Sa Vinhas
2014 AMA Summer Marketing Educators’ Conference

Leveraging New Technologies to Create Value

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Preface and Acknowledgments

The theme of this year’s conference, “Leveraging New Technologies to Create Value for Customers and Firms,” aligns well with our San Francisco conference location, a worldwide hub of technological innovation. New technologies create value for both customers and firms by changing the way they collaborate and communicate with one another. The opportunities and challenges offered by new technologies have created many new research opportunities and call for new marketing theories and methods.

We are happy to introduce a few new initiatives at this year’s conference, including:

1. Plenary Session: Marketing in the Internet Age: Are We Bringing Out the Best and/or Worst in Consumers? on Friday at 3:30pm. Peter Fader, Frances and Pei-Yuan Chia Professor of Marketing at The Wharton School, and Bill Davidow, a Silicon Valley engineer, marketing executive, author, and venture capitalist will discuss the changing relationship between marketers and customers in the digital age. Davidow is a regular columnist for The Atlantic as well as the author of several books, including Overconnected (2011), The Virtual Corporation (1993), Total Customer Service: The Ultimate Weapon (1990), and Marketing High Technology (1986). Peter Fader is the author of Customer Centricity: Focus on the Right Customers for Strategic Advantage (2012) and dozens of academic publications on customer analytics.

2. Conference App: Access conference information by downloading the conference app at guidebook.com/app/ama on your mobile device.

3. Best Poster Session: We had a record number of poster submissions this year. In addition to the poster session during the Friday evening reception, we highlighted posters during a Best Poster Session on Sunday at 8:30am. This session included posters selected by the track chairs as well as by popular vote.

4. Newcomer’s Breakfast: We hosted a special breakfast event in cooperation with AMA’s DocSIG to welcome new conference attendees and doctoral students to AMA and introduce them to longtime members on Saturday morning at 7:30 am.

We also organized several special sessions to reinforce this year’s theme and highlight challenges and opportunities within the marketing discipline, including:

• Analyzing and Capitalizing on Big Data (Fri, 1:30pm): A panel of industry experts from LinkedIn, Teradata and Yahoo will discuss big data. Bill Rand from the University of Maryland will moderate and provide an academic perspective.

• Doing and Publishing Cross-Functional Research (Sat, 8:30am): Roland Rust, University of Maryland; Amy Ostrom, Arizona State University; Lopo Rego, Indiana University; and Seshadri Tirunallai, University of Houston, discuss strategies for conducting successful cross-functional research.

• Marketing as a Field: Are We Advancing or Losing Our Cohesiveness (Sat, 10:30am): Ajay Kohli, Georgia Institute of Technology; Linda Price, University of Arizona; Russ Winer, New York University; and Klaus Wertenbroch, INSEAD, will discuss the future of marketing as a discipline and field.

• Collaborating with Companies (Sat, 1:45pm): Panelists Michael Ahearne, University of Houston; Rajdeep Grewal, University of North Carolina; and Sandy Jap, Emory University, share best practices for collaborating with companies.

• Planning an International Visit (Sun, 8:30 am): Marcus Cunha, University of Georgia; Anja Lambrecht, London Business School; Prashant Malaviya, Georgetown University; and Jie Zhang, University of Maryland, discuss experiences as international visitors.

• How to Keep Coming Up with Great Research Ideas (Sun, 10:30am): Don Lehmann, Columbia University; Brian Ratchford, University of Texas at Dallas; Americus Reed, University of Pennsylvania; and Rebecca Slotegraaf, Indiana University, discuss strategies for coming up with great ideas.
We would like to thank AMA Academic Council President Sandy Jap and the Academic Council for your trust in us and your support. It has been an honor and a pleasure to serve as this summer’s conference chairs. Organizing a large conference is a complex task, but we have been fortunate to work with an excellent team. This conference would not be possible without their dedication. First, we thank Matt Weingarden, AMA's Conference Program Manager. Matt’s superb organizational skills and enthusiasm were instrumental to our planning, and we especially appreciate his willingness to help us implement several new initiatives. Second, we would like to thank our excellent team of Track Chairs for their professionalism and contributions. Our task was made much easier by working with such a skilled team. Third, we would like to thank the many reviewers who evaluated conference submissions and provided helpful feedback to the authors.

Finally, we thank all of you for attending the conference. We know there are many conferences you could choose to attend and we are glad you chose to join us in San Francisco. By submitting your best work to the conference, you strengthen the foundation of our organization and profession. We believe the AMA Summer Marketing Educators’ Conference offers a great opportunity for scholars in an increasingly diversified and specialized field to learn about the latest trends in the field and make new connections with scholars who have other specialties, potentially leading to new research ideas and opportunities.

We hope you enjoy the conference and your time in San Francisco.

Regards,

Rebecca Hamilton
University of Maryland

Alberto Sa Vinhas
Washington State University
Best Paper Awards

Best Paper in Conference
Using Mobile Technology to Crowdsense
Michelle Andrews, Temple University
Xueming Luo, Temple University
Zheng Fang, Sichuan University
Anindya Ghose, New York University

Advertising, Promotion, and Marketing Communications
Speech Is Silver, Silence Is Golden?
Sabrina M. Hegner, University of Twente
Ardion Beldad, University of Twente

B2B and Interorganizational Issues in Marketing
The Effect of Customer Satisfaction on Customer Defection: The Role of Relationship Length in Business-to-Business Relationships
Thomas Hollmann, North Carolina State University

Branding and Brand Management
The Relevance of Attitude Functions for Luxury Brand Consumption During Human Life Span
Michael Schade, University of Bremen
Sabrina M. Hegner, University of Twente
Florian Horstmann, University of Bremen

Consumer Behavior
The Benefits of Fit Between Interpersonal and Normative Stimuli in Ads and Consumers’Attachment Styles
Meredith E. David, Baylor University
William O. Bearden, University of South Carolina

Customer Relationship Management
Maximizing the Profit of a Churn Management Campaign by Offering Customer-Specific Incentives
Ali Tamaddoni Jahromi, Monash University
Stanislav Stakhovych, Monash University
Michael Ewing, Deakin University

Digital Marketing and Social Media
Using Mobile Technology to Crowdsense
Michelle Andrews, Temple University
Xueming Luo, Temple University
Zheng Fang, Sichuan University
Anindya Ghose, New York University

Global and Cross-Cultural Marketing
The Evaluation of Global Brands from Emerging Countries for Consumers in the Developed Regions
Yinlong Zhang, University of Texas at San Antonio
Xiaoling Guo, University of International Business and Economics
Yingyi Hong, Nanyang Technological University

Marketing Strategy and Marketing Management
Positioning Multifunctional Products: Which Functions?
Timucin Ozcan, Southern Illinois University
Edwardsville
Danny Sheinin, University of Rhode Island

Personal Selling and Sales Management
The Dynamics of Intra-Organizational Sales Network
Danny Pimentel Claro, Insper Education and Research Institute
Carla Ramos, Insper Education and Research Institute
Thomas G. Brashear, University of Massachusetts Amherst

Research Methods, Analytics, and Measurement
Modeling the Volume of Positive Online Reviews for Automobiles
Jie Feng, State University of New York at Oneonta
Purushottam Papatla, University of Wisconsin–Milwaukee

Services Marketing
Preaching What You Practice: The Role of Internal Brand Dissemination on Frontline Service Employee Beliefs, Behaviors, and Performance
Thomas L. Baker, University of Alabama
Adam Rapp, University of Alabama
Tracy Meyer, University of North Carolina Wilmington
Ryan Mullins, Clemson University

Social Responsibility and Sustainability
The Effectiveness of Cause Marketing
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Michelle Andrews, Temple University
Zheng Fang, Sichuan University
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Trends in Marketing Education
Students’ Academic Misconduct and Attitude Toward Business Ethics
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Advertising, Promotion, and Marketing Communications

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The Right Thing To Do: The Ethics and Morality of Advertising and Promotions

Speech Is Silver, Silence Is Golden?
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Speech Is Silver, Silence Is Golden?

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Keywords: brand equity, crisis, crisis response strategies, brand trust

EXTENDED ABSTRACT

Research Question
This research aims at determining the effects of various crisis response strategies on brand equity. Further, the research will also investigate the role pre-crisis brand trust plays in the relationship between crisis response and brand equity. The following two research questions are addressed: (1) to what extent do crisis response strategies influence consumers’ evaluation of a company’s post-crisis brand equity, and (2) to what extent does consumers’ pre-crisis brand trust impact the relationship between crisis response and the company’s post-crisis brand equity.

Method and Data
An experimental study with a between-subject design was implemented. One fictitious crisis scenario concerning an actual brand was created plus four different company responses. The experimental conditions including the crisis scenario and a response from the company are based on Coombs (2006). He identified four crisis response strategies, namely, denying, diminishing, rebuilding, and bolstering. We added a no-response condition. Further, a control group was introduced to compare the effects of the five response strategies on brand equity with pre-crisis brand equity resulting in six conditions. Research participants were randomly assigned to one of the six experimental conditions. A total of 187 residents of the Netherlands, of which 105 were women (56.1%), participated in the experimental study.

Summary of Findings
Results show that the crisis response strategy influences brand equity. Looking at the overall brand equity, the values for the diminishing, rebuilding, and bolstering strategies do not significantly differ from the brand equity values of the control group that was not exposed to the crisis scenario. Nevertheless, if the brand is denying its role in the crisis or does not respond, brand equity will reduce.

Looking at the moderating effect of pre-crisis brand trust, we found for almost all comparisons, a significant difference between the low-trusting group and the control group on overall brand equity as well as on the single dimensions is shown. Additionally, the low-trusting respondents show significant lower values on brand equity and the dimensions compared to the high trusting respondents, while there is no significant difference between the high trusting group and the control group. Though, if the company decides not to respond, no difference between the high trusting and the low trusting group is found, while significant differences between these two groups and the control group are present. Therefore, pre-crisis brand trust can protect brand equity, but only if the brand responds to the crisis.

Key Contributions
To our knowledge this study is the first to investigate the influence of various crisis response strategies on brand equity after the onset of a crisis triggered by the brand’s action. While the detrimental effects of crises on brand evaluations and brand trust is already established, the effect of a brand’s crisis response to brand equity was not completely understood prior to this research. Further, the focus on the role of pre-crisis brand trust as a buffer for a brand in a crisis situation contributes to the literature on crisis and brand equity. Research into the buffering function of trust in a crisis situation has not received great attention up to now, especially in the context of brand management.

References are available on request.
The Dark Side of Social Media: Why People Disconnect with Brands’ Social Media Communication Channels

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Keywords: social media, brands, stress, coping theory

EXTENDED ABSTRACT

The growing popularity and the potential advantages of social media (SM) for brands (e.g., Habibi, Laroche, Odile 2014; Laroche, Habibi, Odile 2013) have created a historical opportunity for managers and brands to communicate effectively with millions of their audiences. However, what is the whole point of communication if a brand loses some of its audiences whenever it communicates with them? More than 70% of SM users have mentioned that they have removed corporations from their social network (Murphy 2012). This means they do not want to listen to and interact with those companies anymore. Although a significant amount of research examined the motivations and underlying psychological processes of people joining SM or brands’ pages (e.g., Zaglia 2012; Ross et al., 2009) little is known about why people discontinue their relationship with brands in social media or unsubscribe from their communication channel.

Research Questions
This research aims to answer the following questions:

• Why people might unsubscribe from brands’ social pages?

• What is the underlying psychological process that results in un-subscription from companies’ SM pages?

• What personal characteristics might impact the likelihood of un-subscription?

• What are the main factors (under control of corporations) that impact the likelihood of individuals to unsubscribe corporations’ pages?

• What messages to communicate? When? How?

I believe using stress and coping theories (e.g., Lazarus 1993; Pearlin 1989) is suit to answer the above questions. My main argument is that after a while people’s SM network would expand to the point that it demands too much cognitive and social resource to keep up with. This situation would be assessed as taxing and stressful so people would involve in coping strategies to control the situation (Moschis 2007; Lazarus and Folkman 1984) which include removing out the pages they have already subscribed to. Goal relevance (Scherer 1982) concept can explain why individuals remove brands from their networks. Personal goals play a critical role in triggering emotions and their consequential behaviors (Nielsen et al., 2007). Goal relevance is defined as “the appraisal of the extent to which the introduction of a particular stimulus or event will further or hinder the attainment of a specific goal” (Scherer 1982). The primary goal of individuals in SM context is to keep in touch with their friends and acquaintances (Fournier and Avery 2011). Therefore, in case of too many pages and companies in someone’s network, the person might feel that the goal relevance (of staying in touch with friends) is becoming lower and lower so the person would exert some behavioral responses (i.e., cutting up the companies’ pages) in order to control the situation.

Method and Data
A series of experimental studies serve to answer the questions of this research. The first study’s goal is to support that social media usage increases stress. This premise might be counterintuitive since research has shown that Facebook usage increase self-esteem (Wilcox and Stephen 2013), which is negatively associated with stress (Norris and Murrell 1984). This study is the first building block of my future
studies since it associates social media usage to increased stress. One hundred and twenty six Facebook users from a US panel (Mage = 31.38, 61% male) were randomly assigned to two condition (Facebook vs. Non-Facebook). Those in the Facebook condition were asked to name 5 friends from their Facebook page, and those in non-Facebook condition were asked to name 5 friends without checking their Facebook. Then I measured their level of stress. Future studies will be conducted to measure how consumers cope with the increased level of stress and perceived taxing situations.

Summary of Findings
Respondents in the Facebook condition showed a significantly higher level of stress, which eventually will trigger coping behaviors. Although we did not directly investigate the effects of being exposed to brand communication messages, the first study provides preliminary support for my argument that keeping in touch with brands in social media can be stressful and be perceived as taxing. If using Facebook for personal matters can be taxing and stressful, then keeping in touch with brands or paying attention to them in the hectic environment of social media can be even more taxing and stressful. Therefore, in future studies I tackle this problem and show under what conditions consumers unsubscribe with brands’ communication channels on social media.

Key Contributions
This research has some significant practical implications. It provides deep knowledge about what, when and how to communicate with audience on SM to keep them connected and not to lose them. Losing audience means losing all the potential benefits of investing in SM; less awareness, less trust, lower social media ROI etc. This article emphasizes that keeping audience is as important as attracting them. The key to any effective communication with audiences is to keep the communication channel connected. By identifying key factors that increase the likelihood of clients to discontinue their membership to social media-based channels, this research helps managers to have a deeper understanding of their audiences’ behavior so that they can use their newest and perhaps most powerful communication channel effectively.

Theoretically this research makes a number of significant contributions as well. While previous research mainly focuses on gaining people’s attention in SM (e.g., de Vries, Gensler, Leeflang 2012; Fisher 2009; Sashi 2012) this research focuses on keeping people connected and not to lose their attention. Moreover, to the best of my knowledge, this research is the first research that demonstrates SM use can influence the level of stress, which in turn triggers coping behavior which consequently might result in dissolution of connection to corporates’ pages. This is also the first research that focuses primarily on the connection between people and corporations, not the friend-friend connection as in many other previous researches.

References are available on request.
Perceiver Effects in Moral Endorser Perception: Perspectives of Dispositional Tendency, Moral Intuitions, and Self-Location

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Keywords: moral character, dispositional tendency, innate moral intuitions, self-location

EXTENDED ABSTRACT

Research Questions
Advertising research documents that attractiveness, expertise, familiarity, likability, popularity, and trustworthiness are key effective characteristics of celebrity endorsers. However, research in person perception reveals that moral character and warmth are premier personality traits for the impression formation of social subjects. As celebrity endorsers are social subjects, the finding in person perception should be applicable to endorser perception. As a result, we argue that moral character and social warmth information are premier characteristics for celebrity endorser perception.

Moreover, researchers of advertising effectiveness have cumulatively verified various influential personal characteristics of audience, including self-construals, self-regulatory, self-concept, implicit self-theory, self-empowerment, and explicit and implicit memory. In social cognition, latest research has recently verified that dispositional tendency, innate moral intuitions, and self-location affect perceivers’ perception about social stimuli. Firstly, the dispositional tendency theory depicts that perceivers’ attitudes toward stimuli can be partly predicted by the intrinsic personality of dispositional tendency of perceivers, without even having to consider the specific attitudes. Secondly, the innate moral intuition theory depicts that moral intuitions derive from innate psychological mechanisms consisting of values and practices coevolving with cultural institutions and practices. The moral intuitions are modifiable mechanisms providing subjects with the moral foundations to build on as they transmit cultural values. As a result, moral intuitions moderate the perception of morality-relevant social stimuli. Thirdly, metaphor representation theory describes that conceptual metaphors guide thought, emotion, and behavior. Specifically, brain-locators are thought, and characterize themselves, to be rational, logical, and cold, whereas heart-locators are thought, and characterize themselves, to be emotional, feminine, and warm. Therefore, capitalizing on these personality theories, we propose that the dispositional tendency, innate moral intuitions, and self-location of perceivers moderate moral endorser perception and, thus, advertising effectiveness.

Method and Data
Seventy-two residents of the States participated in the two experimental groups with between-subject design. The participants were informed that the purpose of study was to investigate consumer opinions about commercial endorsers and were requested to declare themselves as either a brain- or heart-locator. The participants started by reading the scenario and, then, rated the endorsed brand and endorser relevant information, including the importance to have an appropriate endorser, the importance to have a moral or warm endorser, the impressions about the two celebrity endorsers, and the appropriateness of either celebrity to endorse the new extension of Appsung, the Appsung V5. Then, they were advised the determination of endorser selection that
either the celebrity singer D. C. (moral-cold) or L. G. (warm-immoral) was selected. Further, they were instructed to imagine the scenario that the selected endorser was demonstrating the Appsung V5 in its commercial, followed by questions evaluating the commercial, the Appsung brand, innate moral intuitions, and dispositional tendency.

The self-location was measured by the dichotomous question of “Irrespective of what you know about biology, which body part do you more closely associate with yourself?” The innate moral intuitions were captured by the 21-statement moral foundation measure. The dispositional tendency was identified by the 16-item dispositional attitude measure (DAM).

Summary of Findings

The research findings reveal that both of the moral character and warmth traits are important endorser characteristics. In comparison, moral character (vs. warmth) exerts more salient influence on advertising effectiveness. Specifically, negative moral character (vs. negative warmth) information reduces the favorability of endorsers, commercials. As with the finding of person perception, moral character appears a prime endorser characteristic moderating advertising effectiveness in commercial and brand evaluations.

Moreover, the results indicate that disposition tendency, innate moral intuitions, and self-location partially moderate advertising effectiveness in endorser, commercial, and brand evaluations. Firstly, self-location well predicts the change of brand attitudes. Specifically, heart-locators are more sensitive to endorser information and yield more salient change of brand attitudes. Secondly, the results reveal that innate moral intuitions partially (i.e., care and fairness components) predict morality-relevant endorser perception and the subsequent commercial and brand evaluations. Specifically, perceivers of high moral intuitions are more sensitive to the morality-relevant information of endorsers. Thirdly, the results also indicate that dispositional tendency partially (i.e., attitudes toward taxes and taxidermy) predicts endorser, commercial, and brand evaluations. Specifically, perceivers with negative dispositional tendency are more sensitive to negative endorser information, which instigates more salient negative endorser impacts on advertising effectiveness.

Key Contributions

This study contributes advertising effectiveness research by advancing the research scope in the two perspectives of endorser and perceiver characteristics. Firstly, we compare the importance and dominance of moral character and warmth traits of endorsers on advertising effectiveness. Extant research on celebrity endorser effect has verified several important endorser characteristics, but missed the critical characteristics of moral character and warmth. The findings about the prominence of moral character benefit advertising researchers with the capability to interpret celebrity endorser effects from more diverse perspectives. Secondly, we advance advertising effectiveness research by examining the impacts of the newly proven personality theories of dispositional tendency, innate moral intuitions, and self-location on endorser, commercial, and brand evaluations. The findings about the moderation of these personality theories benefit advertising researchers with a wider scope to comprehend perceiver effects on advertising effectiveness.

References are available on request.
The Efficacy of Grassroots Sponsorship Versus Professional Sponsorship to Build Brand Equity: The Role of Property Community Involvement and Altruistic Motive Attributions

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Keywords: sponsorship, corporate social responsibility

EXTENDED ABSTRACT

Research Question
This empirical research examines sport sponsorship as an initiative contributing to the sponsor’s socially responsible image. In this research, we propose and test a model in which consumer goodwill inference about sponsors is enhanced when: a) individual activity level (national versus grassroots sport properties) is conducive to goodwill inference, b) the need for support of the property is high rather than low, and c) the property itself is displaying goodwill by closely engaging in community initiatives.

Method and Data
A between-subjects experimental design consisting of three factors was used: property community involvement (yes or no), property perceived financial need (high or low), as well as type of property (grassroots or national club). Stimulus material resembling an online newspaper article was developed for each condition of the 2 x 2 x 2 factorial design. Statistical analyses were performed on data collected among a panel sample of 400 adult consumers.

Summary of Findings
CSR image benefits associated with sponsorships of grassroots sport properties can also be achieved by sponsoring national sports properties who actively engage in community initiatives. The property’s perceived need for support, on the other hand, appears irrelevant to the sponsor’s CSR image. Further probing demonstrates the instrumentality of altruistic motive inferences and CSR image as a sequential intervening chain of factors leading to greater purchase intentions for sponsors.

Key Contributions
A significant contribution of this study lies in its evidence of CSR image benefits being accrued by those organizations that sponsor either grassroots properties or professional (national) properties with an active involvement in community initiatives. Our results suggest that national properties that actively support community initiatives offer comparable results to grassroots properties without community involvement. Furthermore, our results show not only the instrumentality of the inference of altruistic motive attributions but also of CSR image in producing more favorable consumer responses. The sequential mediation evidenced in this research indicates that it is also through an improved perception of the CSR image of the sponsor among consumers that purchase intentions strengthen via the indirect path. In addition, because the direct effect of property type on purchase...
intentions was not significant, this underlines the crucial roles played by these intervening variables in optimizing sponsorship outcomes. Important managerial implications follow from this study. Most prominently, managers may confidently index sport sponsorship as an integral part of their CSR initiative portfolio, benefiting not only from the altruism attributed to such behavior but also from the high visibility, prominence and emotions relating to sport.

References are available on request.
Millennials’ Media Attitudes and Use: The Impact of Extroversion and Introversion

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Keywords: media, millennials, extroversion, introversion

EXTENDED ABSTRACT

Research Questions
We propose the following four research questions:

RQ1. Are there any differences of self-identity (introvert/extrovert) of ad informativeness among millennials?
RQ2. Are there any gender differences for ad informativeness among millennials?
RQ3. Are there any differences of self-identity (introvert/extrovert) on attitude towards advertising in general among millennials?
RQ4: Are there any gender differences for attitude towards advertising among millennials?

Method and Data
Students in a Social Media course collected data and each student had to administer the questionnaire to 10 respondents between the ages of 18 and 22. The respondents had to fill out the questionnaire using Qualtrics software. This resulted in a non-probability convenience sample of 212 respondents. After excluding responses that were incomplete or not usable (those outside the range of 18-24), the final sample size for analyses was 204, a 96% usable response rate. Our sample skewed female (65%) with a median age of 21. As our study was focused on college-aged millennials, the use of a student sample was appropriate. Noble et al. (2009) recommends the examination of a narrower group of millennial subjects as college-aged millennials (ages 18-22 years old) may consume differently than younger teenage Millennials and college-aged millennials represent huge potential as a market segment (Wolburg and Pokrywczynski, 2001).

For the purpose of this study, we looked at ten media sources (scaled on a seven point Likert scale, not informative at all to very informative). For self-identity, we utilized a list of twenty adjectives (personality descriptors) used by Ritchie (1995) that described various generational groups.

Summary of Findings
To address RQ1, ratings of advertising informativeness were analyzed by self-identity (extrovert/introvert) factors. Significant differences were observed for advertising informativeness in billboards, TV and direct mail among extroverts. The high extroverts saw billboards as more informative than low extroverts, while low extroverts saw television and direct mail as more informative than high extroverts. Similarly, differences were observed for advertising informativeness in newspapers and billboards among introverts. The low introverts saw newspapers and billboards as somewhat more informative than high introverts. Finally, we looked at gender (RQ2) in terms of advertising informativeness and found that for all media, females saw them as more informative than males (significant for magazines, radio, TV, and direct mail).

Respondents’ attitudes towards advertising were analyzed by self-identity (extrovert/introvert) factors to address RQ3. In terms of introverts, there were significant differences for their confidence in the purchase decision, like/dislike ads, accuracy and credibility of ads. The high introverts rated every aspect of attitude towards advertising higher than the low introverts. There were no significant differences in terms of attitude towards advertising for extroverts. Finally, in terms of gender and attitude towards advertising (RQ4), there were no significant differences by gender.
**Key Contributions**

The contribution of the study is to update Wolburg and Pokrywczyński (2001) to include new media, such as social media and blogs, in examining millennials’ perceptions of ad informativeness and differences by self-identity. We extend their study by examining the perceptions of millennials on attitude toward advertising in terms of whether they are offended by ads, whether ads help in their purchase decisions, the effects of ads on prices, the truthfulness, accuracy, and credibility of ads, and their overall attitude toward advertising. The results suggest that introverts like advertising and specifically TV advertising more than extroverts. In terms of ad informativeness, high extroverts saw billboards as significantly more informative, while low extroverts saw TV and direct mail as more informative. While there were no significant differences between high and low extroverts in terms of attitude towards advertising, there were significant differences between high and low introverts. High introverts see advertising as making them more confident in their purchase decision and see advertising as more accurate and credible than those scoring low in introversion. Thus, marketers need to focus on the credibility of the ads to create confidence in the minds of the consumers, especially when reaching introverts.

*References are available on request.*
Young Children’s Persuasion Knowledge and Influencing Others

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EXTENDED ABSTRACT

Research Question
It has long been alleged that children are vulnerable to marketing communications like TV commercials, product placements and advergames targeted at them due to their limited cognitive ability to comprehend marketing’s persuasive messages (Carter et al. 2011; Ward 1972). This allegation has been a major assumption driving public policy regarding marketing to children (Cornwell and McAlister 2013; Hastings et al. 2003). Over time, the construct of Persuasion Knowledge was developed and proposed to measure a child’s ability to understand and to resist a marketers’ persuasive communications (Martin 1997; Robertson and Rossiter 1974).

However, there is little empirical support that children will use their Persuasion Knowledge to reduce their favourable response to the brand featured in a marketer’s persuasive message (Mallinckrodt and Mizerski 2007; Van Reijmersdal, Rozendaal and Bijlzen 2012). If children have Persuasion Knowledge but don’t use it or use it in an unexpected manner, then the theories and policy remedies on which they are based are incomplete or incorrect. Based on theories of socialization, this study tests the possibility that the greater the level of a child’s persuasion knowledge, the more the child will attempt to influence others to positively respond to an advertisement to which they are exposed.

Method and Data
A paid placement (a Garfield 2 movie) was used in AFL JSquad, which was a top five magazines targeted to primarily young boys that play Australian AFL football, and often includes the use of product placements. Magazines were posted to participants’ homes, and telephone interviews were used. Participants were drawn from junior football club centres located throughout the Perth metropolitan area in Western Australia. A total of 296 out of 320 respondents (response rate of 92%) were contactable for the interview and their responses used for analysis.

Participating children were randomly allocated to either the treatment (exposed to the magazine product placement, n = 256) or control group (not exposed to the magazine product placement, n = 40). There was no significant differences between the control and the treatment group in children’s age ($\chi^2 (8) = 13.03, p > .05$). The distribution of gender was 26 females (8.8%) and 270 males (91.2%), and not surprising given the male-oriented game. Nonetheless, the responses of boys and girls were not significantly different (p >.05) in this sample.

Summary of Findings
The study found that a child’s Persuasion Knowledge is positively associated with their age. This supports most research concerning this construct. The effect of possessing Persuasion Knowledge is also positively associated with the child’s intention to influence others to obtain the brand (see the Garfield 2 movie) after being exposed to a product placement advertisement. This relationship was hypothesised due to the expected effect of the child’s improving perspective-taking skills (John 1999; Freistad and Wright 1994) that include higher perceived persuasion ability and strategies. Previous research expected a consistent discounting of

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responses (e.g., a lower affect toward the ad) or negative relationship with the child’s Persuasion Knowledge.

More research needs to be done to establish when having knowledge about persuasion can be expected to be a positive or negative effect in responses. There may be other situations where having Persuasion Knowledge would not be necessary, like getting a gift or fast food toy premium. The measurement of Persuasion Knowledge is also inconsistent and probably has an effect in the findings found in the literature. Finally, the concept of Persuasion Knowledge, and an expectancy of it providing cognitive defence, needs more thought. Perhaps having knowledge doesn’t necessarily mean it will be routinely applied.

**Key Contributions**

The research is the first study to test for the possible positive effect of children’s having Persuasion Knowledge in their intention to influence a good friend to obtain the brand advertised. This finding rejects the view that children’s Persuasion Knowledge acts (cognitive defence) to discount the effects of marketing communications. If replicated, policy based on helping children have persuasion knowledge or restricting access because the audience may not have Persuasion Knowledge may be ineffective or prompt unexpected effects.

*References are available on request.*
Shake, Rattle, and Roll or Shake, Swipe, and Tilt: Mobile Food Advergames Targeting Children

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Keywords: advergames, mobile advergames, food marketing to children, parental awareness, new media marketing

EXTENDED ABSTRACT

Advergames on food brands’ websites have gained attention and concern for their potential to reach children and engage them with playfully constructed brand messages about less nutritious foods (Lee et al. 2009; Moore and Rideout 2007; Quilliam et al. 2011). Recently, new technology such as mobile games opens up new opportunities for food marketers to avoid criticism and to reach out to children. Mobile advergames have introduced new, more interactive, mechanisms for engaging with games and brands. Where computer games limited players’ active engagement to use of a keyboard and/or mouse, the new generation of games has players swiping, shaking, and tilting their screens. This form of play has the potential to reinforce brand messages that appeal to more than the visual and auditory sense, with the introduction of physical activity to the engagement mix.

Despite the fact that the mobile gaming platform provides extensive opportunities for food marketers to attract children, few studies have examined the scope and the characteristics of mobile advergames. In addition, parental awareness and response to mobile advergames targeting children have not been investigated. To explore this emerging market we conducted two studies. The first, a content analysis of mobile food advergames, was undertaken to identify the scope of the industry and the types of products promoted in the games. In study 2, we conducted a national survey of more than 1,000 parents to gain insight into their awareness of and attitudes towards both online advergames and mobile advergames.

Research Question
RQ1: How widespread is the use of mobile advergames by food marketers?
RQ2: What types of brand integration strategies do food marketers use in mobile advergames for children?
RQ3: To what extent do marketers use new strategies in mobile advergames?
RQ4a: How aware are parents of advergames in general and mobile advergames specifically?
RQ4b: How familiar are parents with advergames in general and mobile advergames specifically?
RQ5: What are the factors that predict parental familiarity with advergames in general, and mobile advergames specifically?
RQ6: What are parents’ attitudes towards mobile advergames?
RQ7: What predicts parents’ attitudes toward mobile advergames?

Method and Data
To answer research questions 1-3, an exploratory content analysis was conducted. First, using a list of 137 food brands targeting children from previous studies (Quilliam et al. 2011; Paek et al. 2013), we searched for each brand name in

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the Apple App store for both iPad and iPhone. We further searched via the Google for company and brand names in combination with the key words “mobile game”, “game” and “mobile app.” Lastly, two graduate research assistants examined all of the games in the “Food Games” category in Apple’s App store to identify any other mobile food advergames unidentified in the previous steps. Two independent coders then examined each mobile advergame app using a coding scheme based on previous studies. This process resulted in our final sample of 53 mobile food advergames.

To answer research questions 4-7, we employed a survey administered to an online consumer panel maintained by Qualtrics, a large online survey company in the United States. We limited our sample (N=1,109) to adults who have smartphones or tablets and who were the primary caregivers for one or more children between ages 5-10.

Summary of Findings
Based on our search, it appears that mobile advergames are not widespread, and that many companies are still experimenting with this technology. The rapid changes in game availability might further challenge parents’ ability to monitor their child’s play, with new games appearing frequently and at no charge. But the games that we did locate seem to be popular, with an average rating of 3.125 out of 5 stars. Further, when a game is successful, it remains available. Companies are also using more tools in mobile advergames to increase interactivity and engage players for longer periods of time. Every game studied contained at least one physical interaction component, such as drag-and-drop or tilt or shake. The medium lends itself to this type of play, and advertisers are taking advantage of the opportunity. These new tactile elements add another sensory-motor engagement element, and potentially further blur the line between advertisement and entertainment.

In our research, we found that less than a third of parents were aware of advergames, and even fewer – less than one-quarter – had heard of mobile advergames. Nonetheless, parents expressed little concern in their attitudes toward the games, with no strong favorable or unfavorable showing. All of the parents in our study allow their children play with mobile devices, and yet fewer than 25% had heard of advergames even after being prompted with a definition. One potentially troubling finding was that the more their children use mobile devices, the more positive their parents’ attitudes about advergames. This increases the likelihood that advertising messages in the form of mobile advergames reach children while remaining undetected by their parents as the parents do not seem to be concerned about their child’s exposure to advertising in this form.

Key Contributions
The two studies described above are early forays into this domain. This study offers a preliminary look at this emerging tactic of mobile advergames, but the larger questions remain to be addressed. Future research should explore the types of foods being promoted, and whether they meet nutrition guidelines for the types of foods appropriate for children. More importantly, we need to understand whether and how this type of message influences children.

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References are available on request.
Delivering Value to Customers and Creating Brand Awareness with Facebook Posts—A Content Analysis

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Keywords: social media advertising, Facebook, content analysis, MANOVA

EXTENDED ABSTRACT

Research Question
The popularity of Facebook as an advertising channel is known both to researchers and practitioners, but what do we know about its effectiveness really? We analyze what type of branded content on Facebook is actually delivering value to the customer as to provoke observable reactions that show companies and researchers that advertising in this medium works.

Method and Data
To answer our research question we analyze a whole year of company Facebook posts of a top-30 online retailer in Germany (by sales) with a top-100 Facebook page (by number of fans) with content analysis methodology and apply multivariate analysis of variance (MANOVA). A total of 943 posts from 2012 were coded by two trained coders and subsequently analyzed.

Summary of Findings
Consumers pay attention and click on posts with sweepstakes, sales and customer feedback. Furthermore posts with infotainment, current product display and new product announcement build significant interactions that affect clicking behavior. We confirm that consumers have a positive attitude and are engaging with posts with sweepstakes, sales, customer feedback and infotainment by liking, commenting or sharing this content. Moreover, we confirm that the type of impact achieved on customer behavior depends much on the type and content of the Facebook posts. Further analysis show that posts with sales affect attention (clicks) and positive attitudes (likes) but do not manage to engage customers (comments and shares) as good as other more interactive types of posts (like sweepstakes or posts that offer non-monetary self-presentation rewards more suitable to the medium such as infotainment). Finally, posts with explicit organizational branding content are neither clicked nor processed by users in this medium.

Key Contributions
The results of this study contribute relevantly to research and management in three areas. Firstly, we provide a reliable set of content categories to serve as a basis for future research on content in social media and also serve as a best practice guide for management. Secondly, we contribute to advertising theory by using measures within Facebook as observable proxies for sequential intermediate mindset responses to advertising input and we confirm their existence with real market data. Thirdly, we contribute also specifically to social network advertising research by leveraging new data available for companies to differentiate the types of activities within Facebook. With this we provide an explanation for mixed findings in the current SNA literature. We are able to contribute with detailed insights on specific types of content that are currently being used by top performers on social network sites. Social media managers would appreciate this contribution to confirm that resources invested in this medium are generating the desired consumer responses.

References are available on request.
Impact of Promotion Mix on Firm Value: The Mediating Role of Perceived Quality

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Keywords: promotions, finance rates, rebates, perceived quality, product class

EXTENDED ABSTRACT

Research Question
• Do promotion and price cues in consumers’ decisions on product quality evaluations?
• Do consumer’s perceive quality regarding firms’ offerings drive performance?
• Investigate the moderating role of product class (i.e., luxury vs. mass) in the promotional tactics and firm valuation relation.

Method and Data
• Considered 16 major auto manufacturers, operating in the U.S. auto industry between 2003 and 2012 and offering either luxury or mass or both brands of products to the customers.
• Address the frequency mismatch data issue by applying mixed data sampling regression (MIDAS).
• Estimated the model using 3SLS.
• Perceived quality information obtained from Harris Interactive; Promotions, sales, etc. information from Automotive News; Financial information from Compustat.

Summary of Findings
• Incidence of finance rates improves product’s perceived quality whereas extension of cash rebates erodes perceived quality.
• Consumers’ perceived quality has positive and significant impact on firm performance.
• Incidence of attractive finance rates help to boost sales, irrespective of product class; Cash rebates improve sales in the mass market.

Key Contributions
• Segregate promotional strategies as ‘finance rates’ and ‘rebates’, contingent on their characteristics and redemption period.
• To the best of our knowledge, this is the first study that utilizes MIDAS to match unequal frequency data in marketing literature.

References are available on request.

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Marketing Communications in Social Network Games: A Framework for Integration

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Keywords: marketing communications, social networks, social network games, typology

EXTENDED ABSTRACT

Research Question
More than 275 million social network users play games, and advertisers are increasingly turning to social network games as a viable platform for advertising and promotion (App Data 2012). Marketers are responding to the growth of social network games by developing innovative online marketing communications campaigns to reach players. However, utilizing traditional methods of commercial- or signage-type advertising can lead to frustration or even resentment if the gaming experience is turned into a continuous advertising channel. Thus, game developers and brand managers alike must strive to integrate promotional activities in such a way as to become a welcomed, beneficial part of the game experience. The present research proposes a marketing communications typology to provide guidance to brand managers who wish to utilize social network games as a communication platform by developing a typology for effective marketing communication message integration into social network games. Firms should seek to create communication messages that align with the goals of both the firm and the player in order to generate increased player receptiveness and responsiveness to the marketing communication message, greater sales, and more positive affect toward the brand.

Method and Data
In order to understand gamers’ receptiveness to in-game branded messages, we conducted in-depth interviews each lasting 45 minutes to two hours with gamers who currently or had previously played Farmville. Interviews were initially solicited by posting a request to the Wall of the first author’s social network. Many friends of the authors (both gamers and non-gamers) also posted a solicitation for participation to their social network walls—which resulted in the request being shared to unknown other social network members. A total of 18 social network gamers agreed to take part in this research, with eight participants having no prior interaction with the author. Analysis of interview findings followed procedures outlined for grounded research as described by Corbin and Strauss (1990). Our goal was to understand how gamers perceive advertising in a gaming context. Interview sampling continued until additional interviews generated no additional insights (Eisenhardt 1989).

Summary of Findings
As marketing communication messages are integrated into social network games, they have the potential to be misaligned with the functional components of the game, the aesthetic motivations of the gamer, or both. For the purpose of explicating this typology, each dimension (Functional Congruency, Aesthetic Congruency) is presented here as high versus low, creating a 2x2 typology. Functionality captures the social network components as well as the in-game components that work together to create the overall game experience, whereas aesthetics refers to the fit between the promotional offering and the story line and the player’s motivation for playing. Although many different types of marketing communications can be implemented within social network games, we focus on promotions to illustrate each cell.

Typology Categories. “Epic fail” promotions do not align well with the functional elements of game play nor do they engage the motivations that gamers have for playing; participants note the irrelevance of most branded communications.

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within this cell, citing that the costs of participation (psychological, monetary, effort, etc.) are far greater than the value of the promotional item being offered. “Meh” promotions capture the gamer’s attitude toward the promotion in that the promotion is conducted within the game, but fails to garner excitement because the promotion does not further the gaming experience. “Woot” campaigns aren’t congruent from a functional standpoint, though the campaign offers an in-game benefit that is highly valuable to the gamer. Our participants appreciated managers’ efforts to improve the gaming experience by offering rewards that align with the gamer’s motivation for playing, despite the functional misfit. Finally, “Epic Win” campaigns enhance the gaming experience for the individual by tending to the gamers motivations for playing with only minimal disruption to the playing experience. “Epic Win” campaigns may only last for a short time, though brand presence in the game is perpetuated through the game-related artifacts that align with the player’s motivation for playing.

Key Contributions

Successful game-based marketing communications require managers to understand the aesthetic motivations of the player as well as functionality of the game in order to design a promotion or message that aligns with both the gamer’s and the brand manager’s goals. Every game has its own culture, and brand managers would be short sighted to believe that a one size fits all approach will be successful (Hemp 2006). Understanding the functional and aesthetic nuances of each game as well as the associated game culture can help brand managers develop a communication message that is well received by players. Promotions that are embedded within the traditional functionality of the game environment generate higher levels of participation; however promotions that are outside of the usual game functionality can also result in high levels of participation when the game related benefit is substantial.

References are available on request.
Part B
B2B and Interorganizational Issues in Marketing

Track Chairs
Qiong Wang, University of Oklahoma
William Ross, University of Connecticut

Interorganizational Customer Relationship Management
The Effect of Customer Satisfaction on Customer Defection: The Role of Relationship Length in Business-to-Business Relationships
Thomas Hollmann
B-2

The Role of Corporate Image and Perceived Innovativeness on Trade Show Outcomes in an Emerging Market
Subhash Jha, Balaji C. Krishnan, Jared Oakley
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How Customer Participation Influences Co-Creation Outcomes When Faced with Different Ambiguities in the Professional Service Industry
Yonggui Wang, Shuang Ma
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Carry-Over Effects of Firm Reputation Among Its Two Key Stakeholders
Hyo Jin (Jean) Jeon, Rajiv P. Dant
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Interorganizational Relationships, Innovation, and Technological Development
Cross-Fertilization or Cannibalization Effect of Marketing Alliances and R&D Alliances in Emerging Economies? A Contingency Model with Slack Resources and Environmental Dynamism
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Pui Ying “Yoshi” Tong, Jody L. Crosno
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The Effect of Customer Satisfaction on Customer Defection: The Role of Relationship Length in Business-to-Business Relationships

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Keywords: customer satisfaction, business-to-business relationships, customer defection, relationship duration

EXTENDED ABSTRACT

Research Question
Investigation into actual defection behavior in B2B settings is rare. No attempt has been made to date, in B2B or B2C, to fully understand how the role of satisfaction evolves over the duration of business relationships. This paper investigates how the length of business-to-business relationships moderates the effect that customer satisfaction has on actual customer defection behavior.

Method and Data
Survey data for 1169 customers was combined with actual defection behavior data of a company in the B2B financial service industry. In line with our four hypotheses, we analyze four sets of models. We model defection as a logit model with defection (1=defected, 0=still a customer) as the dependent variable.

Summary of Findings
We show that the link between satisfaction and defection (SD) follows different functional forms for short-term, versus medium-term, versus long-term clients. We find that relationship age has a strong moderating effect on the relationship between satisfaction and defection behavior. For relationships that have just started, i.e. short-term relationships, we find that the implicitly and explicitly held assumption of prior research into loyalty and defection, that higher satisfaction would provide protection against defecting customers, holds. Once customer relationships move beyond their early stage, a radically different picture emerges. For longer term relationships, satisfaction still provides a defection buffer at the high end of the satisfaction scale. For these older clients, however, low satisfaction does not signal the immediate trouble that it did for young relationships. Other considerations continue to keep older clients around despite low satisfaction. Furthermore, our results for the medium-term clients affirm the findings for the other tenure groups, as the medium-term constitutes a veritable transition between the young and old clients. This transition reflects a mixture of the dynamics for the other tenure groups.

Key Contributions
For marketing theory, our study contributes to the emerging stream of research that included tenure as a variable of interest in the investigation of defection, by highlighting the functional form of such moderation. Our findings provide one possible reason for the divergent findings on the SD link in the extant literature. The extant literature includes a range of findings from no significant SD link, to significant direct links, to complex forms of SD links. Accounting for tenure can help improve the modeling of customer defection in general, and in particular the modeling of the impact satisfaction has on defection behavior.

For marketing practice, our results shed a new light on the meaning of customer satisfaction. An often used target for satisfaction programs among practitioners is to achieve a certain level of average satisfaction score. Our findings show that this practice is not optimal. In fact, it may be counterproductive for long-term clients. When managers shift resources from acquisition to retention, or vice-versa, they shift how the satisfaction-defection link looks for their entire customer base. This shift necessitates a reassignment of resources in line with specific strategies outlined for each tenure group.

References are available on request.

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The Role of Corporate Image and Perceived Innovativeness on Trade Show Outcomes in an Emerging Market

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Keywords: corporate image, perceived innovativeness, trade shows, emerging markets

EXTENDED ABSTRACT

Research Question
While previous research on trade shows have provided a foundation for understanding how strategic use of this tool can directly contribute to firm performance, little is known about the joint effects of corporate image and perceived innovativeness on customer behavioral outcomes. Preliminary research findings indicate complex interactions among perceived innovation and corporate image (Hofacker 2013). Nevertheless, little integration of these two streams has appeared. Moreover, there is a void of studies that examine the role that trade shows play in developing Asian nations (Lee and Kim 2008). Moreover, despite the rapid growth of B2B opportunities for U.S. firms that now exist in emerging markets (Kirchgeorg, Jung, and Klante 2010), as well as the unique challenges that developing countries pose to the traditional marketing paradigm, (Sheth 2011), knowledge about the role of trade shows in nurturing corporate image and launching new products and their subsequent effects on behavioral outcomes remains scarce.

The purpose of this study is to address the void of knowledge regarding the effective use of trade shows in emerging markets, and equally important, increase understanding of how customer perceptions related to both a firm’s corporate image and product innovation can interact to shape customer satisfaction and behavioral outcomes.

Method and Data
We collected data from a Trade Show in India in which 156 exhibitors from the packaging industry were showcasing their products. Using 10 data collectors from a marketing research agency, we targeted 3 visitors per booth. They were approached immediately after their interactions with the representative of the exhibiting company. The initial number of responses was 389, which was reduced to 366 (94%) after data screening.

Existing scales were used or slightly adapted to measure the constructs of corporate image (CI), perceived innovativeness (PI), customer satisfaction (SAT), and customer advocacy (CA). To minimize common method bias, we used different response formats and varied the anchor points (Podsakoff et al. 2003). These included 7 point Likert scales, a 10 point bipolar scale, and a 10 point semantic differential scale.

Results from Harmon’s one-factor test (McFarlin and Sweeney 1992) indicated that common method bias was not problematic, as did a $\chi^2$ difference test between a four-factor and single factor measurement model.

Results from a CFA utilizing AMOS 20.0 confirmed that all measures exhibited convergent and discriminant validity per Fornell and Larcker (1981) recommendations. Results from the CFA demonstrated good model fit: $\chi^2_{181}= 413.72$, $p=.00$, RMSEA= .059, TLI= .94, NNFI= .95, CFI= .95.

Summary of Findings
An examination of the overall model fit statistics reveals that our proposed model fits the data well ($\chi^2_{430}= 675.39$, $p=.00$, RMSEA= .057, CFI=.94, NNFI=.94). The model explains...
32\% of the variance in customer satisfaction (SAT) and 52\% of the variance in customer advocacy (CA). The direct effects of CI on SAT and CA were statistically significant ($p < 01$), as were the hypothesized ones between PI to SAT and CA. Standardized loadings include .32 for CISAT, .15 for CI CA, .36 for PI SAT, and .25 for PI CA. Although this outcome matches previous empirical results for these relationships, these results extend the framework to the B2B domain of trade shows in developing countries.

The moderation hypothesis was tested by creating an interaction variable using the product of CI and PI. The interaction variable (CI*PI) had significant negative impact on SAT ($\beta = -.10, t = -2.34$) and CA ($\beta = -.08, t = -2.32$). This outcome clearly suggest that the effect of PI on SAT and CA is weaker at higher levels of CI.

**Key Contributions**

This study extends our understanding of the role of trade shows to emerging markets grounded in different cultural lenses of developing countries. Second, this research adds to an emerging stream of literature that recognizes that although overall corporate image and the perceived innovativeness of a firm are interrelated, they are distinct entities (Courtright and Smudde 2009; Henard and Dacin 2010). Firms can have “context specific” reputations that are unrelated to overall corporate image and based on varying dimension of customer perceptions such as quality, pricing aggressiveness, prestige, or social responsibility (Henard and Dacin 2010). Thus, by integrating the innovation literature with established research on corporate image, our study suggests that in some contexts, a high corporate image may actually erode the effect of perceived innovativeness on customer outcomes.

Firms continue to invest considerable money and effort to nurture corporate image and launch new products. However, such investments do not occur in a vacuum and must be weighed against the other expenditures that firms make into image-focused advertising and other promotional activities. Moreover, this analysis will illuminate other intangible benefits to customer loyalty and customer satisfaction that can in turn have a direct effect on buying behavior and customer retention.

*References are available on request.*
How Customer Participation Influences Co-Creation Outcomes When Faced with Different Ambiguities in the Professional Service Industry

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ABSTRACT
Professional service industry is characterized by knowledge intensity, which can also be seen as ambiguity-intensity industry. Demand knowledge ambiguity, i.e. customers’ lack of knowledge to articulate their demand, and project knowledge ambiguity, i.e. conflicting views on the project, are rather prevalent in profession service area, but are understudied. Building on information processing theory, this study contributes to existing literature to explore how these two dimensions of knowledge ambiguity interplay with customer participation to influence co-creation process and outcome. To test our hypothesis, we collected data from 175 customers of a big software company vendor during software development and implementation stage. Empirical results support most of our findings.

Keywords: customer participation, knowledge ambiguity, joint sensemaking

Introduction
In professional service area, customer is more and more involved in the co-creation process. Need resides in customers, solution resides in suppliers (Fang et al. 2008). As they are highly differentiated for assuming different responsibility and goals in professional service industry, how to incorporate customer need knowledge and supplier solution knowledge is to determine the success of the co-creation. Co-creation process not only need the deep involvement of supplier, but also need the engagement of customers. As shown in some literature “the product is likely to become less and less a ‘finished’ object and more and more a process into which the ‘customer’ can immerse oneself and can provide inputs” (Firat et al. 1995, p. 51)”. For example, some signature firms such as Boeing, Chaparral Steel, Cisco, Microsoft, and SAP invite their customers to join their development teams (Smets et al. 2013).

Prior literature mainly explored collaboration from relational view, and resource view, which is a static view in service or product production stage (Markham 2013; Noordhoff et al. 2011). More recent studies begin to explore it in a dynamic process, concentrating on how to transfer customers’ on-site knowledge. Bur conflicting views of the effects of customer participation are existing. For example, some research suggested that customer bring coordination problems in some conditions (Sobrero and Roberts 2001); while other researchers like Bogers et al. (2010) noted that customer participation facilitated the transfer of need information to suppliers. One possible reason is that participation is a complex practice, but most of the research considers customer participation as an aggregation (Carson et al. 2012; Fang et al. 2008). To bridge the knowledge gap, we divide customer participation into participation depth and breadth to solve such a dilemma. Customer participation breadth refers to how broadly a customer firm gets involved in the process of co-production (Fang et al. 2008). For example, some customers may participate in one activity while others may involve in two or more activities ranging from product design, cost control, to materials procurement. On the other hand, some customer firms may deeply engage in certain key processes and tasks during the co-production process.
with their suppliers, which we refer to as customer participation depth (Fang et al. 2008).

Moreover, in professional service area, ambiguity is an important contingent factor in knowledge transfer and learning process (Bogers et al. 2010). Causal ambiguity, defined as a lack of understanding of the causal connections between inputs and outputs, is mostly studied to explain firm competitive advantage in strategic area (King 2007; Reed and Defillippi 1990). However, it is understudied at new project development level in professional service area. In fact, various kinds of ambiguity are prevalent, i.e. the relationship between customer demand, technology, expert knowledge and the outcomes is always hard to articulated (Potter and Lawson 2013). This study investigates ambiguity from two sides: demand knowledge ambiguity, i.e. customers’ lack of knowledge to articulate their demand which is needed to transfer to supplier, and project knowledge ambiguity, i.e. conflicting views on the project within the project (King 2007; King and Zeithaml 2001). To explore the ambiguity from customer demand knowledge and project knowledge view facilitates both parties to effectively collaborate with each other and help the managers to fully understand the external environment and make the appropriate decisions.

Here comes our research question: How different extent of customer participation influence co-creation outcome (project effectiveness is seen as one of co-creation outcomes)? What’s the role of two kinds of ambiguity in professional service industry?

**Theory Building and Hypothesis Development**

We mainly test the role of different forms of participation on co-creation process and investigate how two kinds of ambiguity—demand knowledge ambiguity and project knowledge ambiguity act in collaboration process, as shown in Figure 1.

**Information Processing Perspective**

Information processing theory refers to “the ‘fit’ between information-processing requirements and information processing capacity to perform a particular task within the uncertainty inherent in the business environment” (Cousins et al. 2011, p.932). It is also about gathering, interpreting, and synthesizing the information to achieve common ground with other parties to cope with uncertainty (Tushman and Nadler 1978).

Uncertainty is a central construct in information processing perspective, and it is defined as “the amount of the information that the firm possessed compared to the information required.” (Daft and Lengel 1986). Especially in cross-border organizations, uncertainty is prevalent, which is in urgent need of information processing. In joint problem solving setting, customer limited knowledge to express their demand and the conflicting views on the technical knowledge are two important source to cause uncertainty (De Brentani and Ragot 1996). In order to cope with the uncertainty, it is critical to learn the two important dimensions of information: amount and richness. Information amount is to reduce information gap when there is absence of information. Information richness is important when there is no clarity, and accurate information (Daft and Macintosh 1981).
Customer Participation Depth and Breadth

Customer firms may have need and market knowledge, while suppliers own technical expertise. Especially in high-tech industry, the knowledge is codified and tacit, which need joint action or joint sharing of the same information (Mani et al. 2010). Involving customer is to help supplier firm acquire more demand knowledge and timely response to the the market, which can be seen as information processing capabilities (Bensaou and Venkatraman 1995; Mani et al. 2010). Here we investigate customer participation from customer participation depth and breadth.

Customer participation brings different external knowledge to the supplier. Participation depth, defined as “how far customers are involved in the new product development (NPD) process, which in some cases is very superficial with limited influence, and in other cases customer can be deeply involved” (Fang et al. 2008, p. 328), or may even control the outcome of certain supplier’s enterprise system software (ESS) implementation and development activities. It offers intense communication and deep external knowledge (Fang et al. 2008). An emphasis on buyers’ significant roles to participate encourage them to share their information which facilitates to develop a common mind-set about the events (Hult et al. 2004).

Participation breadth, defined as how broadly customers are involved (Fang et al. 2008) in a supplier’s enterprise system software implementation and development process. Although customers have limited expert knowledge especially in professional service area, broad participation scope offers diverse external knowledge and mutual knowledge base with the supplier (Sobrero and Roberts 2001). In such a case, it is easily for two parties to know each other’s pertinent knowledge to jointly sense the problem and offer a solution (Dyer and Singh 1998; Fang et al. 2008).

Participation depth and breadth do not always have an equal role in co-creation process. Compared to broad knowledge, customer focus and intensity of the participation creates influential knowledge which facilitates autonomy, status and dominance for customers (Fang 2008). In this regard, deep involvement facilitates customers willing to share deep and clear information to the supplier. Moreover, “given the lack of deeply rooted culture in supply chains” (Hult, Ketchen and Slater 2004, p.245), customer deep participation facilitates intense interaction and communication with the supplier, leading to higher level of joint sensemaking of the external cues (Bogers et al. 2010). Thus, we hypothesize:

H1: Comparing with participation breadth, participation depth has stronger effect on joint sensemaking.

The Role of Joint Sensemaking

Joint sensemaking is defined as the development of insight, knowledge and sensing of the same information among the dyadic parties (Cheung et al. 2011). Especially in professional service area, various uncertainty make the problem more complex, and buyer and supplier have different knowledge and language, and common knowledge ground is needed for deeper communication and cooperation (Carlile 2004). In such a case, co-creating is more effective to co-create value (Vough et al. 2013). NPD can be seen as a problem solving process (Aarikka-Stenroos and Jaakkola 2012) which needs common ground to enhance co-creation value. The presence of joint sensemaking enables information sharing and processing between customers and the IT vendor, bridging gaps between customer participation and the co-create outcome. Thus, we hypothesize:

H2: Joint sensemaking fully mediates the relationship between a) participation depth, and b) participation breadth, and project effectiveness.

Demand Knowledge Ambiguity and Project Knowledge Ambiguity

Ambiguity is the vital contingent factor to influence knowledge transfer in collaboration process (Simonin 1999; Szulanski 1996). It blocks factor mobility (Reed and Defillippi 1990), and create barriers for fluent information processing (Daft and Macintosh 1981). For example, Szulanski (1996) and Simonin (1999) indicated that information stickiness was prevalent as a result of ambiguity, and it impediment internal and external knowledge transfer across firm boundaries.

Two categories of ambiguity capture central focus: customer demand knowledge ambiguity and project knowledge ambiguity. Project knowledge ambiguity “assessed the degree of ambiguity present within the NPD project itself” that is about the causal linkages between causes and effects (Potter and Lawson 2013).

Similarly, demand knowledge ambiguity is defined as the lack of knowledge of the logical linkages between inputs and outputs, cause and effects that are related to customer demand knowledge know-how. This ambiguity can be seen as interfirm ambiguity and refers to the demand knowledge needed to transfer from customers. For example, customers and suppliers always have different language, which create barriers for customers to clearly express their requirement to the suppliers (De Brentani and Ragot 1996). How to bridge transfer the demand knowledge and bridge the knowledge gap between customers and suppliers is rather imperative.
Further, project knowledge ambiguity is the intrafirm ambiguity presented within the NPD that is related to the equivocal understanding of project’s relevant information. It consists of three elements: “lack of clear information, uncertainty about the importance of the variables, uncertainty of cause-effect relationship between variables” (Carson et al. 2006, p. 1059).

Ambiguity induces uncertainty that they need to cope with (Koufteros et al. 2002). In uncertain conditions, predictability is in urgent need which triggers information processing needs. For example, if the firms do not have enough information for future environment, they may face eroding market sharing or power (Koufteros et al. 2002). As such, more effort is pursued to reduce the uncertainty associated with ambiguous environment (Daft and Macintosh 1981). Firms are trying to get required information to fit and adapt into the challenging environment. In response, Koufteros et al. (2002) suggested that customer integration in NPD is providing enough information to cope with the ambiguity.

For different ambiguity, different strategies need to be adopted. Specifically, in order to cope with the uncertainty that is induced by project knowledge ambiguity, and more information is not always helpful. Indeed, accurate information is needed to predict the results (Carson et al. 2006; Carson et al. 2012). Whereas uncertainty caused by limited knowledge triggers information processing need of the firm. Integration or extensive communication is critical to overcome the coordination difficulties induced by external uncertainty environment (Gupta et al. 1986). For example, Daft and Macintosh argued that clarification and debate, rather than large amount of information are needed to reducing equivocality.

**Demand Knowledge Ambiguity and Customer Participation**

It is common that demand knowledge ambiguity exists in knowledge intensive industry. Customer and supplier have different language, leading to communication barriers to transfer the demand knowledge to supplier (De Brentani and Ragot 1996). To learn more about demand knowledge ambiguity is rather imperative for cross-border teams’ co-creation process.

Prior literature of ambiguity has evidenced that ambiguity blocks factor mobility (Reed and Defilippi 1990). In the same vein, Szulanski (1996) and Simonin (1999) argued that unarticulated knowledge was embodied in the context and resisted to clear communication. Similarly, high level of demand knowledge ambiguity between the links of their demand and the software functionality blocks customers’ ability to adapt to the fuzzy new project development and implementation condition. It also leads to knowledge gap between supplier and customer. Extensive and broad communication is needed to reduce the uncertainty caused by knowledge gap (Yan and Dooley 2013). Thus, more information searching should be collected in this process.

If customers participate broadly participate during new project development and implementation process, more opportunities are created to widen customer knowledge base (Sobrero and Roberts 2001). Likewise, Nonaka and von Krogh (2009) suggested people acquired tacit knowledge and learned a lot to engage broadly in practical activities under the guidance of experienced people. During new product development, customers’ broad participation with experienced suppliers provides them with “hidden rules” of the software functionality, problem understanding and problem solution (Brown and Duguid 2001; Nonaka and von Krogh 2009). Therefore, the effect of customer participation breadth is more pronounced with the co-create outcome under high level of demand knowledge uncertainty.

Customer participation depth is to stress customers’ role to dominate the process in some specific domain, which is to exaggerate the knowledge gap when the customer have limited knowledge to articulate its demand. Thus, we hypothesize:

H3a: Demand knowledge ambiguity positively affects the relationship between participation breadth and joint sensemaking.

H3b: Demand knowledge ambiguity negatively affects the relationship between participation depth and joint sensemaking.

**Project Knowledge Ambiguity and Customer Participation**

Project knowledge ambiguity exists as a result of the lack of accurate information to predict the cause-effect relationships within NPD implementation and development (Carson et al. 2006). High level of project knowledge ambiguity means more conflicting views from the dyads. Further, project knowledge ambiguity signifies the internal stickiness from supplier’s technical side (Szulanski 1996). Misunderstanding and conflict may occur across borders. Here more accurate information and insight is needed to cope with the fuzzy and muddled situation (Carson et al. 2006).

At high level of product ambiguity, conflicting and disagreement are prevalent. In such a case, clear, and uniformly transmitting specific information to the receiver is in urgent need to cope with the uncertainty (Daft and Macintosh 1981). When customers are deeply involved in new product development, more insights are offered by customers to han-
dle the messy contexts. Moreover, as participation depth means focus and intensity of their time and effort (Fang et al. 2011), it is critical to enhance the interpretation and understanding on the product. This enhances mutual cohesiveness of the cross-border parties.

Further, at high level of project knowledge ambiguity, various members differ in the perception of the same environment and has different decisions (Carson et al. 2006). As shown by Daft & Macintosh (1981), a key cause of ambiguity is “multiplicity of meaning conveyed by the information” (p. 211). Here, customer participation breadth is to provide diverse information instead of the required accurate information, which may lead to information overload. Thus, we hypothesize:

H3c: Project knowledge ambiguity positively moderates the relationship between participation depth and joint sensemaking.

H3d: Project knowledge ambiguity negative affects the relationship between participation breadth and joint sensemaking.

Research Methodology

We examined our conceptual framework and its hypotheses in the empirical context of outsourced IT professional services for co-creating enterprise systems software. Enterprise systems software is a system that integrates various operational activities such as purchasing, financial, human resource, marketing, customer management activities, and others. It is increasingly common to have customers participate in developing information systems with their suppliers in attempts to ensure compatibility.

The data was collected from the customers of one large IT vendor in China. 500 customers were randomly selected from the vendor’s customer list. Project is the unit of our analysis. Our research context is conducted in software development and implementation which is also called “second development” to satisfy customer specific need. Based on the list of 500 customer firms, we contacted each of them by phone or on-site visit to identify the person in charge of ESS development and implementation. We chose a key informant approach for the study and particularly, we collected data from senior executives (e.g., vice presidents, chief information officers) who were likely decision makers and were knowledgeable about the phenomena of interest.

Of 500 customer firms we contacted, 188 returned the surveys within our timeframe of two months, for a 37.6% response rate. Thirteen of them that had excessive missing data were excluded, giving us a final sample of 175 firms (an effective response rate of 35%). Since the list of customer firms was provided by the IT vendor, we were able to collect some secondary data from the IT vendor on the ESS project duration and contract value of each sampled customer firm. We examined any response bias and found no significant differences between respondent firms and non-respondent firms in terms of their firm ownership, project duration, and contract value. Among these responses, 96 firms are state-owned, accounting for 55.86%, 94 firms had over 1,000 employees, accounting for 53.71%, and 69 firms are in manufacturing industry, accounting for 39.43%.

Measurement Development and Assessment

Measurement. Our measure is shown in Table 1. All the measurement are primarily adopted from prior literature whenever possible and are subjected from a thorough pretest to fit our contexts.

We also include several control variables including project level and firm level variables, such as project duration, project contract value, buyer firms’ ownership and firm size, as they may have an influence joint sensemaking, and the software performance (Lai et al. 2013; Lee and Xia 2010).

Measurement Model and Construct Validity

The unidimensionality and convergent validity of seven latent constructs are tested. Confirmatory factor analysis (CFA) is checked using EQS 6.1. The results show a satisfactory fit to the data: $\chi^2 (155) = 303.77$, normed fit index (NFI) =.90, non-normed fit index (NNFI)=.94, comparative fit index (CFI) =.95, root mean squared error of approximation (RMSEA) =.07.

As shown in Table 1, it is found that most of the factor loadings were greater than .7 (except three ones), and all standardized factor loadings are significant at .001 level. Average variance extracted (AVE) is greater than .5, and composite reliability is higher than .7, showing satisfactory convergent validity (Fornell and Larcker 1981). To test discriminant validity, we follow the procedure recommended by Fornell and Larcker (1981), and find that AVE of each construct is higher than the squared correlation with other constructs, showing good discriminant validity.

Data Analysis

Table 2 shows the regression results. To test the first hypothesis, we regress joint sensemaking on customer participation depth and breadth, and some control variables in Model 2. Participation depth ($\beta=.60, p<.05$) and breadth ($\beta=.19, p<.05$) positively affect joint sensemaking. T-test is used to test the differential effects of participation depth and breadth, and it is statistically significant ($p<.05$), supporting H1.
Moderating Effects Test

To test the moderating effects, the independent variables and moderating variables are first mean-centered to reduce multicollinearity. Model 3 entered the control variable, main effects, and interaction effects. It is shown that demand knowledge ambiguity positively moderating the effects of participation breadth ($\beta=.24, p<.05$), while negatively moderating the effects of participation depth ($\beta=-.12, p<.1$), supporting H2a and H2b. Further, project knowledge ambiguity negatively moderating the effects of participation breadth ($\beta=-.14, p<.1$), while positively moderating the effects of participation depth ($\beta=.16, p<.05$), supporting H2c and H2d.

Mediating effects test. We followed recent procedure to test the mediating effects. First, we regress project effectiveness on customer participation ($\beta=.12, p<.1; \beta=.29, p<.01$). Second, we regress project effectiveness on joint sensemaking ($\beta=.16, p<.01$). Finally, we project effectiveness on customer participation and joint sensemaking ($\beta=.14, p<.05; \beta=.33, p<.01; \beta=-.08, p>.1$). It is found that the full mediating effect of joint sensemaking, supporting H2a and H2b.
Implications

Discussion

Prior literature reveals conflicting views to involve customer into joint development team. To bridge the gap, this study introduces two forms of customer participation and two kinds of knowledge ambiguity in professional service industry. Results showed the two forms of customer participation has relatively different role on joint sensemaking. Results also documented intervening effects, as at different level of demand knowledge ambiguity or project knowledge ambiguity, different forms of customer participation strategies should be adopted to influence joint sensemaking.

Theoretical Implications

First, this study enriches co-creation literature to divide customer participation into two dimensions. Prior literature has conflicting view of customer participation (Ho and Ganesan 2013; Sobrero and Roberts 2001), while we investigate customer participation from participation depth and participation breadth based on the extent of participation. Involving customers will offer suppliers customer preference knowledge and market knowledge which represents supplier’s information processing capabilities. These two forms of participation have different incremental effects on co-creation process.

Moreover, this study extends ambiguity-related literature. Most of the existing ambiguity literature is to explain firm competitive advantage in strategic area (King, 2007; Reed and Defillippi, 1990). Here we introduce it to joint collaboration area, and divide it into demand knowledge ambiguity and project knowledge ambiguity (De Brentani and Ragot 1996).

Further, the disagreement of the role of customer participation can also be resolved to take the contingency factors (i.e. ambiguity) into consideration based on information processing theory. Our results provide evidence that when faced with demand knowledge ambiguity (information processing need), customer participation breadth may enable enough information and broad knowledge base to cope with the hassle situation; when faced with project knowledge ambiguity, participation depth may offer deep and accurate information to handle the dilemma. Otherwise, information processing capability (two forms of participation) does not fit with
information processing need (two kinds of ambiguity), which defers the co-creation process (Bensaou and Venkatraman 1995; Tushman and Nadler 1978).

**Managerial Implications**

For supplier, it is also needed to acknowledge the role of joint sensemaking. Cross-border firms have different culture, and knowledge base, which create barriers for them to come to the common agreement of the external information (Carlile 2004). However, the results evidence that joint sensemaking can effectively enhance project effectiveness. It is rather important to develop common insight, knowledge and sensing during the dyadic parties. Engaging customer to participate into the project development is a critical way.

For supplier, the managers should be aware that different forms of participation do not an equal role. Compared to customer participation breadth, participation depth are more likely to enhance customers’ willingness to fully share their information with the supplier. Intensive interaction and communication are also carried out between customers and suppliers, which facilitates to achieve common ground of external information.

Further, they should also pay enough attention to the environmental factors. Different strategies of customer participation should be adopted depending on external factors. For example, when the customer can not clearly express their demand, the supplier should invite customer broadly to involve the joint development activities to learn more knowledge to come to the same knowledge base.

**Limitation and Future Research Directions**

Our research mainly conducts from the customers of one big software company, characterized by high technology. Other industries such as financial service company and consulting company mainly are characterized by intangible service, which may be different from software industry. Future research can make further attempt. Furthermore, our data is based on cross-sectional survey, which may cause common method variance (CMV). Harmon’s one factor analysis indicates that CMV is not a big threat. It is better to use the data from dyadic parties or some secondary data. Finally, this study mainly focuses on what forms of participation to enhance co-creation in two kinds of ambiguous conditions. Future research can include who (top managers or low-level employees) to participate to facilitate co-creation process. As in some ambiguous environment, top managers may facilitate the performance, while low-level employees may not (Carson et al. 2012). Future research can make attempts to explore “who” to participate in “what” situation.

**References**


Carry-Over Effects of Firm Reputation Among Its Two Key Stakeholders

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Keywords: reputation, multi-level, carryover effects, franchise

EXTENDED ABSTRACT

Research Question
Despite the importance of understanding the perspectives of downstream channel members on FR, hardly any extant FR literature has empirically investigated the role of perceived FR of downstream channel members on the establishment of firms’ overall FR in the Business-to-Business (B2B) market or the Business-to-Consumer (B2C) market. Using the lens of institutional theoretic framework, this paper investigates the role of perceived reputation of downstream channel members on the establishment of firms’ overall internal and external reputations in the Business-to-Business (B2B) and Business-to-Consumer (B2C) markets, respectively, and their mutual carryover effects.

Method and Data
Two linear ordinary least squares regression models (i.e., franchisee model and consumer model) are developed using a multi-level sample survey of 29 franchisors, 210 franchisees belonging their franchise systems, and 925 consumers. Main constructs that are used in this study are Internal Reputation, External Reputation, Satisfaction of franchisees and consumers, Firm Strategies of franchisors (e.g., franchise experience, royalty fee, training, and dual distribution), and Financial Performance of franchisees. Established scales were adapted and modified to test these constructs.

Summary of Findings
Firms’ strategies based on franchise experience, royalty fee, and training in franchise systems appear to predict firm reputation perceived by both franchisees and consumers. Two models also suggest that franchisors need to enhance satisfaction of their franchisees and consumers since satisfied stakeholders are likely to rate firms’ reputation more positively. Finally, the study finds support for both reputational carry-over effects: (1) the carry-over effect of external reputation on internal reputation, which is analogous to pull strategy and (2) the carry-over effect of internal reputation on external reputation, which is equivalent to push strategy.

Key Contributions
In any value delivery chain, channel members that intermediate between the principals (e.g., manufacturers, service providers, or franchisors) and their customers play a pivotal role in effectuating the consumption process since they represent the face of the firm in the marketplace. As such, they are also implicitly charged with safeguarding the reputations of their principals. In many channel configurations (e.g., franchise systems), the reputation of the intermediary (i.e., franchisee) is intrinsically linked to the reputation of the principal (i.e., the franchisor). In particular, these intermediaries (e.g., retailers, agents, or franchisees) must carefully adjudicate and balance out the forces of internal reputation (i.e., the reputation that the principals enjoy with their intermediaries) and external reputation (i.e., the image of these principals in the eyes of their customers) especially as they are unlikely to be perfectly synchronized. The contractually bound principal-agent relationship, when effective, can yield rich payoffs for the principals (e.g., Toyota’s massive product recall in 2010 was handled efficiently with franchisees’ support). In this study, reputation in two different markets (i.e., the Business-to-Business market and the Business-to-Consumer market) that deal with multiple stakeholder groups is defined. Using institutional theory, the study investigates the carry-over effects of reputation between two different stakeholder groups (i.e., franchisees and consumers) and pinpoints how the opinions of one stakeholder group matter to the opinions of the other stakeholder group.

References are available on request.
Cross-Fertilization or Cannibalization Effect of Marketing Alliances and R&D Alliances in Emerging Economies? A Contingency Model with Slack Resources and Environmental Dynamism

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Keywords: marketing alliance, R&D alliance, marketing capability, technological capability

EXTENDED ABSTRACT

Research Question
Whether this is a cross-fertilization and/or cannibalization effect of marketing alliances and R&D alliances on a firm’s technological and marketing capabilities respectively?

Whether the availability of slack resources and environmental dynamism moderate the cross-fertilization and/or cannibalization effects of marketing alliance and R&D alliances?

Firms are reaching out for external partners for effectively developing its capabilities and sustaining competitive advantage. The current literature has been focused on the R&D alliances for technological improvement (e.g., Hagedoorn, 1993; Powell, Koput, & Smith-Doerr, 1996; Rowley, Behrens, & Krackhardt, 2000), and marketing alliance for marketing effectiveness (e.g., Anand & Khanna, 2000; S. Das, Sen, & Sengupta, 1998; Koh & Venkatraman, 1991; Swaminathan & Moorman, 2009). However, we need more knowledge and evidences on how marketing alliances can influence a firm’s technological capability or a R&D alliance affect marketing operations. Our lack of understanding and empirical evidence substantiating the cross-fertilization and/or cannibalization effect of different types of alliances represents an important research gap.

If while enhancing marketing capability, a marketing alliance also contributes to the development of technological capability, it is called marketing alliance has a cross-fertilization effect on a firm’s marketing and technology; Otherwise, it is called a cannibalization effect on a firm’s marketing and technology. The same logic also applies to R&D alliances’ influence on marketing capability.

Method and Data
Survey data collected from 419 Chinese manufacturing firms, representing a response rate of 42%. Data collection included several processes. First, in-depth interview were conducted with 7 senior managers to achieve the content validity of the research instrument. Second, questionnaires were developed in English, translated it into Chinese, and then commissioned a back-translation by two independent translators to ensure conceptual equivalence (Douglas & Craig, 1983). To ensure face validity, interviews with 60 senior managers from 30 randomly selected manufacturing firms served as the pre-test of the questionnaire. Finally, in the formal survey stage, respondents were selected based on their self-identified expertise and responsibilities relating to decision making in firms’ alliance activities. To reduce common method hazards and social desirability bias, we col-

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lected survey data using two separate sets of questionnaires which were completed by two informants in each firm. Senior managers are selected as key informants.

Summary of Findings

The findings indicate that while achieving its marketing objectives, a marketing alliance can also enhance a firm’s development of technological capability; that means a marketing alliance has a cross-fertilization effect on a firm’s technological improvement. Whereas a R&D alliance enhances a firm’s technological capability as predicted; it has no effect on a firm’s marketing development. This finding might due to the unique characteristics of our research context—Chinese manufacturing industries. Quite a few manufacturers are still on its OEM (Original Equipment Manufacturer) or similar stage, marketing operations are not their key business activities that generating performance.

Slack resources do not influence the previously existed cross-fertilization effect between marketing alliance and technological capability; however the previously positive effect between marketing alliance and marketing capabilities is reduced. With regard to R&D alliance, when considering slack resources, both the effects between R&D alliance and marketing capability, and with technological capability are further strengthened.

When considering environmental dynamism, the previously existed cross-fertilization effect between marketing alliance and technological capability disappears; and the previously positive effect between marketing alliance and marketing capability is further strengthened. Environment dynamism does not impact the effect of R&D alliance on marketing and technological capabilities.

Key Contributions

The paper fills the research gap pertaining to the lack of understanding and empirical evidence substantiating the cross-fertilization and/or cannibalization effect of alliances on business areas other than primary activity scope in current literature. Our results show that marketing alliances have a cross-fertilization effect on a firm’s technological improvement while R&D alliances do not have an effect on developing marketing assets.

The second contribution of this paper goes to the contingency investigation of the cross-effect of alliances by incorporating two moderators: slack resources and environmental dynamism. In particular, slack resources increase R&D alliances’ effect on building marketing assets while environmental dynamism decreases marketing alliances’ effect on improving technological assets. That means, with sufficient slack resources, R&D alliances would have a cross-fertilization effect on developing marketing capability. Whereas, with high environmental dynamism, marketing alliances’ cross-fertilization effect on technological capability is reduced.

References are available on request.
Dances with Wolves: Strategic Supplier Sourcing for Small Firm Innovation Enhancement

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Keywords: small business, innovation, supplier selection, interorganizational relationships

EXTENDED ABSTRACT

Research Question
This study investigates factors that lead to enhanced supplier contribution to small firm innovative performance. Improved knowledge of these critical factors can provide guidance into which supplier relationships should be developed into collaborative partnerships.

Method and Data
A mixed-methods approach is used. The limited number of previous studies in this area favors an initial qualitative approach that allows understanding and sharper delineation of concept domains. Thirteen semi-structured in-depth interviews with senior managers in small innovative Australian manufacturing companies were conducted. The findings from these interviews are then integrated with theory and previous empirical results to develop hypotheses that were tested in the quantitative stage of this study. For the quantitative phase, a sample frame of 1100 small businesses operating in seven high-technology industry groups was obtained. After eliminating non-qualifying businesses, incomplete questionnaires and key informants with insufficient knowledge of the supplier relationship, there were 201 usable questionnaires. In order to investigate whether the hypothesized factors had a significant relationship with the supplier’s contribution to the small firm’s innovation performance, a discriminant analysis with bootstrapping was performed. A polar extremes approach was used.

Summary of Findings
The findings indicate supplier adaptation and information sharing are the key determinants of the supplier’s innovation contribution. Of lesser influence but still substantive are the supplier’s trustworthiness, personal relationships and goal congruence. This highlights the importance of evaluation of supplier behavior in the relationship, primarily their willingness to adapt to the needs of the small business, foster effective communication and sharing of information that can assist relationship outcomes. Qualitative factors including supplier trustworthiness and personal relationships also are important within the small firm context. This supports the earlier interview findings that personal relationships frequently are critical in gaining supplier support and ensuring an effective working relationship.

The traditional supplier operational performance factors (quality, delivery and price) were found to not have a substantive effect on the supplier’s innovation contribution. This finding has important implications in terms of the criteria used to evaluate and select suppliers for relationship development if innovation contribution is an important objective. Structural factors including the supplier’s size and location also did not have a substantive effect. The qualitative findings indicate that relationship management and development with international suppliers often required greater effort and resources. However, there is no evidence to support a location effect on supplier contribution in this study. Whether a sole or multiple suppliers were utilized for purchase of the key component, age of the relationship and the dollar value of purchases from the supplier, also were not substantial factors in determining supplier contribution to the small firm’s innovative performance.

Key Contributions
The study findings highlight that supplier selection for innovation enhancement requires consideration of a number of factors beyond those used in operational decisions, short-
term partnerships and arms-length relationships. The findings of this paper diverge with suggestions collaborative relationships only develop when there are few alternative relationships (Morrissey and Pittaway, 2004). Supplier size and purchase volume are found to be non-critical factors in influencing the extent of supplier contribution to small firm innovation. This contrasts with recent evidence from Chidambaram and Deshmukh (2009) that these supplier demographic factors are indeed critical determinants in the supplier development decisions of larger sized firms. The study findings contrast with the limited role of personal relationships often found in larger firm contexts (e.g., Rauyruen and Miller, 2007; Wathne, Biong, and Heide, 2001). The results highlight the co-existence of transactional and relational aspects, and support the importance of relational aspects in this context over functional and structural attributes. Elements of cooperation and competition can co-exist within a single buyer-seller relationship.

References are available on request.
Developing Relationships in Innovation Ecosystems

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Keywords: innovation ecosystems, service ecosystems, value co-creation, relationships, practices

EXTENDED ABSTRACT

Research Question
This research explores—and then seeks to explain—how successful relationships develop, sustain, and continually (re)form, networks of actors focused on innovation. To extend the study of innovation networks (e.g., Corsaro et al. 2012), we apply a service ecosystems (Vargo and Lusch 2011) approach, which is based on the idea that value is always jointly created—i.e., co-created—among multiple actors in markets (e.g., Vargo and Lusch 2004; 2011). Although service ecosystems encompass a variety of social and economic interactions (Vargo and Lusch 2011), we focus on those relationships that continually develop new value propositions: i.e., innovation ecosystems. In addition, we focus on studying how firms (re)develop relationships within an ecosystem for which it is not the focal actor. Because of this, our research centers on this question: How do firms develop and maintain relationships as they co-create value, accelerate innovation for themselves and for others, and contribute to the overall success of an innovation ecosystem?

Method and Data
In this research, we apply an extended case study method (see Kates 2006) to explore micro-level phenomena as it relates to a broader, macro-level forces in an innovation ecosystem for which an academic center called REAP, Research Entrepreneurs Accelerating Prosperity, is the focal actor. We conducted interviews with 4 key principals of REAP, including founders David Goodwin and Jill Tomasson Goodwin, as well as 3 upper-level managers of its partner firms. To gain a better understanding of various perspectives and the ecosystem as a whole, we also interviewed 3 current and former students with start-up companies and 1 industry professional, for a total of 11 affiliates of REAP. We also analyzed a variety of communications, including emails, press releases, formal reports and informal updates, that were sent out periodically to all members of the innovation ecosystem as well as the neighboring community. This emerged as 150 pages of interviews and more than 700 pages of supporting materials that documented the daily activities of the program, interactions with partner firms and the successful outcomes of these interactions.

Summary of Findings
This extended case study reveals that the development of relationships is dependent upon the fluidity of roles and the flexibility of resources. Together, these roles and resources lead to the integration of new practices, which both establish inter-organizational relationships as well as maintain higher-level networks of relationships. These networks of relationships contribute to, while being shaped by, yet higher-level systems: in this case, the innovation ecosystem. A dominant theme in our findings is the need for firms, and especially their managers, to embrace transformations that feed into, and draw upon, the opportunities afforded by the overall innovation ecosystem. Specifically, as REAP practices evolve over time, they do so often in unexpected directions to unpredicted results, rather than from top-down or one-way processes, dyadic interactions, or a fixed set of short-term goals. Transformations, therefore, mark changes in practices that emerge through iterative calibrations and circulate in a complex system with multiple agents, who enact

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multiple roles while making use of (or creating) a wide range of resources to do so.

**Key Contributions**

This research begins to unpack the complexities of (re)developing lasting relationships by applying an ecosystems approach and identifying interconnected levels (macro, meso and micro) of action and interaction that contribute to value creation. To better understand what feeds into, and supports, relationships at a meso level, our investigation went down a level: to explore the micro level of actions and interactions. This micro level is constituted by routine practices that are enacted through the integration of roles and resources. Our findings suggest that the fluidity of roles, the flexibility of resources and, ultimately, the enactment of new practices continues redeveloping networks of relationships over time. These findings have important theoretical implications for how we understand the interplay of all three levels: namely, they deepen our understanding of how collaborative, networked relationships are formed, and contribute to the reproduction and evolution of innovation ecosystems. In addition, this research has important implications for managers who are looking for ways to collaborate with emerging or existing innovation ecosystems, such as accelerators or incubators. By remaining adaptable and open to uncertainty, firms can potentially benefit from continuous value co-creation and ongoing innovation within a wider ecosystem.

*References are available on request.*
Sense-Making, Knowledge Transfer, and Absorptive Capacity: Improving Innovativeness by Leveraging the Knowledge of Others

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Keywords: knowledge transfer, absorptive capacity, organizational learning, sense making

EXTENDED ABSTRACT

**Research Question**
How sense-making between partners in a relationship and organizations’ absorptive capacity influence whether explicit and tacit knowledge can be leveraged to improve organization innovativeness?

**Method and Data**
Data were collected from companies that are currently involved in a buyer-supplier relationship in Chinese Business to Business market. The study uses multi-item scales to measure five reflective constructs. Partial Least Square (PLS) was used to test the hypotheses.

**Summary and Findings**
Sense-making enables organizations to have a deeper understanding of their relationships to each other, which allows them to more effectively exchange both explicit and tacit knowledge. Tacit knowledge exchange requires closer social ties between the parties. The results suggest that the type of knowledge exchanged (i.e., explicit versus tacit) does matter. Explicit knowledge exchange is not related to organization innovativeness. However, tacit knowledge exchange is related to organization innovativeness. Moreover, organizations’ absorptive capacity moderates the relationship between knowledge and innovation. In particular, firms higher in absorptive capacity may rely less on explicit knowledge. The relationship between tacit knowledge exchange and organizational innovativeness is not significant in the lower absorptive capacity group and is significant in the higher absorptive capacity group.

**Key Contributions**
This study develops and tests a knowledge-exchange model that examines two factors, sense-making and absorptive capacity, that influence whether explicit and tacit knowledge can be leveraged to improve organization innovativeness, which provides insights into the knowledge transfer mechanism in a buyer-supplier relationship.

References are available on request.

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Does Inter-Firm Market Orientation Mediate the Market Orientation–Performance Relationship?

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**Keywords:** inter-firm market orientation, scale development, business relationship, firm performance

**EXTENDED ABSTRACT**

**Research Question**
Our study looks at the inter-organizational aspects of market orientation and posits that the traditional view of the market orientation performance relationship may be mediated by a relational construct that considers the joint market orientation efforts of the supplier and the supplier partner in a distribution relationship. While traditional theories such as transaction cost economics and resource-based view have been used to study market orientation, the unit of analysis has always been a single firm in the business relationship. Interaction approach theory, developed by the IMP group, would argue that business is conducted through interactions between companies in business relationships. Given that most suppliers use a distribution network to get their products to the end-user, we argue that to truly understand the impact of market orientation on business performance, it is also necessary to consider the market orientation of the business relationship. We term this inter-firm market orientation.

**Method and Data**
The data of 130 respondents used in this study was collected through a structured questionnaire using a snowballing sampling technique of manufacturer and resellers in a distribution relationship in both North America and Europe. The unit of analysis in this study was the business relationship. Using the scale developed by Francescucci et al (2013), we develop a relational model, for inter-firm market orientation, that posits a mediation of the market orientation – performance relationship. We use PLS to validate the model and test for mediation.

**Summary of Findings**
Our study finds that the relationship between market orientation and business performance is partially mediated by an inter-organizational construct defined as inter-firm market orientation as well as relationship performance. Inter-firm market orientation is a formative second-order construct consisting of two first-order reflective constructs; namely joint intelligence cooperation (the coordinated and combined effort of the generation and dissemination of information between the relationship partners) and joint customer responsiveness (the reactive responsiveness, by the relationship partners, in satisfying customer needs).

**Key Contributions**
This study seeks to add to the body of knowledge on market orientation. It seeks to extend the existing literature to account for the market orientation efforts that take place with the business relationship. While the existing research on market orientation has looked at how market oriented a firm is, our research argues that it is insufficient to only consider the market orientation of the focal firm, but a firm must also consider the inter-firm market orientation efforts of its business relationships to understand how to improve firm performance. Our research suggests that firm performance is not only influence by the market orientation of a focal firm, but also the inter-firm market orientation of its relationships. Therefore, firms seeking to improve firm performance should also understand and manage their market orientation efforts within their business relationships.

*References are available on request.*

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Turning Points: The Effect of Transformational Relationship Events on Firm Performance

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Keywords: transformational relationship events, relational norms, disconfirmations, relationship marketing, relationship lifecycle

EXTENDED ABSTRACT

Research Question
While extant research on relationship marketing suggests that relationships develop incrementally over time, single events can drive dramatic, discontinuous change (positive or negative) in exchange relationships. This research contributes to relationship-marketing theory and practice through an investigation of why and how single events prompt dramatic, transformational change in exchange relationships and addresses three key research questions: (1) What events trigger rapid rather than incremental change in exchange relationships (i.e. defining transformational relationship events) and how are these events different from other disconfirming events (i.e. service failures or customer delight)?, (2) How do transformational relationship events affect firm performance (i.e. key mediators)?, and (3) What managerially relevant intervention strategies can be employed to enhance positive events and mitigate negative events (i.e. key moderators)? To capture these events, we introduce and define a transformational relationship event (TRE) as memorable event between exchange partners that disconfirms relational norms to a meaningful degree.

Method and Data
We investigate TREs through a multi-method research design that employs both laboratory experiments and a field study of on going channel relationships of a Fortune 500 manufacturing firm. In Study 1, for each valence, we use a 2 (type of disconfirmation) x 2 (relational norm strength) experimental design in a B2C context to identify the differential impact of TREs (compared to other critical events) on relationally relevant emotional (customer gratitude, betrayal), behavioral (customer reciprocating/punishing behavior), and cognitive (sensemaking) responses. Using Analysis of Covariance (ANCOVA) and planned contrasts, we differentiate TREs from less severe relational disconfirmations as well as other disconfirming events (service failures and customer delight). In Study 2, we use a critical incident technique to capture exchange events in a field study of 773 (626 positive events, 147 negative events) on-going business relationships and match this data to historical sales data (change in sales pre/post reported event) to investigate the effect of TREs on exchange performance (sales and customer company identification). We use partial least squares analysis to examine the overall conceptual model.

Summary of Findings
We find that TREs differ from other exchange events in that they only occur for large, relational (vs. performance) disconfirmations and that this difference in disconfirmation redirects the focus of customer response from the particular transaction to the underlying cooperative relationship triggering dramatic relationship change. In Study 1, building on the premise that TREs are unique events, we find an opposing moderating effect of relational norms on the type of disconfirmation such that strong relational norms insulate the firm from negative performance disconfirmations, but amplify the effects of negative relational disconfirmations and vice versa for positive events. In Study 2, we find that while the majority of relationships evolve through incremen-
tal change, 28% of respondents could easily recall a single
event that dramatically impacted their relationship with the
seller providing evidence of TREs in real, ongoing business
relationships. We also find that exchange communication
serves as an effective proactive strategy for both enhancing
positive TREs and insulating the firm from negative TREs.
However, negative TREs are often unexpected and are
potentially devastating shocks to exchange relationships. We
find that seller apology is an effective reactive strategy for allevi-
ating the destructive effects of negative TREs.

Key Contributions
This research has several implications for relationship market-
ing theory and practice. First, we identify a potentially impor-
tant difference in relational versus performance disconfirma-
tions. Thus, extant research that does not account for this
difference may lead to misleading conclusions. Second, our
findings that the impact of discrete events on relationship
development varies based on the strength of relational norms
and the characteristics of the event can be used to inform loy-
alty reward design and deployment. Calibrating rewards to
meet the ideal level of relational disconfirmation could be a
fruitful area for future research. Third, we identify two mana-
gerially controllable strategies for both proactively
(exchange communication) and reactively (seller apology)
managing the impact of positive and negative TREs. Fourth,
while the majority of relationship marketing research focuses
primarily on overall relationship change, this research pro-
vides justification for studying the individual events that con-
tribute to the underlying relationship history.

References are available on request.
A Non-Recursive Reciprocal Analysis of Business Relationship Characteristics

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Keywords: reciprocal effect, business relationships, shadow of the past, shadow of the future

EXTENDED ABSTRACT

Research Question
Business relationship characteristics such as trust and commitment are complex and related concepts. It is necessary to evaluate them in order to understand the degree to which they exist in business relationships, what other aspects they relate to, as well as how different aspects of trust and commitment interrelate with each other in affecting business relationships. Previously scholars have argued that trust impacts on commitment while others have advocated the reverse effect, that commitment affects trust. A reciprocal effect, based on both the shadow of the past and shadow of the future argument, suggests a bi-directional model of trust and commitment in business-to-business relationships. However, such a reciprocal effect has never been examined.

This study re-investigates the relationship between trust and commitment and tests their reciprocal effect in a quantitative design. Thus, the study’s research questions are: What is the relationship between trust (at both inter-personal and inter-organizational levels) and commitment in business relationships; do they have a reciprocal effect? What is the moderating effect of relationship length and dependence on the relationship between (inter-personal and inter-organizational) trust and commitment?

Method and Data
A developed model is examined based on a non-recursive structural equation modeling (SEM). This model examines the reciprocal effect of commitment on two different aspects of trust; all of which are endogenous constructs in our model. Testing and analyzing a reciprocal model in SEM involves some methodological considerations. An instrumental variable is included for each construct related to the reciprocal effect. The instrumental variable can have a direct path to one of the endogenous variables involved in the feedback, but at the same time must be excluded from having a direct path to the other endogenous variable in the model (we have used opportunistic behavior and relationship outcomes as instrumental variables).

A total of 855 informants (UK managers) received the invitation. In total 331 complete questionnaires were collected (39% response rate). The appropriate organizational roles and knowledgeability of respondents were ensured by use of screening procedures. Almost 42% of the respondents are senior managers, 20% are of a professional occupation, middle managers, and professional analysts and consultants, and 14% are purchasing managers, and IT managers and administrators.

Summary of Findings
The results validate the suggested reciprocal relationship between trust and commitment in supplier relationships, which is pertinent to both levels of trust: inter-personal and inter-organizational and suggest a simultaneous reciprocal relationship. This advocates a synchronous reciprocal effect between (inter-personal and inter-organizational) trust and commitment. Our results therefore provide a possible rationale as to why the literature has noted that trust does not always have the predicted effect in empirical studies.

We also examined the moderating effects of two main factors on the trust-commitment relationships, the length of the relationship and dependence. As hypothesized, the positive effect of both aspects of trust on commitment decreases as relationship length increases. Furthermore, the moderating
effect of dependence on two relationships involving trust and commitment were tested. One of the hypothesized effects was supported: the positive effect of inter-personal trust on commitment increases as dependence increases, in line with previous studies. We extend our understanding of this effect by specifying at which level of trust it operates and clarifying its directionality. The other hypothesis suggested that the positive effect of commitment on inter-organizational trust increases as dependence increases. This was partially supported.

**Key Contributions**
The reciprocal effects between both aspects of trust and commitment are supported. Our results provide support for a reciprocal relationship between these two focal constructs; thus, neither can be seen as the lever to affect the other construct in relationship management. Implications for the practicing manager result, which point to the importance of both trust and commitment as levers for improving relationship management activities, as well as guidance regarding the growing importance of inter-personal trust in more established business relationships.

It is also shown that supplier’s opportunistic behavior affects buyers’ trust, and that as relationship length increases, the effect of trust on commitment decreases and the effect of inter-personal trust on commitment increases. The moderating effects of the length of the relationship on the trust-commitment relationships were supported. This highlights the importance of different aspects of trust, especially at the earlier stages of the relationship, on building the relationship and encouraging commitment, in line with suggestions discussed in the literature. Dependence has a different controlling impact pertinent to trust vis-à-vis commitment. Trust at the inter-personal level has a more important impact on commitment when there is a higher level of dependence.

*References are available on request.*
A Meta-Analytic Study of Information Asymmetry and Sharing

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Keywords: meta-analysis, information sharing, information asymmetry

EXTENDED ABSTRACT

Research Question
In an exchange relationship, information asymmetry between parties opens the door for opportunism. One strategy to deal with the problem is to obtain pertinent behavioral and output information to align the agent’s behaviors with the principals’ goals (Bergen, Dutta, & Walker 1992; Eisenhardt 1989). Another strategy is to develop a closer relationship between the two parties, characterized by a high level of information sharing. However, both acquiring and sharing information incur costs and have potential adverse effects. The action of obtaining information may be seen as a sign of distrust, leading to a withdrawal of effort by the agent (Frey 1993). Additionally, information sharing may lead to opportunism as one party takes advantage of the other party based on the shared information (Anderson & Jap 2005).

As the gathering and sharing of information is costly and potentially harmful to the relationship, two research questions arise: Does information asymmetry exacerbate opportunism and hinder performance, therefore justifying the costs of information gathering? On the other hand, does information sharing mitigate opportunism and increase performance, therefore justifying the additional costs of sharing information?

Method and Data
The present paper uses meta-analytic techniques (Hunter & Schmidt 1990; Rosenthal 1991) to examine the relationship between information asymmetry and performance, trust, commitment, satisfaction, and opportunism and the relationship between information sharing and performance, trust, commitment, satisfaction, and opportunism. Organizational setting, sample location, number of industries, and industry type are examined as potential moderators. An electronic search of the literature yielded 90 relevant studies with 99 independent samples.

Summary of Findings
As predicted by TCE and agency theory, information asymmetry is related negatively to performance, trust, commitment, and satisfaction and positively to opportunism. In contrast, information sharing is related positively to performance, trust, commitment, and satisfaction and related negatively to opportunism.

Interestingly, the moderator analysis shows that information asymmetry is related positively to performance in intraorganizational settings, but related negatively to performance in interorganizational settings. The analysis also shows that opportunism is more strongly associated with information asymmetry in interorganizational settings than intraorganizational settings. In addition, information asymmetry has more adverse effects on commitment and satisfaction in interorganizational settings than in intraorganizational settings.

Another interesting moderating variable is industry type. The analysis suggests a negative information asymmetry-performance relationship in goods industries but a positive relationship in service industries. The result may be due to the difficulty of accurately evaluating performance in service industries. Similarly, information sharing exhibits a stronger negative relationship with opportunism in goods industries versus service industries. An explanation may be that opportunism is more difficult to detect in intangible, service industries, so additional information in these industries does not enable the principal to detect opportunism as readily as it does in goods industries.

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**Key Contributions**

This paper provides insight about the decision to gather and/or share information in exchange relationships. The results suggest that the decision should be based on the context. In intra-organizational settings or in service industries, information asymmetry does not necessarily hinder performance. In inter-organizational settings, however, information asymmetry has a deleterious effect on performance. Information sharing is associated positively with performance and trust in both inter-organizational and intraorganizational settings. This implies that through information sharing, two independent firms can achieve benefits similar to internal organization (Williamson 1991). Additional research is needed on information asymmetry and sharing and their role in organizing exchanges.

*References are available on request.*
Part C

Branding and Brand Management

Track Chairs
Keisha Cutright, University of Pennsylvania
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How Does Power State Affect Consumers’ Evaluations of Luxury Brand Extensions?
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Uniqueness and (False) Consensus: Two Important Facets of Brand Associations?

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Keywords: brand, associations, equity, uniqueness, consensus

EXTENDED ABSTRACT

Research Question
Adopting a cognitive brand equity perspective, brand strength results from what stakeholders know about the brand. Knowledge can be conceptualized in various ways (e.g., explicit vs. implicit, declarative vs. procedural), but the collection of consumer brand associations is the most popular way to learn about brand knowledge. Multiple facets of brand associations have been proposed as relevant conditions for brand strength, for example the number of associations, their valence, their overlap with management-desired brand meaning. This study investigates the role of two facets which have been mentioned in numerous conceptual brand management contributions, but lack thorough empirical examination. We examine whether an association’s uniqueness (i.e., only one brand among a set of brands elicits this association) and an association’s degree of consensus (i.e., a brand elicits an association from many consumers) are able to add explanatory power to variations in consumer brand response. We distinguish between two types of consensus: (a) the degree to which different people actually share the same knowledge regarding a brand and (b) the (potentially false) belief that others share one’s brand knowledge.

Method and Data
A majority of brand association-performance studies employs an inter-brand approach: By comparing facets of different brands for a given population, they identify what discriminates strong from weak brands at an aggregate level. This study uses an intra-brand approach: By focusing on multiple consumers of specific brands and the variation of equity among them we can evaluate the level of consensus. By gathering associations for multiple brands from each respondent we can evaluate the level of uniqueness. The data set consists of consumer evaluations of a total of six sport shoe brands which together have a market share of 91 percent in the German sport shoes market. Over four survey waves respondents provide free associations for a random set of four brands they are familiar with and an evaluation of the favorability of the mentioned associations. We then use these association categories to calculate indices for brand uniqueness, consensus, association set size and favorability at the individual consumer level. Applying multiple regression, these indices and measures of perceived (false) consensus, product category involvement and socio-demographics serve as antecedents of consumer response to the brand (attitudinal brand strength, brand utility as determined with a conjoint task).

Summary of Findings
Results show a significant positive effect of false (perceived), not actual consensus and favorability of brand associations. Brand uniqueness moderates the effect of favorability, suggesting that more favorable associations have a stronger impact on brand strength if they are also unique. Similarly, false brand consensus moderates the effect of favorability, suggesting that more favorable associations have a stronger impact if consumers believe that they share these associations with more people. Our analysis reveals that, surprisingly, neither uniqueness nor consensus impact brand response. Whether a brand elicits unique associations or whether the associations elicited are shared with others does not add explanatory power to a model incorporating established association facets (i.e. number and valence of associations). However, we find that false consensus matters: Respondents respond more positively to brands which they believe others perceive in a similar way.

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Key Contributions
The positive interaction effects between favorability and both uniqueness and perceived consensus give credibility to one of the challenges of brand management: to create attractive associations for a brand which are unique and which are (believed to be) shared by many consumers. Success in this endeavor seems to pay off. At the same time, the negative interaction effect between uniqueness and perceived consensus points to an inherent danger of striving for both uniqueness and perceived consensus. A more in-depth analysis of the specific meaning of unique and shared associations may shed light whether certain types of associations, for example attributes, usage situations or users, are more likely to feature as unique or high consensus associations. This would provide guidance to management which associations may be the most promising ones to achieve uniqueness or consensus cost-efficiently. Future research might examine whether uniqueness or consensus are more beneficial for certain types of brands; for example brands which target a wider or narrower audience, have a premium versus a budget price level or cater to the average versus the atypical category user.

References are available on request.
How Does Power State Affect Consumers’ Evaluations of Luxury Brand Extensions?

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Keywords: power, luxury brands, broad versus narrow extensions, public versus private consumption

EXTENDED ABSTRACT

Research Question
Extant research on brand extensions suggests that luxury brands (brands associated with prestige and status) have greater extendibility than non-luxury brands (Park, Milberg, and Lawson 1991). Despite that, there is a variation of extendibility among luxury brands in the marketplace. Some luxury brands have narrow extensions whose ranges are small, adjacent to the parent brand’s original product category, whereas others have broad extensions whose ranges are large with a diverse set of brand extensions, either similar or dissimilar to the parent brand’s original product category. Not every luxury brand seems to be successful through brand extension efforts. What factors are responsible for this variation, apart from fit between a parent brand and its brand extensions? We propose that consumers’ power offers a clue to the varied extendibility of luxury brands. Powerful (vs. powerless) consumers might have a desire to express their “superior” status to others through liaison to scarce resources (Keltner, Gruenfeld, and Anderson 2003). They will evaluate luxury brands with narrow extensions more favorably than powerless consumers because narrow extensions are perceived as relatively scarce and exclusive (Kirmani, Sood, and Bridges 1999). To further test our logic, we investigate the role of competitive (vs. non-competitive) mindset. Finally, we investigate the role of public versus private consumption.

Method and Data
We ran three experiments to test our hypotheses. Experiment 1 (N = 103) was a one factor between-subjects study with different levels of power (powerful vs. powerless) as the main factor. Respondents participated in the study posted on Amazon Mechanical Turk for a small cash incentive. Experiment 2 (N = 113) was a 2 (powerful vs. powerless) x 2 (competitive mindset vs. non-competitive mindset) between-subjects design. Both factors were manipulated. Experiment 3 (N = 159) was a 2 (powerful vs. powerless) x 2 (competitive mindset vs. non-competitive mindset) x 2 (public vs. private consumption) between-subjects design. All three factors were manipulated. Undergraduate students at a south-western university in the U.S. participated in experiments 2 and 3 for course credit.

Summary of Findings
We found that consumers’ psychological state of power systematically affects the evaluations of luxury brands with narrow extensions across three experiments. In experiment 1, we manipulated power and tested the hypothesis that powerful consumers would evaluate luxury brands with narrow extensions more favorably than powerless consumers. It was supported. We manipulated competitive mindset versus non-competitive mindset and tested the interaction of power and competitive mindset on the preference for luxury brands with narrow extensions in experiment 2. In the competitive mindset condition, powerful participants evaluated luxury brands with narrow extensions more favorably than powerless participants; however, in the non-competitive mindset condition such a difference was not found. To further test the underlying process, we investigated the role of public versus private consumption in experiment 3. The results show that the two-way interaction between power and a competitive mindset was significant only for public consumption, but not for private consumption. The nature of the two-way interaction was the same as that of experiment 2. Participants in
the powerful condition preferred luxury brands with narrow extensions more than those in the powerless condition. However, this effect was significant only for a competitive (vs. non-competitive) mindset.

**Key Contributions**

This research clearly broadens brand extension research by providing an explanation for the variability of luxury brand extension. Extension evaluations based upon fit judgment and interactions of other factors do not explain the variability of luxury brand extensions and unequal market performances among luxury brands with narrow versus broad extensions. However, this research demonstrates that consumers’ power state can provide a logical explanation for these issues, beyond fit or similarity between the parent brand and the extension category. Besides, we provide a systematic integration of influential theoretical perspectives on luxury brand consumption. A dominant framework in the luxury brand literature has been the compensatory theory proposed by Rucker and Galinsky (2008, 2009) which states that powerless consumers tend to prefer status brands more than powerful consumers because they have a stronger need to compensate for their lack of power. Another perspective has been the identity signaling theory (Berger and Heath 2008). By integrating these two theories, we demonstrate that the desire to show exclusive social standing can lead to a stronger preference of luxury brands with narrow extensions.

*References are available on request.*
The Hidden Brand Drivers: Explicit and Implicit Antecedents of Brand Strength

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Keywords: brand strength, neuro economics, Zurich model of social motivation, implicit measures, reaction time measurement

EXTENDED ABSTRACT

Research Question
Vast research has been made to identify the various influence factors of brand perception and behavior, still most studies lack a differentiated approach that incorporates both the un-/subconscious and conscious mental processes. In the current study, we examine if and how brand-related motivation has an influence on brand strength on an implicit (un-/subconscious) and explicit (conscious) level from a consumer’s point of view.

Method and Data
To investigate the research model and to test the proposed hypotheses, Partial Least Squares (PLS) structural modeling was employed in this exploratory study. Moreover, all explicit (conscious) motivation dimensions were gathered by applying a traditional self-assessment measure (here: seven-point semantic differentials), whereas an innovative reaction time measurement (here: brand category associations) was employed to capture an implicit (un-/subconscious) brand motivation assessment. For data collection a web-based survey with a snowball sampling method was conducted in Germany. From May 2013 to July 2013, 173 valid questionnaires were received in total.

Summary of Findings
The results indicate that implicit and explicit motivational processes related to a brand have a significant positive effect on all brand strength dimensions. Interestingly, our study also shows that the un-/subconscious motivational processes influence other brand strength elements than the conscious motivational processes. In detail, the results of the exploratory study suggest that e.g. explicit brand-related motivation has great influence on affective brand strength, whereas the biggest impact of implicit brand-related motivation is on intentional brand strength. When it comes to the analyses of the conscious and un-/subconscious facets of brand-related motivation itself, it is rather unexpected that explicit motivation is not driven by autonomy aspects, whereas this element is the main influence factor of the implicit brand-related motivation. This fact supports our main assumption that only the combination of both implicit and explicit measures show brand strength in its full complexity. Based on a sole explicit study marketers would have gotten the impression that they should not focus on autonomy aspects, whereas our study shows that autonomy has to be communicated on a subliminal level in order to address all relevant motivational aspects.

Key Contributions
First, the contribution of the current research is to follow a holistic approach that combines both explicit and implicit measures in order to better understand the fundamentals and outcomes of how brand-related motivation is processed on a conscious and un-/subconscious level. In detail, the presented research approach with its multidimensional framework has proven to be a valid model in order to measure the implicit and explicit characteristics of brand-related motivation and their effects on brand strength. Second, our results show that brand strength is driven by a complex interplay of implicit and explicit motivational processes. Third, the results suggest different impacts of explicit and implicit brand-related motivation on the adequate elements of brand strength.

References are available on request.

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The Relevance of Attitude Functions for Luxury Brand Consumption During Human Life Span

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Keywords: luxury brands, attitude functions, identity development process, purchase intention, age

EXTENDED ABSTRACT

Research Question
Understanding why consumers engage in luxury consumption is crucial for both management and academic research. To study these motivations of luxury consumption, the functional theory of attitudes offers a suitable conceptual framework (Grewal et al., 2004; Katz, 1960). Following this theory, luxury brand purchase behavior is determined by different functions (social-adjustive, value-expressive, hedonic, utilitarian) underlying consumers’ attitudes towards luxury brands.

Studies show that the relevance of these attitude functions differs among several target groups (Wilcox et al., 2009). According to the identity development process, age is a crucial factor that influences personal motivations (Erikson, 1963). So far, little is known about the influence of age on luxury brand consumption. Therefore, the objective of the present study is to analyze luxury brand response (attitude functions and purchase behavior) with a special focus on age groups. Based on the results of this study the following questions will be answered: 1) Is the relationship between functions underlying consumers’ attitudes toward luxury brands and the intention to purchase luxury brands moderated by age? 2) Which attitude functions are particularly relevant for different age groups?

Method and Data
To test the research model a sample with total of 306 usable questionnaires was conducted in August and September 2013 using an online questionnaire. The sample of participants were actual luxury brand consumers who reported their consumption experience with one of the following categories: clothes, watches, sun-glasses, perfumes, cars, and groceries. The study consists of items relating to the social-adjustive and value-expressive function of attitudes from Grewal et al. (2004). To measure the hedonic and utilitarian function we use the validated scale of Voss et al. (2003). The purchase intentions scale was selected from Bansal et al. (2004). The empirical analysis is based on the structural equation method supported by the PLS-modeling (SmartPLS 2.0).

Summary of Findings
The study shows that the hedonic and utilitarian attitude functions are in general relevant across all age groups, while the impact of the social functions greatly differ among the target groups. Whereas the social-adjustive-function strongly enhances luxury brand purchase behavior of late adolescents (16 to 25 years), value-expressiveness only impacts the luxury consumption of young adults (26 to 39 years). These social-functions do not determine the acquisition of luxury brands by middle-aged adults (40 to 59 years).

According to the development process (Erikson, 1963) late adolescents have the need to meet the expectations of their peer group. Hence, it can be assumed that the social-adjustive-function is of high relevance for this age group. In contrast to this, young adults as well as middle and older individuals have a stronger sense of their own identity and are less influenced by peer pressure. Young adults experience a strong need for expressing their own identity (value-
expressive-function is of high importance for this group). In contrast to this, late adolescents show mostly a weak sense of their identity and do not have the need to communicate their (widely unclear) identity to others. The motivation of middle-aged adults to present their own identity to others is less important.

**Key Contributions**

Considering the great influence of age on the relation between attitude functions and luxury brand purchase intention further research has to take age as a moderator into account. Former studies showed only a marginally significant effect for a combined social function in the late adolescent group. As our findings demonstrate a separation of the social-adjustive and value-expressive functions are advisable. While luxury brand purchase intention is more influenced by the social-adjustive-function in late adolescents, young adults reject peer pressure and, therefore, the only social-function that shows significance is value expressiveness in this group.

The findings have numerous implications for managers. Marketers of luxury brands should be aware that the utilitarian aspect has an overall effect on the consumption of luxury brands across all age groups, hence luxury brands have to serve very high quality standards. Second, the findings suggest that managers need to develop an age group specific competitive marketing strategy concerning the positioning of luxury brands. Particular focus should be placed on age group specific adjustments of the social-adjustive- and value-expressive-function. Besides focusing on one age group in luxury brand positioning managers face the opportunity to include sub-brands incorporating a specific target group focus in their brand portfolio.

*References are available on request.*
Brand Lovers and Brand Haters in Turbulent Times: How Product-Harm Crises Drive Brand Dispersion

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EXTENDED ABSTRACT

Method and Data
This study tests whether product-harm crises impact brand dispersion using a unique daily dataset for brand evaluation together with real-world product recall data over 4 years. The daily brand dataset comprises over 2,500 brands from the United States, Germany and the United Kingdom from a consumer panel of over 3 million users and the recall dataset contains all product recalls from the Consumer Product Safety Commission (CPSC) in the US during 2008-2011.

To examine the effect of product recalls on brand dispersion we follow the event study methodology in finance (MacKinlay 1997). The pure impact of the recall is measured as the difference between the actual brand dispersion in the days after the recall to the expected brand dispersion, derived from an 100-day estimation period prior to the recall (Sood & Tellis 2009, MacKinlay 1997). To examine the interplay between brand dispersion and mean-level brand score following the event, we apply the common method used in event studies and conduct cross-sectional regressions.

Key Contributions
Examining dispersion as a new outcome dimension in product-harm crises, this study enhances current product-harm crises literature which mostly focused on long-term customer outcomes (e.g. sales, prices) and examined the effect on the brand in general (e.g. brand equity, brand evaluation, purchase intention).

Product quality and especially product-harm crises are found to be an antecedent of dispersion and the recently developed concept of brand dispersion (Luo et al. 2013) is applied to a new context.

We contribute to the current research by using a real-world dataset at a daily level while most studies due to a lack of data had to use lab-experiments or quarterly/annual effects.

The study further contributes to a comprehensive understanding of brand equity for managers by showing that not only the average brand image but also the facet of dispersion is essential for firms to watch. (e.g. managers should focus on rebuilding a consistent brand and specifically address brand haters).

Summary of Findings
This study finds that (1) product-harm crises increase the brand dispersion immediately in the days after the event and (2) the downside dispersion, i.e. the portion of brand haters, significantly increases after the event.

References are available on request.

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Investigating How Message Channel and Brand Properties Influence Word-of-Mouth Outcomes for Brands

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V. Kumar, Georgia State University

EXTENDED ABSTRACT

Research Question
Our study endeavored to investigate how characteristics of a word-of-mouth (WOM) conversation and characteristics of the brand discussed during the WOM affects a consumer’s intention to purchase the brand because of the WOM information received. Our study focused on three central components of interpersonal communication: the content of the message (specifically, the valence of the brand sentiment), the relationship between the communicators (specifically, the strength of the social tie), and the channel of the conversation (specifically, offline vs. online conversations). Further, we investigated if overall stronger brands (those with high brand equity) have more impactful WOM than low equity brands.

Based on a review of communication theories, we specified the hollowing hypotheses:

H1a: Compared to neutral WOM, PWOM should have a positive influence on purchase intentions.

H1b: Compared to neutral WOM, negative and mixed WOM should have a negative influence on purchase intentions.

H2a: Offline PWOM should have a greater positive effect on purchase intentions than online PWOM.

H2b: Offline, negative and offline, mixed WOM should have a greater negative effect on purchase intentions than their respective online, NWOM and online, mixed WOM counterparts.

H3a: Brand equity positively moderates the impact of positive, negative, neutral, and mixed WOM on purchase intentions.

Method and Data
Our study analyzes four years of organic offline and online word-of-mouth (WOM) data for 651 brands. The data primarily comes from a longitudinal database that tracks WOM from a nationally representative panel of American consumers and the data is further complemented by other brand-level data. The valence, social tie, and channel of every WOM conversation is tracked in the database, and the specific brand in each WOM is coded. Brand equity scores for each brand were appended to the database and came from Equitrend. Purchase intentions is operationalized by asking the BrandChat respondent how likely they are to buy the brand as a result of the WOM conversation about the brand, and retransmission intentions is operationalized by asking the respondent how likely they are to pass along the information in the WOM episode to other people. Each question is measured on a 0 (“not at all likely”) to a 10 (“extremely likely”) scale. We included other control variables which are not discussed here due to space limitations. In total, we 188,278 conversations were analyzed. We used a hierarchical linear model (WOM conversations nested within brands) to assess the hypotheses.

Summary of Findings
H1a and H1b were mostly supported. With respect to H1a, PWOM resulted in greater purchase intentions (p < .01). Consistent with H1b, NWOM had a substantially more negative influence on purchase intentions than neutral WOM (p < .001), although mixed WOM was only significantly negatively different than neutral WOM with respect to conversations between strong ties, not between weak ties (p < .05). H2a and H2b, were also supported. As hypothesized by H3a, there was a marginally significant larger positive difference between offline PWOM and offline, neutral WOM.
and online PWOM and offline, neutral WOM ($p<.1$). The difference between offline and online WOM on purchase intentions was more pronounced in the case of negative and mixed valence WOM. Supporting H$_{2b}$, there was a statistically significant larger negative difference between offline NWOM and offline, neutral WOM when compared to the difference between online NWOM and online, neutral WOM ($p<.01$). Also consistent with H$_{2b}$, offline, mixed WOM had a larger negative effect compared to offline, neutral WOM than between online, mixed WOM and online, neutral WOM ($p<.05$).

H$_3$ was mostly supported. Positive, neutral, and mixed WOM resulted in significantly greater purchase intentions for higher brand equity brands than for lower brand equity brands ($p<.05$); however, there was no significant difference between the purchase intentions for weaker and stronger brands in the case of NWOM ($p>.05$).

**Key Contributions**

It is clear that the valence of WOM has a greater effect on purchase intentions when it happens offline, making PWOM even more effective at influencing purchase and making NWOM even more damaging to consumers’ intentions to buy or try a brand. Although the interaction between channel and WOM valence is relatively small compared with the large main effect of WOM valence, these results highlight that marketers overlooking more influential offline WOM and attending only to online WOM are underestimating the positive brand benefits of PWOM and the deleterious effect of NWOM in offline channels. Our findings compliment other recent marketing research with respect to WOM channel effects. Specifically, Berger and Iyengar (2013) demonstrate the asynchronicity of offline communication channels provides explains why people are more likely to talk about interesting brands online.

The results of this study suggest that it is important to simultaneously consider both the content of a WOM message and the overall properties of a brand in order to anticipate the impact of WOM. Our results suggest that brands with higher brand equity may benefit from WOM because purchase may be a relatively more likely outcome of a single WOM conversation.

*References are available on request.*
Fear Packaging

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EXTENDED ABSTRACT

Research Question
Product packaging for tobacco and cigarettes is on the vanguard of new public policy strategy and remedies. Early 1970s warnings on packages were viewed as necessary for providing basic important information for users’ knowledge at the time in the decision-making when it appeared to be most salient – when users accessed the package for a cigarette or tobacco. The 1980’s warnings provided more information (e.g. effects of smoking on pregnant women) in different text-based formats, about health effects.

In some countries, warnings began to feature visual health warnings (VHW) in the last decade, often showing a gory confronting visual of a deceased person, or close-up of a diseased part of the body such as a cancerous mouth, gums or gangrenous foot. These VHWs usually cover up to 30% of the package. Aided by the adaption of “plain packaging” with no logo or brand visuals, new morbidly graphic visual health messages can cover up to 80% of the package where plain packaging is used (Australia). Unlike the information strategy of previous warnings, these morbid VHW are placed on packages to generate fear in the user or potential user so they stop use of the product. The theoretical rationales for these warnings are based on research in fear appeals and terror management. Present research has been focused on how to get warnings to create the most fear in users in order to “break through” and cognitively attack habitual behavior.

However, there is a significant amount of research that finds health warnings, with and without strong graphics for using products or unfavourable behaviors (e.g. diving in the shallow end of the pool); often have boomerang effects in some users. In other words, the warnings appear to cause a significant number of users (e.g. cigarette, alcohol, gambling etc.), to report intending or actually using more of the product, or doing more of the dangerous behavior. This study investigates the theoretical logic and empirical evidence for boomerang effects and how they should influence the application and testing of warnings on cigarette packages and future product applications.

Method and Data
Studies concerning the performance of discount and “no brand” generic cigarettes are reviewed to ascertain their historic performance in the marketplace, and their present effectiveness as a format for larger more confronting VHWs. The published theory and research on the effectiveness of using morbid and confronting visuals in warnings is also reviewed.

Summary of Findings
“Plain package” brands with a big price discount over major brands, and little or no media promotion, were very successful in the US during the period of 1983 through 1994. They captured up to 40% share of cigarette sales, about 12% of adolescents reporting they smoked these plain package cigarette brands. Female smokers as a group of heavy users of cigarettes named plain package brands as their favourite brand. Plain brands also failed to increase quitting smoking. More recent experimental tests of plain packages generally fail to find plain package versions of major brands more effective than branded packages in raising the recall of health warnings. They also do not increase the user’s desire to quit using tobacco. For example, pictures of smokers or a lit cigarette were seen as more apt to increase the desire to smoke than branded packages of cigarettes. Surprisingly, larger more confronting VHWs do not necessarily improve recall of the health message.

The research conducted in communications, psychology and social psychology on anti-smoking advertising and VHW is reviewed and finds consistent boomerang effects in some
users. These boomerang effects occur in both intended and actual behaviour. These findings apply to tobacco, alcohol and online gambling.

**Key Contributions**
This research is the first to address the multiple factors, competing theories and reasonable expectations of outcomes that underpin the mandated use of plain packaging and more confronting visual warnings. The research finds that most advocates for both remedies have failed to acknowledge and test for the possible negative effects in their remedies before promoting their use. Because these approaches have been advocated in other product categories like food marketing (fast food, cereals, beverages), care must be taken by researchers and public policy makers to ensure they don’t cause more harm than good by imposing these remedies.

*References are available on request.*
Does Relating to Corporate or Product Brands Generate Similar Emotions?

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Keywords: corporate brands, product brands, consumer emotions, product failure

EXTENDED ABSTRACT

Conceptual Background
Increasing number of studies are being conducted to understand the role that companies and corporate brands play in the daily consumption activities of consumers. However, very few studies compare how companies (e.g. Google, Microsoft) or product brands (e.g. Budweiser) differ and that what those differences hold for consumers. Consumer’s responses to companies vs. product brands provide an interesting platform where the conceptual differences between them can be clarified and tested. The present study focuses on how consumer’s emotional responses are shaped when they relate to companies vs. product brands.

Research Questions
This research uses attribution theory to posit that consumer’s emotional responses to similar consumption situations vary in relation to whether company or product brand related associations are active in the mind of consumers. It is argued that corporate brands more readily trigger “other directed” emotions whereas the same is not expected for the product brands. Moreover, it is proposed that these “other directed” emotions will predict consumers’ behavioral response more consistently for corporate brands than product brands.

Method and Data
Two different single factor experimental studies are conducted to validate the proposed theoretical framework. In the first study, participants were exposed to strong company and product brand stimuli in product failure situation, which typically triggers a single dominant negative emotion of anger. The study was conducted with adult population. Subsequently, a second study was conducted in which the theoretical framework was tested again using similar emotional situation as in Study 1, but with an established product brand and subtle company prime condition. The objective of this study was to establish the external validity of the findings for strong product brands that exist in the physical product marketplace.

Summary of Findings
The study demonstrates that conceptual differences between corporate and product brands have important and meaningful differences on consumer’s emotional and behavioral reactions. Exposure to company information is instrumental in changing individual’s agency perception in negative situations such that they hold companies more responsible for the happening than in situations involving product brands. These agency perceptions are then reflected in consumers feeling higher intensity of other directed emotions (such as anger). Such is not the case with product brands. Finally, it is also observed that for companies, other directed emotion also predicts consumer’s retaliatory behavioral actions, which is not the case in situations involving product brands.

Key Contributions
Key contributions of the study are:

1. The entity level differences between corporate and product brands are meaningful for consumers and that they interpret negative consumption situations in conjunction with the perceived entity involved in the exchange process.

2. Corporate and Product brand information differentially influence consumers consumption related emotional experiences and behaviors.

3. The inherent organizational characteristics of corporate brands fuels consumer retaliatory behavior.

References are available on request.

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Customer Relationship Building Through Identification: The Mediating Effect of Perceived Quality and Moderating Effect of Brand Engagement

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Keywords: brand identification, brand prestige, brand-personality congruence, perceived quality, brand promotion

EXTENDED ABSTRACT

The identity perspective on consumer-brand relationships has drawn considerable attention in the marketing literature. As a construct that describes the psychological linkage between consumers and brands, identification is a powerful predictor of a variety of consumer attitudes and behaviors. Although previous studies on consumer-brand identification (CBI) have provided useful insights, two limitations are apparent. First, previous research has primarily concentrated on the symbolic drivers of CBI. However, how both symbolic and instrumental attributes influence the extent to which consumers identify with a particular brand has received far less attention (He and Li 2011; Lam, Ahearne, and Schillewaert 2012). Second, there are inconsistencies in findings of studies examining the direct impact of brand prestige on CBI. Finally, studies assessing the role of potential moderators in the relationship between CBI and its drivers are scant.

It is well acknowledged in the marketing literature that instrumental attributes and symbolic attributes shape the consumers perceptions of the brand’s image (Keller 1993). This instrumental-symbolic framework is rooted in the functional theory of attitudes (Highhouse, Thornbury, and Little 2007). The functional approach (Katz 1960) is based on the notion that attitudes should be studied with respect to the needs they fulfill or the functions they serve. In other words, an attitude can potentially serve various psychological needs. Drawing on the functional theory of attitudes (Katz 1960), social identity theory (Tajfel and Turner 1979) and marketing literature (e.g. Bhattacharya and Sen 2003; Lam et al. 2012), we propose that both symbolic (brand-personality congruence and brand prestige) and instrumental variables (perceived quality) drive CBI which in turn influences consumers’ physical and social brand promotion. We further postulate that perceived quality mediates the link between brand-personality congruence/ brand prestige and CBI, and that brand engagement in self-concept (BESC) moderates the relationship between CBI and its drivers.

Following a pretest, we sampled consumers from a large metropolitan area in the North East of UK, using a mall intercept technique. A total of 293 usable questionnaires (N_{TV} = 135; M_{Mobile Phone}=158) were collected from the visitors of a mainstream, multi-service Mall location. The participants completed the survey with respect to their favorite brand in two product categories (Mobile phones and TVs). The data was analyzed using Partial Least Squares (PLS) approach for structural equation modelling with SmartPLS. Results indicated that the constructs demonstrate acceptable level of reliability, convergent validity and discriminant validity.

The findings indicated that: (1) both brand personality congruence and perceived quality have the same influence on

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CBI, however, brand prestige does not directly affect CBI; (2) brand-personality congruence does not influence perceived quality, whereas a positive significant relationship between brand prestige and perceived quality exists; (3) CBI influences both social brand promotion and psychical brand promotion; (4) the effect of brand prestige on CBI is fully mediated by perceived quality; and (5) the impact of perceived quality on CBI is moderated by BESC.

This study advances academic knowledge in several ways. First, this research is among the first to empirically validate the positive direct and indirect effects of perceived quality on CBI. Specifically, it expands the traditional view that only variables that satisfy consumers’ self-definitional needs are the main drivers of CBI and shows the important role that perceived quality play in driving CBI. Second, we find that in addition to symbols and instrumental variables controlled by the company/brand, consumer characteristics play a key role in driving consumer-brand relationships. Finally, this research adds to extant literature that focuses the attention to CBI as a promising construct that positively influences consumers’ behavior. The extant literature focuses on the direct effects of CBI on positive word of mouth and customer advocacy, but largely ignores its impact on physical brand promotion.

Our findings provide important insights for marketing managers. First, our results suggest that fulfilling one’s self-congruity needs are far more important than satisfying their self-enhancement motives in developing long-term relationships with consumers. Thus, the results suggest that marketing strategies that emphasize the real self are more likely to be effective in developing CBI. Second, we illustrate the results of making the brand more appealing and attractive for customers to satisfy their self-definitional motives together with their utilitarian values. A third managerial implication refers to the importance of classifying consumers in terms of their general tendency to incorporate brands as part of how they view themselves. Those consumers are more likely to form and appreciate meaningful relationships with brands and thus expend their own social, financial and time resources to maintain and nurture this brand relationship.

References are available on request.
Drivers of Brand Relationship in Co-Creation: The Role of Brand Engagement

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Keywords: co-creation, brand engagement, brand relationship, brand contest

EXTENDED ABSTRACT

Research Question
Co-creation for brand innovation is an intriguing and rapidly growing trend in today’s competitive market. Past research on consumer co-creation largely focus on addressing the economic value that consumer brings by participating in the production process (Zhao, and Calantone, 2003). Only limited research (Brodie et al., 2013) deals with the psychological effects of brand relationship under today’s interactive platform such as co-creation. Furthermore, though past research indicates that interactive experience can produce engagement (Lusch and Vargo, 2010), however many brand co-creations fail to attract engaged participants and facilitate brand relationship (Gebauer, Füller and Pezzei, 2012), a phenomenon that may be explained by the state of psychological drivers in the brand co-creation process. Therefore this suggests that brand engagement may play an important role in examining consumer brand relationship in co-creation. As a result an investigation into this knowledge gap is essential to shed light on how brand co-creation facilitates brand engagement. Present research adopts stimulus-organism-response (Mehrabian and Russell, 1974) paradigm and draws theoretical implications from self-determination theory (Deci and Ryan, 1980) and implicit self-esteem theory (Greenwald and Banaji, 1995) to reveal the psychological effects of consumer co-creation on brand engagement which further affects consumer behaviors towards the brand.

Method and Data
Present study adopts brand co-creation contest as the empirical testing platform because it has gain prevalence as a means to obtain innovative ideas. Paper surveys were distributed among six brand co-creation contests. A total of 300 questionnaires were used for analysis. Questionnaire includes measurements for brand self-connection (Escalas and Bettman, 2003), competence, relatedness, autonomy perception (Van den Broeck et al., 2010), intrinsic motivation, extrinsic motivation (Pelletier et al., 1995), brand engagement (Schaufeli et al., 2002), purchase intention (Grewal, Baker, and Borin, 1998), helping others, and feedback (Groth, 2005).

Summary of Findings
Results show that brand self-connection and the perceived autonomy, competence and relatedness attained from brand co-creation activities combined to affect the intrinsic and extrinsic motivations of consumers to participate in co-creation, which further facilitate the establishment of brand engagement and ultimate behavioral intentions of purchase and brand citizenship behaviors. The hypothesized effect that the perceived autonomy associated with co-creation influences the extrinsic motivation to participate in co-creation is not supported. This could be owing to external rewards such as monetary rewards and recognition may create a feeling of being controlled by outside force; hence perception of autonomy does not lead to extrinsic motivation. Furthermore, the effect of competence on intrinsic motivation is not significant; however effect of competence on extrinsic motivation is significant, which implies that competent individuals are more motivated by extrinsic values than by intrinsic values such as knowledge and fun.

Key Contributions
Past research focus on the economic gains of consumer co-creation with limited understanding on consumer brand relationship, our study contributes to reveal the psychological outcomes of brand co-creation experience. Specifically, present research proposes an integrative framework for...
synthesizing the distinctive psychological elements and motivations in the brand co-creation experience to create brand engagement and consequent brand responses. Current research underscores the importance of designing brand co-creation contests that magnify experiential elements of autonomy, competence and relatedness. Furthermore, by providing intrinsic and extrinsic values to motivate consumers who are identified with the brand to participate in co-creation will lead to brand engagement thereby strengthening brand relationship. Present research exemplifies that well designed brand co-creation contest is a potent means not only effective in engaging consumers, but also can turn engaged consumers into an intangible asset for brand innovation.

References are available on request.
Antecedents of Internal Brand Management Outcomes—Conceptual Model and Empirical Validation

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Keywords: internal brand management outcomes, internal communication, role modeling of management, operationalization of brand identity

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. In pursuit of brand consistent employee behavior affective and cognitive IBM outcomes have been promoted in literature. From a managerial perspective antecedents of IBM outcomes have to be focus of further research. Therefore, this study’s aim is to develop a conceptual model of antecedents of IBM outcomes. The model contains the behavioral IBM outcome of brand citizenship behavior, the affective IBM outcome of brand commitment as well as the rarely investigated cognitive IBM outcome of brand understanding. Internal communication usage, role modeling of management, and operationalization of brand identity are considered as antecedents of the three IBM outcomes.

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. As a result, 822 responses were received (i.e. 51.4 % response rate). After data cleansing 756 respondents were kept for the 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 SPPS Statistics 20 and SmartPLS 2.0 (M3) Beta for data analysis.

Summary of Findings
The internal IBM 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) with path coefficients of β=.36*** (t=9.80, 95% CI=[.29;.44]) and β=.36*** (t=11.16, 95% CI=[.29;.42]) respectively. Brand commitment was also directly affected by brand understanding (β=.26***, t=6.56, 95% CI=[.18;.33]).

Usage of central, cascade, and lateral internal communication (β=.14***, t=4.15, 95% CI=[.08;.21]), role modeling of management on the macro and micro level (β=.23***, t=6.07, 95% CI=[.16;.31]), and operationalization of brand identity (β=.27***, t=7.18, 95% CI=[.20;.35]) as clarification and concretization of the brand identity directly affected brand understanding. Internal communication usage (β=.08*, t=2.08, 95% CI=[.005;.16]) and operationalization of brand identity (β=.09*, t=2.10, 95% CI=[.01;.18]) directly affected brand commitment. Finally, operationalization of brand identity (β=.08*, t=2.01, 95% CI=[.002;.16]) directly affected brand citizenship behavior. Although only six out of nine direct effects of antecedents on IBM outcomes were significant, all total effects were significant sug-
suggesting several mediations. Confirming mediation, all indirect effects were significant ($p<.001$).

Because the direct effects of internal communication usage and operationalization of brand identity on brand commitment were significant, the mediations represented complementary or partial mediations through brand understanding. In contrast, the direct effect of role modeling of management on brand commitment was not significant thus representing an indirect-only or full mediation through brand understanding. Similarly, because the direct effect of operationalization of brand identity on brand citizenship behavior was significant, the mediation represented a complementary or partial mediation through brand understanding and brand commitment. In contrast, the direct effects of internal communication usage and role modeling of management on brand citizenship behavior were not significant thus representing indirect-only or full mediations through brand understanding and brand commitment.

**Key Contributions**

The first key contribution is the consideration of brand understanding as cognitive IBM outcome which is only rarely investigated in IBM research. The results show that cognitive 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 consideration of several antecedents of IBM outcomes. While there was some research regarding antecedents of affective and behavioral IBM outcomes, there was no research regarding antecedents of cognitive IBM outcomes. The results show that the usage of central, cascade, and lateral internal communication, role modeling of management on all levels and operationalization of brand identity as clarification and concretization of the brand identity are important antecedents of brand understanding, brand commitment, and brand citizenship behavior.

*References are available on request.*
Affect as the Central Mechanism of Image Transfer: Association Alone Is Not Enough

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Keywords: sponsorship, image transfer, affect, affective stimuli

EXTENDED ABSTRACT

Research Question
Sponsorship is flourishing, with global spending in excess of USD 50 billion in 2012. When implemented correctly, sponsorship of an event can deliver a highly credible and authentic message across all channels through which a passionate consumer engages with an event. The ultimate aim of sponsorship is to share in and be a part of the emotional connection that a fan has with an event. Events are thematic and emotive, and the role of affect is therefore expected to be pronounced. In the resource-constrained decision-making situations that characterise many marketplace environments, dependency on affect increases. The manner of affect formation is important and, whether formed directly or indirectly, can have consequential implications, however it is ignored in the extant sponsorship literature. This paper proposes a conceptual framework for the role of affect in the bi-directional image transfer process.

Conceptual Framework
The concept underpinning the use of sponsorship as a marketing mechanism is that the link formed by sponsoring an event results in the event image being transferred to the image of the sponsor or its products. Conventional image transfer models are based on this positive image association that transfers from the event to the sponsoring brand. An event-event image or brand-brand image relationship is created in the minds of the consumer. This is the basic tenant of image creation. Our affective stimuli determines how we associate the things around us, and is a critical component of consumer learning. The manner in which these stimuli are attached to a property is of great importance, particularly in the case of things we consider emotive such as the bond we share with a brand or the excitement we feel when we are part of an event. The existence of an image in the consumer’s mind, whether it is the image of a brand or an event, is based on the mental construct of affective stimuli. It is thus a considerable oversight for any image transfer model to ignore the way in which this mental construct is formed.

Current image transfer theories take refuge in Associative network theories (ANT) of memory (Anderson & Bower, 1979). Ingrained in ANT is the concept of activation of the cue, peripheral or otherwise, which allows our memory structures to be activated to reach their target node. Therefore, the central argument is that, for any image transfer to take place, the prior affect between the brand and brand image needs to be associated with the event image in the minds of consumers. The success of creating this association depends on whether the prior affect was formed directly or indirectly. The effect of the initial instinctive emotional stimuli that gave rise to the relationship between brand (event) and brand (event) image is critical in the formation of directly/indirectly formed prior affect. Therefore, when prior affect is directly formed, the image transfer is blocked despite the introduction of additional stimuli to the brand (event) image, as the new association will not be learned and is a redundant cue. If a change in feelings towards a brand/event occurs through the indirect route (i.e. by means of brand-affective stimulus associations), then any change in affect towards the affective stimuli will yield corresponding changes in affect towards the brand. Indirect affect is thus easier to overcome. Modern psychological theories of associative learning describe learning as the acquisition of associative links between cues and outcomes (Rescorla & Wag-
ner, 1976). Failure to distinguish between forms of causality may lead to poor judgment. An image transfer model that does not take into consideration causal directionality implies that consumers are unable to correctly understand the basic features of the physical world they inhabit.

**Key Contributions**

The existence of affect, a crucial response at the primate, unconscious, instinctual and intuitive level of human psychology, has generally been ignored in the image transfer process even though it exerts an effect on that process. This paper conceptualizes that an absence of directly formed prior affect for the brand (event) is a necessary condition for image transfer to take place from the event to the brand or vice versa. Association alone is not enough for image transfer to occur. This paper extends ANT to include the presence or absence of affect to explain the image transfer process. All associative theories categorise learning into two classes, cues and outcomes, on the basis of temporal order. Cues are represented as events that are experienced or observed first in the learning context and are then seen to bring about outcomes. However, this important aspect of ANT has also been neglected in the image transfer literature.

Consumers look for an experience that stimulates their senses, engages them emotionally, and provides behavioural and relational values that replace functional values. Any theory that fails to take into account the emotional engagement in the form of affect that the consumer experiences falls short of providing a clear and definitive explanation of why image transfer does or does not take place. The model proposed in this paper, which includes the constructs of prior affect, affective stimuli and cue direction causality, not only fills the knowledge gap in the sponsorship literature, but also advances our understanding of the bi-directional nature of image transfer.

*References are available on request.*
Consumers’ Experience with a Place and Regional Products: How Do Quality and Pleasure Benefits Impact Commitment?

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Keywords: commitment, customer relationship management, tourism marketing, service marketing, commitment

EXTENDED ABSTRACT

Research Question
A key question for any destination marketing organizations (DMOs) is how to build and sustain strong and committed relationships with visitors, especially when the latter have an ever increasing number of choices and exhibit variety-seeking behavior. As well as what is the best way to communicate with customers to build a bond? The current study considers customers’ attitudes regarding a region’s attributes in terms of offering an experience that is high in perceived quality vs. high in pleasure elements, and how this translates into visitors’ relationships with products from that region and the likelihood of performing favourable behavioural intentions.

Method and Data
The random intercept at 14 wine regions was used to collect data. There were 3,323 respondents completed a questionnaire. All the respondents received the regional specialties as incentives for their collaboration. Missing data were identified and eliminated from the data pool to yield the final sample size of 1,109 respondents. Forty-eight percent were male, with an average age of 42 years (s.d.= 14.90; range: 18-87). Fifty-two percent were female, with an average age of 39 years (s.d.= 14.35; range: 18-86). Respondents were asked to answer whether they agreed or disagreed with a number of statements regarding the wine regions they had visited. All participants evaluated the items based on 7-point Likert-scales anchored by from “strongly disagree” (1) to “strongly agree” (7).

Summary of Findings
To test the region-to-product model, we used structural equation modelling (SEM) with AMOS 21.0 and mediation analyses with Statistical Package for the Social Sciences 21 (SPSS). The results indicate that quality and pleasure benefits have a positive impact on perceptions of a region’s value for money. However, only pleasure benefit positively impacts top of mind. The results suggest that top of mind has an impact on product’s commitment. Lastly we found that the mediation effects of perceived value for money and top-of-mind on regions’ attributes and likelihood of performing product’s commitment.

Key Contributions
This study makes a number of significant contributions to the tourism industry, some of which have already been discussed above. According to the results, destination marketing organizations should consider positioning the place on quality benefits, pleasure benefits and value for money in order to strengthen visitors’ top of mind. And as a result, high levels of top of mind are associated with a high level of commitment. A committed visitor is likely to perform supportive behaviors toward the tourist destination, for example, willingness to pay a price premium for products, willingness to provide positive word of mouth, or higher purchase intentions.

References are available on request.
Price Premium Enhancement Through Ingredient Branding: How the Ingredient Brand Impact on the Host Brand Perception Increases the Host Brand Equity

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Volkan Polat, Yalova University
Christian Linder, University of Bamberg
Hendrik Scheel, Chemnitz University of Technology

EXTENDED ABSTRACT

Research Question
In this research we ask at the one hand about the quality effect of branded component on the other hand it is asked whether it has a positive impact on the willingness to pay. The overall research question is: Does the Ingredient Brand lead to a tangible benefit for the OEM in form of a price premium?

Method and Data
The data for this study was gathered through paper based questionnaires in April 2008 and 2013 that we pre-tested before. To be used, the questionnaire had to be answered completely. The questionnaire contained 15 different variables operationalized as single measure, seven-point semantic differential scales (1=High, 7=Low). The different estimations about the Ingredient Brand strength ranged from “strongest” (1) to “weakest” (7). The trust was measured by the statement that it is easier to trust the OEM if they use high end components as if they use any unbranded component. The perceived quality of the host brand was measured by a scale ranging from “the OEM cares about the other components” (1) to “for the OEM is enough to have the Ingredient Brand” (7). The perceived performance of the component was measured by a statement whether it would be any difference in performance if the OEM would use a no name component. The scale was ranging from “yes, there would be a big difference” (1) to “no, there would be no difference” (7). The price premium does not necessarily fully correlate with actual consumer prices. Therefore, actual consumer prices are not a satisfactory measure of brand equity. To eliminate this problem we gave a fictive basic price and asked the participants about an acceptable additional price in percent for the branded ingredient. Of interest was the level of the accepted higher price. The accepted price premium was measured by a scale ranging from “+24% higher price” (1) to “no higher price” (7).

Key Contributions
We found that strong Ingredient Brands have three consequences: Increased perceived quality of the whole product, increased trust into the end product, and increased perceived performance of the branded component.

Summary of Findings
Ingredient branding, or the use of two or more brand in a single product, is widely seen as providing significant benefits in terms of increased product differentiation and greater market share. Our study shows strong Ingredient Brands have three consequences: Increased perceived quality of the whole product, increased trust into the end product, and increased perceived performance of the branded component. The strongest relations are between Ingredient Brands and trust and Ingredient Brands and performance. All three consequences of Ingredient Branding lead to a higher price premium of the end product but to a different extent. In total, trust is the strongest consequence of Ingredient Branding and has the strongest impact on the price premium. Therefore, trust is the most important construct related with Ingredient Brands.

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An implication for the original equipment (OEM) producer is that strong and suitable Ingredient Brands are able to complement and positively impact the own brand image and lead to a higher brand equity that manifest itself in a higher price premium. Therefore, Ingredient Branding leads to a tangible benefit for the OEM.

References are available on request.
Part D
Consumer Behavior

Track Chairs
Ryan Hamilton, Emory University
Morgan Ward, Southern Methodist University

Consumer Evaluations and Judgments
The Influence of Color Names on Consumer Judgments
  Jungyun Kang, Hakkyun Kim, Ji Yoon Uim
Effects of Feature Categorization on Product Design Evaluations
  Timucin Ozcan, Zehra Turk, Mona Aghaee
A Mediator Named Desire and Its Decision-Process Antecedents in Mass Customization
  Jiayun (Gavin) Wu, Nwamaka A. Anaza, Ada Leung
The Effects of Exposure to Numbers Included in Competitor Brands
  Kunter Gunasti, Berna Devezer

Moral Decision Making
Stretching Moral Muscles: Antecedents of Consumer Ethics Behaviors
  Denni Arli, Cheryl Leo
Me, Myself, and Fair Trade: Intrapersonal Fair Trade Orientation as Driver of Fair Trade–Related Product Perception and Behavior
  Nadine Hennigs, Sascha Hendrik Langner, Stefan Behrens, Steffen Schmidt, Klaus-Peter Wiedmann
Don’t Forget About the People’s Conscience! Exploratory Evidence on Pay-What-You-Want Payment Motives
  Marcus Kunter
Validating the Consumers’ Perceived Counterfeit Detection (PCD) Construct Possessing a Formative Measurement Nature and PCD’s Implications for Construct Validation
  Jiayun (Gavin) Wu, Mei-Kuang Chen, Joseph W. Chang, Xiaoqing Wu

Understanding the Customer’s Goals: Communication, Gaming, and Adoption
Rumors in the Marketplace: What Drives Them?
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The Interactive Effects of Word-of-Mouth Content and Word-of-Mouth Context
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Look Before You Leap—Broadening the Understanding of Consumer Resistance to Radical Innovations
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Self, Identity, and Self-Control
Identity Signaling Through Brands: An Emerging Prop Metaphor in Consumer Research
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The Benefits of Fit Between Interpersonal and Normative Stimuli in Ads and Consumers’ Attachment Styles
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Music as Extended Self
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Rethinking Self-Control: How It Interacts with Time Orientation, Temporal Distance, and Regulatory Focus
  Yi-Fang Chiang, Shih-Ju Wang, Heng-Chiang Huang
Food, Nutrition, and Health

Understanding Nutrition Information: How Reference Points Affect Healthful Food Choice
Jutta Schuch, Steffen Jahn, Till Dannenwald, Yasemin Boztuğ

The Effectiveness of Nutrition Labels in Fighting Health Halos
Ossama Elshiewy, Steffen Jahn, Yasemin Boztuğ

Sarah Lefebvre, Laurel Aynne Cook, Merlyn Griffiths

Does Being Left Out Cause Obesity? The Influence of Social Exclusion on Consumers’ Food Decisions
Nam Jung Kim, Dongmin Lee, Junghoon Moon, Youngchan Choe, Jaeseok Jeong

Uncertainty, Threat, and Anxiety

Social Exclusion and Green Consumption
Iman Naderi

The Effects of Uncertainty About the Timing of Deals on Consumer Behavior
Priscilla Medeiros

I Am Anxious, Therefore I Don’t Need This: Identification of a Rationalization Process for Non-Adoption via Perceived Need Alteration
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Ever After: A Price Story: An Investigation of Afterlife Salience and Willingness to Pay
Huimin Xu, Jiayun (Gavin) Wu
How will consumers respond to a product having an unexpected color name versus a common color name? This research predicts that the effect of unexpected color names depends on whether the purchase decision is cognitive or affective in nature. Cognitive decision-making focuses on the essential information to judge, whereas affective decision-making characterizes the presence of more intense feelings (Pham et al. 2001; Rottenstreich and Hsee 2001). We distinguish two types of color names (i.e., common descriptive color names and unexpected descriptive color names) and suggest that consumers will be more favorable toward products having unexpected color names when they engage in affective decision-making, whereas consumers will be more favorable toward products having common descriptive color names when they engage in cognitive decision-making.

Study 1 was conducted at a café, and consumers were invited to fill out a consumer survey for a purportedly new beverage to be released soon on the market. This study employed a 2 (decision approach: cognitive vs. affective) × 2 (color name: common descriptive vs. unexpected descriptive) between-subjects design. We randomly assigned participants to one of the four conditions. Based on the description of the beverage, such as product features and color name, the participants generated their purchase intentions. An ANOVA showed a significant two-way interaction ($F(1, 189) = 8.83, p < .01$). Specifically, in the cognitive decision-making condition, participants indicated higher purchase intentions for the beverage with the common descriptive color name than the beverage with the unexpected descriptive color name ($M_{\text{common}} = 4.77$ vs. $M_{\text{unexpected}} = 4.08; F(1, 189) = 6.32, p < .05$). Conversely, in the affective decision-making condition, participants presented marginally higher purchase intentions for the beverage with the unexpected descriptive color name than the beverage with the common descriptive color name ($M_{\text{unexpected}} = 4.62$ vs. $M_{\text{common}} = 4.14; F(1, 189) = 2.89, p = .09$).

Study 2 investigated the influence of color names on consumer evaluations on the tastes. We conducted this study at the same coffee shop as in Study 1, employing similar procedures. Participants were randomly assigned to one of the four conditions of the 2 (decision approach: cognitive vs. affective) × 2 (color name: common descriptive vs. unexpected descriptive) between-subjects design. After drinking the beverage which had either a common descriptive color name or an unexpected descriptive color name, depending on the condition, participants evaluated the taste. An ANOVA revealed a significant two-way interaction ($F(1, 267) = 8.81, p < .01$), whereby participants evaluated the beverage with the unexpected descriptive color name as tastier than the beverage with the common descriptive color name ($M_{\text{unexpected}} = 5.29$ vs. $M_{\text{common}} = 4.45; F(1, 267) = 14.69, p < .001$) when an affective decision-making approach was employed. However, there was no significant difference in taste perceptions toward the two color names in the cognitive decision-making condition ($p > .73$). The purpose of Study 3 is to replicate the interactive effect in a different product category. In addition, we varied the cognitive-affective decision approach on a spectrum of utilitarian-hedonic product benefits. This study was a 2 (product attribute: utilitarian vs. hedonic) × 2 (color name: common descriptive vs. unexpected descriptive) between-subjects design. We randomly assigned participants to one of the four conditions. An ANOVA run on purchase intentions revealed a significant two-way interaction ($F(1, 165) = 7.13, p < .01$). In the utilitarian attribute condition, participants indicated higher purchase intentions for the running shoes with common vs. unexpected descriptive color names ($M_{\text{common}} = 3.33$ vs. $M_{\text{unexpected}} = 2.68; F(1, 165) = 3.07, p = .08$); in contrast, in the hedonic attribute condition, participants indicated
higher purchase intentions for the running shoes with unexpected vs. common descriptive color names ($M_{\text{unexpected}} = 3.58$ vs. $M_{\text{common}} = 2.83$; $F(1, 165) = 4.09, p < .05$).

Taken together, the findings provide new insights for related literatures and managerial practices. Theoretically this research demonstrates that unexpected color names could be beneficial or detrimental in certain conditions. When a decision is more affective or relies on hedonic benefits, introducing unexpected color names can increase the purchase likelihood. However, when a decision is more cognitive or relies on utilitarian benefits, introducing unexpected color names may decrease the purchase likelihood.

References
Effects of Feature Categorization on Product Design Evaluations

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Keywords: feature categorization, feature fatigue, screen designs

EXTENDED ABSTRACT

Research Question
Inclusion of multiple features in base products may attract customers in the product selection phase, it also carries the risk of increased level of confusion which may lead to dissatisfaction and “feature fatigue”. Thompson et al. (2005) find that although adding more features increases the perceived capability of a multi-feature product, it at the same time causes a reduction in the perceived usability. In order to address the dilemma caused by market conditions that force producers to include more and more features in the base products and the associated risks of lower levels of long-term product satisfaction, product designers use a number of strategies. A commonly utilized method by designers is grouping features in sets which in this paper defined as “feature categorization”. One of common ways of categorizing product features is changing product exterior design. A focal question they first need to answer is whether to make product features visible on the product or hide them. This research aims to understand how these design factors, specifically touch screens, influence consumers’ purchase intentions, perceived product capability and usability. We also investigated the presence of diagnostic product information on products with such designs.

Method and Data
One hundred and seventy-seven undergraduate business students (52.8% females, M_age = 22.2) from a large southeastern U.S. university participated in the experiment for extra course credit and were informed about the goal of the study as pretesting different prototypes of products. Participants were randomly assigned to one of the eight conditions composed of 4 [exterior design: single button vs. multiple buttons vs. screen with a single button vs. screen with multiple buttons] x 2 [feature description: included or excluded] in a between-subjects design. Two different stimuli (blender and coffee machine) were employed as within-subjects factor. Participants evaluated two different products (a blender and a coffee machine) individually. After being exposed to each product, participants were asked to provide answers for measures of purchase intentions, product capability and product usability. Design and product information manipulation checks were also included.

Feature categorization was manipulated by creating products with one of the following configurations: (1) single button (SB); (2) multiple buttons (MB); (3) screen and a single button (SSB); and (4) screen and multiple buttons (SMB). Diagnosticity was manipulated by including (or not including) detailed feature information of the product under its picture.

Summary of Findings
Data were aggregated across categories since product category had no significant effect on the study results. Manipulation check analyses showed that the manipulations of design and product information were successful.

First, we compared the evaluations for SB and SSB using MANOVA. The results show the significant main effect of design on purchase intentions while no effect on perceived product capabilities. The results also confirm that screen design had a lowered perceived usability. The second MANOVA compared evaluations for MB vs. SMB. Again, the only difference between two products was the addition of screen.

Then we ran two MANOVAs and looking at the interaction effect between design and information. Initial MANOVA
compared SB and SSB and the results showed that participants in the non-screen group did not differ significantly in terms of the presence or absence of feature information expect perceived product usability. However, the evaluations for the screen group were significantly higher when information presented. The second MANOVA where MB and SMB were compared showed the same effects of info on design evaluations. When participants were asked to evaluate non-screen designs, presence of diagnostic information changed their evaluations relatively lower than when they evaluated screen designs.

Key Contributions
This research sheds more light on the effects of feature convergence on consumers’ perceptions. Specifically, it investigates the effects of exterior designs to manipulate feature categorization on purchase intentions, perceived product capability and perceived product usability. Additionally, it compares these effects under two different conditions established by the presence or absence of diagnostic feature information. In sum, the results show that usage of feature categorization in multi-feature products enhances customer perceptions on purchase intentions and product usability. However, the effects of categorization elevate for screen designs if the descriptions of the diverse functions are visually made available to the consumers in the exterior designs.

This research also has some important managerial implications. These findings clearly indicate that product designers should use simplistic designs if their priority is to avoid resistance from consumers in terms of product usability. However, if managers strategically prefer to load base products with additional features, usage of categorization seems to be a useful tool for product designers. Additionally, managers and designers should keep in mind that if they decide to visually demonstrate the definitions of the embedded functions of a product to the consumers, the design effects caused by categorization will be elevated for screen designs.

References are available on request.
A Mediator Named Desire and Its Decision-Process Antecedents in Mass Customization

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Keywords: mass customization, desire, decision process, value

EXTENDED ABSTRACT

Research Question
Customer participation in mass customization activities is inherently necessary for mass-customization success. Strategies that employ mass customization are used by a variety of retailers and firms so that they will secure a competitive advantage (Huffman and Kahn 1998). Moreover, involving customers in the mass customization process is expected to produce valuable market insights garnered directly from the customers themselves. Unfortunately, these strategies can nonetheless result in the undesired consequence of excluding customers who are unwilling to participate in or who become confused or frustrated by customer-required mass customization activities (e.g., Dellaert and Stremersch 2005; Buechel and Janiszewski 2013). Considering mass customization as a value-chain-based concept (Silveira, Borenstein and Fogliatto 2001) or a value co-creation concept (e.g., Ranjan and Read 2013; Vargo and Lusch 2004), the value chain of mass customization will be broken when customers lack the desire and intention to participate in the company-customer interaction process or if they cannot successfully fulfill their courses of action. Against such a backdrop, this study attempts to address issues regarding mass customization’s value chain, emphasizing both the role of desire and the dimensions of value co-creation (e.g., co-production and value-in-use) along with the following three decision process factors: decision process importance, decision process effort investment, and decision process confidence.

Summary of Findings
The present study investigates the key factors and mechanisms during customers’ mass-customization processes. Building upon research on effortful decision making and enactment process (e.g., Bagozzi, Dholakia and Basuroy 2003) and value co-creation literature (e.g., Ranjan and Read 2013; Vargo and Lusch 2004), we develop a conceptual model, showing 1) that the relationship between decision-process factors and customer intention to participate in mass customization is mediated by action desire; and 2) the different roles played by the different dimensions of value co-creation (e.g., co-production and value-in-use) during the mass customization process and how these roles ultimately affect customers’ goal realization and satisfaction.

Key Contributions
We hope this paper can increase knowledge in the following manner. First, this study can advance our understanding of the specific mechanisms through which customer participation in mass customization activities occurs. Second, this paper provides a theoretically based model, enabling the construction of an elaborate value co-creation-based account of the decision-making and enactment process for mass customization. For example, by articulating the differences in impact that are carried out by the different dimensions of value co-creation (co-production and value-in-use), we provide fellow researchers a basis for developing more nuanced theories centering on how these factors and mechanisms work in mass customization in
particular and in the field of value co-creation in general. This improved understanding can explain why certain mass-customization strategies can have negative consequences for customers (e.g., Dellaert and Stremersch 2005) and why sometimes customers perceive decreased value from mass customization. Similarly, this study reveals that desire represents an important link affecting consumers’ intention and decision to participate in mass customization. Lastly, our research not only supports the Service-Dominant Logic paradigm, but more importantly, offers a feasible and testable model that applies the Service-Dominant Logic within the mass customization literature. This in turn helps us to identify how the process of co-creation is realized based on the incorporation of decision process factors, desire, and intention.

References are available on request.
The Effects of Exposure to Numbers Included in Competitor Brands

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Keywords: alphanumeric brands, competitor brands, choice, number processing, numerical trends

EXTENDED ABSTRACT

Research Question
As the array of products provided by marketers continues to increase, alphanumeric brand names consisting of both letters and numbers are becoming widespread among competitor firms in many product categories (Boyd 1985; Pavia and Costa 1993). Consumers frequently face decision contexts in which they get exposed to competitor brand names not focal to their choices, but follow similar numerical trends. For instance, someone in the market for a luxury mid-size sedan can come across Mercedes C300, C330 and BMW 350i as plausible options in this category. We lack a clear understanding of how these competing brand names may influence consumers’ perceptions of focal options.

The main purpose of our research is to examine how exposure to competitor brand names (e.g., BMW 350) can shift consumers’ focal preferences in within-brand decisions (e.g., Mercedes C300 vs. C330). We demonstrate that the perceptual salience of numbers included in competitor ABs can shift consumer choice toward higher ABs. Specifically, we suggest that when consumers are exposed to multiple competitor ABs that form a discernible numerical trend, the salience of the numbers in brand names may influence consumers’ perceptions of focal options.

Method and Data
We conducted three studies all including choice tasks. In study 1, we tested the competitor brand effect with students in the context of e-readers. We investigated how the addition of a competitor 6.3” iLiad TR-7800 with a smaller screen significantly increased the relative choice of the inferior Nook NB-5600 option over NB-3400. In study 2, we found that the nature of the observed preference shifts was different from the compromise effect, and consistent with choosing the higher AB in the trinary choice set, regardless of the magnitude of the competitor option. In study 3, we examined the boundary conditions for the observed preference shift and demonstrated that the preference shifts only occur when consumers categorize the third, nonfocal brand name as a competitor.

Summary of Findings
In study 1, we found support for the effect of competitor brands on focal choices. Inclusion of a competitor brand iLiad TR-7800 with a smaller screen significantly increased the relative choice of the inferior Nook NB-5600 option over NB-3400. In study 2, we found that the nature of the observed preference shifts was different from the compromise effect, and consistent with choosing the higher AB in the trinary choice set, regardless of the magnitude of the competitor option. In study 3, we examined the boundary conditions for the observed preference shift and demonstrated that the preference shifts only occur when consumers categorize the third, nonfocal brand name as a competitor.

Key Contributions
Past research on numbers in brand names has focused on individual product evaluations and brand name-attribute correlations. Our research shows that the numerical processing of competitor brand names can affect consumer choices. Specifically, consumers’ within-brand choices are altered by mere exposure to numbers included in a competitor brand name which is not even part of the choice set. This effect is independent of attribute information or brand-attribute correlations and it only occurs when consumers cognize the nonfocal brand name as a competitor.

References are available on request.
Research Questions
The purpose of the present study is threefold. First, we examine the impact of ethical ideology on self-control and guilt proneness. Second, we examine the roles of self-control and guilt proneness in consumer ethical decision-making. Finally, we explore the mediating effects of self-control and guilt proneness on the relationship between consumer ideology and ethical decision-making. This is one of the first studies to explore the interactions between ethical ideology, self-control, guilt proneness, and consumer ethics.

Method and Data
We collected data using a cross-sectional survey of adult consumers in Australia. Participants were recruited using a professional online research panel company. The response rate for the survey invite was 17.9%, with a final sample size of 311 consumers. All items were anchored on a 5-point Likert-type scale. Consumer ethical beliefs were measured using 28 items from Muncy and Vitell's (2005). Items were anchored by 1 = strongly believe this is wrong and 5 = strongly believe this is not wrong. Two dimensions of ethical ideology were measured using items from Forsyth (1980), with 10 and 9 items for relativism and idealism, respectively. Personal self-control was measured using five items from the impulsivity subscale of the Brief Self-Control Scale (Maloney et al., 2012) and anchored by 1 = strongly disagree and 5 = strongly agree. Guilt proneness was measured using eight adapted items from the guilt sub-scales of the Guilt and Shame Proneness Scale developed by Cohen et al. (2011). These items were anchored by 1 = very unlikely and 5 = very likely.

Summary of Findings
Our results show that idealism is a positive determinant of guilt proneness and self-control. This result is consistent with the observation that idealistic individuals adhere to moral absolutes and exhibit concern about the welfare of others when making decisions. Moreover, the results show that idealism is a positive determinant of guilt proneness and self-control. This result is consistent with the observation that idealistic individuals adhere to moral absolutes and exhibit concern about the welfare of others when making decisions. Self-control significantly explained all unethical consumer behaviours, namely: actively benefitting from illegal activities, passively benefitting from illegal activities, benefitting from questionable (but legal) activities, and no harm/no foul behaviours. Nonetheless, guilt proneness did not significantly explain certain unethical consumer behaviours, namely actively or passively benefitting from illegal activities. More surprisingly, it had a direct positive relationship to other unethical behaviours, namely benefitting from questionable (but legal) activities and no harm/no foul behaviours. We showed that self-control mediates the relationship between both ethical ideologies (idealism and relativism) and unethical consumer behaviours. This finding corresponds to the idea of self-control as a virtue that reflects one’s strength of character. On the other hand, guilt proneness mediated only the relationship between idealism and consumer behaviour.

Key Contributions
Findings of this study have significant implications for marketing managers and policy makers. Consumers who are idealistic tend to make ethical decisions guided by their ethical ideology. Results of this study underscore the importance of self-control and guilt proneness as key mediators of behaviour and draw attention to the need to help consumers develop these moral muscles. Baumeister and Exline (1999) noted that individuals fail to self-regulate when moral stan-
dards are unclear, in situations of low self-awareness, or when they perceive an inability to conform to behavioural standards. Hence, there is the potential to develop character education programs or explicit marketing communication messages to develop self-control. Consumers prone to experiencing guilt tend to alter their behaviour to avoid experiencing an unpleasant emotion (Baumeister 1994). The interpersonal enhancing function of guilt may enable companies to strengthen their relational bonds with customers to increase their interpersonal obligation.

References are available on request.
Me, Myself, and Fair Trade: Intrapersonal Fair Trade Orientation as Driver of Fair Trade–Related Product Perception and Behavior

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Keywords: ethical consumption, intrapersonal fair trade orientation, fair trade–related consumer behavior

EXTENDED ABSTRACT

Research Question
The aim of the present study is to examine whether and how the intrapersonal Fair Trade orientation leads the customers to choose and consume a certain Fair Trade product.

Method and Data
To investigate the research model and therefore to check the proposed hypotheses, Partial Least Squares (PLS) structural modelling was employed in this exploratory study. Data collection was realized with a web-based survey in Germany. The recruitment of participants was conducted using a consumer research online panel. In detail, the survey was limited to consumers who had bought Fair Trade foodstuff during the last six months. To achieve a well-balanced representation of any gender and age group with reference to Fair Trade–relevant target groups, a quota sampling was used for selection of participants. A sample of 320 valid questionnaires was received in January 2013.

Summary of Findings
The findings of the empirical study confirm the expected structural relations and underline the necessity to enhance individuals’ safety concerns and environmental respect to communicate the advantages of Fair Trade products properly.

Key Contributions
The first contribution of the research presented here is to provide a multidimensional framework of intrapersonal Fair Trade orientation and the influence upon Fair Trade oriented product perception as well as behavior. Second, the empirical findings contribute to the understanding of consequences of intrapersonal Fair Trade orientation with regard to perceptual and behavioral outcomes. In detail, our study shows that Fair Trade related product perception and behavior can be explained by a complex interplay of intrapersonal Fair Trade orientation. Third, the data analysis of the applied PLS-SEM approach indicates the main key drivers of intrapersonal Fair Trade orientation in terms of a positive perceptual and behavioral Fair Trade product attraction. Regarding the formative construct of our causal model, results indicate that Fair Trade orientation is not driven by social impulses in forms of e.g. the influence of reference groups or social identification but mainly by safety concerns and respect for the environment.

References are available on request.

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Don’t Forget About the People’s Conscience! Exploratory Evidence on Pay-What-You-Want Payment Motives

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Keywords: pay-what-you-want pricing, payment motives, textual motive cues, field studies, exploratory studies

EXTENDED ABSTRACT

Research Question
Pay-What-You-Want (PWYW) pricing became increasingly popular in real-world applications lately, especially for services (e.g., restaurants, museums, zoos) and digital goods (e.g., music and video game downloads). Meanwhile, economic and marketing scholars have conducted research to better understand this new pricing concept. Some papers research the providers’ opportunities to optimally arrange the payment situation (e.g., by providing reference prices), but only a few authors investigate customers’ motives that drive PWYW payments. Reported results are highly inconsistent across studies and indicate that the existing catalogue of PWYW payment motives is fragmentary. Thus, very little is known about the relevance, relative importance and managability of customers’ PWYW payment motives. Our purpose in this paper is to gain the missing exploratory evidence on PWYW payment motives, and to investigate the providers’ opportunity to affect PWYW payments by textual motive cues.

Method and Data
We conduct a total of five studies. In study 1-4, which are exploratory in nature, we investigate alternative trades (e.g., museum, zoo), payment natures (real, hypothetical) and price levels of applications (low, medium, high) in order to capture a broad spectrum of PWYW contexts and make our results more robust. We also use several techniques for data analysis: Study 1 is an exploratory survey with open questioning (animal park, real payments, N=26, method: Content analysis). Study 2 is an exploratory survey with open & closed questioning (wellness and sauna establishment, hypothetical payments, N=91, method: Content analysis, statistical tests). In study 3 & 4, we conduct paired comparisons of PWYW motives (real payments, method: Analytic hierarchy process). Study 3 takes place in a museum (N=153) and study 4 in a zoo (N=205). Study 5 is a large field experiment on the impact of textual motive cues on PWYW payments (zoo, real payments, N=4,365, method: statistical tests, regression).

Summary of Findings
All studies in this paper show that fairness, customer satisfaction and income are relevant and relatively important factors in PWYW contexts and are also the important drivers of PWYW payments. The impact of fairness and customer satisfaction depends on the sociality image of the provider, and the impact of income on the regular price level, i.e., income is less important for low-priced products. We also extend existing results from the literature by showing empirically that it is important for customers to “avoid negative feelings of guilt” or “to avoid a guilty conscience”, sometimes, also “to avoid negative feelings of shame”). The stronger the expected negative feelings of guilt are the more customers will pay. In particular, we are the first to show empirically that guilt appears to be relatively more important than shame in the PWYW context, and to have strong effects on PWYW prices. Together with fairness, customer satisfaction and income, avoiding negative feelings of guilt is a pivotal PWYW payment motive in all our studies. From study 5, we find that textual motive cues mostly do not yield significant differences in PWYW payments. However, cues on pro-social behavior yield higher PWYW payments than economic cues.

Key Contributions
We contribute to the PWYW literature in at least three ways: First, we are the first to provide a sound basis for a conceptual and/or theoretical framework of PWYW pricing by

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exploring PWYW payment motives. The existing literature on PWYW payment motives omitted the important step of exploration. Differences in results yield new insights, while similarities strengthen existing results and extend them to alternative PWYW applications. Note that our purpose is not to review existing theory, but to gain empirical evidence.

Second, our measurement approach differs from those in the existing PWYW literature: We directly ask customers about PWYW motives (e.g., “What was on your mind when you decided on the price?”, “What was important to you when you decided on the price?”) with single-item measures. This is reasonable due to the miscellaneous education levels of participants and due to practical constraints that require questionnaires to be concise (to avoid respondent fatigue and survey refusal). We feel confident that by that method, we can gain new results and simultaneously contribute to the robustness of existing studies’ results.

Third, to the best of our knowledge we are the first to study simple textual cues of PWYW motives and their effect on PWYW payments in order to provide evidence on the manageability of PWYW motives. Such simple cues are very popular in the carefully controlled laboratory. We want to stress their role in the field where it is inevitable that a seemingly infinite number of other cues is present.

*References are available on request.*
Validating the Consumers’ Perceived Counterfeit Detection (PCD) Construct Possessing a Formative Measurement Nature and PCD’s Implications for Construct Validation

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Keywords: perceived counterfeit detection, formative measurement, reflective indicators, construct validation, unethical behavior

EXTENDED ABSTRACT

Research Question
In order to better understand deliberate counterfeit consumption and to develop a strong theoretical base for counterfeit-consumption behavior in particular and unethical behavior in general, Wu et al. (2011, 2013) introduced and proposed the latent/hypothetical construct of “consumers’ Perceived Counterfeit Detection by important others” (PCD) that stems from the context of deliberate counterfeit consumption. The current paper further justifies the PCD construct with an emphasis on PCD’s formative measurement as opposed to its reflective measurement nature.

Significant confusion may arise when reading the literature on formative latent constructs, as different authors hold strikingly contrasting views (e.g., Bagozzi 2011). Although Diamantopoulos and Winklhofer (2001) attempted to address this issue, they did not establish the necessary criteria to determine how to model a construct possessing formative measurement. Rather, they aimed to create a guideline for constructs possessing formative indicators.

This paper aims to fills the aforementioned gaps by justifying the PCD construct’s existence according to the proposed principles and criteria (see Wu 2013 for details), providing empirical support for these criteria, and discussing these criteria’s relevance to construct validation as well as to PCD’s implications for unethical behavior.

Method and Data
We used interviews to identify first-order factors that may directly affect the PCD construct and develop both formative and reflective indicators for measuring the PCD construct itself. We interviewed general consumers, college students, and professors in the business and psychology fields in China and the United States.

The reason we used both formative and reflective indicators for measuring the PCD construct is due to researchers’ caveats and suggestions regarding formative measurement (for details, see Bagozzi 2011; Diamantopoulos and Winklhofer 2001; Petter et al. 2007). Given our current technologies, Bagozzi (2011, p.276) suggested that “when issues of internal consistency reliability, construct validity, and generalizability are of specific interest, it is best to consider reflective measurement whenever feasible.” Therefore, in order to obtain initial empirical support for PCD’s existence, in our

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first survey we used only reflective measurements for PCD and collected data among college students in Beijing, China. Because our study uses different principles and criteria (cf. Wu 2013), information from both formative and reflective indicators may shed light on construct validation, particularly for constructs possessing formative indicators. Confident of PCD’s existence (obtained from the first survey’s results), we collected additional data using the second survey, which included both formative and reflective indicators for PCD.

Summary of Findings
We employed Structural Equation Modeling (SEM) in Amos version 21 to test the measurement model and the proposed theoretical model and hypotheses, using data collected from the first survey. Besides the fact that all factor loading for constructs were significant ($p = .001$) and high (range from .712 to .961), results provide evidence of measurement model fit: $\chi^2 (df = 67, n = 258) = 117.447, p = .000$; RMSEA = .054; NNFI = TLI = .973; CFI = .980; as well as discriminant and convergent validity regarding measures of all of the model’s latent constructs. The goodness-of-fit measures show that the data fit well with regard to the SEM model: $\chi^2 (df = 125, n = 506) = 559.53; p = .000$; RMSEA = .08; NNFI = TLI = .93; CFI = .94. The first survey’s results demonstrate PCD’s existence and support its refined model. For example, the hypothesis—the higher the consumers’ perceived counterfeit-detection by important others, the lower the consumers’ action intentions toward deliberate purchase of counterfeits—was significant in the expected directions ($p = .006$). Full-scale data analysis using the data collected from the second survey will be ready by the 2014 Summer Marketing Educators’ Conference.

Key Contributions
Results from surveys 1 to 2 are expected to advance our understanding of construct validation and unethical behavior—particularly, counterfeit consumption behavior—through the investigation of the proposed PCD construct. By comparing this paper’s criteria with several currently and commonly utilized approaches—such as the “2+ emitted paths” with causal indicator models and the MIMIC model (Bollen and Davis 2009; Bagozzi 2011) and the index construction approach (Diamantopoulos and Winklhofer 2001)—regarding conceptualization, estimation, and validation of formative measurement models, current and future research can aim to provide more comprehensive and integrated guidelines in regards to formative measurement. This improved understanding can provide clearer principles and criteria when attempting to contribute to conceptual advances by proposing a “good” construct possessing a formative measurement nature.

Future research integrating PCD with theoretical approaches such as the theory of planned behavior (Ajzen 1991) is promising. Together, theory and research can provide a comprehensive and integrated explanation for deliberate counterfeit-consumption behavior in particular and unethical behavior in general.

References are available on request.
Rumors in the Marketplace: What Drives Them?

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Keywords: rumors, word of mouth, motivations, scale development

EXTENDED ABSTRACT

Research Question
Rumors are often shared in the marketplace about products, services, brands or organizations; both in the online as well in the offline scenarios. With the advancements in technology, these rumors get communicated from consumer to consumer in the form of Word of Mouth (WOM). An exhaustive review of literature identified four motivations for consumers to share rumors in the marketplace; which included anxiety management motivation, information sharing motivation, relationship management motivation and self enhancement motivation. The review was not conclusive in identifying any scales for the measurement of these motivations. The objective of this paper is to identify the motivations to share rumors in the marketplace and to develop appropriate scales to measure these motivations.

Method and Data
Specific items for the scale development were identified from literature on WOM motivational studies and structured interviews with 16 Ph.D. scholars. Each of the interview respondents were provided with a rumor message and prompted for their motivations to share these rumors. In total 33 non-repetitive items were collated from these interviews. A panel of three experts was asked to review each item and then classify them into the four motivations. A self-administrative questionnaire was developed with the 33 items that were identified. The respondents were required to read a rumor at the beginning of the questionnaire and then respond to the 33 items. Responses were measured in a four point scale (1 = Strongly Disagree to 4 = Strongly Agree).

Three different studies were conducted in an iterative manner to arrive at the final 21 item scale. Data for the first study was collected from 80 participants who were students completing their graduation in engineering or participants in an executive MBA program. The first study measured the reliability of the scales. Data for the second study was collected from 227 MBA, Executive MBA and Ph.D. students. The second study conducted an exploratory factor analysis. The third study was conducted with data collected from 390 respondents from Amazon Mechanical Turk (Mturk). The third study was aimed to conduct a confirmatory factor analysis and validate the scale.

Summary of Findings
The first study analyzed the reliabilities of the four scales. The results of the reliability analysis showed good Cronbach’s alpha scores for all four motivations (relationship management = 0.811, anxiety management = 0.856, information sharing = 0.805 and self enhancement = 0.846).

The second study was used to conduct a principal component analysis (PCA). The initial exploratory factor analysis based on the PCA identified five factors. 12 items were dropped based on factor loadings being less than 0.4, items had cross loading of more than 0.4 and based on expert evaluation. The Keyser-Meyer-Olkin (KMO) measure of sampling adequacy reported was 0.938; which is deemed to be adequate. The exploratory factor analysis results indicated that relationship management motivation to have five items, anxiety management motivation to comprise of six items, information sharing motivation to have six items and self enhancement motivation to comprise of four items. The 21 items explained 65.8% Variance. The scale reliability was measured again; which showed good Cronbach’s alpha scores for all four motivations (relationship management = 0.876, anxiety management = 0.891, information sharing = 0.817 and self enhancement = 0.855).

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The data collected from the third study was used for conducting a Confirmatory Factor Analysis (CFA) to assess the goodness of these measures. The results of the CFA were promising. The results indicated a CMIN/DF (ratio of chi-square to degrees of freedom) of 2.332, GFI (goodness of fit index) of 0.913, CFI (comparative fit index) of 0.960 and RMSEA (root mean square error of approximation) of 0.059 indicating a good model fit as all the values were acceptable. The scale reliability was measured again and showed good Cronbach’s alpha scores for all four motivations (relationship management = 0.928, anxiety management = 0.888, information sharing = 0.862 and self enhancement = 0.857).

Key Contributions
The literature review had identified four motivations for consumers to share rumors in the marketplace. Based on a reliability analysis, exploratory factor analysis and confirmatory factor analysis the numbers of items corresponding to the four factors were reduced to 21 from 33 which were initially identified from the interviews. The key contribution of this paper is in identifying the four motivations of a consumer for rumor propagation. The paper also contributes to marketing scholarship by developing and validating a 21 item scale for measuring these four motivations. The 21 item scale showed very good score of reliability and validity and can further the research in this area. The 21 item scale measured Relationship management motivation (5 items), Anxiety management motivation (6 items), Information sharing motivation (6 items) and Self enhancement motivation (4 items).

References are available on request.
The Interactive Effects of Word-of-Mouth Content and Word-of-Mouth Context

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Keywords: word-of-mouth communication, consumer-generated content, word-of-mouth context, buzz marketing

EXTENDED ABSTRACT

This research addresses perhaps the most under-researched aspect of word-of-mouth (WOM) behavior, which has multiplied exponentially in recent years due to the rise of Internet forums and social media sites. Despite the dramatic increase in WOM activity and the growing interest in WOM management, there is surprisingly very little systematic research into the content of this ubiquitous force in the market—with WOM content typically subsumed under the general rubric of valence. Drawing on several streams of literature in the social sciences, we advance a series of propositions that illuminate the implications of three actionable WOM content variables (namely, attribute-based content vs. experience-based content, explicit-advice content vs. implicit-advice content, and one-sided content vs. two-sided content) in four common WOM contexts (namely, expert vs. novice recipients, male vs. female recipients, younger vs. older recipients, and Western vs. Eastern recipients). Overall, our research sheds light on interesting theoretical issues and offers important managerial insights.

Research Question

Consider two online consumer forums, which ask their visitors to comment, respectively, on the “features” of a product and their “experience” with it. What are the differential effects of the first type of WOM content (attribute-based content) versus the second type of WOM content (experience-based content) on different viewers? Prior research is largely silent on this pertinent question. Conceptually, this distinction parallels Gutman’s (1982) classic view on attributes versus consequences—that products possess attributes but consumers experience the consequences of product attributes. Practically, both types of WOM content are widely available, as the following Internet quotes from Chan and Cui (2011) illustrate.

Attribute-based content: “The hotel was obviously old but it could’ve been cleaner. The room had a musty smell; the furniture was broken & should not have been in the room since it obviously needed to be replaced. The carpet was stained & sticky; it also needed to be replaced or could’ve been cleaned…. There was a microwave, refrigerator & TV which were all plugged into one extension cord which…we’re sure the Fire Marshal would not appreciate seeing.” (Chan and Cui 2011, p. 324)

Experience-based content: “I [used] a Clinique sample from one of those free gift things…. I used a very small amount and it actually made my skin feel great…and [last night] I used it again. On this application, almost instantaneously I noticed red blotches forming on my skin which soon turned to rash like bumps…. When I woke up this morning my face is bright red over my whole cheeks and most of my forehead feels like I have been badly sunburnt.” (Chan and Cui 2011, p. 324)

Space limitations preclude a discussion of other WOM content variables. Suffice it to say that a variety of consumer-generated content (e.g., product recommendations, pros and cons of a product, etc.) is solicited by Internet sites. To explicate the significance of WOM content, we present a series of propositions highlighting how the effects of WOM content vary systematically across WOM contexts (i.e., characteristics of the WOM recipients). The first set of propositions—those that concern attribute-based content versus experience-based content—is summarized below.

Summary of Propositions

Expert versus novice recipients: Attribute-based WOM content is more influential among expert (vs. novice) recipients, and the reverse is true for experience-based WOM content.

Male versus female recipients: Attribute-based WOM content is more influential among male (vs. female) consumers, and the reverse is true for experience-based WOM content.
Younger versus older recipients: Attribute-based WOM content is more influential among younger (vs. older) consumers, and the reverse is true for experience-based WOM content.

Western versus Eastern recipients: Attribute-based WOM content is more influential among Western (vs. Eastern) consumers, and the reverse is true for experience-based WOM content.

Key Contributions
This research contributes to a richer theoretical understanding of WOM content and its influence by explicating the differential effects of several WOM content variables in different WOM contexts. The propositions specify interesting content by context interactions that lead to enhanced or suppressed WOM effects. It is important to note that valence does not play a role in these propositions. Instead, our theoretical analysis suggests that WOM influence is contingent on the “fit” between substantive WOM content and specific WOM contexts.

Practical insights for buzz marketers looking to harness and maximize WOM influence are readily available. After all, the content variables identified in this paper are more manageable than WOM valence. According to our propositions, for example, buzz marketers should encourage loyal customers to discuss product facts and features when the target recipients are high in product knowledge, young, male, or from a Western culture. On the other hand, they should encourage loyal customers to share their purchase and consumption experience when the target recipients are low in product knowledge, over 65 years old, female, or from an Eastern culture.

References are available on request.
Look Before You Leap—Broadening the Understanding of Consumer Resistance to Radical Innovations

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Keywords: radical innovations, acceptance, consumer resistance, qualitative methods

EXTENDED ABSTRACT

Research Question
This paper examines the barriers preventing consumers from adopting radically new products. To broaden the understanding of consumer resistance we conducted a multi-method qualitative study. Therefore the aim of our paper is twofold: In order to create deeper insights into consumer refusal of innovations, we first investigate consumers’ perception of an innovative product and compare our findings with existing literature streams. Thus we gain a better understanding of psychological and functional barriers as sources of resistance. In a second step, we analyze the three forms of resistance, which can appear as expressible attitude or observable behavior as a reaction to innovative products. Our study contributes to consumer behavior literature by introducing the barrier of psychological barrier ‘information overload’ and the functional barrier ‘ecological concerns’ based on empirical data.

Method and Data
A qualitative approach was deemed most suitable due to the explorative nature of the topic. We chose frozen baby food as our study object. The product can be considered new to the German market, as it questions the existing behavioral patterns of the regular German baby food buyer. We conducted six focus group discussions with 31 participants in total. The participating parents of babies and toddlers first discussed their general attitude towards as well as their behavior with the well-known baby food. Afterwards, a concept of the frozen baby food was presented to the participants, leading to a discussion of various aspects of the product such as ingredients, preparation and buying process. We also conducted 19 in-depth interviews to deepen the insight into parental food choice behavior and to grant a private atmosphere due to the sensitive nature of the topic. Researchers also spent time as participant observers at the process of buying, preparing and feeding baby food with three mothers. Furthermore we analyzed communication in highly frequented online communities by conducting a two-staged netnographic study (1. passive observation, 2. interventional discourse). The data was evaluated using qualitative content analysis to structure the high complexity and specificity of individual statements.

Summary of Findings
We find empirical evidence for the psychological barriers of tradition and image suggested by past conceptual works (Ram and Sheth 1989). Furthermore, we suggest to include the barrier of ‘information overload’ into the framework, as participants highly stressed that aspect in all forms of research. Further analysis shows evidence for the functional barriers of usage, value and perceived risk. We add the dimension of ‘ecological concerns’ to the barrier of perceived risk, because according to our data an increased ecological consciousness can lead to resistance against innovations – especially if the product is suspected to harm ecological norms. Furthermore, we find empirical evidence for three forms of resistance. Due to trying to reduce uncertainty and perceived risk, ‘postponement’ appears to be the most important shape of resistance in our context. Participants also show tendencies to react with ‘rejection’ and ‘opposition’ to the innovative product. Based on these find-
ings as well as consumer resistance literature, we derive sev-
eral managerial implications.

**Key Contributions**

Our research contributes to the research stream of consumer
resistance in multiple ways. First, as studies concerning resist-
ance against radical innovations remain mostly conceptual
(Kleijn, Lee and Wetzels 2003), we conducted an explo-
orative qualitative study. Thus we were able to find empirical
evidence for the conceptual frameworks (e.g. Ram and Sheth
1989). We increased the validity of the findings by using
method triangulation. Second, we suggest adding the barrier
of information overload (psychological) and ecological con-
cerns (functional) to the framework. This can serve to further
extend the original framework and we suggest conducting a
continuative study applying a quantitative approach.

We are confident that our findings will support managers in
foreseeing potential sources of resistance and to apply pre-
ventive measures, as it broadens the understanding of the
critical attitude which consumers may apply to innovative
products introduced to the market.

*References are available on request.*
Identity Signaling Through Brands: An Emerging Prop Metaphor in Consumer Research

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Keywords: consumer behavior, consumer culture, identity signaling, qualitative research, branding

EXTENDED ABSTRACT

Research Question
The current study aims to understand how consumer researchers can more directly utilize impression management theory for the study of consumer identity narratives. Each day, when an individual steps out into the social environment, he or she is presenting an image to others. This person is communicating aspects of his or her self-concept through behavior and verbal communications, but also through the way he or she is dressed. Signaling theory and self-extension theory both supply the researcher with a lens of analysis used to study the semiotics of social gestures. Another theory that would supply an additional lens of analysis to consumer behavior is impression management theory. This theory implements a unique theatric metaphor when the researcher is studying an individual out in public. It is as if the researcher is studying an actor putting on a performance on a stage in front of an audience. It is argued here that this dramaturgical perspective could be valuable when studying consumer behavior. This is especially true when the researcher is studying the process of consumer identity narratives.

Method and Data
Twenty in-depth interviews were conducted. Each participant was asked to create five outfits for various social situations: 1) their favorite outfit that they can wear anywhere, 2) an outfit for a typical workday, 3) an outfit for going out with friends, 4) an outfit for an evening meal with one’s family, and 5) an outfit for date night with one’s significant other. Participants were encouraged to include not only the clothing items for each outfit, but all of the accessories they would take with them as they walked out the door. This could include shoes, purses, cell phones, jewelry, etc. The interviewer then sat down with the participant to discuss each outfit. They were asked why the outfit they created fit the anticipated social scenario they paired with it, what meanings come to mind when they think of that outfit, and what they are trying to express about themselves when they wear that outfit in public. An interpretive, inductive analysis was run on the interview transcripts.

Summary of Findings
Two dominant themes were revealed: consumer perceptions of utility and consumer attachment styles. More importantly, a prop metaphor emerged from the data. Much like an actor on a stage may wield a sword or a wand as a prop, consumers also make use of props to aid them as they communicate and engage in social interactions with others. This third theme, the emergence of a prop metaphor in consumer identity projects, can be seen in several examples as participants discuss brands they view as expressive and incorporated into their sense of self.

Key Contributions
It is argued here that impression management theory could be better utilized by researchers in order to analyze consumer culture. In addition, the overall findings of this study contribute to the literature on signaling theory and consumer identity narratives. In terms of managerial implications, a prop metaphor may be useful for advertising and marketing practitioners as well. They are also interested in how consumers interact with brands, and use them in post-purchase behaviors. By studying consumers through impression management theory and through the prop metaphor, marketing and advertising practitioners may gain additional insight into consumer-brand relationships, which in turn could help them understand consumer purchasing motivations.

References are available on request.
The Benefits of Fit Between Interpersonal and Normative Stimuli in Ads and Consumers’ Attachment Styles

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Keywords: social influence, attachment styles, advertising

EXTENDED ABSTRACT

Research Question
How do interpersonal attachment styles (Bowlby 1980) impact the effects that social and normative influence in ads have on important consumer outcomes, including perceptions of product self-congruity, purchase likelihood, and conformity behavior?

Method and Data
Three laboratory experiments were conducted with undergraduate students at a large public university. Study 1 (n = 147; 64% f) utilized a 2 (Ad type: product only, relationship) x 2 (Attachment style: anxious, secure) between-subjects design. Study 2 (n = 141; 68% f) employed a 3 (Ad type: independent, product only, relationship) x 2 (Attachment style: anxious, secure) between-subjects design. Study 3 (n = 100, 56% f) employed a 2 (Consensus claim: present, absent) x 2 (Attachment style: anxious, secure) between-subjects design.

Summary of Findings
The present research demonstrates that the effectiveness of interpersonal-related and normative ads is circumscribed to specific consumer segments. Importantly, attachment styles impact consumers’ responses to various types of ads. In addition, one important process underlying the interactive effect of ad type and attachment style on purchase likelihood is self-congruity. Specifically, exposure to ads that depict interpersonal or normative cues (i.e., a group of people, a product consensus claim) increases the extent to which securely attached consumers feel that the advertised product is a good fit for them, and this enhanced self-congruity increases their propensity to purchase the product. However, product ads that portray solitude, rather than interpersonal or normative cues, fit better with anxiously attached individuals’ negative feelings regarding interpersonal situations; and, thus, anxiously attached individuals are more likely than securely attached individuals to purchase a product displayed in an ad that shows just one person. Overall, the findings support hypotheses regarding how the portrayal of interpersonal relationships and normative cues in ads can result in different outcomes, depending on individuals’ attachment styles. Importantly, this pattern of effects is replicated across different product categories and for different forms of relational and normative ads (i.e., groups of people, product consensus claims).

Key Contributions
Our research advances new insights into the application of marketing strategies that include interpersonal and normative characteristics, specifically those involving ads that portray an interpersonal relationship or product consensus claim. The results highlight the importance of attachment styles, which are developed based on individuals’ early experiences (Bowlby, 1969), in the prediction of consumer behavior, in general, and consumers’ responses to interpersonal and normative influence tactics, in particular. Overall, the findings demonstrate that the effectiveness of interpersonal-related and normative ads is circumscribed to specific consumer segments (i.e., securely attached individuals).

Our research points to an interesting but counterintuitive finding: social and normative influence tactics can be most effective in encouraging positive consumer outcomes in a domain where past literature in interpersonal relationship...
contexts suggests social influence is most unlikely (securely attached consumers). Specifically, and counter to both natural intuition and research in the psychology literature which suggest that secure attachment styles are optimal (e.g., Fraley et al. 2011; Mikulincer 1997; Mikulincer and Florian 1998), the results provide evidence that attachment security may not always be a good thing. In sum, our findings suggest that marketers should consider the predictive power of attachment styles, for example, as a market segmentation tool.

References are available on request.
Music as Extended Self

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Keywords: extended self, music, self-identity

EXTENDED ABSTRACT

Research Question
The present research asks if consumers use music as a form of extended self, and if so in what ways has the changing formats of music affected music as extended self.

Method and Data
Using a web page designed with open-ended questions and no word limit for responses music consumers provided descriptions of their music collections. Content analysis of responses and follow-up emails was designed to specifically capture respondents’ thorough descriptions of what their music collections meant to them using an electronically based data gathering strategy; the guidelines with which those responses were coded were guided by, but not limited to, the findings of Belk (1989; 2013; 1988). Cross-case and within-case analysis (Miles and Huberman 1994) were used to identify major themes, minor themes, and relationships among them.

Summary of Findings
Findings indicate music is a form of extended self, and that dematerialization and digital clutter affect consumers in different ways. In addition, two new aspects of extended self, when using music as a context, emerge: Escape and Access. In terms of escape sought, there is evidence that consumption of music is not the only vehicle for escape; so is maintenance of the collection itself. On a more abstract level, one must also explore the effect that a digitized music collection has on the extended self and sharing. Digital music allows a music consumer to extend his or her self by escaping to a virtual world where sharing is more effective, similar to varying forms of experiential engagement in digital gaming (Calleja 2010).

Belk (2013) explores the topic of increased access through dematerialization of content, shared cyberspace, and by pointing out in future research that links rather than objects might constitute collections. The present research indicates that music collectors seem to identify where their self resides when dealing with changing forms of access. Some respondents indicate their extended self is in the intangible music; others indicate their extended self resides in the physical collection of vehicles that carry the music.

Key Contributions
There is a great deal of difference among respondents with regard to where their extended self resides – in the music or in the format that carries their music. There are degrees of physical versus digital that coincide with degrees of ownership. Physical units can be owned, played, and displayed; digital collections can be owned and stored with no individual tangibility to the point where people have more songs than they could listen to even if they spent every waking hour of the rest of their lives wearing headphones. Virtual playlists on websites such as Spotify and Rdio can be owned in the more emotional sense of the word; while a song is not purchased or downloaded, it can still reflect one’s extended self in a public space and shared with others, providing not only support for music as extended self, but also an added dimension to how one’s extended self interacts with those of others. Methodologically, the use of invited Internet based descriptions is explored.

References are available on request.

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Rethinking Self-Control: How It Interacts with Time Orientation, Temporal Distance, and Regulatory Focus

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Keywords: self-control, time orientation, regulatory focus, temporal distance, goal pursuit

EXTENDED ABSTRACT

Research Question
Researchers have tried to understand how self-control is achieved or exacerbated (e.g., Fishbach and Converse, 2010). Among previous studies, time perspective is construed to play a fundamental role in guiding people’s behavior (Zimbardo and Boyd, 2008). The time perspective in terms of time orientation and temporal distance is construed to help individuals deal with their experiences and feelings and shape their expectations and goals. Although Kees, Burton, and Tangari (2010) argued that the effect of time orientation depends on how an individual is framed in regulatory goal pursuit, the interaction between time orientation and regulatory foci has received relatively scant scholastic attention to our current knowledge. Second, despite prior studies explicate how temporal distance influences an individual’s self-control behavior, the effect of event proximity reveals obscure and conflicting impacts. The contradictory impacts of temporal proximity on individuals’ self-control call for further investigation. To address the mixed effects of temporal proximity, this study attempts to take into consideration both time orientation and regulatory focus when examining the effect of temporal distance on self-control.

Method and Data
This paper adopts a 2 (temporal distance: short vs. long) × 2 (time orientation: future-oriented vs. present-oriented) × 2 (regulatory focus: promotion-focus vs. prevention-focus) between-subjects design. Undergraduates from a northern university in Taiwan were recruited (with monetary incentives) to participate the pretest and the formal test. According to the results of the pretest, participants were asked to imagine a scenario of pursuing the goal, “pass the ‘Test of English for International Communication’ (TOEIC) with a good mark,” during which “two weeks” and “four months” were defined respectively as the short and long temporal distance after the pretest. We employed 9 items for future orientation and 8 items for present orientation (D’Alessio, Guarino, De Pascalis, and Zimbardo, 2003). The mean difference between the two orientations was used to assess an individual’s relative future or present orientation. Participants were primed by reading a passage showing that high TOEIC scores could help them get better jobs or pass the minimal request for graduation. Deriving from the pretest, 13 items about the intention to resist temptations were measured to reflect a person’s self-control.

Summary of Findings
All variables were successfully manipulated in the experiment. With 334 usable samples, this study observed that future oriented people were less likely to indulge than present oriented people. The finding is consistent with previous studies. Moreover, the results evinced a marginally significant two-way interaction between time orientation and regulatory foci. Particularly, future oriented subjects framed by prevention focus showed a significantly lower indulgence intention than those framed by promotion focus, whereas present oriented people, no matter to be framed by prevention or promotion focus, revealed insignificant difference in indulgence intention.

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The results further revealed a significant three-way interaction, indicating that the effect of time orientation on perceived self-control would vary with regulatory foci and temporal distance. In particular, under the circumstance of short temporal distance, future oriented individuals framed by prevention focus showed lower indulgence intention than those framed by promotion focus, whereas present oriented people, whether being framed by promotion or by prevention focus, showed similar perceived self-control. However, as temporal distance went far, perceived indulgence intention between future oriented individuals framed by prevention focus and those framed by promotion focus turned to be not significantly different.

**Key Contributions**

This paper contributes in two ways. First, we evidence that framing goal pursuit as a prevention focus is more likely to enhance a future oriented individual’s self-control than framing it as a promotion focus. The results bolster the effective usage of regulatory focus framing in communication strategy to influence an individual’s behavior. Second, this study fills the research gap of the mixed effect of temporal distance by showing the interactive effects among temporal distance, time orientation, and regulatory foci. Evidence of a three-way interaction provides explanations to the mixed effect of short temporal distance on self-control. Specifically, future oriented individuals with a prevention-focused goal will be more likely to resist temptations when the goal is proximal. When temporal distance is short, individuals are allowed only limited time resource to make risky choices. With an impending deadline, the goal becomes salient in terms of execution, which reinforces the self-control of future oriented individuals. On the contrary, present oriented people in the face of near goal proximity reveal indifferent indulgence intention whether the goal is framed under a promotion or a prevention focus.

*References are available on request.*
Understanding Nutrition Information: How Reference Points Affect Healthful Food Choice

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Keywords: food choice, reference points, summary information, conjoint experiment

EXTENDED ABSTRACT

Research Question
Making healthful food choices is a complex process. Salient goals in food decision making are the need for justification, minimizing negative emotions and the maximization of health or hedonic goals (Bettman, Luce and Payne 1998). Food choice is the process of effortful comparative judgment e.g. on the basis of nutritional labeling. Category Average Reference Points (CARP) can ease that effortful process (Viswanathan 1994; Viswanathan and Narayanan 1992). The following research questions are approached:

1. Do Category Average Reference Points impact consumption of unhealthy nutrients in a realistic choice setting?
2. How do Category Average Reference Points impact consumption?
3. Which boundary conditions limit/amplify the effect of Category Average Reference Points?

Method and Data
A between-group (CARP: low/high/control) experiment using a choice based conjoint design was used in Study 1. To create a more realistic choice environment product attributes like price and packaging are provided. Participants read a short introductory text about muesli as a breakfast cereal that reveals the CARP without highlighting it. Study 2 used a 2 (CARP: high vs. low) x 2 (source credibility: high vs. low) between-subject design, with a similar procedure to that in Study 1. The upper bounds of acceptable sugar content are calculated via a logit model assuming a quadratic sugar utility function.

Summary of Findings
CARP influence consumption in the presence of seemingly more important product attributes such as price. High CARP lead to increased sugar consumption. The influence of CARP on consumption is best explained by justification of the decision rather than by minimizing the feeling of guilt. High CARP lead to higher acceptable sugar amounts. This effect is amplified by communication of the CARP through credible sources.

Key Contributions
Extending existing research, we combine the feelings of guilt and justification to CARP. With our studies we can show that CARP influence food choice by making unhealthful choices more justifiable.

References are available on request.

For further information contact: Jutta Schuch, PhD student and research assistant in marketing and consumer behavior, Georg August University (e-mail: jschuch@gwdg.de).
The Effectiveness of Nutrition Labels in Fighting Health Halos

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Keywords: nutrition labels, health claims, health halo, purchase data, random-effects model

EXTENDED ABSTRACT

Research Question
We investigate whether and how nutrition labels can affect sales depending on their interaction with health claims and serving size. Three research questions (RQ) are established:

RQ 1: Does the introduction of a nutrition label increase sales of products with fat-related claims?

RQ 2: Does the introduction of a nutrition label reduce sales of products with “low fat” claims that contain high amounts of sugar?

RQ 3: Does the introduction of a nutrition label impact sales of products that report too small serving sizes?

Method and Data
We test our research questions using real purchase data from a British supermarket chain. In April 2006, the retailer voluntarily introduced a nutrition label on all of its store brand yogurts. The label displays the amount of calories as well as sugars, fat, saturated fat and salt per serving, combined with the percentage of recommended daily amount. Our model tests for the effect of the nutrition label and health claim on sales in general. In addition, we investigate if yogurts with health claims like “low fat” and high amounts of sugar, as well as too small serving sizes affect sales. A two-way random-effects model for longitudinal data is applied to test our hypothesis and furthermore to control for price, seasonal effects and trends.

Summary of Findings
We find that sales decrease for yogurts where the nutrition label corrects for a misleading health claim (i.e., low fat and high amount of sugar) and that sales increase for yogurts with smaller serving size as the basis for the nutrition values reported on the label.

Key Contributions
Our research contributes to the field of nutrition-labeling effectiveness and health claims on food packaging by using real purchase data. Furthermore, our research provides implications for those interested in implementing nutrition labels.

References are available on request.

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Keywords: genetically modified foods, food technology, nutrition, food policy

EXTENDED ABSTRACT

More than three decades after its introduction, genetic technology has become widely recognized and an exponential increase in global trade for its byproducts is anticipated. However, as the regularity of this new innovation permeates the marketplace, concerns and questions from consumers continue to mount. Fragmented information has neither confirmed nor disaffirmed the benefits and risks of having genetically modified (GM) foods in the United States (US) food supply. This research attempts to attenuate this gap in the literature. In two studies we explore consumers’ beliefs about the health and nutritional benefits of non-GM, GM foods and GM animal products and investigate consumers’ perception and behavioral intentions in response to labeling of GM food products.

Research Question

Despite the growing controversy across both consumer and producer markets, consumer research exploring the implications of GM foods is sparse. In this study, we explore the following questions. 1) What are consumers’ perceptions of genetically modified foods? 2) When compared with plant-based products, how do consumers’ beliefs and perceptions of risk for animal-based products differ? 3) When product labelling is provided (e.g., genetically modified) how do consumers’ purchase behaviors change? 4) What are the implications for the newest product awaiting FDA approval (AquaBounty salmon)? In addressing our research questions, we employ a mixed-method (i.e., qualitative and quantitative) approach to examine consumer beliefs and attitudes about a variety of GM foods. Additionally, we investigate changes in consumers’ attitude, preference, and behavioral measures for legislative intervention in the form of labeled GM products across food types.

Method and Data

Study one examined consumers’ beliefs and qualitatively identified attitudes about GM foods. We conducted an online narrative projective, to uncover consumer’s beliefs, feelings and attitudes, which aligns with the purpose of this study (Webb 1992). Participants were recruited through emails sent to undergraduate students, MBA students and faculty members at a public, southeastern university (n = 27). Analysis, included open-coding, was performed to determine emergent themes (Strauss and Corbin 1988). Axial coding followed, grouping segments of data into commonly identified themes. Themes along with the related data were examined to understand the underlying meanings and beliefs participants attributed to GM foods.

Based on the findings from Study 1, three hypotheses are empirically tested with a 2 (GM Food Type: animal or plant-based) x 2 (GM disclosure labeling: present or absent) between-subjects experiment was conducted. Participants were 130 adult consumers obtained through Amazon’s online crowdsourcing market, Mechanical Turk. Each participant was randomly assigned to one of the four manipulations and shown a plant-based (e.g., grapes) or an animal-based (e.g., salmon) food with the presence (or absence) of a GM label. Participants were asked a series of questions to assess their attitudes, preferences and behavioral intentions, which served as our dependent measures.

For further information contact: Sarah Lefebvre, PhD student, University of Central Florida (e-mail: sarah.lefebvre@ucf.edu).
Summary of Findings
Results show that consumers acknowledge the benefits of GM foods but doubt the nutritional composition of these altered foods (i.e., not the same as traditional food products). Furthermore, findings revealed that some consumers will avoid animal-based GM products when given the choice. Given the significant correlation across measures, a MANOVA was performed to test our hypotheses. There was a significant yet counterintuitive, main effect of food type across all measures such that the effect was less favorable for plant-based products. Similarly, there was an unfavorable pattern for the effect of a GM label. Specifically, consumer opinions became more favorable when a GM label was absent from the package (M=3.9) than when present (M=3.1; F(1,112) = 13.0, p<.001). For patronage and the willingness to pay, main effects were qualified by significant interactions. For example, when an animal product was shown, the likelihood to patronize that product significantly improved for those products with a GM label (F(1, 112) = 5.02, p = .03).

Key Contributions
This research makes significant contributions to the domain of food consumption in the context of genetic modification. Consumers tend to hold negative associations with GM products compared to non-GM. Further, consumers are more likely to purchase GM products when not labeled as such. One plausible explanation is that while the GM and non-GM products look the same, highlighting the GM product cues consumers and triggers negative perceptions, which results in decreased likelihood of purchasing. These findings have important marketing and public policy implications as historic precedents for biotech legislation are currently being set. Meaningful labeling strategies are needed to educate consumers about GM foods, and to mitigate the perceived risks and enhance benefits that may increase receptivity. A more thorough examination of consumer opinions towards product disclosure (i.e., GM labeling) and varying product choices (e.g., plant and animal-based GM foods compared with their traditional counterparts) will allow marketers to effectively communicate with consumers on this issue. In order to implement effective regulatory policies such as labeling, public policy makers must have a clear understanding of consumer beliefs, and make an effort to dissuade myths and misperceptions of the nutritional risks and benefits of GM compared to non-GM foods.

References are available on request.
Does Being Left Out Cause Obesity? 
The Influence of Social Exclusion on Consumer’s Food Decision

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Keywords: social exclusion, food decision, experiment, logistic regression

EXTENDED ABSTRACT

Research Question
Several academic studies have been conducted to identify factors influencing individuals’ food decision. Chemosensory factors from food itself, informative factors (e.g. calories, portion size) and physical eating environment have been investigated previously.

Moreover, social eating environments have been proved to have nudging influence on people’s food intake. Several studies have found that the existence of others unknowingly fosters food intake so that an individual consumes more amount of food (Herman et al. 2003; Vartanian et al. 2008). According to these studies, other social experiences such as social exclusion might closely relate to food decision.

Social exclusion is a ubiquitous social phenomenon from the primitive age (Williams 2002; Williams 2007b) and was studied intensively addressing the negative consequences, but only few studies have focused on the possible negative influence of social exclusion on one’s food decision. Thus, based on the previous findings, research questions are as follows:

1. Is there any causal association between an individual’s social exclusion experience and his or her food decision?

2. Could other factors such as age, gender, diet, BMI, life satisfaction, and self-esteem shape people’s food decisions or moderate the influence of social exclusion on people’s food decisions?

Method and Data
An experiment was designed to manipulate social exclusion by randomly assigning people to receive bogus feedback about their future social lives. Following a procedure developed by Baumeister et al. (2005), participants (n=91) firstly complete a survey including demographic questions and Eysenck Personality Questionnaire (Eysenck et al. 1985). Then, subjects are asked to meet a counselor individually. Participants were randomly assigned into either control (n=49) or experimental group (n=47) and heard the fixed description about personality for each group. The two bogus feedbacks were referred from Baumeister et al. (2002) about one’s personality. The experiment group was told that they would be alone later in life and the control group was told that they would have rewarding relationships throughout life. After receiving feedbacks, subjects were guided to move into the survey room to choose one kind from two sets of paired food. One healthy and one relatively unhealthy food are paired: fresh squeezed juice vs soda, whole wheat bread vs pastry. Simple descriptions of each product including calorie information are given to increase objectivity.

Finally, participants complete a questionnaire measuring impulsiveness level and their mood to control the only effect of social exclusion.

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Summary of Findings
The results of the logistic regression analysis show that social exclusion has significant impact on individuals’ food decision (p<0.05, one-tailed test). People anticipating future loneliness were more likely to choose unhealthy foods than those anticipating future belonging life. Between coke and juice, 36.18% of socially excluded people chose ‘unhealthy’ food, coke, whereas 18.36% of socially rewarded subjects selected. For the pastry and whole bread set, 61.70% of socially excluded people choose pastry where only 38.78% of socially rewarded individuals selected.

Also, the stepwise logistic regression displayed that the main effect could be moderated by ‘Sex’. For the pastry and whole bread set, the result shows the statistically significant coefficient of the interaction term (p<0.05, one-tailed test). Men were much more likely to consume unhealthy item compared to women participants. Another stepwise logistic regression was adapted to verify the interaction effect of doing diet. In the set of coke and juice, participants who were not on a diet were more likely to consume unhealthy food than those who were on a diet after exclusion experience (p<0.05, one-tailed test). However, the interaction effects of ‘BMI’ and ‘Self-esteem’ were not statistically significant.

Key Contributions
First, this study could expand the current understandings of the consequences of social exclusion. Since Baumeister et al. (1995) suggested the concept of “need to belong”, many previous studies have developed the cumulative understandings about social exclusion and its outcomes. However, prior study has not investigated the influence of social exclusion on an individual’s food decisions. Belonging and consuming foods are both the essential parts of outlives. Thus, the findings that one can affect another could be worth further investigating. Also, the findings were empirically demonstrated for the first time.

Furthermore, many studies have investigated how chemosensory, cognitive, and environmental factors could influence the consumption amount of food. In other words, existing studies tended to focus on how much people eat, rather than what we eat. This study, thus, aims to observe what people eat after the exclusion experience.

Also, this study aims to specify the influence of social exclusion on people’s food decision by adopting several moderators – sex, BMI, being on a diet, and self-esteem. These moderators made it possible to specify the results according to demographic or lifestyle factors, and these specified results could be better applied to real world.

References are available on request.
Social Exclusion and Green Consumption

Iman Naderi, Fairfield University

Keywords: exclusion, green consumption, pro-environmental behavior, empathy

EXTENDED ABSTRACT

Research Question
This research investigates how social exclusion influences a consumer’s decision to engage in, or refrain from, pro-environmental behaviors. It is proposed that the reduced ability to empathize with others in excluded individuals (Twenge et al. 2007) undercuts their inclination to perform pro-environmental behaviors. Additionally, while social exclusion leads to a decrease in empathic concern as a temporary coping mechanism, it is hypothesized that empathy as a personality trait moderates this detrimental effect of exclusion.

Method and Data
Two lab experiments were designed to test the hypotheses of this study. In Experiment 1, social exclusion was manipulated with three conditions (i.e., exclusion, acceptance, and control; Twenge et al. 2001) and participants’ empathic concern (Batson et al. 1995) was measured. Participants were then presented with a regular and a green backpack and indicated their preferences. Experiment 2 had a 2 (rejection vs. acceptance) × 2 (empathy: low vs. high) between subjects, full factorial design. Emotional empathy was measured (Caruso and Mayer 1998), followed by the manipulation of social exclusion using a recall task (Maner et al. 2007). Participants’ preferences for a green versus a regular car were measured as the dependent variable.

Summary of Findings
The findings, together, provide support for the thesis that social exclusion decreases pro-environmental consumption. As expected, social exclusion decreased preference for the green products in both experiments. The results also show that empathic response mediates the link between social exclusion and green consumption. More precisely, exclusion reduces empathic understanding of others, which in turn leads to a general decrease in pro-environmental consumption. Finally, consistent with predictions, social exclusion decreased green product preference among low-empathy participants. The detrimental effect of exclusion, however, was not apparent among high-empathy individuals.

Key Contributions
Although exclusion has garnered widespread attention in social psychology research during the past two decades, it was only recently linked to consumer research. This study is one of the few empirical studies that investigate social exclusion and its consequences within the realm of consumer behavior. Specifically, this research is the first laboratory study that illuminates the causal impact of social exclusion on pro-environmental behaviors, in general, and green consumption, in particular. This work thus adds to a small but growing body of evidence suggesting that social factors such as social status (Griskevicius et al. 2010) and social norms (Goldstein et al. 2008) could greatly influence green consumption decisions.

References are available on request.

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The Effects of Uncertainty About the Timing of Deals on Consumer Behavior

Priscilla Medeiros, IBMEC Rio de Janeiro

EXTENDED ABSTRACT

Research Question
This article studies empirically how the introduction of uncertainty about the timing of deals (temporary price cuts) affects the purchase patterns of loyal and non-loyal consumers using two years of scanner data on purchases of soft-drinks, yogurt and laundry detergents. In particular, this article investigates whether consumers (brand-loyal and non-loyal) on average make a larger fraction of their purchases off deal when the uncertainty in deal timing is greater. This article further tests another prediction from a rational consumer decision model, namely whether the quantity purchased at any particular deal increases with uncertainty and with the time since the last previous deal.

Method and Data
I use scanner data on soft drinks, yogurt and laundry detergents covering seven stores in the Chicago Metropolitan area, collected between June 1991 and June 1993. For each product, consumer and store, I identify the observed distribution of deals over time, and estimate the unpredictability of deals as the corresponding coefficient of variation of the time between deals. I then regress my key dependent variables, the fraction of total purchases that was bought on deal, and the total quantity purchased at a particular deal on unpredictability and other control variables, treating each consumer/store visit/brand as one observation. The dataset also allows me to take into account promotional flyers and store displays.

Key Contributions
To the best of my knowledge, this paper is the first to use real-world scanner data to study deal timing uncertainty and its effects on consumers’ purchase decisions, a relatively unexplored research area. The richness of the data allows me to shed new light on the topic by investigating different types of consumers and product categories separately, allowing for more robust and precise identifications than in earlier studies. The results are therefore relevant both from an academic and a practical perspective. They suggest that it may be important for both manufacturers and retailers to incorporate the effects of deal patterns on consumer decisions when deriving optimal pricing strategies.

Summary of Findings
For two of the three product categories I study, I find that brand-loyal consumers who are willing to stockpile goods on average make a significantly larger fraction of their purchases off deal as the uncertainty in deal timing increases. For these customers I also show that the quantity purchased at a particular deal increases with uncertainty and with the time since last deal increase. Both findings become stronger the more brand-loyal customers are, but do not hold for non-loyal customers. All of these findings are in line with a simple rational consumer choice model.

References are available on request.

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Research Question
Sometimes it is obvious that we should replace our slow laptop or charger-dependent cell phone with a new one because there are better options available, which are less time consuming and objectively deliver greater benefits. With greater time pressure, our proclivity to adopt a new product may also rise. In contrast, when there is some slack in decision time, consumers may refrain from making a final decision (e.g., Tykocinski and Ruffle 2003; Endt 2004). Previous literature suggests several justifications for choice deferral and purchase delay, such as fear of failure (Özer et al. 2010), inadequate product understanding (Baum 2002), product complexity (Heilmann et al. 2000), and lack of confidence (Tykocinski and Ruffle 2003). Although it is known that perceived need is an important aspect of product adoption (Hinnant and O’Looney 2003), the effect of perceived need for technological product adoption is less well understood.

Method and Data
Two experiments with different products are proposed, manipulating perceived product search complexity and self-affirmation and measuring technology anxiety and product need perception. Participants will be recruited from MTurk online participant pool.

Summary of Findings
In this study, it is proposed that if consumers expect the product search to be complex and exhibit general technology anxiety, they will tend to rationalize their delay in adoption decisions via a lowered perceived need for the product under consideration, preferring to continue using already owned products despite restrictions in functionality. However, if consumers self-affirm in general terms, they are expected to perceive the product search phase as less self-threatening and will exhibit a lesser decrease in their perceived need for the new product. As a result, lower (vs. higher) need perception is expected to increase (vs. decrease) purchase delay tendencies.

Key Contributions
The anticipated results of these studies are expected to uncover a new rationalization process for non-adoption, resulting in implications for product and market management.

References are available on request.

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Ever After: A Price Story: An Investigation of Afterlife Salience and Willingness to Pay

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Keywords: afterlife, religiosity, construal level theory, price, willingness to pay

EXTENDED ABSTRACT

Research Question
From time to time, the prospect of afterlife is made salient, e.g., when attending a Sunday church service, or through exposure to certain media programs. How would a reminder of afterlife affect purchase behavior such as consumers’ willingness to pay? Through what mechanism? Can afterlife salience’s effect be simply interpreted as a mortality salience effect? We believe the notion of afterlife is critically different than that of mortality and propose Construal Level Theory as the explanation of afterlife salience’s impact on consumers’ willingness to pay. When evaluating a product, abstract construals pertain to the benefits of a product, whereas concrete construals relate to the costs of purchase and consumption. As a supernatural phenomenon, afterlife is something that one has no concrete knowledge or experience of. Afterlife is also more temporally distant than any other life events. The salience of afterlife would thus give rise to a more abstract construal in a product purchase context, which would translate to a greater emphasis on the benefits of a potential buy. For a quality product that provides excellent benefits, a greater emphasis on product benefits would lead to higher perceived value and thereby a higher price that consumers may be willing to pay.

Method and Data
Two online experiments were conducted among diverse respondents recruited at www.mturk.com. Study 1 used a one-way, between-subjects design with three conditions: afterlife salience, control, and mortality salience. To make afterlife belief salient, we used the instrument developed by Dechesne et al. (2003). Respondents read an article that used near-death-experiences such as floating under a ceiling and flying through a tunnel to argue for the validity of afterlife. For the control condition, the article was about fiberglass technology. The mortality salience condition presented an article about the prevalence and deadliness of cancers. The dependent measure was built on the notion of first-price sealed-bid auction. Respondents were asked to imagine shopping on a website that employs sealed-bid auction. They were asked to indicate the maximum price they were willing to pay. Study 2 used a similar procedure with two conditions: afterlife salience and control. Mortality was made salient in both conditions. It assesses several possible mediating processes.

Summary of Findings
Making afterlife salient boosted the willingness to pay. This effect did not result from mortality salience, which suggests that this research is a unique contribution beyond literature rooted in Terror Management Theory. This effect was mediated through positive product thoughts, rather than mood, generosity, or an emphasis on money possession.

Key Contributions
This research’s contribution is twofold. It adds to the emerging body of empirical investigations of the relationship between religiosity and consumer behavior. It is probably one of the initial efforts in this area that employs experimentation. It contributes to the conceptual richness of the literature on religiosity and consumer behavior by examining one aspect of religiosity that has rarely been studied. Second, this research extends our understanding of pricing and the willingness to pay by identifying a predictable and manageable environmental influence that was not discovered before.

References are available on request.

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Part E
Customer Relationship Management

Track Chairs
Jacquelyn Thomas, Southern Methodist University
Werner Reinartz, University of Cologne

Current Customer Relationship Management
Maximizing the Profit of a Churn Management Campaign by Offering Customer-Specific Incentives
Ali Tamaddoni Jahromi, Stanislav Stakhovych, Michael Ewing

The Paths to Market Penetration
Neeraj Bharadwaj, Sunmin Han, Russell Zaretzki, Kang Bok Lee

Customer Extra-Role Behaviors: The Role of Identity and Satisfaction in a Retail Setting
Marcel Paulssen, Johanna Brunneder, Angela Sommerfeld

Feeling Comfortable: More Important Than Feeling Satisfied?
Sanjaya S. Gaur, Shilpa Madan
Maximizing the Profit of a Churn Management Campaign by Offering Customer-Specific Incentives

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Keywords: customer churn, profitability, data mining, analytical CRM

EXTENDED ABSTRACT

Research Question
The drawback of the existing literature of churn modeling is that churn models can predict the churners but they have rarely explained and numerically demonstrated the benefits that implementing such models can have for the focal company. The current study aims to modify existing profitability frameworks by assuming the probability of accepting an offer to be a function of value of the incentive. The main research question is whether offering customer specific incentives can increase the profit of a churn management campaign.

Method and Data
In order to answer the main research question of this study it is assumed that incentives in the form of vouchers are sent to encourage the target customers to make a purchase. Here, as opposed to the existing retention approaches, we propose a model to calculate the profit of a retention campaign at individual level, where probability of accepting an offer by a customer, is assumed to be a function of value of the offered incentive, via an exponential distribution, in a way that probability of accepting an offer approaches 1 as the value of the offered incentive is increased:

\[ P(\text{accept offer}) = 1 - e^{-\frac{V}{\mu}} \]

In order to calculate the profit at individual level, the probability of being a would-be churner is an indispensable part of the model. With the aim of extracting this value for each individual a binary classifier is required. In this study boosting technique as a well-known ensemble learner has been utilized to compute the churn scores and three predictors, based on recency and frequency of purchases have been incorporated into the boosting classifier.

Once the profit at individual level for all customers is extracted, the customers are ranked based on their individual profitability and the total profit (i.e. extra revenue) generated by campaigns with different sizes can be calculated.

The study is conducted on the transactional records of a major Australian FMCG retailer. In total, 81,666 customers were observed in a period from August 2011 to September 2012. Within this period the average spending of customers per transaction is equal to $200 with a standard deviation equal to 132.

Summary of Findings
Results of the analysis suggest that when probability of accepting the offer is considered to be a function of value of incentives via an exponential distribution, profit can be maximized at individual level. This would enable us to increase the total profit of the campaign at aggregated level. Accordingly, based on the figures obtained, the proposed modification in this study can increase the predicted profit of the campaign from $168,793 to $254,756 when compared with alternative approaches.

Key Contributions
The current study aims to improve the profitability framework of churn management campaigns by assuming the probability of accepting an incentive to be a function of monetary value of the incentive via an exponential distribu-
tion link. As a result of this modification, the model not only allows us to maximize the profit of the campaign on the aggregated level by optimizing the target size, but also enables us to maximize the individual level profit by optimizing the value of incentive offered to a given customer. This optimization would allow company to increase the expected profit of a churn management campaign when compared with cases where relationship between probability of accepting an offer and the value of the incentive is not incorporated into the model.

References are available on request.
The Paths to Market Penetration

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Keywords: customer relationship management, customer acquisition and retention, mediation testing, customer satisfaction

EXTENDED ABSTRACT

Research Questions
1. To what extent are customer acquisition and customer retention important in affecting market penetration?; and
2. How do the factors affecting the focal firm’s market presence differ for current owners of the focal brand in relation to current owners of competitors’ brands?

Method and Data
This research relies on a novel dataset consisting of over 7,500 surveys completed by a firm’s current customers and competitor brand car owners from the focal firm’s eight largest country markets. The survey data in conjunction with aggregated market performance secondary data permits us to simultaneously trace the paths to market penetration for the respective segments.

A path model is developed for existing customers and competitor brand owners based on a set of factors historically predictive of market penetration. Bootstrapped mediation testing is used to verify the structure of the simultaneous equations proposed in the model (Preacher and Hayes 2004, 2008).

Summary of Findings
We look at a variety of empirical approaches to quantify the relative impacts of both groups, and find both customer acquisition and customer retention to be important. We then explore the paths that coincide with each group. In evaluating the paths for the first segment, we find that customer satisfaction ranks as the most important factor affecting market penetration followed by the focal firm’s reputation. Among competitor-brand owners, familiarity with the focal brand has the largest influence, followed by satisfaction with their current brand. The focal firm’s reputation is once again least important.

Key Contributions
This study answers the call by customer relationship management (CRM) scholars to think more deeply about the decision-rule that firms can deploy in order to determine the most valuable customers (see, e.g., Zeithaml, Rust, and Lemon 2001; Reinartz, Thomas, Kumar 2005). The first research question guides us to examine the relative contribution of customer acquisition and customer retention on marketplace performance. The second research question permits us to test the proposition that existing customers are likely to differ in the cues affecting their behavior in relation to new customers.

References are available on request.

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Customer Extra-Role Behaviors: The Role of Identity and Satisfaction in a Retail Setting

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Johanna Brunneder, University of Geneva
Angela Sommerfeld, Humboldt University of Berlin

EXTENDED ABSTRACT

Research Question
Over the past several years, marketing theory and practice has shown a growing interest in customers’ participation in producing, marketing and innovating products. In this context, a growing body of literature is interested in the behavioral roles that customers perform as active value creators. Central to these behavioral roles are customer extra-role behaviors. Customer extra-role behaviors include gestures such as sportsmanship (resilience to negative information), civic virtue (suggestion improvement ideas), helping behavior (help others), recommendation and co-creation (active participation in the innovation process). These discretionary behaviors are neither expected nor required from the customers, but they are highly beneficial for companies. Encouraging customers to adopt these behaviors is a crucial task in today’s marketing management, which will gain even more relevance in the future. Remarkably, despite their importance, empirical research on the drivers of customer extra-role behaviors is still lacking. To fill this research gap, we test whether the two relational predictor paths, the identity- and the satisfaction-based paths, possess a differential impact on different facets of customer extra-role behaviors in an integrative model.

Method and Data
In order to test our conceptual model, we employed a survey methodology for our data collection and partnered with an internationally operating retailer located in a major European city. A pre-test with a total of 183 pre-test questionnaires was conducted through a convenience sample of retail shoppers on-site. Based on this pretest we made minor corrections in wording and deleted items for which the pre-test interviews revealed comprehension problems of our respondent’s. For the final survey, the collaborating retailer provided us with a random sample of 5,000 customer addresses from its database. The surveys sent to the customers contained stamped, preaddressed return envelopes. In total 611 customers responded and returned the surveys, which is equivalent to a response rate of 12.2%. 58 responses reported excessive missing data and were discarded from further analyses. The final dataset included 553 usable responses. The mean age of the respondents was 46 years (SD=13.96) and 68% of them were female.

Summary and Findings
The purpose of our study was to improve our understanding of the predictor mechanism for customer extra-role behaviors. First, we explored the key dimension of customer extra-role behavior. Our study provides clear evidence that customer extra-role behaviors (i.e. sportsmanship, civic virtue, helping behavior, recommendation and co-creation) should not be conceptualized as one single behavior, but consists of distinct dimensions of discretionary behaviors with different predictors. Second, we find strong empirical support for the differential effects of the two examined predictor paths on distinct dimensions of customer extra-role behaviors. In particular, we find that the identity-based predictor path has a substantial positive impact on all studied dimensions of extra-role behaviors, whereas the satisfaction-based path only positively influences sportsmanship, helping behavior and recommendation. The identity-based path tends to have a stronger impact on helping behavior, whereas the satisfaction-based path shows a stronger impact on sportsmanship. Affective commitment mediates the impact of customer-company identification on customer extra-role behaviors. Most important, our results show that the satisfaction-based...
path diminishes the propensity of customer to engage in civic virtue and co-creation behavior.

Key Contribution
Our findings confirm the fundamental role of the two key relational predictor paths – the identity-based path and the satisfaction based path – in driving different facets of customer extra-role behaviors, but at the same time also point out the limitations of the satisfaction based path. The results show that strong relationship bonds other than satisfaction are necessary to engage customers in civic virtue or co-creation behaviors. In this respect, our study is in line with the emerging perspective in the literature that stresses to go beyond the satisfaction-concept. Managers, who strive to involve customers in their innovation processes (co-creation) and aspire to gather customer feedback (civic virtue), are well advised to focus their marketing activities on increasing customers to customer-company identification.

References are available on request.
Feeling Comfortable: More Important Than Feeling Satisfied?

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Keywords: relationship marketing, comfort, satisfaction, loyalty, relationship proneness

EXTENDED ABSTRACT

Research Question
The ultimate aim of relationship marketing endeavors is to promote and ensure customer retention (Zeithaml, Berry, and Parasuraman 1996; Kotler and Keller 2009). Historically, customer satisfaction is considered as a critical and an immediate antecedent of customer loyalty (Bolton and Drew 1991; Kotler 2003; Payne, Holt and Frow 2000). Companies can gain strong benefits by maintaining long-term customer relationships resulting from increased satisfaction (Parasuraman, Berry, and Zeithaml 1983; Shani and Chalasani 1992; Zeithaml et al. 1996). Even though satisfaction is argued to be a critical antecedent of loyalty or long-term retention, satisfied customers still leave their service providers (Reichheld 1996; Symonds, Wright and Ott 2007). Reichheld (1996) found that between 65% and 85% of defecting customers maintain that they were either satisfied or very satisfied with their former suppliers. Using the construct of comfort to capture the affective dimension of service evaluation (satisfaction captures the cognitive dimension), we investigate the phenomenon of satisfied customers leaving their service providers by focusing on individual trait difference in customers towards relationship development. We examine the role of “consumer relationship proneness” as moderating variable and its role on the impact of comfort and satisfaction in driving loyalty.

Method and Data
A total of 300 young adults residing in one of India’s most cosmopolitan city (i.e., Mumbai) participated in the survey conducted for this study. All respondents were customers of at least 1 bank. The average age of respondents was 24 years (20 – 45 years being the full range) and the male-female ratio was 52:48. The respondents were asked to respond to the study for the bank they dealt with most often.

The research instrument contained items related to the four variables in consideration, namely satisfaction, comfort, consumer relationship proneness and loyalty. The measures for relationship comfort were drawn from Spake et al. (2003), satisfaction from Oliver and Swan (1989), and consumer relationship proneness from Odekerken-Schroder, De Wulf, and Schumacher (2003). Loyalty was operationalized as repurchase intention and was measured using items from Taylor and Baker (1994). A pretest of the questionnaire so developed was undertaken to refine the instrument and remove any inconsistencies or comprehension problems.

We tested for the moderating role of consumer relationship proneness on comfort and satisfaction in predicting loyalty using Hayes’s PROCESS tool for SPSS 22.0.

Summary of Findings
As hypothesized, the study shows that comfort and satisfaction were found to have a positive impact on loyalty with the bank for both models. It shows that when customer relationship proneness is low, there is a non-significant relationship between comfort and loyalty for bank customers. It also shows that for those customers who are highly prone to relationship formation, comfort is positively related to their loyalty to the bank. It also shows the impact of comfort on loyalty at different values of relationship proneness, demonstrating that for highly relationship prone customers, comfort drives loyalty. We further show that satisfaction leads to loyalty irrespective of the level of customer’s relationship proneness.

Key Contribution
Our results support previous literature on relationship marketing where both satisfaction and comfort have been
shown to positively impact loyalty (Spake et al. 2003, Spake and Bishop 2003; Paswan and Ganesh 2005; Gaur, Madan and Xu 2009). These results add to theory development in relationship marketing by providing an enhanced understanding of the causal relations between the antecedents and outcomes of relationship marketing (Hennig-Thurau et al. 2002).

Hence through this paper, we respond to the call of relationship marketing scholars for investigating key drivers that influence important relationship marketing outcomes in a services marketing context. We focus on the moderating role of an individual difference variable, consumer relationship proneness (i.e. customer’s willingness to engage in meaningful relationship with the service provider).

We contribute to literature by unpacking the mechanism to explain the differential importance of satisfaction and comfort in driving loyalty, by considering the buyer’s perspective. Our results indicate that in a service context, consumers who are highly relationship prone will place a stronger emphasis on comfort to continue with their service provider. The results provide an incremental understanding of comfort as a construct by investigating if it is a better indicator of retention than satisfaction (Spake et al. 2003).

References are available on request.
Part F
Digital Marketing and Social Media

Track Chairs
Zsolt Katona, University of California, Berkeley
William Rand, University of Maryland

**Online Shopping**

How Does Online Trust Evolve over Time? An Empirical Examination
Christine Ye, Charles F. Hofacker, John Peloza

Toward Superior E-Shopping Behavior: Does Website Personality Make a Difference?
Saeed Shobeiri, Ebrahim Mazaheri, Michel Laroche

Leveraging the Information Value of User-Generated Content for Online Trust Decisions
Charlene A. Dadzie, Kofi Q. Dadzie, Evelyn M. Winston

**Online Consumer Behavior**

The Impact of Social Referrals on Consumer Conversion: An Estimation of the Social Multiplier
Hilary Lin

An Empirical Study on Transactional Relationship in Electronic Word of Mouth
Tong (Tony) Bao

Virtual World Addiction and Problematic Consumption: Public Policy Implications for the New Marketing Landscape
Stuart Barnes, Andrew Pressey

Cyber-Mavens and Online Flow Experiences: Evidence from Virtual Worlds
Stuart Barnes, Andrew Pressey

**Online Advertising**

Using Mobile Technology to Crowdsense
Michelle Andrews, Xueming Luo, Zheng Fang, Anindya Ghose

Facebook Engagement Effects on Advertising Effectiveness: Does It Really Work All the Time, Facebook Advertising?
Songmi Kim, Wonjoon Kim

The Influence of Interactive Branded Content in Advergames on Preference Formation
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A Generalized Model of Advertising: Incorporating Electronic Word of Mouth into Advertising Model
Yana Ponomarova, Nicolas Glady

**User-Generated Content**

Predicting the Charts: Using Big Data from Social Media to Forecast Market Potential
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How Consumers Use Online Reviews: The Effect of Self-Construal
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The Sentiment and Exposure Effect on the Sustainability of Box Office Sales
Karen Kuo, Sandra S. Liu

The Impact of Social Media on New Product Sales, and Customer Acquisition and Retention for Established Products
Ya You, Amit Joshi

2014 AMA Summer Educators’ Proceedings
Social Networks

Factors Affecting Outcomes in Social Networking Services: Social Capital and Network Externality  
*Kazuhiro Kishiya, Tomoko Kawakami*  
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How Does Online Trust Evolve over Time? An Empirical Examination

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Keywords: trust, online trust, e-trust, longitudinal trust, affective trust, retail, experimental study

EXTENDED ABSTRACT

Research Question
The current study seeks to understand the dynamic trust concept by focusing on how trust evolves over time in an online retail context. Specifically, this study examines how a Web site’s social cues created by online agents influence consumer trust, both cognitive and affective, and subsequent behavioral intentions over multiple interactions.

Method and Data
The experiment featured a 2 (Socialness perception: High / Low) x 2 (Time: 1 time / 3 times) between-subjects design. The first between-subject factor was the social perception of a Web site. Participants were randomly assigned to either a social or a less social version of the Web site. Those who received a social (less social) condition were provided with a chat scenario where the agent’s responses were more social (less social). The second between subject factor manipulated the number of interactions. Participants were randomly assigned to either one interaction or three interactions. Those in the one-interaction condition were asked to answer the dependent variables (i.e., affective, cognitive trust, and behavioral intentions) at the end of the first interaction. Those in the three-interaction condition were asked to answer the dependent variables at the end of the third interaction. A sample of 182 undergraduate students from a large U.S. university was recruited to an online survey in return for extra credits. After removing unusable responses, a total of 150 usable responses remained (T1=78, T3=72). The sample consisted of 77 (51%) men and 73 (49%) women. The age range for participants was from 18 to 34 years (M = 21.3; SD = 2.67).

Summary of Findings
The results found support for the positive effects of time on trust, both cognitive and affective, and behavioral intentions. In other words, visitors who had three consecutive interactions with a Web site were likely to build a higher level of cognitive trust, affective trust, and behavioral intentions when compared to those who had only one interaction. In addition, the findings showed that all three dependent variables were enhanced, for both initial visitors and repeat visitors, when a Web site provides more social cues. Furthermore, the analyses revealed that for both initial visitors and repeat visitors, cognitive and affective trust were important processes by which the social cues lead to behavioral intentions.

Key Contributions
The current study contributes to both research and practice. From a theoretical standpoint, first, this study contributes to the literature by responding to researchers’ call for more empirical work on the longitudinal aspect of the trust concept. In marketing, very limited research has attempted to address this evolutionary aspect of trust. Second, this study contributes to the literature by incorporating both cognitive and affective components of trust into examination. This distinguishes from prior literature where trust was mainly conceptualized as trusting beliefs with a cognitive orientation (e.g., Gefen et al. 2003). Practically, the current research introduces implications for retail managers pertaining to customer relationship management. By demonstrating how Web site’s social cues increase trust in a consumer-firm relationship over time, this study provides insights into Web site investments. Specifically, the findings reveal that when a social dimension is added to retail Web sites, a high level of consumer responses is likely to follow. The results of this study also show that cognitive and affective trust function as the key mechanism behind the effectiveness of a Web site’s social cues on behavioral intentions for both initial and repeat visitors.

References are available on request.

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Toward Superior E-Shopping Behavior: Does Website Personality Make a Difference?

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Keywords: website personality, e-retailing, site involvement, site attitudes

EXTENDED ABSTRACT

Research Question
Recent studies suggest that website designs should go beyond mere interface development and recommend that more emphasis be put on website personality characteristics (e.g. Leen et al. 2010). According to Ailawadi and Keller (2004), creating a strong brand personality is an effective way to survive in competitive situations where companies offer similar products and services. This situation is highly relevant to the context of e-retailing, which is getting close to its maturity stage. As Elliott and Speack (2005) state, the expectations of online customers have increased over the last decade; as a result it is harder to satisfy online shoppers in today’s society. The current research investigates how website personality could help for this purpose by examining how each dimension of website personality (enthusiasm, pleasantness, genuineness, solidity, and sophistication) could contribute to the formation of the customer’s general evaluation of the e-retailer’s site. More specifically, we argue that the construct of website personality impacts customers’ site attitudes, both directly and indirectly through influencing users’ involvement in the site.

Method and Data
A paper and pencil survey was conducted in a large northeastern university to collect the data. The respondents were undergraduate students participating on a voluntary basis. Each participant was asked to think about his/her most recent online purchase and answer the questions with that e-store in mind. This method was found appropriate, since it allowed us to look at the actual e-shopping experiences of the participants. To help respondents better recall their purchase experiences, the name of the e-store and the date of the purchase were also asked at the beginning of the questionnaire. The questionnaires that were incomplete or belonged to individuals who had made no online purchases in the past 3 months were eliminated, resulting in 588 usable responses. Fifty four percent of the respondents were male, and median age of sample was 20 to 24 years.

Website personality was measure by the Poddar et al. (2009) 11-item scale, which is based on D’astous and Levesque (2003) work on store personality. Site involvement was measured by a 7-item scale suggested by Muehling et al. (1990). The scale of Eighmey (1997) for attitudes was modified to a 5-item scale for assessing customer’s attitudes toward the e-retailer’s website.

Summary of Findings
Structural Equation Modeling was used with EQS 6.1 to test the conceptual model and the hypotheses. The goodness of fit indicators were all in the acceptable range: Chi-square, NNFI, CFI, and RMSEA had values of 1438.6 (df=474), .958, .962, and .059 respectively. The findings supported the overall model and the majority of structural paths.

The results suggest that customers’ perceptions of website personality significantly influence site involvement and site attitudes. However, the strengths of the relationships were not consistent across all website personality dimensions. In accordance with our hypotheses, the results suggested that enthusiasm and pleasantness dimensions positively influence both site attitudes and site involvement. Yet, genuine-
ness was found to significantly impact only site attitudes, and solidity was found to influence solely site involvement. As predicted, site involvement also significantly impacted site attitudes. Contrary to our hypotheses, the influences of sophistication on site involvement and site attitudes were not significant.

**Key Contributions**

Brand personality is an effective differentiation tool when competing brands share similar intrinsic attributes (Aaker 1996; Freling and Forbes 2005), or when customers cannot differentiate among offers based on the quality or price, like in the case of low-involvement products (Kumar et al. 2006). This situation is highly relevant to e-retailing, which is getting close to the maturity stage. This study found that different brand personalities of e-retailers’ sites could influence two major variables of e-shopping, including site involvement and site attitudes.

We presented that the five dimensions of website personality are not equally effective in shaping customers’ reactions toward the e-retailer’s site. While certain dimensions (enthusiasm and pleasantness) have positive impacts on both site involvement and site attitudes, other dimensions influence only site attitudes (genuineness), site involvement (solidity), or neither of the two variables (sophistication). This finding could help marketers in setting priorities for their promotion and positioning endeavors. Our results suggest that online marketers should pay extra attention to the dimensions of enthusiasm and pleasantness.

*References are available on request.*
Leveraging the Information Value of User-Generated Content for Online Trust Decisions

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Keywords: user-generated content (UGC), online trust, online retail, online shopping

EXTENDED ABSTRACT

Research Question
We investigate the relative importance of UGC information attributes versus retailer information sources for consumers’ online trust decisions. In addition, given that consumers tend to revisit websites they trust, a secondary question in this study concerns how consumer interaction with UGC information enhances revisit frequency.

Method and Data
The focal constructs measured in this study include: (1) Online trust intention, (2) customer revisit, a proxy for loyalty, (3) UGC diagnostic value and ratings, and (4) retailer-provided trust information sources including security statements, privacy statements, product information content, navigation information and familiarity (a control variable). The sample was comprised of 150 employees on the campus of a Southeastern U.S. university who were interviewed by trained interviewers prior to their next online shopping. The interview was repeated a month (30 days) after the respondents’ previous online shopping experience.

Summary of Findings
Shoppers who use UGC have a slightly higher tendency to generate higher information expectations than shoppers who do not use UGC but this level of expectation is only marginally significant for product information. The information value of UGC for shoppers’ online decisions is comparable to that of product information, security and navigation information and is contingent upon consumers’ information search goals. The results also suggest UGC is changing the way online shoppers’ search for online retailer information. When shoppers use UGC information in their information search decisions, they tend to use the same information sources for both their online trust and revisit decisions. However, when they do not use UGC, they tend to use all of the retailer- provided information in their online trust decisions but focus on navigation and security information for their revisit decisions.

Key Contributions
We contribute to the literature on the website trust-loyalty relationship by documenting the trust building influence of UGC and its subsequent impact on revisit behavior. (a proxy for loyalty). Our study extends the online trust-loyalty relationship literature by including consumer-provided information sources, using online revisit as a proxy for online loyalty. Second, unlike much of the extant research on UGC which uses secondary data to examine sales response, our study examines the complexity and dynamics of UGC interaction, to enhance the use of UGC as a source of feedback for monitoring consumer website interaction patterns and revisit behavior.

References are available on request.

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The Impact of Social Referrals on Consumer Conversion: An Estimation of the Social Multiplier

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Keywords: word of mouth, social media, digital marketing, consumer conversion, social multiplier

EXTENDED ABSTRACT

Research Question
Social media has recently attracted a lot of attention among researchers. Social media is especially useful for studying social learning, peer effect and word-of-mouth (WOM) referrals. WOM referrals are appealing because it can raise consumer value with significant lower cost. Unfortunately, it is difficult to measure the effectiveness of WOM. With the technology of Internet and social media, we can now measure and track the effectiveness of WOM. In this study, I use Facebook display advertising data to study the impact of word-of-mouth referrals on social networks and the extent to which a consumer might be affected by members of his/her direct personal social network.

Method and Data
In this paper, I use panel data from private display advertising campaigns on Facebook to study the effect of socially referred ads on online consumer conversion. In my data set, I measure consumer conversion as the number of people who become fans of a product after seeing the product’s ad on Facebook. Facebook users receive a product’s ads in two ways. One group of users receives ads served with social context. Ads served with social context will show up on the users’ Facebook page, and with a message that informs the user that one of his friends also likes the product. The other group receives ads served without social context. This group of users only sees the products’ ads, but no message about whether his friends like the product or not. The data can thus be used as a control study. I conducted a fixed effects regression analysis. The social multiplier also is estimated by regressing actual aggregate level conversions on aggregate predicted conversions.

Summary of Findings
My study finds that social referrals do have a statistically significant positive effect on consumer conversion and it does significantly increase consumer conversion. Socially referred ads have a coefficient almost 8 times as much as non-socially referred ads. In addition, a unit increase in the percentage of ads served in social context raises consumer conversion rate by about 8%. A statistically significant impact of social referrals implies the existence of a social multiplier. The social multiplier is estimated to be 1.5. The aggregate level actions are 1.5 times larger than the aggregate individual actions. For Facebook users that have an average number of 100 friends, this implies a social interaction parameter of the size 0.345. In other words, a Facebook user’s action is influenced by about one thirds of the average of his friends’ action.

Key Contributions
My findings confirm that there are significant social effects on consumer conversion. The estimated social multiplier implies that advertising is much more effective when done on platforms in which social interactions are strong. An implication of my study is that firms should take into account consumers’ social networks when attempting to convert consumers. Both positive and negative responses from a close friend in a consumer’ personal social network can have significant effects on how he or she perceives a product. However, the exact magnitude of the social effects on consumer conversion should be further examined for specific markets.

References are available on request.

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An Empirical Study on Transactional Relationship in Electronic Word of Mouth

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Keywords: electronic word of mouth, online user review, transactional communication model, Amazon customer review

EXTENDED ABSTRACT

Research Question
Marketers have shown intense interest in eWOM due to its effects on product sales (Chevalier & Mayzlin, 2006). But unlike traditional marketing communication like advertising, consumers rather than companies create eWOM. It is therefore important to understand how consumers create eWOM. Compared to eWOM’s effects on sales, its causes are less understood (Berger, 2013). This research focuses on the following research questions. What types of products are senders more likely to talk about? What types of products do receivers want to hear more? How is eWOM message decided if sender and receiver have different needs? In traditional WOM, sender’s message is influenced by receiver’s need due to the communication between sender and receiver. The channel for eWOM—Internet poses a challenge for eWOM because the offline ways for a sender to learn about receiver’s need are absent online. Incidentally, eWOM practitioners at Amazon have created a communication between receivers—helpful vote in the context of online customer review. If a receiver considers an Amazon customer review helpful, she can vote it as a helpful review. And the reviews with more helpful votes have more impact on other receivers and therefore sales (Chen, Dhanasobhon, & Smith, 2008; Jiménez & Mendoza, 2013; Pan & Zhang, 2011). On the other hand, helpful vote is visible to senders. In this paper we study whether Amazon senders are influenced by helpful votes from receivers.

Method and Data
Although eWOM takes diversified shapes such as blog and tweets, none is more devoted to product information than online customer review. As the patent holder on customer review (Brinkerhoff, 2005), Amazon introduced key features including a five-star rating, and a checkbox that allows receivers to click whether or not a review is helpful (Pinch & Kesler, 2011). We use an Amazon customer review dataset for our empirical analysis. The key variables of interest are how many pieces of WOM senders create and how many helpful votes they receive. To account for endogeneity of helpful votes, we use a system of simultaneous equation and use three-stage-least-square to estimate the system.

Summary of Findings
First, sender and receiver have different needs in eWOM process. Senders are more driven by approaching goal—helping receivers choose good products whereas receivers are more driven by avoidance goal—avoiding low quality products. Senders therefore are more likely to transmit eWOM about high quality products. Due to such sender’s behavior, low quality products have less eWOM coverage. Therefore, receivers consider eWOM covering low quality products more helpful. Second, the two divergent goals lead to different types of eWOM messages. Senders are more likely to send positive messages on high-quality products whereas receivers consider negative messages on low-quality products more helpful. Thus there is a conflict in subject and valence of eWOM between sender and receiver. If there is no feedback communication between sender and receiver, eWOM message would be sender’s preference alone: positive message on high quality product. Third, however, we show that a feedback communication exists—senders are motivated by helpful votes given by the receivers. Since receivers are more likely to cast a helpful vote on a negative message on a low-quality product, senders need to transmit such messages in order to receive helpful votes. The interaction has implication on eWOM distribution—the overall eWOM messages become more diversified in subjects and valences.

Key Contributions
First, we show that eWOM is an interactive communication process between sender and receiver. Second, sender and receiver have different preferences on eWOM subject and valence. Finally, eWOM is decided by both sender and receiver.

References are available on request.

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Virtual World Addiction and Problematic Consumption: Public Policy Implications for the New Marketing Landscape

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Keywords: virtual worlds, addiction, problematic consumption

EXTENDED ABSTRACT

Research Question
Negative, or problematic, consumer behavior – or what Hirschman calls “...consumption gone wrong” (Hirschman, 1991: 4) – has been studied from a number of viewpoints including destructive brand pathology (Fournier and Alvarez, 2013), compulsive and impulsive consumption and addiction (O’Guinn and Faber, 1989; Hirschman, 1992; Natarajan and Goff, 1991), and consumer dependencies (Mick and Fournier, 1998) such as pathological gambling, credit abuse, kleptomania, smoking, drug taking, alcohol, excessive eating – where consumption can result in pathological and damaging outcomes for consumers such as low self-esteem, withdrawal and depression (Moschis, 2007). In the present study we extend this line of enquiry by focusing on a novel context: consumer addiction to virtual worlds. In addition, we examine the associated pathological consequences of excessive usage, reported levels of problematic spending and the of virtual worlds that might encourage excessive usage (examined through cognitive absorption).

Method and Data
The research design adopted by the study involved two cross-sectional, convenience samples using self-report surveys in two popular virtual worlds (Second Life and World of Warcraft), and employed scales from previous research for measuring the key constructs in the study. An incentive of 250 Linden Dollars (approx. US$0.95) was paid for each response; after filtering for duplicates and invalid responses, a total sample of $n=662$ was collected, broadly split between the two virtual worlds (World of Warcraft, $n=302$; Second Life, $n=360$). The values of Cronbach’s $\alpha$ were well above the recommended minimum reliability values of 0.70 (Nunnally, 1978) for all measures employed.

Summary of Findings
We find that overall 11% of respondents report highly problematic virtual world usage levels (based on a polythetic categorization of addiction where a respondent reports acute symptoms on half of the 15 addiction items measured), falling to 5% (based on a monothetic categorization where respondents report high scoring symptoms for all items of addiction measured). Further, our findings report that those respondents with high levels of problematic virtual world usage patterns report experiencing negative pathological symptoms as a consequence (including interpersonal problems and feelings of personal distress), and also report ‘problematic consumption’ behavior through escalating spending patterns. The findings indicate that individuals reporting problematic virtual world usage report significantly higher levels of cognitive absorption and a deeper state of immersion in virtual worlds than those respondents reporting no problematic symptoms of virtual world use. Interestingly, our findings reveal no consistent demographic profile of respondents reporting problematic virtual world usage.

Key Contributions
Virtual worlds are considerable in participation and economic scope; the ‘virtual economy’ – the market for virtual characters, items and currencies in virtual worlds, online games and social networking sites – was estimated to be worth US$6 billion at the end of 2013 (Worthen, 2010), and

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it is estimated that the number of registered user accounts in virtual worlds exceeds 2.3 billion (KZero, 2013). Digital platforms attract substantial annual advertising revenues of over US$16 billion per annum in the US (Lehtiniemi and Lehdonvirta, 2007). One study reported that 13% of Americans had bought virtual goods or services online in the previous twelve month period (Rosenberg, 2010). Against this context, given that addiction can often be harmful to the individual and wider society, then if we view virtual worlds as significant marketing and consumption landscapes of the future (Saren et al., 2013), it is imperative to assess the potentially deleterious effects of marketing interventions via these platforms and associated public policy implications. No prior study has assessed problematic usage of virtual worlds by consumers and the consequences of excessive usage. Consequently, this study’s purpose and contribution is to better comprehend this form of potentially destructive consumption behavior.

References are available on request.
Cyber-Mavens and Online Flow Experiences: Evidence from Virtual Worlds

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Keywords: market mavens, flow, virtual worlds

EXTENDED ABSTRACT

Research Question
Is the propensity for individuals to act as market mavens – agents who are enthusiastic disseminators of generalized marketplace information as first introduced by Feick and Price (1987) in the Journal of Marketing – transferrable into virtual world environments? Further, if market mavenism is fluid across context (i.e. transferable from real-life settings to the Internet and relatively new technologies such as virtual worlds), what might facilitate this behavior? The market maven concept has received widespread support in physical (i.e. real-world) channels as well as Web-based channels and has inspired hundreds of replication studies and extensions; however, as Barnes and Pressey (2012: 167) note: “A notable absence from these studies is an understanding of market maven behavior in alternative communication channels”, particularly in new social media platforms and virtual worlds. The present study extends the market maven concept by examining maven propensity in cyberspace. In addition to examining the presence of the cyber-maven in virtual world channels, we explore how such behavior is facilitated by examining the influence that ‘flow’ (Csikszentmihalyi, 1977, 1997) – the feeling of total immersion and deep involvement in human-computer mediated interactions (Novak, Hoffman and Yung, 2000) – has on cyber-maven propensity, and provide a demographic profile of the cyber-maven.

Method and Data
The research design adopted by the study involved a cross-sectional, convenience sample using two self-report surveys: one directly in Second Life (phase I: n=1424) to understand behavior in virtual worlds, and one mailed to respondents of the first survey via a link to a website (via QuestionPro.com) four weeks later (phase II: n=448) to understand real-life and Web behavior. Two reminder messages were sent to Second Life participants who had completed the first survey to encourage them to complete the second survey. In order to be consistent with previous research examining market mavens, only minor modifications were made to Feick and Price’s (1987) original measure to reflect the channel under examination. A small monetary incentive (in Linden Dollars—the official currency in Second Life) of approximately US$2 was provided to respondents for each completed survey in each phase (approximately 1 US$ = 265 Linden Dollars). The values of composite reliability ranged from 0.860 to 0.922, well above the reliability value of 0.70 that is typically advised for measurement constructs (Nunnally, 1978).

Summary of Findings
We find that while ‘real-life’ market mavenism remains most dominant, mavens are capable of extending this behavior into virtual worlds over those weaker on the maven continuum, suggesting the fluidity or transferability of the maven concept across channel. Interestingly, we find that cyber-mavens have a heightened propensity to experience ‘flow’ and consequently immersion in virtual world environments than non-mavens and are more likely to trial new products in order to satisfy hedonist motives for personal interest in new products – something that no doubt reinforces their capacity to act as cyber-mavens, similar to their offline counterparts or real-life selves (Feick and Price, 1987). Finally, our analysis provides insights into the demographic profile of the cyber-maven, finding that they can be either male or female, are generally well-educated, and slightly older consumers.

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than those individuals with weaker maven propensity, and furthermore are keen participants in virtual worlds (based on user history and usage patterns) and have knowledge of other mavens (suggesting their connectedness in virtual world consumer networks).

**Key Contributions**

In his book, *The Marketing Mavens*, Noel Capon (2007) documents the relative success of industries that have developed the capacity to identify market mavens and incorporate their distinctive capabilities into their marketing strategies. Against this, the contribution of the present study is to both extend and understand the role of the market maven in cyberspace. The market maven concept was predicated on real-life interaction between consumers (Feick and Price, 1987), at a point in time when both the Web and virtual worlds were at an embryonic stage in their development. The present study considers maven behavior within a new channel, an endeavor that would seem valuable given that “finding new ways of identifying and profiling market mavens and targeting marketing communications to them may be increasingly important in the twenty-first century” (Geissler and Edison, 2005: 74). As market mavens play a pivotal role in sharing product information a better understanding of these individuals has the potential to add considerable value to marketers operating in the growing market for virtual worlds and products. Hence identifying the presence of cyber-mavens in popular new media platforms such as virtual worlds would seem a valuable addition to market maven scholarship.

*References are available on request.*
Using Mobile Technology to Crowdsense

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EXTENDED ABSTRACT

Mobile technologies can provide novel measures of crowd density. This paper shows that consumers in crowded subway trains are more receptive to mobile promotions. On the basis of randomized field experiments with a short message service (SMS) sent to 10,690 mobile users, we find that crowding positively affects mobile purchase likelihood. On average, one unit increase in crowdedness can generate a boost in the odds of mobile purchases by 12.1%, ceteris paribus. Compared to a baseline of 1.96 passengers/m², when crowdedness increases to 4.02 passengers/m², the marginal mean probability of purchases increases by 16%. At a higher level of crowdedness with 4.97 passengers/m², purchase likelihood jumps 46.9%. Our finding is robust to a subsequent natural experiment with exogenous crowding that is impacted by a temporary traffic control. This intervention above-ground created a natural spike in subway crowding below-ground. The traffic control thus not only reduces self-selection but also more precisely identifies that purchases are driven by crowding variation rather than commuter heterogeneity. Follow-up telephone surveys by the corporate partner reveal a chained psychological process: crowdedness → mobile immersion → involvement → purchase. That is, consumers cope with the loss of personal physical space in crowded trains by escaping into their personal mobile space, which leads to higher consumer involvement with mobile devices and SMSs and thus more purchases. To marketers, mobile crowdsensing is a new way to target consumers for effective marketing campaigns.

References are available on request.

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Facebook Engagement Effects on Advertising Effectiveness: Does It Really Work All the Time, Facebook Advertising?

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Keywords: Facebook engagement, social recommended advertising, targeted advertising, privacy concern

EXTENDED ABSTRACT

Research Question
This study examines the effect of SNS advertising on consumer behavior under different types of consumer interaction with SNSs. Focusing on the concept of engagement, we investigate how Facebook advertising influence consumer behavior differently when consumers’ engagement with Facebook alters. In order to specify the effect, we further categorized SNS advertising into two different types; social recommended and targeted. Thus, our primary objectives were to define and categorize two different types of SNS advertising and examine their effects on consumer behavior in a practical setting.

This research also investigates how targeted advertising and social recommended advertising have different impact on consumer behavior due to different levels of users’ engagement and how the interaction effects occur in accordance with the persuasion knowledge. Lastly, we propose that people react distinctly when they are exposed to different types of SNS advertising; consumers with higher levels of engagement care more about privacy invasion on SNSs and the persuasion knowledge as opposed to the consumers with low levels of engagement.

Method and Data
Three survey survey-based empirical studies were conducted via online survey access. One hundred fifteen undergraduates at Korea Advanced Institute of Science and Technology (KAIST) participated in study 1, and the participants were categorized into high-, neutral-, and low-engagement groups in order to examine the effect of SNS advertising on their behavior towards recommendation and purchase decision. Next, four hundred thirty two college students from Seoul and Daejeon, Korea participated in study 2. The participants were randomly assigned to one of four conditions in a 2 (social recommended ads or not) x 2 (targeted ads or not) between subjects design. Last, one hundred fifty two undergraduates at KAIST participated in study 3, and the participants were randomly assigned to one of two conditions (types of ads: targeted ads vs. social recommended ads) in between subjects design.

Summary of Findings
There were some differences in terms of advertising effectiveness depending on the level of one’s Facebook engagement in study 1. Specifically, the advertising attitude of the high-engagement group was higher than that of the low-engagement group.

The results from study 2 suggest that consumers with high levels of engagement react positively towards social recommended ads. However, targeted ads did not have any significant impact on the behavior of high-engagement consumers; the level of recommendation and purchase intention were not significantly different from when they were exposed to non-targeted ads. As for the group consumers with low levels of engagement, all features of advertisement effects were positively shown as for the targeted ads, but when there was social recommendation along with the advertising, they were not directly influenced to recommendation and purchase intention. However, the interaction of the two different types of SNS advertising was significant in the low-
engagement group. For the targeted ads, if social recommendation was offered at the same time, the level of recommendation intention increased by a significant amount and illustrated a great difference of the non-social recommendation.

Lastly, the results from, study 3 showed that these results can be explained by consumers’ attitude towards potential privacy invasion and advertising reliability; consumers with low levels of engagement expressed relatively higher concerns for potential privacy invasion and relatively lower concerns for trustworthiness of the ads they were facing in comparison to the consumers with higher levels of engagement.

**Key Contributions**

The findings from this research investigation provide several implications. First, this paper attempt to offer the fundamentals to effective marketing strategy for practitioners by demonstrating the effectiveness of Facebook advertising. Second, in terms of the field experiment, it is difficult to analyze the underlying emotions behind their actions compare to observe the frequency or the longevity of Facebook access of users. Thus, this paper tries to offer the interface and the environment that are closest to the actual Facebook advertising experience such as social recommended ads or targeted ads in the newsfeed feature, while attempting to calculate the level of engagement at the same time. Based on the results, we observe the level of recommendation intention and SNS interaction effect based on different types of advertisements.

*References are available on request.*
The Influence of Interactive Branded Content in Advergames on Preference Formation

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Keywords: advergames, interactive marketing, mobile advertising, perceptual fluency, affective transfer

EXTENDED ABSTRACT

Research Question
With the rapid growth of the mobile gaming industry, advergames have become more common as a means of consumer engagement. Research on advergames, however, has focused primarily on in-game advertising where traditional ads (e.g., banners and pop-ups) appear on the periphery of gameplay. As prior research has demonstrated that such ads are ineffective due to the cognitive demands of gaming, more companies have begun to developing custom advergames that feature branded content embedded within the actual gameplay experience. For example, the consumer may play a game where they control a company mascot or interact with digital representations of products.

Many advergames with embedded brand content feature mechanics common to traditional videogames such as shooting enemies, collecting power-ups, and avoiding dangerous obstacles. The current marketing literature, however, has yet to investigate the impact of such game mechanics on subsequent preferences. More specifically, it is not clear whether virtual interaction with branded content through advergame mechanics complements or contradicts the broader marketing objectives. Consequently, the goal of this research is to isolate the unique effects of advergame mechanics from other branding considerations.

Method and Data
To examine the impact of advergame mechanics, a custom videogame entitled Spaceship was programmed by the authors. In the game, players navigated a spaceship around asteroids corresponding to different packages of pasta. In Study 1, several aspects of the game were manipulated, including: (1) the amount of time each type of asteroid remained on the screen (i.e., perceptual fluency), (2) the task given to players (i.e., shooting vs. collecting the asteroids), (3) and affective designation (i.e., which asteroids where labeled as “good” vs. “bad”). During Study 1, participants were first tasked with playing the Spaceship advergame before indicating their preference between the packages of pasta seen during gameplay. When screen time was uncontrollable, the product with greater perceptual fluency was preferred, regardless of task or affective designation. When screen time was equal for the asteroids, however, participants preferred the product corresponding to the “good” asteroid.

In Study 2, the difficulty of Spaceship was manipulated by increasing the maneuverability of the spaceship relative to the incoming asteroids. Additionally, measures of affective reaction toward the pasta packages were collected for further analysis. Affective response was found to mediate the relationship between affective designation and preference, but only when difficulty was high.

Summary of Findings
Study 1 demonstrated that design choices regarding advergame mechanics can impact the formation of subsequent preferences. Specifically, the screen time of stimuli appearing in the advergame must be carefully managed such that the focal product receives the greatest benefit from perceptual fluency. Once screen time is controlled for, however, the affective designation of a stimulus appears to impact preferences such that consumers prefer the “good” product over the “bad” product.
Study 2, however, demonstrated that the impact of advergames on preference formation occurs only when a minimum level of difficulty is surpassed. When an advergame was perceived as easy, the effect of affective designation on preference formation did not occur. As such, this result suggests that affective response toward in-game stimuli transfers to real world products only when a minimum level of difficulty has been surpassed.

**Key Contributions**

From a managerial perspective, the results of Studies 1 and 2 indicate that various elements of an advergame must be carefully considered to maximize effectiveness. Many advergames, for example, do not control for perceptual fluency, which can negatively impact the advertised brand. Rather, the “bad” stimuli in a game (e.g., enemies) often receive greater screen time relative to “good” stimuli (e.g., power-ups). Furthermore, the impact of advergames on preference formation requires a certain degree of challenge in the gameplay. In an effort to avoid frustrating the players, many advergames are designed with a minimal amount of inherent difficulty. This research, however, suggests that advergames perceived as “too easy” may lack the degree of player engagement required for affective transfer to occur.

*References are available on request.*
A Generalized Model of Advertising: Incorporating Electronic Word of Mouth into Advertising Model

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Keywords: advertising response, multi-channel, social media, electronic word of mouth, consumer heterogeneity

EXTENDED ABSTRACT

Research Question
Our paper develops a multi-channel multi-stage consumer demand model, and assesses and compares the response from advertising exposures of electronic word-of-mouth (eWOM) and traditional advertising vehicles. More specifically, we build a Hierarchical Bayes statistical model assessing the association between eWOM and consumer purchases, as well as the interaction between eWOM and traditional media at the individual consumer level. A multi-stage demand model incorporates product category, brand and quantity choices and accommodates variety-seeking demand characterized by purchases of multiple brands at a purchase occasion. We compare the distributions of eWOM and traditional media individual effects and discuss the multi-channel synergy versus cannibalization or “bad buzz”. As a result, our model allows to assess the comparative effectiveness of social media marketing campaigns versus traditional ones, and provide insightful tools to improve consumer targeting and consumer community management on social media.

Method and Data
An empirical multi-channel multi-stage advertising model is estimated using on Hierarchical Bayes methodology. The model integrates three stages of consumer decision process (product category, brand and quantity choices) in a single utility maximization problem and accommodates both interior (multi-brand purchases) and corner (single-brand purchases) solutions. The model accounts for consumer observed and unobserved heterogeneity and, as a result, provides marketing managers with suggestions for multichannel advertising, and targeting and consumer community management strategies on social media.

The dataset used in this study is a single-source multi-channel consumer panel that has been provided by a major FMCG manufacturer. It follows purchase activities and multichannel media exposures of 5689 households from a Western country over the year 2011. The media channels measured are TV and online advertising, as well as Facebook communications with peers and brands.

Specifically, media exposures have been measured as follows. For our study we have selected 5 established consumer brands that we could follow throughout all the datasets available and that are comparable in terms of industry and brand structure.

Summary of Findings
The results of empirical estimation show that effects of eWOM vary from negative to positive, which is consistent with the literature. The differences in the eWOM effects are explained by the age, income and geographical location of households. Further, the distribution of coefficients for the interaction between eWOM and ATL presents an evidence of cross-media synergy effect, as well as an evidence of the cannibalization or “bad buzz” effect for a part of population. This confirms the non-linearity of the media effects on consumer demand. Furthermore, testing the importance of the eWOM in the advertising model, we observe an 8% Bayesian Information Criterion (BIC) improvement due to eWOM inclusion. This justifies the purpose of this study in extending advertising model to encompass media-marketing mix factors.

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Overall, the estimation results show that the largest benefits come utilizing a mix of traditional and social media vehicles for the median consumer.

**Key Contributions**

The current paper makes several contributions to the marketing literature. First of all, we provide a theoretical contribution, adopting discrete/continuous brand-choice model of (Mehta & Ma 2012) for Hierarchical Bayes framework. This allows not only to study the effect of observed consumer heterogeneity on consumer media sensitivities, but also to account for the unobserved individual heterogeneity by households and brands.

Consequently, our study improves the understanding of consumer purchase decisionmaking in the modern context, viewing it more realistically as a multi-channel multi-step process. Using a unique multi-channel consumer panel we compare the efficiency of such media vehicles. Specifically, we are able to demonstrate that eWOM in social media matters for offline purchase decisions. Also, we find an evidence for cross-media message enhancement, as well as a negative effect (cannibalization or “bad buzz”) for some individuals stressing the importance of joint management of both media channels by marketers.

Finally, we have evaluated media efficiencies as a function of household sociodemographics thus presenting marketers with a tool for consumer targeting and community management on social media.

*References are available on request.*
Predicting the Charts: Using Big Data from Social Media to Forecast Market Potential

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Keywords: social media, big data, demand prediction, forecasting, machine learning, Bayesian modeling

EXTENDED ABSTRACT

Research Question
Our objective in this research is to construct simple but effective models to predict music sales and chart rankings using Twitter data. We present a framework to process big data drawn from social media, and show that we can use this data to make accurate predictions about rankings and sales of products. We demonstrate our method in the context of music sales, using microblogging data drawn from Twitter as the basis for our predictions. After selecting the features of social media that are useful for analysis, we build simple models using linear regression and support vector machines. These models enable the prediction of both sales rank (the position on Billboard charts) as well as actual sales data. We compare the performance of our model with previous research in this space, and show that our models are generalizable to out-of-sample test data at a higher predictive level than previous methods. We posit that the key reason our simple models perform better is that high frequency and diverse representation of microblogging data makes it a better predictor of actual demand than previous methods.

Method and Data
We use three types of data in this project: (1) Twitter, (2) Billboard charts, and (3) Nielsen Soundscan data. Our Twitter data consists of nearly 30 million tweets spanning 12 weeks, from February 27th to May 29th, 2011. Each tweet we collect is related to one (or more) of the 60 music albums that we selected for tracking. We also collected the Billboard rank of each of these albums during the time of our collection. Finally, through Nielsen Soundscan, we collected weekly digital and offline sales data for many of the albums in question as a second prediction target.

Summary of Findings
Using our framework we examined models in four different scenarios: (1) debut rank and sales, (2) post-debut rank and sales using pre-debut data and only one model, (3) post-debut rank and sales using pre-debut data using an ensemble of models, and (4) post-debut rank and sales using previous week data. For debut rank and sales, our results show that SVMs, using links and positive sentiment volume, performed the best. The explanation for this is that users do not really have much ability to assess how bad a product will be before it is released, but can definitely hype up the product. With regards to simultaneously predicting debut and post-debut predictions using only pre-debut data and one model, we find that the BLM does the best, but compared to the other results, is not promising. When it comes to predicting post-debut sales and ranks using an ensemble of models, both the LRs and SVMs do better. Finally, the best post-debut predictions came from using the previous week’s information, which would be available if the managerial

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interest is short-term. In all cases, we find that the most important unique features in post-debut predictions are positive and negative sentiment.

**Key Contributions**

Methodologically, we have illustrated a framework for analyzing Big Data using simple models, and have shown a specific example where real time predictions can be effectively generated using a five-step process outlined in this framework. We believe marketers can benefit from the use of such frameworks and models for improving the accuracy of their pre-launch as well as post-debut forecasts. Substantiatively, in the context of music albums, we have provided evidence illustrating how social media might provide insight into the effects of positive versus negative customer word of mouth. Finally, we have provided managers with insights into what features of social media they should be paying attention to when attempting to model future demand for an entertainment product.

*References are available on request.*
How Consumers Use Online Reviews: The Effect of Self-Construal

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Keywords: online reviews, WOM, self-construal, social influence

EXTENDED ABSTRACT

Research Question
Imagine you are thinking about buying a product. You want to choose the best one and you think that reading online reviews will help you make the right decision. If there is consensus among reviewers, the decision would be fairly straightforward. However, people’s opinions are often different, which may result in mixed reviews. Supposedly in the current situation you find that the reviews from critics and those from consumers are not in agreement. Whom will you believe? As regular consumers versus professional critics are distinct information sources representing different types of social groups, consumers will consider various aspects of the source type in addition to the valence of the reviews. Although it is quite common in real life to encounter such a situation, surprisingly little research has been devoted to understanding consumers’ processing of conflicting reviews. We aim to answer this research question by examining the role self-construal plays in this process. We hypothesize that consumers with more independent self-construal will have less favorable attitude when negative review comes from professional critics than when it comes from other consumers, and the reverse will be true for consumers with more interdependent self-construal.

Method and Data
An experiment was conducted to test our hypotheses. It contained two conditions: positive consumer review + negative professional review (C+P-) and negative consumer review + positive professional review (C-P+). Two versions of a movie poster for the comedy This is the End was used as the experimental stimuli. In the C+P- version, the movie poster showed a thumb-up icon with “85% of Movie Critics liked it” and a thumb-down icon with “30% of Consumers liked it”. The exact percentages used were determined through a pretest. Two hundred and one individuals recruited from Amazon Mechanical Turk (MTurk) participated in the study for a nominal fee. Each participant was randomly assigned to one of the two conditions. They first answered questions related to self-construal. Following a few filler tasks, they reviewed the movie poster and then answered questions about their attitude and purchase intention towards the movie and several other control variables.

Summary of Findings
Two multiple regressions were used to analyze the data. Review version (0 for Consumer+ Professional- and 1 for Consumer- Professional+), independent self-construal and their interaction served as the independent variables, and consumers’ attitude and purchase intention served as dependent variables. Movie knowledge, star power, age, and gender were included as control variables. The interaction between review version and self-construal was significant for both dependent variables. Simple slopes analyses showed support for both hypotheses. Participants with more independent self-construal exhibited significantly more favorable attitude and purchase likelihood when they saw the negative review from consumers than when the negative review came from professional critics (simple slope attitude = 1.27, t = 10.58, p<.01; simple slope purchase intention = 1.3, t=10.83, p<.01). In contrast, consumers with more interdependent self-construal exhibited significantly less favorable attitude and purchase likelihood when they saw the negative review from consumers than when the negative review came from professional critics (simple slope attitude = -2.05, t= -7.59, p<.01; simple slope purchase intention = -2.22, t= -8.22, p<.01).

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**Key Contributions**

The literature on negativity bias predicts that consumer decisions should be predominantly affected by negative information when dealing with mixed reviews. But our research suggests the relationship is not so straightforward. Our study found that interdependent individuals favor consumer reviews over professional reviews, likely because consumer reviews represent the “majority” opinions and hence point towards the safe decision. In contrast, independent individuals may believe professional opinions to be more unique and more diagnostic, and as a result they give higher weight to professional reviews than to consumer reviews.

Our results offer useful insight into the management of sentiment in the highly engaged social media environment. Traditionally businesses invest heavily into ensuring that professional sources such as *Consumer Reports* and *Zagat* say positive things about their products/services. However, our research suggests that this may not be wise in all situations. There is no clear-cut superiority between professional critics and consumers, and instead the optimal weight depends on the exact consumers reading the reviews. Businesses should start with a clear understanding of the type of consumers they are dealing with before allocating resources into managing consumer vs. professional reviews.

*References are available on request.*
The Sentiment and Exposure Effect on the Sustainability of Box Office Sales

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Keywords: sentiment, social media, sustainability, box office sales

EXTENDED ABSTRACT

Research Question
Social media as a form of collective wisdom has been a topic of interest for marketers seeking to understand user behavior and attitudes. The vast amount of user-generated content provides a data-rich repository that can be mined for consumer insights. One area of attention is social media chatter and its impact on box office revenue. Past research has looked at Twitter variables such as number of tweets, tweet rate per hour, and sentiment as predictors of movie success. However, many of these studies have not looked at the impact of social networking on post-release sales beyond the second weekend or the influence of tweet reach (exposure). The purpose of this study is two-fold: (1) to examine the impact of Twitter data surrounding a movie (number of tweets, sentiment, and exposure) on opening weekend box office sales, and (2) to examine how sentiment generated after opening weekend affects the sustainability of sales. Does positive buzz help drive moviegoers into seeing a film? Since positive tweets occurring after release can be considered recommendations by people who have seen the movie, we are interested in ascertaining whether tweets with positive sentiment can sustain or increase post-release performance.

Method and Data
Secondary data was collected from multiple sources between November 2013 and January 2014. Movies released between January 2012 and November 2013 with non-ambiguous titles were used resulting in a final sample size of 92. The dependent variables U.S. opening weekend box office gross and second week change came from Box Office Mojo (www.boxofficemojo.com). All weekly data was pulled using a Friday to Thursday schedule. The independent variables measuring WOM were based on Twitter data pulled from Topsy Analytics (www.topsy.com). The historical Twitter data comprised of tweet volume to represent WOM volume, tweet sentiment to measure WOM valence, and tweet exposure. Only original tweets, retweets, and replies originating from the United States were used.

The data collected was analyzed using ordinary least-squares regression. The first study used the continuous dependent variable opening weekend box office gross and six continuous independent variables: (1) pre-release Twitter volume, (2) pre-release Twitter sentiment, (3) pre-release Twitter exposure, (4) number of theaters, (5) critic rating, and (6) production budget. The second study used the continuous dependent variable second week change and four continuous independent variables: (1) release week Twitter volume, (2) release week Twitter sentiment, (3) release week Twitter exposure, and (4) critic rating.

Summary of Findings
The sample had an average U.S. opening weekend gross of $31.51 million, release size of 3,118 theaters, and production budget of $74.76 million. The average critic rating was 50.95 (between 0 to 100). Twitter activity in the three weeks prior to release averaged 79,342 tweets with an 80.85 sentiment score (out of 100) and reach of 233.61 million non-unique users. Pre-release Twitter volume (r=0.46, p<.001), pre-release Twitter exposure (r=0.60, p<.001), theaters (r=0.66, p<.001), critic rating (r=0.26, p<0.05), and production budget (r=0.69, p<.001) were correlated with opening weekend gross. The multiple regression model explained 66.8% of the variance ($R^2=.67$, $F(6,85)=28.46, p<.001$). Pre-release Twitter volume ($\beta=55.95, t=2.42, p<0.05$), theaters ($\beta=16,748, t=3.36, p<0.01$), and production budget ($\beta=0.18, t=3.36, p<0.05$) were significant predictors of opening weekend gross.

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The average change in U.S. box office gross between week 1 and 2 was -48%. Release week Twitter activity averaged 110,486 tweets with a sentiment of 84.03 and reach of 238.98 million non-unique users. The strongest correlation with second week change was release week Twitter sentiment ($r=0.37$, $p<.001$). The multiple regression model explained 19.7% of the variance ($R^2=0.20$, $F(4,87)=5.32$, $p<.001$). Only release week Twitter sentiment ($\beta=0.02$, $t=2.82$, $p<.01$) was a significant predictor of second week change.

**Key Contributions**

The significant predictive power of Twitter volume but not sentiment on opening gross supports the results of past research. Perhaps low ticket prices, averaging $7.96 in 2012, does not require complex decision making on the moviegoer’s part. Any chatter surrounding a movie in the pre-release weeks can help sales through awareness thus lending support to the old adage ‘any publicity is good publicity’. However, once a movie releases, sentiment comes into play as a significant predictor of second week change. Positive or negative tweets generated after release are likely treated as influential recommendations or disapprovals of the movie.

Creating WOM has long been an important strategy to companies. To maximize the success of box office sales, studios should carefully monitor online WOM and incorporate pre-release volume when forecasting future sales. Managers should also promote chatter in the weeks leading up to release. Investing in campaigns to create social buzz can be a cost effective way to generate box office sales during opening weekend. Additionally, monitoring the sentiment of chatter is crucial in the weeks after release since it serves a persuasive role and can help sustain box office sales and improve long-term performance.

*References are available on request.*
The Impact of Social Media on New Product Sales, and Customer Acquisition and Retention for Established Products

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Keywords: social media, traditional media, new product sales, customer acquisition and retention, established products

EXTENDED ABSTRACT

Research Question
While the impact of social media and its interaction with traditional media is an oft researched topic in recent times, the impact of this media on different marketing outcomes over the life cycle of a product has been under studied. On the other hand, several studies demonstrate that traditional media advertising has varying effectiveness for new and established products. Thus, the purpose of this research is to address the following questions: (1) what is the effect of social media relative to that of traditional media on new product sales?, (2) for established products, how does the impact of social and traditional media differ for customer acquisition and customer retention?, and (3) does the interaction effect between social and traditional media differ in different product contexts?

Method and Data
In this research, we develop a conceptual framework and method to compare the effects of social and traditional media in driving different marketing outcomes such as new product sales and customer acquisition/retention for established products as well as examine the within-media interactions of social and traditional media and cross-media interactions between them. We form hypotheses and test them using secondary data from the automobile industry. We use a 2-step modeling procedure to test our hypotheses. In the first step, we quantify the three synergies using a hierarchical interactive model. In the second step, we use seemingly unrelated regression method to compare the effectiveness of social and traditional media for new product sales, and customer acquisition and retention for established products.

Summary of Findings
Our findings suggest that social media is more effective than traditional media for new product sales. As for established products, social media has a greater impact on customer acquisition than traditional media whereas traditional media exerts a larger impact on customer retention than social media. A further analysis on the dynamic effect of social and traditional media for established products indicates that the effect of social media firstly increases and then decreases on customer acquisition, and drops gradually on customer retention, whereas the effect of traditional media jumps on customer acquisition and grows followed by a decline on customer retention.

Key Contributions
The contributions of this research are as follows. First, to the best of our knowledge, this is the first study to contrast the impact of social and traditional media on a variety of product performance metrics (i.e., sales, customer acquisition and retention) for new and established products respectively. Second, this study integrates and examines the within-media synergy of social and traditional media as well as the cross-media synergy between these two types of media. Third, this study also demonstrates that the cross-media synergy between social and traditional media could be different for different product contexts in this new media landscape, and challenges the traditional view that media synergy is always positive.

References are available on request.
Factors Affecting Outcomes in Social Networking Services: Social Capital and Network Externality

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Keyword: SNS, social capital, network externality

EXTENDED ABSTRACT

Research Question
Company utilizes Social Networking Service as new media to attain marketing and advertising effectiveness. The user utilizes SNS differently since Internet can give the user a greater freedom which enables the user to use it actively compared with traditional media. In case of SNS, the way to use SNS sites depends on the kinds of networking.

Extant literature proposed social capital (bonding and bridging social capital) as product of social networking (Bourdieu 1986; Coleman 1990; Paxton 1999; Putnam 2000). As well, recent study focused on the social capitals online (Williams 1996; Ellison, Steinfield and Lampse 2007; Mathwick, Wiertz and Ruyter 2008). In addition, this study proposed maintaining social capital in particular to SNS usage. Furthermore, this study shedded lights on network effect in SNS usage. Though recent study examined network externality in networked product, little research knows how network externality affects the outcome in SNS. Then, this research hypothesized how each of three aspects of social capitals affects network externality, commitment toward and switching costs from the SNS sites. This research also investigates the relationships between network externality and outcomes in SNSs such as commitment toward a community site and switching cost from a community site.

Method and Data
To test our hypotheses, we collected data in Japan. Online questionnaire survey was conducted in March 2012. The size of the sample was 612 Facebook users. As for exiting measures, a translation/back-translation process was conducted. We established the validity of measurement model and used structural equitation modeling to test research hypotheses.

Summary of Findings
This results showed that 1) bridging and bonding social capital influence on the perception of network externality, 2) bridging social capital has a positive impact on commitment toward the community site whereas bonding social capital doesn’t, 3) maintaining social capital is related to commitment toward the community site, not to the perception of network externality and 4) network externality is positively related with community commitment but not with the switching costs from the community site.

Key Contributions
This research contributes to the literature in three ways. First, this research specifies three kinds of social capitals (bridging, bonding and maintaining) as predicting factors on outcomes in social networking service (SNS). Second, this research incorporates a network externality construct into the relationships between social capital and outcomes in SNSs. The result showed social capital conditions the effect of network externality on the outcomes in SNS. Third, this research contributes to the literature by examining the relationship between network externality, commitment toward SNS and switching costs. The finding that network externality in SNS does not enhance the switching cost directly reveals the peculiar usage in SNS.

References are available on request.
Customer-to-Customer Helping Behavior and Its Implications to the Marketers Within Brand Communities of Facebook

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ABSTRACT
This study wants to examine helping behavior within virtual communities across different involvement levels and product positioning criteria. A netnographic research guided the data collection. Findings indicate that within high involved products such information sharing is detailed and thorough; however within low involved products most of the information is concise.

Keywords: helping behavior, brand communities, Facebook, customer-to-customer interaction

Introduction
Many marketers are of the opinion that firms need to capitalize on the talents of their customers; hence encouraging customer participation through helping behavior is considered to be the next frontier in competitive effectiveness. Consumers interaction has changed dramatically over the last decade including how they gather and exchange information about products (Kozinets 2009). Messages and information transmitted through various social networking sites (SNSs from here on) are also on the rise (Mislove et al. 2007). Such social interactions within the online context have served to develop virtual brand communities, which are self-organizing systems that allow members to interact and learn together by engaging in joint activities and discussions and helping behavior (Raban and Rafaeli 2007). Although there are a great deal of interest on helping behavior through customer-to-customer interaction within both online and offline context, however its consequences to the marketers is not properly addressed within Facebook. Moreover, it is suggested that a more systematic process of virtual community selection would deepen our understanding of helping behavior in this context (Schau, Muniz and Arnold 2009). To this end a useful starting point are the established theories of strategic brand management, for example, involvement and product positioning (Keller 2009). This will allow the researchers to isolate the effects of this construct.

Helping Behavior and Online Communities
Prior research suggests that individuals are motivated to help others because engaging in intellectual pursuits and solving problems is challenging or fun (Wasko and Faraj 2000). Following Raban and Rafaeli (2007), this study considers that helping behavior is only provided in response to posts requesting assistance in online communities. That is, helping behavior occurs when questions pertain to issues that have already been considered and problems for which solutions exist (Chu 2009). Previous studies also envisaged to identify helping behavior and its antecedents within online context; for example: Wang and Fesenmaier (2004) explored how members’ experience influences the willingness to help others within online communities; Raban and Rafaeli (2007) explored how informal learning takes place between members of online communities - this study wants to add to this growing body of knowledge by identifying whether members of Facebook brand communities (FBCs from here on) of high and low involved products and also utilitarian and hedonic brands behave similarly when it comes to sharing knowledge within these communities.

Facebook
Facebook has a large number of brand community sites since it allowed companies to register personal or corporate account (Waters, Burnett, Lamm and Lucas 2009). Many of...
these FBCs have millions of members who interact on a daily basis and share brand and personal experience through these sites. Upon identifying such enormous potential 72% of companies in 2011 reported that they plan to increase their efforts on Facebook (Stelzner 2012). Given the tremendous growth in this medium, and its member’s practices, this study seeks to identify helping behavior within the context of Facebook. As indicated a number of controls are also put in place. The following lends some precision to these.

**Product Involvement**

Product involvement is important to understanding consumer attitudes and behavior because involvement is a central motivating factor that shapes the pre-purchase decision making process and consumption behaviour (Engel, Blackwell and Miniard 1993). Research has consistently found that consumers in high involvement situations process information differently from those in low product involvement situations (Nkwocha et al. 2005). It is the contention of this paper to explore the differences (if any) within members’ helping behavior based on their involvement with the product.

**Product (Brand) Positioning Based on Utilitarian and Hedonic Benefits**

Consumers take decisions based on utilitarian and hedonic criteria attached to a product (Wallendrouf and Arnould 1988) and brands position themselves accordingly (Hartmann, Ibanez and Sainz 2005). Studies indicate that hedonically motivated consumers are heavily influenced by emotions and not solely by reason (Pawle and Cooper 2006). By contrast, those motivated by utilitarian benefits seek products that fulfil necessary functions (Hirshman and Holbrook 1982). In light of these differences, the present study seeks to explore whether members differ in their helping behavior in FBCs based around hedonic and utilitarian positioned products (brands).

**Proposition**

The high involved products usually have more features than the low involved products (Bloch 1982); and consumers of high involved products have more information on the various features of the brand and the product category (Zaichkowski 1985). Raban and Rafaeli (2007) further suggest that helping behavior is only provided in response to posts requesting assistance in online communities. Being knowledgeable about various features consumers of high involved products should be able to provide more information to the help seeker. On the other hand low involved products have limited features (Nkwocha, Bao, Johnson and Brotspies 2005) and the consumers pay little or no conscious attention to the information environment during the purchase (Elliot and Percy 2007) - indicating that even though someone is seeking information within the community, other members may not have the right information to disseminate. Hence, this study suggests that helping behavior should be more apparent within high involved products than low involved products. (Proposition 1)

Babin, Darden and Griffin (1994) further indicate that consumers who purchase a utilitarian product behave carefully and their decision making is mostly influenced by the utilitarian features of the product. This indicates that consumers of utilitarian brands are not only concerned about utilitarian features but they are also more knowledgeable on these features. On the contrary, the hedonic value of the product is decided based upon feeling or hedonic pleasure than to solve a problem, and it is decided subjectively (Babin et al. 1994) - indicating that consumers of hedonic brands are less concerned on utilitarian features. Hence this study suggests that members’ helping behavior within utilitarian products should involve more utilitarian features than the hedonic brands (Proposition 2).

**Methodology**

To address the research issues identified, we examine consumer helping behavior within empirical context. A total of eight brands are chosen from two different categories, i. on the basis of involvement (high and low involved category) and ii. on the basis of product positioning (utilitarian and hedonic category). Automobile and soft drinks are chosen as high and low involved products as a significant portion of our day to day consumption is attached with both these product categories. Ford Fiesta, Honda Fit, Gatorade and Power-Ade is considered as utilitarian brands (Fredrix 2008; McNamara 2008) and Chrysler Crossfire, Volvo, Sprite and Fanta are considered as hedonic brands (Strach and Everett 2006; Malar, Krohmer, Hoyer and Nyffenegger 2011).

The actual methods of observation—spending time in a natural setting and recording what occurs (Jorgensen 1989) is the method that is applied in this study. However, research for this study is undertaken covertly and participation in any of the discussion is not carried out. The principal researcher followed the eight brand’s Facebook sites and read several hundred messages starting in May 2010 till August 2011. A total number 135 posting were downloaded and printed for further analysis. The data coding process is carried out manually to ensure quality and consistency. The member’s whose messages are used as a quote for this research is given a pseudonym to protect their identity. The first letters of their name are used along with their gender which is denoted as (M) for male and (F) for females.
Findings
This section details the findings of this study. The data examples are provided through the following sequence (high involved/utilitarian; high involved/hedonic; low involved/utilitarian and low involved/hedonic). Two sets of data are provided under low involved/utilitarian brands to clarify how members use distribution and price issues as an important area of helping behavior. One set of data is presented for all the others contexts.

Many of the comments within high involved products indicate that members provide detailed response to the information seeker (High involved/utilitarian brand):

TG (F)  Got my fantastic magenta SES Fiesta today. There is one problem... I don’t speak Spanish. Since it’s made in Mexico I guess the workers thought it would be funny to set my Sync to Spanish. No one at the dealership could figure how to set it back to English. Any ideas!!!? (August 5, 2010)

MD (M)  SYNC allows you to select from three languages: English, Canadian French and Spanish. Once selected, all radio display messages and prompts will be in the selected language. To access the language menu:
1. Press the PHONE button to enter the ..PHONE MENU.
2. Press the ARROWS until SYSTEM SETTINGS appears in the radio display.
3. Press OK to confirm and enter the SYSTEM SETTINGS MENU.
4. Press the ARROWS until ADVANCED appears in the radio display.
5. Press OK to confirm and enter the ADVANCED MENU.
6. Press the ARROWS until LANGUAGE appears in the radio display.
7. Press OK to enter the LANGUAGE MENU.
8. Press the ARROWS to cycle through ENGLISH, FRENCH and SPANISH.
9. Press OK when the desired selection appears in the radio display.
If you have changed the language setting, the radio display will read UPDATING. Once the change is complete, SYNC will confirm the change audibly and in the radio display. SYNC will then take you back to the LANGUAGES MENU (August 5, 2010)

MD (M)’s thorough response acts like a manual guiding the information seeker to know what needs to be done to fix the problem. This is further interesting to see that even the dealer could not unravel the problem which is solved by a member of FBC. This is one great advantage of these brand communities that members can get information regarding issues as minute yet complex like this and still receive data with such specific detail. This sort of detailed helping behavior is seen only in high involved products.

It is noticed within FBCs that members post messages to find help regarding how to use the product (high involved/hedonic brand):

RB (M)  a friend of my she got a new Volvo and this is her 3 or 4th one but the new one just hates the snow.... she cant even get up her drive way...... why is that? (February 10, 2011)

MV (M)  Maybe a change in tires would help. Continental has a new winter tire that got great reviews. Maybe that would help. (February 1, 2011)

WM (M)  Did she turn of the spin contol on the Left hand driver stalk? There is a little wheel if you turn it to DTSC and then press the message button (If I remember correctly) it will say after a few moments SPIN CONTROL OFF...My C30 does great in snow as long as I turn off spin control. (February 14, 2011)

MV (M) and WM (M)’s comment shows how members of FBCs aide the stranded consumer stuck in a unique consumption experience. Both these members response to RB (M)’s call indicate that they want to provide information to the neophyte so that she can better use the product.

It is noticed within low involved context that members intend to receive information when they do not find the product (low involved/utilitarian brand):

MM (M)  I have been looking everywhere for the G1 and G3 in the canon city area in Colorado..... i would like to try the series for baseball, football, and wrestling activities... can someone tell me where the nearest place i can get all 3?? so far i have only seen G2 (June 10, 2010)

DF (M)  head to GNC or Dick’s and you will find it (June 10, 2010)

AR (M)  My Kroger and meijers have them. Have you checked there? (June 10, 2010)
One of the major concerns for low involved products is the availability issue as consumers do not want to travel long to purchase these products. FBCs provide a new opportunity for consumers to ask distribution-related issues as they know someone (from these millions of members) should have the desired information. Most of the helping behaviors within low involved products are found to be brief and concise addressing basic issues like this.

It is also noticed that within utilitarian brands members ask about price-related issues, which is not noticed within hedonic brands; for example (low involved/utilitarian brand):

**MR (M)** I wish they were more available here... I love them, but they are HARD to find. (at a reasonable price...) (May 15, 2010)

**IA (M)** 2 for a $1 hear in Montana but around 88 cents to $1 usually (May 16, 2010)

**MR (M)** is concerned to find the right product at the right price and asks the fellow members with the hope of getting the information.

It is noticed within low involved context that sometimes members pose questions, however they do not get the information as seen within the next excerpt (low involved/hedonic brand):

**AT (F)** I am trying to find apple fanta!!! help!! I live in NJ (July 9)

**AT (F)** is ringing the bell by showing frustration over not finding the product, but none others choose to provide the information to help out the stranded customer. This shows other member’s disinterest in addressing issues like this within low involved context.

**Discussion**

Findings of this study indicate that helping behavior is more apparent within high involved products and involve more issues. For example: within high involved products members provide information regarding how to use various features, how to fix the product, teaching how to add a new feature and issues related to pricing and distribution. However, within low involved products helping behavior mostly revolves around providing product, distribution and price related information. This is perhaps such behavior is carried out once someone experiences issues concerning the brand and post the matter within FBCs. Within high involved products (automobiles), members come across a variety of issues on top of the customary price and distribution-related topics.

However, within low involved products of soft drinks issues like how to fix the product, how to consume the product or even how to add a new feature should not arise; hence members helping behavior is less apparent within low involved products.

Moreover, it is noticed within high involved products that members provide detailed information and help regarding complex issues whereas within low involved products such behavior is mostly concerned with mundane issues. This is perhaps high involved context provides more challenging issues and members appear to participate to help others because the complexity is enjoyable and brings satisfaction (Wasko and Faraz 2000). On the other hand, perhaps members do not consider issues associated to a low involved purchase as a major concern (Bloch 1982) and therefore could not justify spending time in providing detailed information - for which this behavior is less thorough within this context.

Consistent with the expectations member’s comments within FBCs suggest that helping behavior with regards to utilitarian features like pricing and product ingredients are more apparent within utilitarian brands. This is perhaps consumers are generally more price sensitive when buying utilitarian products compared to buying products of primarily hedonic in nature (Babin et al. 1994).

**References**


The Effect of Social Media Unique Relevance Features: Introducing a Multidimensional Framework

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Keywords: social media, brand community, social media brand presence, Facebook

EXTENDED ABSTRACT

Research Question
Many companies have already established different social media channels like Twitter, Blogs or Facebook pages in order to foster the dialogue with their customers as part of their customer relationship management, still only very few brands measure the success of their social media activities in its full complexity. Marketing research as well lacks an approach that combines all important social media relations (brand-to-customer, customer-to-customer, the relation of customers to their preferred brand community, and the relation of customers to the used social media channel (e.g., Facebook or Twitter) in one integrated framework. Against this background and in consideration of the attempt to include most facets of social media related communication, we have to fall back on measures that cover interactive communication like in brand communities. In addition of the original idea of Muniz and O’Guinn (2001), and in consideration of different social media channels in which the communication takes place, we suggest an extension of their model that includes four dimensions covering all social media related unique relevance features (SMURF), namely (1) customer-brand, (2) customer-customer, (3) customer-community and (4) customer-channel relations.

Method and Data
Adapted items of already existing and tested reflective measures by Wiedmann et al. (2011) for social media brand presence perception (SMBPP), social media brand presence behavior (SMBPB), brand perception (BP) and brand behavior (BB) were used. With reference to SMURF as our multidimensional construct, a novel measure based on formative indicators was developed. In detail, each core element of SMURF is assessed with one global item rated on a seven-point semantic differential (1=very bad to 7=very good). With regard to the empirical investigation of the conceptualized research model, an online survey was applied in Germany. The recruitment of interviewees was carried out via links on selective motorcycle-related cover pages within the social network facebook (e.g., 1000PS.at) with an invitation to actively contribute to the survey. Motorcycle-related fan pages where chosen due to high customer involvement, and as a consequence thereof their high level of brand knowledge as well as social media usage in order to ensure stable opinion patterns to analyze the suggested relations against the backdrop of our introduced research model. In total, a sample of 231 valid questionnaires was received in summer 2013.

Summary of Findings
At least for the social network facebook, marketing managers do not have to focus on the customer-customer relation on their social media presence but more on the customer-brand and customer-community relation, in order to address the vital SMURFs appropriately. Another surprising result is directly connected to the effects of social media activities and consumers’ brand perception and behavior.

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Saying this, SMBP only has significant influence on brand perception, whereas SMURF itself influences brand behavior significantly.

Key Contributions
The main contribution of our paper is the introduction of a first multi-dimensional framework integrating SMURF, SMBP and brand perception/behavior in one holistic model. Our findings help to explain the attractiveness of a brand via unique social media relevance features that offer great appeal. Furthermore our structural model shows the relevant screws to be turned in order to influence consumer’s perception and behavior regarding the social media brand presence and also regarding general brand perception and behavior.

References are available on request.
The Role of Peer Influence on Brand Community Commitment: A SEM Model for Brand Communities in a Social Networking Site

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Sebnem Burnaz, Istanbul Technical University, Turkey

ABSTRACT
The purpose of this study is to understand the effects of social identities on brand community commitment through community trust in social networking sites. This research uses the survey instrument to collect data from company-initiated Facebook community. The findings intend to contribute to marketing field by offering valuable implications.

Keywords: peer influence, online brand community

Introduction
Studies into the field of brand communities have increased over the last decade and a growing number of researchers are beginning to devote time and resources to understand behaviors within brand community. The relationship between companies and customers has become more dynamic due to the emergence of brand communities in online platforms. Also, social networking sites offer a potential landscape for the formation of powerful communities. Sustained interactions enable the members to recognize other members’ identities and to develop mutual trust, even though their interactions are computer-mediated rather than being face-to-face.

Although previous researches have primarily analyzed the advantages of brand communities, the influences of member characteristics on community trust and commitment in social networking sites have not been studied yet. The purpose of this study is to understand the peer influence within the perspective of ‘opinion leadership’ and ‘opinion seeking’ that affect brand community commitment through community trust and to explore the current impressions of brand communities in social media.

Theoretical Background
Brand Communities in Social Networking Sites
Muniz and O’Guinn (2001) first introduced the concept of brand community by defining it as “a specialized, non-geographically bound community, based on a structured set of social relationships among admirers of a brand” (p. 412). The development of social networking sites has encouraged the growth of online brand communities. Companies are using social networking websites to support the creation of brand communities (Kaplan and Haenlein, 2010).

According to Jang et al. (2008), a brand community has both personal and institutional relationships among the members and makes establishing interactions, atmosphere, evolution of individual and collective identities, and physical or virtual spaces for meeting. In addition, these sites provide the user with a sense of freedom and enable them to chat in various languages, topics and issues, encouraging a platform that allows for free flow of knowledge and opinions.

Social Identity Theory and Peer Influence in Brand Communities
Social identity theory states that individuals develop social identities based on group memberships and in-group bias is the result of the formation of social identities (Heere et al, 2011). Hogg et al. (1995) suggest that social identity theory focuses on comparison with other groups, thus on intergroup behavior, therefore it places more emphasis on group dynamics. According to Tajfel and Turner (1986), social identity theory suggests that an individual’s self-concept consists of a ‘personal identity’ which includes specific

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attributes such as ability and interests (i.e. opinion leadership and opinion seeking toward a brand and/or a product). Therefore, opinion leadership is another important concept that shapes group behavior in brand communities. Rogers (2003) defines opinion leadership as the “degree to which an individual is able to influence other individuals’ attitudes or overt behavior in a desired way” (p. 300). Stern and Gould (1988) describe an opinion leader as a person who influences the attitudes or behaviors of other people.

Brand communities in social media allow opinion exchange and activities like networking or socializing that lead visitors to participate in the communities for emotional and social reasons (Dholakia and Vianello, 2009). Therefore, opinion leaders may interact with like-minded consumers who share their enthusiasm in brand communities. Social (community) identification which is rooted in social identity theory occurs when a person (i.e. an opinion leader) perceives a sense of belongingness to a group (community), and through defining him or herself in terms of the groups of which he or she is a member (Hogg et al, 1995). This study argues that opinion leaders’ enthusiasm lead to a sense of being a part of brand community in social networking sites.

**H1: Opinion leadership has a positive influence on community identification.**

Opinion leaders are at the center of interpersonal networks that include interconnected users linked in terms of information (Rogers, 1995; Goldsmith et al, 2003). It is expected that opinion leaders participate to brand communities due to their enthusiasm to share and obtain information about the products services that they are interested in (Laughlin and MacDonald, 2010).

**H2: Opinion leadership has a positive influence on community participation.**

On the other hand, Flynn et al, (1996) state that “opinion seekers imitate purchase and consumption behavior they admire, gather information from other consumers in the process of social communication and seek advice from others who have greater knowledge and experience” (p. 137). Opinion seeking happens when individuals pursue advice from others when making a purchase decision (Flynn et al, 1996). People use opinion seeking as a risk reduction practice in making decisions (Engel et al, 1993). Brand communities especially in social media platforms may work as opinion groups and each has its own social identity. Therefore, it is claimed that like opinion leaders, opinion seekers in line with the social identity theory may define themselves as a part of brand community and actively look for information or advice to settle their decision.

**H3: Opinion seeking has a positive influence on community identification.**

**H4: Opinion seeking has a positive influence on community participation.**

**Brand Community Trust and Brand Community Commitment**

Brand trust is defined as the “willingness of the average consumer to rely on the ability of the brand to perform its stated function” (Chaudhuri and Holbrook, 2001, p82). The role of trust is to reduce uncertainty and information asymmetry by making customers feel comfortable with their brand (Chiu et al, 2010) and decreasing time for decision-making (Crosby and Taylor, 1983).

The nature of brand communities facilitates long term, close contacts without the loss of relationships (Ba, 2001). These enhanced relationships are expected to result in brand community trust. Sustained interactions enable members to recognize other members’ identities and to develop mutual trust, even though their interactions are computer-mediated. Hence, this study asserts that people who have higher identification are more likely to trust their brand community.

**H5: Community identification has a positive influence on community trust.**

In addition, trust in a virtual community has a positive effect on members’ participation in virtual community activities (Casalo et al, 2011). Wang and Emurian (2005) stated that repeated interaction and long-term relationships are introduced as keys to building trust. It is expected that people who participate community activities are more likely to trust their brand community.

**H6: Community participation has a positive influence on community trust.**

Morgan and Hunt (1994) have identified commitment as a critical relational component that encourages individuals to maintain existing relationships. Commitment appears when community members value their relationships with other members (Morgan and Hunt, 1994). Brand community commitment is defined as “strong and positive feelings among members toward the community” (McWilliam, 2000). Hess (1995) linked trust and commitment, as ‘key determinants’ in the exchange network since trust in a relationship has a positive influence on its stability and increases members’ willingness to cooperate and commit to the relationship.

**H7: Community trust has a positive influence on brand community commitment.**
Method

Research Model
The aim of this study is to explore the impact of peer influences among members of a brand community on brand community commitment in social networking sites. The proposed research model is given in Figure 1. Respondents were asked to indicate the extent of their agreement by a five-point Likert scale (1 = “strongly disagree” and 5 = “strongly agree”) with a series of statements related to the variables in the research model. Description of scales of measurement and sources are illustrated in Table 1.

Data Collection
Company-initiated Facebook community of a large electronic company that has more than 680,000 fans was selected as representative brand community for quantitative research. The survey questionnaire was posted through community Facebook page with the support of the company. A total of 409 individuals, who are all community members, replied to the survey. Lisrel 8.8 was used for analyzing the data.

Findings

Demographic Characteristics and Facebook Community Visiting Profile
Among the respondents, 85% are male and about 70% of them are single. The age group 25 to 34 was most represented in the sample with 34%. As for education, 53% of the respondents have a high school or lower education degree. In addition, only 31% of the respondents are students.

With regard to Facebook brand community visiting profile of the respondents, 42% of the respondents connect with Facebook 24/7 and 53% of the visit Facebook page multiple times a day. Moreover, 93% of the respondents use their mobile phone for accessing social media tools. More than half of the respondents (58%) visit brand community Facebook page at least once a day. Approximately 61% of them spend less than 15 minutes on their each visit. Sixty three per cent of the respondents joined the Facebook community less than 6 months ago.

Data Analysis and Research Model Testing
The survey data were analyzed using a structural equation modeling (SEM) approach. CFA analysis was first performed on all items corresponding to six constructs. The overall goodness-of-fit indices of CFA, standardized loadings and reliabilities are illustrated in Table 1. These results strongly assert that the hypothesized CFA model fits well with the empirical data.

Fornell and Larcker (1981) claimed that convergent validity was confirmed by examining three conditions. First, all factor loadings in CFA were statistically significant (see Table 1). The average variance extracted (AVE) for all research constructs of this study exceeded 0.50. Finally, the reliabilities for each factor exceeded 0.70, satisfying the general requirement of reliability for research instruments. Overall, the sample data met all conditions related convergent validity.

As for analyzing the overall structural model, the maximum likelihood was selected as the method of model estimation. The hypothesized model generated a $\chi^2$ value of 815.78 with 181 degrees of freedom (p value<0.001). Specifically, the normalized $\chi^2$ ($\chi^2$/degrees of freedom) was not smaller than the recommended value of 3.0. However, Hair et al (2009) state that $\chi^2$ value is less meaningful as sample size becomes larger. Therefore, it can be said that our model achieves statistically significant normalized $\chi^2$. In addition, the standardized root mean square residual (SRMR=0.10) was smaller than 1, and the root mean square error of approximation.
### Table 1. Standardized Loadings and Reliabilities

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Standardized Loading</th>
<th>Standard Error</th>
<th>AVE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opinion Leadership</strong> (Flynn et al, 1996)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>People in this community that I know pick smart phone based on what I have told them.</td>
<td>0.85 (t=28.86)</td>
<td>0.27</td>
<td>0.81</td>
<td>0.93</td>
</tr>
<tr>
<td>I often persuade other people in this community to buy the smart phone that I like.</td>
<td>0.91 (t=30.22)</td>
<td>0.17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I often influence people’s opinions in this community about smart phone.</td>
<td>0.93</td>
<td>0.14</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Opinion Seeking</strong> (Flynn et al, 1996)</td>
<td></td>
<td></td>
<td>0.75</td>
<td>0.92</td>
</tr>
<tr>
<td>When I consider buying a smart phone, I ask other people opinions in this community for advice.</td>
<td>0.87</td>
<td>0.24</td>
<td>0.85</td>
<td>(t=28.86)</td>
</tr>
<tr>
<td>Other people in this community influence my choice of smart phone.</td>
<td>0.81 (t= 21.03)</td>
<td>0.34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I like to get others’ opinions in this community before I buy a smart phone.</td>
<td>0.90 (t= 25.50)</td>
<td>0.19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel more comfortable buying a smart phone when I have gotten other people’s opinions in this community on it.</td>
<td>0.87 (t=24.00 )</td>
<td>0.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Community Identification</strong> (Algesheimer et al. 2005)</td>
<td></td>
<td></td>
<td>0.78</td>
<td>0.91</td>
</tr>
<tr>
<td>If brand community members planned something, I’d think of it as something “we” would do rather than something “they” would do.</td>
<td>0.86 (t=22.21)</td>
<td>0.25</td>
<td>0.86</td>
<td>(t=22.21)</td>
</tr>
<tr>
<td>I see myself as a part of this brand’s Facebook community.</td>
<td>0.86</td>
<td>0.27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I consider that my personality is similar to others in this community.</td>
<td>0.87 (t=22.47)</td>
<td>0.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Community Participation</strong> (Casalo et al. 2010; Koh &amp; Kim, 2003)</td>
<td></td>
<td></td>
<td>0.78</td>
<td>0.91</td>
</tr>
<tr>
<td>In general, I use to stimulate our brand community.</td>
<td>0.89</td>
<td>0.21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I usually provide useful information to other community members.</td>
<td>0.88 (t= 24.34)</td>
<td>0.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I often post messages on this Facebook page.</td>
<td>0.88 (t=24.29)</td>
<td>0.23</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Community Trust</strong> (Hur et al. 2011)</td>
<td></td>
<td></td>
<td>0.71</td>
<td>0.93</td>
</tr>
<tr>
<td>I believe that I get the right answers from this community.</td>
<td>0.82 (t=24.68)</td>
<td>0.33</td>
<td>0.82</td>
<td>(t=24.68)</td>
</tr>
<tr>
<td>I believe that share real experiences are shared in this community.</td>
<td>0.84 (t=26.38)</td>
<td>0.30</td>
<td>0.84</td>
<td>(t=26.38)</td>
</tr>
<tr>
<td>I trust this brand community.</td>
<td>0.95</td>
<td>0.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This is an honest brand community.</td>
<td>0.90 (t=32.16)</td>
<td>0.19</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Brand Community Commitment</strong> (Kim et al. 2008b, Sung et al. 2010)</td>
<td></td>
<td></td>
<td>0.74</td>
<td>0.94</td>
</tr>
<tr>
<td>I have a sense of belonging to the community.</td>
<td>0.83 (t=23.24)</td>
<td>0.32</td>
<td>0.83</td>
<td>(t=23.24)</td>
</tr>
<tr>
<td>I am proud to belong to this brand community.</td>
<td>0.92 (t=29.41)</td>
<td>0.16</td>
<td>0.92</td>
<td>(t=29.41)</td>
</tr>
<tr>
<td>I care about the long-term success of this brand community.</td>
<td>0.90</td>
<td>0.19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will visit this brand community continuously.</td>
<td>0.92 (t=30.13)</td>
<td>0.15</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Goodness-of-fit indices of CFA (N = 409): $\chi^2$ (155) = 515.57 (p value =0.000); NNFI = 0.98; NFI = 0.98; CFI = 0.99; GFI = 0.89; SRMR = 0.039; RMSEA = 0.075
(RMSEA=0.093) was smaller than 0.1. Although the goodness-of-fit index (GFI=0.84) was slightly lower than 0.90; the non-normed fit index (NNFI=0.97) and comparative fit index (CFI=0.97) exceeded 0.90. These support the good fit quality of the overall research model.

Six out of our 7 hypothesized model paths were validated at the p<0.05 significance level (i.e., $H_1$–$H_5$, $H_7$ are supported while $H_6$ is not supported). Results of the all hypotheses, standardized coefficients and their respective t-values are presented in Table 2.

**Discussion**

Findings of this study provide several interesting insights on company Facebook community as brand community. According to the results of the research, the concepts of opinion leadership and seeking have relation with the brand community identification and participation that represents perceived importance of membership. In line with social identity theory, online brand communities provide opportunity for connecting and sharing information with like-minded others (Bagozzi and Dholakia, 2006). Opinion seeking has higher impact than opinion leadership on community identification; on the other hand, opinion seeking has less influence than opinion leadership on community participation. In brand communities, opinion seekers see themselves much more as a part of community; however, they actively participate in less activity compared to opinion leaders. Overlapping with the results of the previous researches, this study reveals that brand community identification has a high effect on brand community trust. Members who identify with both the brand and other members of the brand community should be more likely to demonstrate their commitment to community via community trust. On the other hand, community participation does not exert an influence on community trust. Also, brand community trust has a positive impact on brand community commitment. Users tend to believe that the information provided in the communities is trustworthy and members with trust and commitment supply more appropriate resources and information to each other. Therefore, in line with Morgan and Hunt (1994), effective communication achieves building trust and commitment.

**Conclusion**

This research contributes to existing brand community knowledge in several ways. First, this study broadens the concept of brand community to social media and builds ways to create more insights. Our research enhances brand community concept into a new environment (i.e. social networking sites, especially in terms of Facebook). After elaborating on the results of reliability and validity related opinion leadership and opinion seeking, it is discovered that the measurements which were developed by Flynn et al. (1996) for offline communities, can be used for brand communities that are established in social networking sites. Besides, the findings reveal some managerial implications for marketing managers who desire using a brand community in social networking sites as a channel. When companies decide to create their own brand community, they could develop an effective marketing strategy in conformity with members’ identity. Based on the social identity theory, individuals see themselves as a part of the community they are identified and support the community (Kim et al, 2008b). Brand community members actively seek out social relationships with other consumers who share similar interests. Brand community managers must be mindful of member characteristics in their strategic endeavors and shape their marketing efforts into the right consumers using the right strategies. Therefore, they must take opinion leaders as well as opinion seekers into account in their brand community. When companies decide to create their own brand communities in social networking sites, they could develop an effective marketing strategy and strong level of trust and commitment among members toward the community.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Standardized Coefficient</th>
<th>t-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H_1$: Opinion Leadership $\rightarrow$ Community Identification</td>
<td>0.28</td>
<td>5.33</td>
</tr>
<tr>
<td>$H_2$: Opinion Leadership $\rightarrow$ Community Participation</td>
<td>0.52</td>
<td>9.78</td>
</tr>
<tr>
<td>$H_3$: Opinion Seeking $\rightarrow$ Community Identification</td>
<td>0.55</td>
<td>9.75</td>
</tr>
<tr>
<td>$H_4$: Opinion Seeking $\rightarrow$ Community Participation</td>
<td>0.32</td>
<td>5.99</td>
</tr>
<tr>
<td>$H_5$: Community Identification $\rightarrow$ Community Trust</td>
<td>0.88</td>
<td>16.56</td>
</tr>
<tr>
<td>$H_6^*$: Community Participation $\rightarrow$ Community Trust</td>
<td>-0.07</td>
<td>-1.66</td>
</tr>
<tr>
<td>$H_7$: Community Trust $\rightarrow$ Brand Community Commitment</td>
<td>0.79</td>
<td>19.84</td>
</tr>
</tbody>
</table>

*Not supported
Limitations and Future Research

The primary limitation of the current study is generally accepted measurement scale that is related to the context. Company-hosted Facebook pages are rather new and no validated scales exist for measuring consumer behavior in this context. Therefore, the survey questionnaire was derived from measurement scales as representing consumer behavior in more traditional online brand communities and offline communities. While the study offers initial insight about a given brand community in social networking site, it is necessary to generalize and theorize the working mechanism of brand communities and enlarge it into the specific context of brand, origin, industry and so on.

References


Part G
Emerging Markets

Track Chairs
Shaoming Zou, University of Missouri
Ping Tu, Peking University
Haizhong Wang, Sun Yat-sen University

Consumer Behavior and Firm Strategy in Emerging Markets

Outbreaks of Animosity Against the West in Emerging Markets and Their Effects on Local Product Consumption
  Martin Heinberg
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Outbreaks of Animosity Against the West in Emerging Markets and Their Effects on Local Product Consumption

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Keywords: animosity against the West, ethnocentrism, local products, purchasing intentions, willingness to buy

EXTENDED ABSTRACT

Research Question
In emerging markets we recently witness a rise of national pride. Connected to this rise is an accumulation of outbreaks of situational animosity, which occur in wavelike patterns and are spurred by current incidents and their coverage in media and social media. In China for example recent outbreaks of situational animosity were stirred by U.S. military airplanes ignoring a newly established Chinese air defense identification zone (Barnes and Page 2013), or by Japanese Prime Minister Shinzo Abe’s visiting to the Yasukuni Shrine (Chang and Liu 2013). We investigate if such incidents and the resulting outbreaks of animosity against the West have an impact on consumer decision making concerning the purchase of local products.

The present academic literature focuses mainly on the effects of stable ethnocentrism or animosity (e.g. Wang and Chen 2004; Riefler and Diamantopoulos 2007) and neglect effects of outbreaks of animosity as well as consequences for local products.

Method and Data
Study 1 seeks to establish the construct of animosity against the West (AAW) and distinguish it from the related construct of consumer ethnocentrism. This is mainly done by adapting the original animosity study by (Klein et al. 1998) to the concept of AAW and testing their SEM-model after an incident, which is expected to stir an outbreak of animosity.

The study includes 249 valid responses collected from students from a leading university in northern China. The study was conducted in early December 2013. This was a time when national sentiments were high in China, triggered by the establishment of a new air defense identification zone, and the ignorance thereof of American and Japanese airplanes.

Study 2 is an experiment to test the influence of AAW on the willingness to pay (WTP) for local products. Business and economics students at a large university close to Beijing, China were paid to participate in this experiment. The experiment was conducted at a time, when general feelings of national sentiment were low. A (primed state of situational animosity vs. control) between group experimental design was used for this study. Participants were randomly assigned to one of the two groups, which are equal in size (338 subjects each, n=676). WTP was elicited using the BDM approach with real products over four different product categories (Becker, DeGroot, and Marschak 1964).

Summary of Findings
Study 1 demonstrates that the new AAW construct is distinct from consumer ethnocentrism. Moreover, the study indicates that after an outbreak of animosity, AAW increases the willingness to buy local products.

Study 2 finds that animosity against the West enhances the willingness to pay for local products after an outbreak of situational animosity. This effect is not present in the control condition. Moreover, when individual levels of animosity against the West are controlled for, general WTP decreases after an outbreak of animosity.

Key Contributions
First, we contribute to the development of the animosity construct: The consumer animosity construct was originally developed for consumers who have an aversion against
another specific country (Klein, Ettenson, and Morris 1998). Building on previous studies, we demonstrate that the construct can be applied on a much broader, interregional scale, whenever citizens hold a region rather than just a specific country responsible for a certain act of misbehavior or violence.

Second, we further extend animosity research to local products. The narrow focus of animosity as directed against just one country, has tied previous studies to focus on effects targeting the products from this foreign country. Concerning local consumption, different psychological processes might have an influence. On the one hand, an outbreak of animosity is a potential risky situation for the consumer. A potential risk might generally decrease consumer spending for non-essential goods. On the other hand, the ownership of local products offers more benefits to local consumers (self- and other signaling) after an outbreak of animosity, which could increase the purchase of local products.

Third, to better analyze these diametrical effects we move beyond the dependent variables, which are usually employed in animosity related studies and apply willingness to pay (WTP) in our second study. So far the dependent variables which have been shown to be affected by consumer animosity (buying intentions and product evaluation) limit the practical relevance of prior studies, because of a response bias and only weak links to actual spending behavior.

References are available on request.
A Study on Consumer Repulsion: Evidence from China

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Keywords: consumer disidentification, consumer repulsion, domestic products, scale development

EXTENDED ABSTRACT

Research Question
In some emerging markets like China, people can observe a common phenomenon that native consumers do not like to consume domestic products when foreign products are available even though domestic products may have better quality and favorable price. Despite the importance of this topic, our understanding of the nature and impact of country-of-origin is still incomplete because the majority of the effort has been directed at understanding the nature and behavioral impact of unfavorable attitudes toward foreign countries’ products by focusing on constructs such as consumer ethnocentrism (Shimp and Sharma 1987), and consumer animosity (Klein, Ettenson, and Morris 1998). In contrast, little research has been devoted to unfavorable attitudes toward domestic countries and their products (Joaiassen 2011; Mueller and Broderick 2010). The general aim of this research is to propose a new construct—Consumer Repulsion to describe the native consumers’ negative bias toward domestic products.

Method and Data
This research adopts two stages of research: qualitative methods and quantitative methods. In this research, the qualitative investigation includes literature review and focus-group interviews. Focus-group interviews composed of eight consumers were conducted as a pre-study. These respondents were selected to be representative of different types of consumers in terms of gender, age, income, and education. The quantitative research includes exploratory factor analysis and confirmatory factor analysis with pilot study composed of 60 respondents and 221 samples in main survey. Street-intercept survey was conducted through judgment sampling in pilot study and main survey.

Summary of Findings
First, the research provides a conceptualization for the construct of consumer repulsion starting from a review of the consumer attraction - repulsion matrix. Second, the research develops a scale to measure consumer repulsion. Third, the research offers reliability and validity tests for the scale of consumer repulsion.

Key Contributions
This research develops a measurement scale for Consumer Repulsion, which shows good content validity and internal consistency as well as desirable convergent and discriminant validity. Such a measurement scale provides a solid base for the measurement of consumer repulsion and for establishing the associations between consumer repulsion and the other constructs with internal validity.

For marketing practitioners, this research offers a number of guidelines to help them understand and manage consumer repulsion better. First, marketing practitioners can use consumer repulsion as their main measure to evaluate the consumer’s attitude toward domestic products. Practitioners can measure the level of consumer’s repulsion and strategies could be developed for decreasing the strength and possibility of consumer repulsion for this group of consumers. Second, the consumer repulsion scale could also be administered to market segmentation and positioning so as to identify and target consumer segments accurately. Third, the scale is not only adopted by domestic firms, the exporting firms can also apply this scale to discover the repulsing consumer segments in the target country.

References are available on request.

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Does Experiential Marketing Affect the Behavior of Luxury Product Consumers in the Macau Market?

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Joseph Adea Sy-Changco, University of Macau

Keywords: experiential marketing, luxury brands, consumer decision making

EXTENDED ABSTRACT

Research Question
The goal in experiential marketing is to create emotions in a customer that lead to memorable experiences with the product and thus a positive evaluation of that product. This marketing strategy has been very useful for utilitarian products (vs. hedonic products). However, luxury products trigger emotions and experiences themselves in consumers, without the need for marketing efforts. Such products are perceived as rewards for achieving a high status in life, or as a guarantee to experience a comforting escape. The purpose of this study is to determine whether or not experiential marketing is useful for products that already elicit emotion and whether it can be useful for less affective consumers of luxury products, or those who do not feel the emotions that are intrinsically created by the product.

Method and Data
To achieve the goal of this study, two Louis Vuitton (LV) stores were observed and compared—one employing traditional marketing tactics, and the other using experiential marketing to draw its customers. Customers were given questionnaires about their experiences in the two stores, and the responses were collected and assessed for analysis.

For the sample, LV provided permission to conduct interviews in the store located in the Grand Lapa Hotel (traditional marketing store) and in One Central’s store (the experiential marketing store). Questionnaires were handed out for four days—two days for each store. Those who participated were chosen randomly. One hundred respondents were taken at the Grand Lapa Hotel location and another one hundred at the One Central location.

Summary of Findings
The hypotheses tested include:

H1: Experiential marketing will increase the emotions of consumers of luxury goods.

H2: Experiential marketing will change the attitude (the way the customer evaluates the object) of cognitive people.

H3: Experiential marketing will increase the purchase intention and purchase decision of consumers of luxury goods.

Regarding the first hypothesis, the quantitative analysis demonstrated that experiential marketing increases the emotions of consumers of luxury goods.

The second hypothesis asked if experiential marketing stimulates the affect of cognitive consumers and therefore changes their attitude of the product. First, cognitive consumers felt more emotions in the One Central store and reacted less, according to their affective sensibility. Then the results demonstrated that this rise in emotions influenced cognitive consumers’ evaluation of the product by looking at their purchase intention. Indeed, a correlation was discovered between the rise in emotions and the rise in purchase intention of cognitive consumers in the One Central store.

The third hypothesis asked if experiential marketing has an effect on consumers’ behavior of luxury goods. By doing a bivariate regression, it was discovered that a relationship...
exists between the level of emotions felt and the purchase intention of the consumer. Therefore, the experiential marketing increases the purchase intention of consumers, so clearly their behavior is affected. This conclusion is the same for the purchase decision.

**Key Contributions**

Experiential marketing in the luxury field is a new trend. No precise guidelines exist to explain how it should be used. This research has contributed in further understanding its application.

Based on the questionnaire’s analysis, two indicators are significant when determining how effective experiential marketing is on the purchase intentions of consumers of luxury fashion brands: amount of time the consumer spends on luxury fashion brands, and the marketing they have been exposed to. Other indicators, such as education level, age, job and location, are not suitable to apply in marketing strategies in Macau towards luxury fashion products. In other words, these indicators have no relationships or effects with the purchase intentions of consumers.

*References are available on request.*
The Influence of Institutional Environment on IJVs’ Foreign Parents’ Opportunism and IJVs’ Relationship Extendedness

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Xuan Bai, City University of Hong Kong
Juan Julie Li, City University of Hong Kong

Keywords: institutional environment, opportunism, market capability, government intervention, international joint venture’s success

EXTENDED ABSTRACT

Research Questions
1. How institutional environment influences IJVs’ foreign parents’ opportunistic behavior in emerging economy?

2. What’s the role of IJV’s market capability and home country’s government intervention on the relationships of institutional environments and opportunism?

3. Is opportunism harmful to IJV’s success?

Method and Data
We use survey data to test our hypotheses. We chose IJVs located in China’s three Economic Zones and collected data through face-to-face onsite interviews. The interviews were conducted separately by different interviewers. The pilot study (include 30 senior and middle managers, fifteen each) suggested that senior managers are more knowledgeable about the strategic operations of IJVs while middle managers are more knowledgeable about the administrative operations of IJVs. We obtained a sampling frame of foreign manufacturing subsidiaries identified from the “22,000 Businesses in P.R.C.” and selected a sample of 800 firms located in the three Economic Zones on the list. We selected middle managers who have worked at least two years in IJVs and senior managers who have worked at least three years in IJVs to ensure their familiarity with the IJVs. We successfully interviewed 200 of them and obtained 400 usable questionnaires. The researchers randomly called 20% of the respondents to ensure reliability of the information.

Summary of Findings
This study found that host countries’ institutional environment (i.e., rule of law, policy stability and dysfunctional competition) can mitigate IJVs’ foreign parents’ opportunism. We also identified two contingent factors, one external dynamic factor and one internal firm factor that can either strengthen or weaken the negative effects of institutional environment on opportunism. Importantly, we empirically tested the threat of foreign parents’ opportunism on the success/survival of IJVs by investigating the relationship between opportunism and relationship extendedness.

Key Contributions
We build a theoretical and empirical link between institutional environment factors and foreign parents’ opportunism on top of the influence of formal governance (TCE) and information governance (relational exchange theory) on partners’ opportunism. This study makes three contributions. First, this study investigates the relationship between institutional environments on foreign opportunism. Second, it extends the research on opportunism by looking beyond its performance implications to examine the survival implications of opportunism in IJVs. Third, we find the boundary conditions of institutional influence on opportunism. We investigate the effects of two dynamic factors: one is an IJV’s internal capability and the other is the external government force on the relationship between institutional factors and foreign parents’ opportunism.

References are available on request.

For further information contact: In Ngan Jeanine Chang, PhD candidate, City University of Hong Kong (e-mail: mkjeanine@cityu.edu.hk).
Part H
Global and Cross-Cultural Marketing

Track Chairs
Karen Winterich, Pennsylvania State University
Michael Walsh, West Virginia University

Consumer Perceptions of Global Brands
The Evaluation of Global Brands from Emerging Countries for Consumers in the Developed Regions
Yinlong Zhang, Xiaoling Guo, Yingyi Hong

Perceived Betrayal During a Product-Harm Crisis: Effects on the Brand and Other Brands Within the Product Category
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Tracing the Evolution of Export Marketing Literature and a Look Forward
Ozlem Tuba Koc, Jingting Liu

Organizational/Strategy Perspectives on Global Marketing
Export Firms’ Strategy Responses to Environmental Turbulence: A Configurational Approach to International Entrepreneurial-Oriented Behaviors
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The Impact of Country of Origin on International Supplier Performance
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The Evaluation of Global Brands from Emerging Countries for Consumers in the Developed Regions

Yinlong Zhang, University of Texas at San Antonio
Xiaoling Guo, University of International Business and Economics, China
Yingyi Hong, Nanyang Technological University, Singapore

Keywords: global brands from emerging countries, global identity, lay theory

EXTENDED ABSTRACT

Research Questions
How do consumers in the developed regions evaluate global brands from emerging countries? How should global brands from emerging countries devise their marketing strategies?

Method and Data
We ran four experiments through online surveys to test our hypotheses.

Summary of Findings
We found that when consumers’ global (vs. local) identity is accessible they tend to evaluate global brands from emerging countries more positively. This effect is mediated by the positive associations of globalization and is stronger when consumers view the global and local cultures as compatible with each other.

Key Contributions
Our research provides a theoretical framework to understand consumers’ responses to global brands from emerging countries for the first time. More importantly, we provide a theoretical explanation for the contrasting findings on whether country-of-origin is still relevant to the increasingly global world.

References are available on request.

For further information contact: Yinlong Zhang, Professor of Marketing, University of Texas at San Antonio (e-mail: yzhang@utsa.edu).
Perceived Betrayal During a Product-Harm Crisis: Effects on the Brand and Other Brands Within the Product Category

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Anusorn Singhapakdi, Old Dominion University

Keywords: perceived betrayal, brand trust, country of origin, product-country trust

EXTENDED ABSTRACT

Research Questions
What is the effect of the perceived betrayal of a brand during a product-harm crisis on (1) the brand in question as well as the (2) spillover effect to other brands within the same product category? And how does country of origin play a role in moderating this effect?

Method and Data
The current research uses a cross-sectional survey. The recent product-harm crisis in which consumers blamed Toyota for installing faulty brakes in its automobiles was selected as the scenario for study. The researchers recruited respondents through an online consumer panel in the United States.

Summary of Findings
The results indicate that perceived betrayal of a brand has a negative impact on brand trust and purchase intention. The results also reveal that perceived betrayal of a brand has an indirect negative effect on brands from the same country of origin and a positive impact on the preference for domestic products versus products from the transgressors country of origin but this positive impact does not extend to domestic brands. The results also confirm that perceptions of a brand’s betrayal do not have a direct negative impact on brands from the same country of origin, but rather have indirect effect through product-country trust.

Key Contributions
To our knowledge this is the first study to examine the impact of perceived betrayal of a brand on attitudes toward the brand. This study is also the first to examine how country of origin contributes to the transfer of the betrayal from the brand that is inflicted with the product-harm crises to other brands within the same product category.

References are available on request.
Where the Crystal Ball Pays Off: A Cross-Cultural Study on the Outcomes of Customer Value Anticipation

Matthias Rüfenacht, University of St. Gallen, Switzerland
Philipp Hendrik Steiner, University of St. Gallen, Switzerland
Tobias Schlager, University of St. Gallen, Switzerland
Peter Maas, University of St. Gallen, Switzerland

Keywords: cross-cultural differences, customer value anticipation, loyalty, word of mouth, power distance

EXTENDED ABSTRACT

Research Question
Fierce global competition urges the requirement for companies to excel. As an effective strategic rationale, the customer value (CV) concept has been considered by researchers and practitioners alike. In this paper we focus on a company’s specific capability to accurately forecast the relevant drivers of customer value by applying the concept of perceived customer value anticipation (CVA). We investigate the relationship between perceived CVA, loyalty, and favorable word of mouth (WOM) in an international service environment. Regarding loyalty, we include cognitive and conative loyalty as separate constructs in our analysis. Further, to account for cross-cultural differences we include the dimension power distance (PD) in our research model as a moderating variable. Thus, we state the following research question:

How does the perceived customer value anticipation by the customer, subject to cross-cultural differences, namely PD, affect loyalty and positive word of mouth towards the service supplier?

In order to answer our research question we hypothesize a strong positive influence of perceived CVA on cognitive loyalty, conative loyalty and WOM. In addition, we expect both loyalty constructs to positively influence WOM. Finally, we state the hypotheses that PD will positively moderate the relationship between perceived CVA and both loyalty constructs.

Method and Data
To collect the data, a large-scale empirical study among customers of service companies was conducted in 17 different countries on all five continents. In each participating country panels were used to distribute the questionnaires, thereby ensuring representativeness regarding each national population. The questionnaire was translated to the official language of the surveyed country and sent out with an introductory page explaining the purpose of this study. With this procedure we collected 6650 complete questionnaires.

All items were measured on a six point Likert scale. We conducted confirmatory factor analysis in order to condense the items to factors as well as to test for unidimensionality and validity. All items (except one with factor loading equal to .564, α < .001 level) exhibit high and significant factor loadings > 0.8 at level of α < .001. The resulting fit-indices show ample validity of our model (χ²(160) = 4704.35; TLI = .954; CFI = .965; NFI = .964; RMSEA = .062). In order to test our hypotheses we applied a moderated mediation model. The effect of perceived CVA on positive WOM is partially mediated by cognitive and conative loyalty. Simultaneously power distance moderates the relationship between perceived CVA and the two loyalty constructs.

Summary of Findings
All of our proposed hypotheses could be supported (p < .001). The direct effect of perceived CVA on positive WOM as well as the mediated paths through both loyalty constructs are all
highly significant. Similarly, the hypothesized effect of perceived CVA on loyalty moderated by PD could be supported. We analyzed this conditional effect of perceived CVA on loyalty (cognitive and conative) for different values of PD (mean, one standard error below and above the mean). For all these values we find a significant positive influence. Regarding the complete model, we examined the conditional indirect effect of perceived CVA on positive WOM through loyalty, moderated by PD. We calculated bootstrap confidence intervals for the aforementioned values of PD, regarding both mediators. These values show significant positive effects for both loyalty constructs. Thus, the indirect effects of perceived CVA on WOM through cognitive and conative loyalty are increasing with higher values of PD. Consequently, we showed that a customer’s perception of a supplier’s value anticipation has a direct influence on positive advocacy (WOM) for that company as well as an indirect effect on WOM through cognitive and conative loyalty, which is positively moderated by PD.

**Key Contributions**
In our research we related CVA to positive WOM, thereby enhancing the findings of Flint, Blocker and Boutin (2011). In addition we showed that the loyalty dimensions—cognitive and conative loyalty—are pivotal mediators and extend the customer value anticipation framework.

Moreover, we demonstrated the effect of cultural influence in our framework. We delineated the moderating effect of power distance, i.e. cultures with high power distance scores show a higher indirect effect of perceived customer value anticipation on positive word of mouth through loyalty. Thus, a higher tolerance regarding an unequal distribution of power positively affects loyalty and ultimately WOM. Consequently, with our framework we contribute to the existing body of service and cross-cultural literature.

By developing customer value anticipation skills companies can increase customer loyalty as well as the level of positive word of mouth. Especially, in countries with higher power distance scores this chain of effect is amplified. Taking this leveraging effect into account, executives of global service companies can adapt their global strategy aimed to create CV and optimize their return on investment in customer value generating and anticipating initiatives.

*References are available on request.*
Tracing the Evolution of Export Marketing Literature and a Look Forward

Ozlem Tuba Koc, Georgia State University
Jingting Liu, Georgia State University

ABSTRACT
Export Marketing (EM) has been well established as a relatively young literature stream in the past few decades. This article provides a review on export marketing by tracing the seminal works of S. Tamer Cavusgil’s and his disciples as fore runners in this field. The authors discussed the origins of export marketing by reviewing the sources provided in International Business, International Marketing, which had their roots buried in Economics, International Trade and Management literatures. Critical studies during the development and maturation period of EM have been identified as mile stones and thoroughly analyzed by the authors as well. EM has not only served as a significant literature stream, but also inspired scholarly work which branched out new topics such as Gray Market, Standardization, Supply Chain Governance Issues, Public Policy, and Born Global Firms. Through reflection on the past, the authors then cast their thoughts on the future research questions and trends.

Keywords: export marketing, export performance

Introduction
Just as a good painter must occasionally step back from the canvas to critically review what he/she has created and how to improve the brushwork, it is of great importance for scholars to reflect and be aware of what was, what is, and how it might evolve in their fields. Many fields of inquiry from which international business (IB) inquiry can trace its origins have history of exploring different paradigms and methodologies, and their value in increasing our understanding of the phenomena studied (Söderquist and Toyne 2008), for example, the literature in economics, sociology, management, and marketing are replete with conversations regarding the conceptualizations, paradigms, and methodologies they have used and are currently using (e.g., Hunt, 1983, 2003; Donaldson, 1985; Swedberg, 1990; Grant, Keenoy and Oswich, 1998). It is also necessary for IB scholars to reflect and revisit our understanding of the phenomena and relationships explored by IB scholars and how these scholars use and value different methods of knowledge creation. As a prolific and prominent scholar, Professor S. Tamer Cavusgil has contributed some of the widely used seminal pieces in the IB literature, including export marketing. He stands out as one of the most influential IB scholars since he has been a steady contributor to the literature with new research streams that inspired others with follow-up studies.

This paper provides a brief review on Cavusgil’s remarkable productivity by tracing the evolution of export marketing literature and offers perspectives for future development of research in export marketing. Exhibit 1 highlights some of the seminal works of Cavusgil and his co-authors. These studies are influential because they were among the first to address the pertinent issues and prompt others to contribute further.

Origins of the Field of Export Marketing
As the macro perspective provided by the international trade literature gave way to the micro or firm-level analysis, scholarship in international business began in earnest during the 1950s. As the field evolved, a shift in the unit of analysis from the ‘country’ to the ‘enterprise’ or the ‘firm’ ensued. “IB research is concerned with firm level activities crossing national boundaries” Nehrt, Truitt and Wright (1970) and Wright (1970) established and published this definition after discussions with a number of leading scholars and business leaders (Söderquist and Toyne 2008). Best exposition of the earliest example of enterprise-level analysis is The Theory of the Growth of the Firm by Edith Penrose (1959). Before, scholars did not fully understand the internal decision making process inside the firm. Thus the myth of firm’s internal functioning process was referred as a “black box”.

For further information contact: Ozlem Tuba Koc, Georgia State University (e-mail: ozlem.t.koc@gmail.com).
### Exhibit 1. Milestones in the Evolution of Exporting Marketing Literature

<table>
<thead>
<tr>
<th>Authors</th>
<th>Year</th>
<th>Research Stream</th>
<th>Key Findings and Major Contributions</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cavusgil, S. T., Bilkey, W. J., &amp; Tesar, G.</td>
<td>1979</td>
<td>Exporter Profile</td>
<td>Cross-sectional survey with 473 SME in Wisconsin. Used Multiple Classification Analysis (MCA) and Automated Interaction Detector (AID) to describe characteristics of firms and management expectations associated with immediate propensity to export.</td>
<td>Bilkey, Cavusgil and Tesar articles not only delved into behavioral aspects of export decisions, but also identified multiple exporter profiles by showing which firms are most/least likely to export.</td>
</tr>
<tr>
<td>Cavusgil, S. T.</td>
<td>1980</td>
<td>Internationalization</td>
<td>Cavusgil refined the gradual internationalization theory</td>
<td></td>
</tr>
<tr>
<td>S. Tamer Cavusgil, &amp; Ed Sikora</td>
<td>1988</td>
<td>Gray Market</td>
<td>A range of both reactive and proactive strategies that companies can adopt to counter gray market channels, with actual management responses.</td>
<td></td>
</tr>
<tr>
<td>Ozsomer, A., Bodur, M., &amp; Cavusgil, S. T.</td>
<td>1991</td>
<td>Standardization</td>
<td>Identified the factors that determine the degree of standardization in marketing programs and processes of MNCs operating in a developing country.</td>
<td></td>
</tr>
<tr>
<td>Cavusgil, S. T., &amp; Zou, S.</td>
<td>1994</td>
<td>Export Performance</td>
<td>This study differs from previous export marketing studies in that a comprehensive set of potential determinants of export market performance is considered the unit of analysis is the individual product-market export venture. The analysis based on in-depth interviews</td>
<td></td>
</tr>
<tr>
<td>Li, T., &amp; Cavusgil, S. T.</td>
<td>1995</td>
<td>New research streams</td>
<td>The study achieves to delineate and classify various research streams in international marketing; assess the progress that has been achieved within each research stream.</td>
<td></td>
</tr>
<tr>
<td>Knight, G. A., &amp; Cavusgil, S. T.</td>
<td>2004</td>
<td>Born Globals</td>
<td>The authors highlight the critical role of innovative culture, as well as knowledge and capabilities, in born global firms. Case studies are analyzed to better understand the early internationalization phenomenon and reveal key orientations and strategies that engender international success among born global firms.</td>
<td>Winner of the 2014 JIBS Decade Award. Born-Global Firms turned out to be inspiration for literally several hundred studies. The paper received nearly 1,000 citations since its publication.</td>
</tr>
<tr>
<td>Cavusgil, S. T., Deligonul, S., &amp; Yaprak, A.</td>
<td>2005</td>
<td>International Marketing</td>
<td>Review the development of international marketing field from ontological, thematic and methodological perspectives and critically evaluate both earlier and recent developments.</td>
<td>The paper lead to development of more theoretically robust and managerially relevant explanations of international marketing phenomena.</td>
</tr>
<tr>
<td>Knight, G. A., &amp; Cavusgil, S. T.</td>
<td>2005</td>
<td>Born Globals</td>
<td>This study develops a taxonomy to better understand born global firms. It seeks to investigate the nature of salient firm characteristics of born globals to ascertain which patterns of orientation and strategy coincide with superior performance.</td>
<td>Cavusgil and Gary Knight conducted the first, large scale, national survey of born globals. They showed that, in the age of globalization, going international was not a just a business imperative but more feasible attempt, thanks to modern communications.</td>
</tr>
</tbody>
</table>
| Deligonul, S., & Cavusgil, S. T. | 2006 | Channel Governance | In contrast to earlier work, this research presents governance as a manifestation of needs for safeguarding, trust, adaptation, control and ability to predict. | }
Established in 1959, AIB (Academy of International Business) started publishing the leading journal – Journal of International Business Studies (JIBS) in 1970. Its first Editor-in-Chief was Ernest Ogram of Georgia State University. In the early years of JIBS, MNE research was dominant. Early MNEs were typically in extractive industries: oil companies, gas, mining, agriculture etc. Most influential work which commenced the MNE research tradition was by Professor Raymond Vernon of Harvard University and his disciples in the 1970s. During this period of time, the major export destinations were the triad of the US, Europe, and Japan.

International marketing (IM) evolved from the broader field of IB, focusing on the firm’s market, customer, and product development activities. Kramer (1959) first pointed out that continuous market research, executive interest in the international operations and first-hand contact with foreign market are three keys to effective international marketing. The Handbook of International Marketing (Stanley, 1963) introduced ideas and how-to guidelines for exporting and overseas investment, and was written essentially for the mid-level manager who receives policy from above and has to make it work relying on experts for specialized jobs. Early in the development of the field, American Marketing Association published annotated bibliographies in international marketing (for example, Cavusgil and Nevin, 1983; Cavusgil and Li 1992), which recorded outstanding works during every ten years span and witnessed the development of this field.

Export marketing (EM) is, in turn, the subset of the IM literature, evolving in the 1960s and early 1970s. While early IB/IM literature focused largely on the MNE and its FDI activities (for example, Lilienthal 1960; Behram 1969; Koo 1961; Moffatt 1967), the EM research explored the international activities of the typical firm – often medium or small companies – which consisted of exporting – producing at home and distributing abroad.

Exporting, the typical way companies tap foreign market opportunities, provides several advantages over other forms of internationalization: minimize the cost of foreign market entry; offer market tests before committing greater resources through FDI; minimize risk and maximize flexibility. This is especially true for SMEs that do not have resources and capital to set up subsidiaries in foreign market. Even large companies found exporting to be the preferred mode of internationalization – Caterpillar, J I Case, Boeing, General Electric, 3M, Ford, GM, Harley Davidson, etc.

Early studies of export marketing were largely descriptive, attempting to understand and profile exporters and non-exporters (for example Snavely, Weiner, Ulbrich, and Enright, 1964). But they were formulated on a trial-and-error basis that crudely approximated drawing samples of firms and classify them by means of statistical analysis into groups (Cavusgil, Bilkey, and Tesar, 1979). Cavusgil, Bilkey and Tesar (1979) were the first scholars that discovered the exporting decision making process of firms and the correspondence export behavior through empirical study. By analyzing 473 SMEs in Wisconsin, United States, they developed an exploratory path model of export behavior. Their article was considered a milestone in the field of export marketing literature, as it not only delved into behavioral aspects of export decisions, but also identified multiple exporter profiles.

Maturing of the Field

As research in EM developed, simultaneously Uppsala University researchers (Professor Sune Carlson and his disciples) prepared case studies of Swedish firms going abroad. Their major research question was: how do firms internationalize? Through extensive use of case studies and interviews, they examined the role of decision makers, firm resources and gradual commitment hypothesis. Eventually they introduced the gradual, incremental internationalization model of the firm. Similarly, working with US-based firms, Cavusgil refined the gradual internationalization theory with his European Research article (1980). He defined internationalization as a process through which firms adopt IB activities.

By the late 1980s and early 1990s, export marketing had gradually gained increased recognition among academic disciplines as a legitimate field of research. A number of exporting studies had been published in the leading academic journals, such as the Journal of International Business Studies, Journal of Marketing, International Marketing Review, and Journal of International Marketing (Zou and Stan, 1998). In addition to Europe, developing countries in Asia and Latin America were studied. Over time, research on export marketing gained recognition around the world. However, empirical studies on the relationship between marketing strategy and performance in the context of export marketing were still fragmented, limited in number and quality.

As another milestone in EM literature, the work of Cavusgil and Zou (1994) provided a comprehensive set of potential determinants of export market performance, and shifted the unit of analysis from firms to the individual product-market export ventures, which can provide more precise measurement of the export marketing strategy-performance relationship. This shift in the unit of analysis is a big turning point, just as the shift from country level and industry level to firm level analysis. Exhibit 2 shows the evolution of unit of analysis in the field along time. The authors won multiple American Marketing Association Awards for the many innovative features brought on to the literature with this article.
They claimed that export marketing strategy, firm’s international competence, and managerial commitment are the key elements of export performance. Moreover, they found that both internal factors (firm and product characteristics) and external factors (industry and export market characteristics) have influence on export marketing strategy of the firm.

As the field matured, new constructs emerged and had been operationalized such as commitment, uncertainty, learning, innovation, performance, learning effect, and opportunism. New scales were formed and used extensively in the years that followed. The more reliable constructs improved measurement techniques attention being paid to reliability and validity issues. Researchers tried to make a distinction between direct and indirect effects. As you can see in Exhibit 3, methodological improvements also include the development and adaptation of more sophisticated analysis methods. While regression was the most popular analytical approach adopted by early researchers, a diverse set of approaches became increasingly popular, including t-test and chi-square test, ANOVA, discriminant analysis, factor analysis, cluster analysis, loglinear model, and structural equation modeling. In terms of the scope of study, sample sizes became larger and more representative national and multinational samples were used. With a greater recognition and degree of maturation, the number of researchers in this field also increased. Universities also started offering IB courses covering topics in EM.

Cavusgil and his doctoral students developed some practical tools for export managers in the 1990s. With the advancement of information technology and the development of expert systems, Cavusgil aimed at assisting potential

### Exhibit 2. Evolution of Unit of Analysis

<table>
<thead>
<tr>
<th>Country</th>
<th>Firm as a Whole</th>
<th>Strategic Business Unit</th>
<th>Venture</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNEs</td>
<td>SME Exporters</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before 1950s</td>
<td>Since 1950s</td>
<td>Since 1970s</td>
<td>Since 1980s</td>
</tr>
<tr>
<td>Since 1990s</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Exhibit 3. Methodological Evolution of Export Marketing Research

<table>
<thead>
<tr>
<th>1970s</th>
<th>1980s</th>
<th>1990s</th>
<th>2000s</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research Design</strong></td>
<td>Largely descriptive and exploratory studies, attempting to understand and profile exporters and non-exporters.</td>
<td>Identification of multiple exporter profiles.</td>
<td>More Sophisticated Structured, Semi-structured in depth interviews and surveys</td>
</tr>
<tr>
<td></td>
<td>Extensive use of case studies and interviews</td>
<td>Examination of exporting behavior (motivations, drivers and obstacles)</td>
<td></td>
</tr>
<tr>
<td><strong>Measurement/Rigor</strong></td>
<td>Single item or a few number of items scales</td>
<td>The empirical studies in the export marketing field became more rigorous</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>New constructs emerged and operationalized</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>New scales formed and used extensively</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Validity became an essential issue.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Variations gained importance: product, market</td>
<td></td>
</tr>
<tr>
<td><strong>Scope of Study</strong></td>
<td>Regional/Local</td>
<td>Regional</td>
<td>Regional, National, Multiple Countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>National</td>
<td></td>
</tr>
<tr>
<td><strong>Sampling</strong></td>
<td>Small sample size, usually a few dozens</td>
<td>Larger sample size, from a few dozens to hundreds</td>
<td>Different country replications</td>
</tr>
<tr>
<td><strong>Data Analysis</strong></td>
<td>Test of significance (t test, chi-square test)</td>
<td>More sophisticated methods used Multivariate analysis (ANOVA, discriminant analysis, factor analysis etc.)</td>
<td>Multiple/Hierarchical Regression, Loglinear model, Path analysis, and Structural Equation Modeling</td>
</tr>
</tbody>
</table>
exporters to evaluate their own capabilities and weaknesses in exporting with a self-assessment tool: CORE\(^1\) – Company Readiness to Export decision support tool, which is a great invention that facilitates firm’s export decision making and export practice, utilizing export theories and knowledge. CORE was later adopted by the U.S. Department of Commerce for its export advisors located in its national USEAC (US Export Assistance Centers) centers.

Later, Cavusgil and his doctoral students at Michigan State University (Ozsomer, Evirgen, Yeoh, Mitri, and Kiyak) turned their attention to developing a series of Decision Support Systems (Expert Systems) for optimizing international business decisions (PARTNER, DISTRIBUTOR, FREIGHT)\(^2\). These tools are still used today to assist with choice of export intermediaries, freight forwarders, and strategic alliance partners.

As a response to the contemporary developments in global markets, researchers began to explore different topics such as market entry, joint ventures, and strategic alliances considering managerial and conceptual aspects and synthesized new studies with the export marketing literature. Thanks to the increased sophistication in the field, they got opportunity to test more explicit hypothesis and more comprehensive models paying attention to reliability, validity, and equivalency of their measures (Cavusgil, Deligonul, and Yaprak 2005).

### Branching Out—New Research Streams

Beginning in the late 1980s, Cavusgil and other scholars focused on contemporary challenges in international business. Advances in communication, information and transportation technologies, privatization and deregulation in emerging markets, emergence of global customers, and proliferation of products changed the market place dynamics in a fundamental manner. Globalization came into the stage as a game changer and required the transformation of perspectives. It is in reaction of the new phenomenon that Cavusgil and other scholars began to explore new horizons to broaden and enrich the literature. The below discussion about new research streams is not meant to be comprehensive but informative in nature.

#### Gray Markets

Gray Market, sometimes known as parallel marketing is the trade of a commodity through distribution channels which, while legal, are unofficial, unauthorized, or unintended by the original manufacturer. Cavusgil and Sikora (1988) examined why manufacturer–authorized distributor relationships can go sour. In response to increasing number of firms were challenged this issue, they offered prompt and practical managerial references to industries by showing how companies can develop reactive strategies to counter gray markets.

#### Global Sourcing

Researchers had realized that global sourcing had become a key strategic competitive tool in firm’s global marketing strategy (Allio, 1989; Kotabe and Omura, 1989). Cavusgil, Yaprak and Yeoh (1993) provided a decision-making framework for global sourcing and offered managerial guidelines to assist companies in offshore sourcing activities. In the era of globalization, with the internet revolution, ease of transformation and communication, the objects of sourcing are no longer simply raw materials or rough commodities. The object of international exchange evolved and enriched, from physical commodities to capital, service, knowhow/technology, trademarks, talent and even relationship.

#### Standardization

Globalization created a convergence in the preferences of customers. At the same time, need for expressing individual differences and uniqueness gained importance. This paradox led researchers to question standardization and adaptation issues. Ozsomer, Bodur, and Cavusgil (1991) identified the factors that determine the degree of standardization in marketing programs/processes of MNCs operating in a developing country and created an index of standardization. Although standardization is an age-old dilemma, they found new insights during this decade.

#### Public Policy

The age of globalization brought about intense competition among nations as well as individual states/provinces to stimulate economic development in their territories. National and local economic development agencies began to conceive and implement policies to facilitate export expansion by firms. Cavusgil and his students also contributed to the dialogue how to best stimulate export activity by firms. One key contribution was Cavusgil and Yeoh (1994). They addressed certain key issues relevant to export assistance efforts in the United States, and provided recommendations to the government regarding export stimulation strategies.

#### Export Channel Governance Issues

As firms focused on their export activities, entered new markets, and built new distributor relationships, governance issues surfaced to the top. Managers were in need of effec-

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\(^1\)CORE: see at http://globaledge.msu.edu/knowledge-tools/diagnostic-tools/core

\(^2\)PARTNER, DISTRIBUTOR, FREIGHT: see http://globaledge.msu.edu/knowledge-tools/diagnostic-tools
tive strategies to monitor and motivate their foreign distributors, and to resolve conflicts and disputes. Deligonul and Cavusgil (2005) investigated conflict resolution, relational versus legal contracting, and channel governance issues by bringing different perspectives. They pointed out operational aspects of exporting through global supply chain research.

**Born Global Firms**

Dramatic changes in the economic landscape forced researchers to revisit some established theories such as the gradual and incremental internationalization of firms, as first brought up by the Uppsala scholars. Knight and Cavusgil (2004, 2005) eventually declared that the gradual and incremental internationalization was no longer the sole explanation of going international in the new era. Cavusgil was among the first to comment about a new breed of exporting firms titled Born Global firms—entrepreneurial firms that internationalize from inception. He and his doctoral student Gary Knight conducted the first, large scale, national survey of young, entrepreneurial firms that grow their exports quickly. They showed that, in the age of globalization, going international was not only a business imperative but also a feasible practice, thanks to modern communications.

**Export Pricing and Promotion**


**Looking to the Future**

Thanks to seminal works of Cavusgil and other scholars, export marketing is no longer a big mystery, but can be considered as a mature field. Since both theoretical and methodological adequacy achieved, there is room for incremental contributions primarily. Future research trajectories in export marketing are likely to be shaped by mega trends such as resource shortages, environmental degradation, rapid urbanization, political instability, technological advances, and change in demographics. Surely, scholarly work in the field of export marketing will continue to grow and prosper. Here below we propose several promising research directions for future reference.

**Closer Look on SMEs**

Large corporations and multinationals (MNEs) have been researched extensively. However, small and medium enterprises (SME) and individual entrepreneurs are still underexplored. They deserve more attention from future researchers because some of them achieved success regardless the resource limits and capability constraints they have.

**New Players from Emerging Markets**

The world market landscape is changing dramatically and becoming increasingly crowded. Some mature and successful companies from advanced economies (e.g. Nokia from Europe, and Sony from Japan) are fading out, yet new players from the emerging markets started to play a more important role in the market place (e.g. Huawei from China and Tata from India). The challenges and opportunities the new players experience in exporting should be further discussed by future researchers.

**Public Policy**

As a facilitating factor of export marketing, public policy has not been studied enough. We encourage future researchers to make cross-country comparisons in different industries for specific product categories to provide deeper insights that can guide exporters to develop better strategies.

**Trade Barriers**

As an inhibitor, trade barriers imposed by governments should be studied more from legal and institutional perspectives. More often than not, these trade barriers are results of trade disputes and are set by the governments as “tit-for-tat” retaliation to each other. For example, the US government files anti-dumping on Chinese automobile parts, and the Chinese government imposes import quota on US agricultural products such as soy beans. The role and effectiveness of institutions like WTO as a problem solver should also be examined.

**Internationalization Portfolio**

Today firms no longer confine their international activities to exporting alone. Rather, they have access to a whole portfolio of international involvement strategies that covers a complex array of internationalization modes: Exporting, Foreign Portfolio Investment, Strategic Alliances, Global Sourcing, Licensing/Franchising, Joint Ventures, and Technology/know-how Transfer. Each of these international entry modes implies varying degrees of complexity, risks and advantages. Indeed, today we encounter firms utilizing several of these approaches simultaneously often in the same international market. Future researcher should consider exploring more on the variety and sequence of the entry mode choices of the companies.
References


Export Firms’ Strategy Responses to Environmental Turbulence: A Configurational Approach to International Entrepreneurial-Oriented Behaviors

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John W. Cadogan, Loughborough University, United Kingdom
Sanna Sundqvist, Lappeenranta University of Technology, Finland

Keywords: international entrepreneurial-oriented behavior, environment turbulence, export, profitability, configurations

EXTENDED ABSTRACT

Research Question
Research on international entrepreneurship has grown rapidly over the past decade, reflecting the important issues facing entrepreneurs as they internationalize their operations (Zahra, Korri and Yu 2005) and compete in international markets. Scholars have put considerable energy in discussing for example, the multidimensional nature of EO, but very little effort has been seen on exploring what the effective combinations of the multidimensional EO might be – which is an issue of interest of the management. Even recently, the need for identifying the observed configurations of EO’s sub-dimensions across groups of firms has been raised (c.f. Covin and Wales 2012). Identification of these configurations is interesting, but to make it managerially relevant, we need to also understand why certain combinations exist.

In current study, we aim to contribute to entrepreneurship research by exploring the successful configurations of EOBs in various international environments. Current paper focuses on understanding the ideal configurations of international entrepreneurial oriented behaviors in diverse business environments characterized by customer, competitive and technological environmental turbulence. Additionally, we control for the effect of firm size.

Method and Data
The empirical part of the study is based on a cross-industrial survey of Finnish exporting firms. In total, useable responses from 783 were obtained (corresponding to a response rate of 81% [i.e., 783/968]). Our configurations are based on two different types of data: primary data on self-reported IEOBs, and secondary objective data on firm performance collected from AMADEUS database.

First, the measurement items were examined in a CFA model using LISREL 8.80 and maximum likelihood estimation (Jöreskog and Sörbom 1993) to ensure the validity and reliability of the measures. Our measurement model shows excellent fit ($\chi^2 = 182.729 \ (124), \ p= .000476, \ RMSEA = .0306, \ CFI= .989, \ GFI= .963$).

Then, the data was analyzed using rather novel analysis method, called fuzzy set Qualitative Comparative Analysis (fsQCA). fsQCA was selected as the method of analysis as it allows for studying equifinal configurations (e.g., Doty, Glick and Huber 1993) as well as analyzing the relative contribution of each configuration component to the outcome of interest (Fiss 2007). Here, the entrepreneurial orientation is studied in the form of organizational configurations (e.g., Meyer, Tsui and Hinings 1993), placing different weight on each dimension of IEOBs in different contexts.

Summary of Findings
Five configurations of IEOBs consistently associated with high performance are identified, four applicable to large and one to small firms. Taken together, these configura-
tions explain roughly 22 percent of the variation in performance. All configurations are characterized by high proactiveness. Also innovativeness and autonomy appear to be consistently positively related to performance, whereas the impacts of risk taking and competitive aggressiveness vary across configurations. Entrepreneurial profits can be gained either via proactively creating new opportunities (Schumpeterian growth) or via proactively identifying existing opportunities (Kirznerian growth), thus explaining the central role of proactiveness among exporting firms. It is notable that in all configurations related to large firms, competitive aggressiveness is positively associated with firm performance (as opposed to configuration regarding small firms). Thus, it may well be that small firms and young entrepreneurs need to focus on competition free niche markets, or so called ‘blue oceans’ (Kim and Mauborgne 2005), whereas large firms can utilize their resources and compete head to head with local firms in their export markets.

Key Contributions

Our results give support to proposition that we need to model international entrepreneurial orientation based on its sub-dimensions. The findings of present study provide evidence on the equifinality of the combinations of EOBs that are associated with high performance. Our findings further show that not all IEOBs dimensions are equally or necessarily associated with firm performance. Results indicate, for example, that whereas proactivity is associated with high performance regardless of the context and environment, competitive aggressiveness is only associated with high performance among large firms. Additionally, analyses reveal that innovativeness is always positively associated with firm performance, although not always required to achieve high performance. Results imply that for a firm to be successful in different environments, different types of entrepreneurial behaviors are required, especially in terms of competitive aggressiveness and risk taking.

References are available on request.
Institutional Context and Behavior of Import Distributors

Adesegun Oyedele, St. Cloud State University

Keywords: developing markets, importing distributors, import behavior, institutional theory

EXTENDED ABSTRACT

Research Question
The objective of this study is to respond to Aykol et al’s (2012) recognition of the dearth of cross-cultural research on importing in developing markets. The research question evaluated in this study is: Are there differences in the institutional challenges encountered by import distributors of Western brands and import distributors of non-Western brands in the Nigerian machine tools and auto components markets?

Method and Data
The methodology employed in this study is qualitative and was conducted using an in-depth interview technique. Face-to-face and telephone interviews were conducted with import distributors of Western brands and import distributors of non-Western brands in Lagos, Nigeria. A majority of the import distributors of non-Western brands interviewed in this study have retail outlets inside two major machine tools and auto components market in Lagos. Import distributors of Western brands conduct their business operations from large office facilities located in different parts of Lagos.

Summary of Findings
The problems and challenges revealed in the study are categorized as external and internal import problems. External import problems are importing problems faced by the import distributors in the domestic business environment and problems associated with the home country of their foreign suppliers. Internal problems, on the other hand, are associated with internal organizational issues that the importing firm can control and manage internally (Katsikeas and Dalgic, 1995). The two major external domestic problems revealed in this study are: under invoicing and inconsistent regulation & finance issues. An extensive review of previous literature suggests the findings on external import problems can be explained from the perspective of institutional theory (Scott 2003; Powell and DiMaggio, 1983).

The internal problems revealed in this study are: 1) lack of close ties with regulative agencies and financial institutions and 2) lack of ties with influential informal groups. The findings from previous studies (e.g., Aykol 2012) suggest the internal domestic problems faced by importers in Nigeria can be explicated and viewed through the lenses of network theory.

Key Contributions
Unlike the findings from previous developed market studies, which highlight the relevance of tactical importing issues such as pricing and quality, this study reveals informal market practice issues, such as under invoicing and black market operation, are important import problems in a developing market context.

References are available on request.

For further information contact: Adesegun Oyedele, Associate Professor of Marketing, St. Cloud State University (e-mail: aoyedele@stcloudstate.edu).
The Moderating Role of Competitive Intensity on Performance Antecedents of International New Ventures

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Rajshekhar (Raj) G. Javalgi, Cleveland State University

Keywords: competitive intensity, resource-based view, international new ventures, export venture performance

EXTENDED ABSTRACT

Research Question
How does competitive intensity affect the performance antecedents of INVs?

Method and Data
There is evidence of increasing endeavors from firms of emerging markets, and more precisely, newly industrialized countries to be incorporated into the global economy (Hoskisson et al. 2000). Based on features shared in common by these countries in terms of international operations, e.g. open development to the world economy and aggressive pro-export policy, such countries are overcoming the hurdles of firm establishment to ensure competitiveness in foreign markets (WorldBank 2007). We conducted quantitative analysis using primary data collected from 260 INV firms from a newly industrialized country. All construct measures were retrieved from literature existing sources. Structural equation modelling was used to test the proposed relationships. We estimated four measurement models. Fornell and Larcker’s (1981) test of discriminant validity was employed. We used parsimonious structural model estimation procedure to test the hypotheses.

Summary of Findings
This is an investigation on the moderation effect of competitive intensity on performance antecedents of INVs. First, the appearance of INVs and the phenomenon of accelerated internationalization start with entrepreneurial initiatives. The results also show that entrepreneurial orientation triggers the model with positive relations with service capabilities. The second finding based on results suggests that entrepreneurial orientation is positively associated with performance. Moreover, the third finding based on results exhibit moderation effect on the relationship between service capabilities and performance of INVs. The fourth finding of this study attempts to address how service capabilities mediate the relation between entrepreneurial orientation and performance of INVs. Thus, this study offers a solid extension to marketing theory on entrepreneurial orientation, service capabilities, and export venture performance of INVs.

Key Contributions
The results speak to an important set of firms hitherto ignored in the informational resources debate: the high technology INV. Another contribution of the present study denotes the trigger effect of entrepreneurial orientation on the RBV of INVs. There is a direct effect of entrepreneurial orientation on export venture performance of INVs. An additional contribution relates to the mediating effect where service capabilities act as mediator between entrepreneurial orientation and performance. There are two significant paths from entrepreneurial orientation to performance, the direct path and the path with service capabilities as mediator. The following contribution is associated with the moderation effect of competitive intensity between service capabilities and entrepreneurial orientation. Service capabilities and entrepreneurial orientation may be not as relevant under conditions of low competitive intensity. Under higher competitive intensity conditions, INVs with less service capabilities and entrepreneurial orientation are likely to see their performance impaired as customers switch to firms with more service capabilities. Thus, it is possible that high level of service capabilities and entrepreneurial orientation are not always desirable given that its development and
maintenance is highly resource intensive (Slater and Narver 1994), and that the rewards from having high level of EO and service capabilities may not always accrue.

References


The Impact of Country of Origin on International Supplier Performance

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Keywords: COO, B2B buyers, company effect, supplier performance

EXTENDED ABSTRACT

Research Question
Country-of-Origin (COO) is a widely investigated external cue that influences buyers’ product evaluation and purchase decisions. The large body of COO literature is highly skewed toward consumers in comparison to business buyers (Anderson and Chao 2003). Whereas, several trends in international business environment—multi-national sourcing, contract manufacturing, powerful store brands, increasing trade of intermediate goods than finished products—implies that business buyers are inevitably having extensive involvement in making source country selection decisions. Consequently, it is very realistic to put the lens of COO investigation more closely on business-to-business (B2B) buyers.

Purchasing organizations or purchasing managers, when sourcing products from international suppliers, will typically use country- and company-based perceptions in evaluating and choosing preferred suppliers. Such selection based on country and company perceptions, therefore, is assumed to lead to superior performance from the selected suppliers. Nonetheless, country perceptions are likely to be based on aggregate or composite perceptions with varying degrees of objectivity. Given that purchasing managers’ international procurement decisions are likely to be based on multiple country and company criteria, this study seeks to understand the relative impact of company- and country-specific effects on B2B buyers’ perceptions of their international suppliers’ performance.

Method and Data
The ‘company effect’ was measured as second order construct represented by four first order constructs (widely accepted marketing mix variables product, price, distribution, and marketing communications). ‘Country effect’ was also measured as second order construct denoted by four first order constructs (country economy, country technology, country government, and product country image). Country related first order constructs captured country macro image and product related country image. The outcome construct, ‘supplier performance’ (not used earlier in investigating COO influence) measured with most widely accepted supplier evaluation criteria product performance, delivery performance and price performance. All the items under eight first order constructs measured by seven point Likert scale.

Data were collected through a web-based structured questionnaire using online panel members provided by a commercial research organization. Respondents were 274 purchasing managers of Australian business enterprises. Structural equation modeling (SEM) was used as the data analysis technique. Confirmatory factor analysis (CFA) was used for assessing the construct measurement, convergent and discriminant validity of constructs. Path analysis results were used for evaluating the structural relationships between independent and dependent constructs. Measurement model estimates show sufficient evidence of acceptable item loadings under each construct, construct reliability, discriminant validity, and fit indices.

Summary of Findings
CFA results show that marketing mix variables are valid and reliable measures to estimate the second order construct ‘company effect’. And ‘company effect’ exerts strong ($\beta = .75$) positive influence on international supplier performance. The COO cue, ‘country effect’ also positively correlated with international supplier performance at .05 level.
‘Company effect’ along with ‘country effect’ explains 68% of variance in international supplier performance. Small β coefficient (.11) of ‘company effect’ substantiates earlier evidence of COO research findings that when COO cue investigated with other directly related cue (supplier company marketing mix variables in this case) then influence of COO cue diminishes (Peterson and Jolibert 1995). Additionally, R² contribution of ‘country effect’ (9.5%) compared to ‘company effect’ (90.5%) indicate the dominance of the company effect over country effect.

Key Contributions
Previous COO literature is focused overwhelmingly on consumers; to the neglect of the role of purchasing/procurement managers. Only one previous study (Bradley 2001) has considered both the ‘country’ and ‘company’ effects as antecedents of international supplier preference. This study significantly contributes to the literature on COO and industrial purchasing/procurement by investigating consequential variable (supplier performance) previously ignored (Summers 2001). The use of supplier performance as an outcome variable can exhibit greater relevance to real life business practices than previously used supplier preference. Additionally, the country effect measures previously used in the literature have captured mostly product-related country image without considering the overall country image. Consequently, this study also contributes to the existing COO literature by studying antecedent variables previously overlooked (Smith 2003). Finally, the study quantifies the relative contribution of ‘country effect’ and ‘company effect’ to purchasing managers’ judgments of suppliers.

References are available on request.

Acknowledgment
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Part I
Marketing Strategy and Marketing Management

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2014 AMA Summer Educators’ Proceedings
Are Followers Destined to Fail? The Role of Late Movers’ Marketing Dynamic Capabilities in Outperforming the Pioneer

Denis Khantimirov, Old Dominion University

Keywords: first-mover advantage (FMA), marketing dynamic capabilities, order-of-entry effects, marketing strategy

EXTENDED ABSTRACT

Research Question
A growing body of literature on order-of-entry effects has fueled aggressive claims and a heated debate about whether the competitive edge over late entrants actually exists. Claims such as “it pays to hit the market first and it pays to have superb technology” (Arthur, 1989, p. 100) sharply contradict statements like “being the first mover is no guarantee of success” (Sandberg, 2001, p. 3). In short, scholars have been unable to provide “conclusive empirical evidence to support or refute the existence of FMA” (Suarez and Lanzolla, 2007, p. 377).

Scholars have focused mainly on how firms achieve first-mover advantages and have largely ignored conditions such as industry dynamics and other environmental conditions, as well as the capabilities of the followers. Concentrating on research regarding later entrant advantages and strategies is crucial since such research may provide a clearer picture of the competitive dynamics prevalent in the context of sequential entry and payoffs of market pioneering (Kerin et al., 1992). In order to provide a more comprehensive picture of the magnitude of order-of-entry effects, the present work focuses on the phenomenon of late entrant advantages and its antecedents and competitive dynamics and extends the extant research by synthesizing the FMA literature and dynamic capabilities framework and highlights the importance of firm specific capabilities, innovativeness and environmental dynamics for a firm entering a new market after a pioneer.

Summary of Findings
The theoretical foundation of FMA and dynamic capabilities literature are revisited to discuss links and potential synthesis of the two research streams. The conceptual framework is presented to demonstrate the potential mediating effects of innovativeness on the dynamic capabilities-late mover advantage link.

The continuous quest for providing conclusive empirical evidence to support or refute the existence of FMA should not be regarded as daunting by researchers. Insights are needed into how fundamental marketing concepts and competitive strategies employed by resourceful market pioneers and followers interplay in today’s highly competitive business environment. Unlike the corporate world, the world of academia welcomes both pioneers and followers, and as long as the discipline advances, everybody wins.

Key Contributions
The present paper has attempted to extend the existing literature on the timing of entry and competitive advantage by synthesizing both micro (firm-specific) and macro (environmental) factors that impact late entrants’ performance in the new markets. In essence, this work highlights the importance of firm specific capabilities, innovativeness and environmental dynamics for a firm entering a new market after a pioneer. Although first-mover advantage is perceived to be instrumental in sustaining competitive advantage, the proposed conceptual framework reinforces the point articulated by Golder and Tellis in 1993, which argues that “the logic of success is not to be first to enter the market, but to strive for leadership by scanning opportunities, building on strengths, and committing resources to serve consumers effectively” (Golder and Tellis, 1993, p. 169).

References are available on request.

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The Antecedents and Consequences of Consumers’ Value Co-Creation

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Keywords: co-creation, empowerment, organizational support, psychological ownership

EXTENDED ABSTRACT

Research Question
Consumers’ value co-creation has become an important marketing management issue in recent years. Moreover, the development of online communities and interactive technology increases consumers’ ability as well as fun to create value. In present business context, firms begin to adopt empowerment strategy to utilize consumers’ competence as well as to facilitate communication and collaboration between consumers and firms, thus to increase firms’ competitive advantage. The extant literature mainly focuses on the economic values of co-production and self-serving bias in co-creation; there is not much work dealing with the psychological factors underlying the effects of value co-creation despite that consumers play a major role in the value collaboration. The purpose of this paper is to deepen the understanding of consumers’ psychological experiences of value co-creation in the context of business plan competition, a prevalent practice by which firms invite consumers to propose innovative ideas for new products, business or brands and consumers enter a contest that may comprises several rounds of competition. Specifically, this study intends to find out the factors that influence consumers’ perceptions of value co-creation activities and how these perceptions affect their intentions for future interactions with the firms. We develop a theoretic model depicting the relationships among these factors and consequences.

Method and Data
Data was collected from consumers participating in brand co-creation contests held by firms and/or sponsoring institutions. An online survey research was conducted within several brand co-creation contests. The measures of the nine constructs included in this study—perceived justice, perceived organizational support, task involvement, group efficacy, empowerment, psychological ownership, satisfaction of performance, satisfaction of process and behavioral intention were validated in previous studies. Each item of this questionnaire was measured by 7-points Likert scale anchored from totally disagree to totally agree. There were 302 valid responses used for structural equation modeling (SEM) analysis to examine the hypothesized causal relationships between the proposed constructs.

Summary of Findings
The results of structural equation modeling (SEM) analysis indicate that consumers develop senses of empowerment and psychological ownership toward the brand during the process of co-creation. In addition, consumers’ perceived justice, perceived organizational support, task involvement and group efficacy are the antecedents which can foster consumers’ empowerment and psychological ownership, which positively affect their satisfaction with value co-creation activities, and in turn positively impact their future behavioral intentions toward the brand.

Key Contributions
This study contributes on delineating consumer’s perception of value co-creation, verifying the relationships among consumers’ psychological factors and the antecedents, thus augmenting the literature with a more complete theoretical framework of the causal paths of psychological effects when consumers engage in value co-creation. We bridge consumer’s perceptions and possible outcome behaviors in the context of brand co-creation.

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activities. Finally, we provide managerial suggestions for
the firms intending to invite consumers to generate new
ideas—by strengthening consumers’ perceptions of jus-
tice, offering organizational support, increasing con-
sumer’s task involvement and group efficacy will lead to
consumers’ empowerment and psychological ownership,
thereby strengthening their satisfaction and behavioral
intentions of brand relationships.

References are available on request.
Marketers Are Consumers Too: The Role of Consumer Self in Potential Value Creation and Co-Creation

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Keywords: value creation, co-creation, prosumers, boundary theory, marketing managers

EXTENDED ABSTRACT

Research Question
In this study we ask: to what extent do a marketer’s priorities as a consumer infiltrate workplace decision-making and how does this contamination between domains implicate value creation for the end consumer?

Method and Data
This study employs a multi-sited, multi-method ethnographic approach within the business context (Arnould and Wallendorf 1994; Marcus 1995), through which we immersed in the workplace lives and environments of 13 marketing managers across the US, Australia, and the UK. These individuals work within a range of organizations that include branding, manufacturing, and retail firms; from small local operations to large-scale multinationals. The study is situated within the context of ‘ethical’ production and consumption. We combined semi-structured ethnographic interviews, participant observation, informal interviews, and archival techniques within the single study. Participant observation and interviews were conducted at the participants' sites of work, including corporate offices, retail outlets, and on the factory floor.

Data were analysed inductively. We continued to collect data until theoretical saturation had been reached (Corbin and Strauss 2008), at which point we consulted the literature to frame and position our findings. We combine this multi-method approach with selective member checks, constant comparative/negative case analysis and maximum variation sampling to enhance trustworthiness of the data and interpretation (Lincoln and Guba 1985, Wallendorf and Belk 1989).

Summary of Findings
Our ethnographic data and analysis reveal four emergent themes that underpin the interplay between consumer-self and manager-self in the workplace. First, we discovered that few of our informants left their consumer-self in the car park as they walked through the office doors. At an individual level of analysis, marketing managers often bring their consumer self into the workplace. Second, consumer self is integrated into managerial decision making. The extent of this integration varies significantly, however, between individuals and specific decision making scenarios. Third, this variation in consumer self integration was largely contingent on the organizational permissiveness of this practice. Finally, the embedding of one’s own consumer self ideals into ‘product’ decisions as a latent source of potential value for the end consumer is also contingent on the extent of alignment between one’s own consumer ideals and managerial priorities. We also discover marketing managers as active agents in the workplace; working to alter the conditions in which they make decisions and re-negotiate the interplay between manager and consumer domains to cope with conflict between these realms of experience.

Key Contributions
Our study makes two key contributions. First, we reveal that marketing managers integrate consumer-self priorities into workplace decisions. While this revelation is not overly surprising, our study goes further to illustrate that the extent of consumer-self integration into production decisions is contingent on the interplay between consumer-self, internalized managerial-self, and the external interface with the organisation. Marketing managers are active agents, however, work-
ing to either manipulate/negotiate workplace practices to further embed their own salient consumption values; or to withdraw consumer-self from the workplace to manage tension arising from conflicting work-consumer priorities.

Second, we draw upon boundary theory (Nippert-Eng 1996) to explicate how marketing managers blend/compartmen-
talise their consumer-self in work life. We develop an inte-
grated ‘producer as consumer’ potential value creation model as a new lens to understand the role of ‘the firm’ in value creation. This model presents an overarching process of potential value creation at an individual level, identifying a spectrum of possible outcomes between the creation and destruction of salient potential value.

These contributions extend understanding of value crea-
tion/co-creation by viewing this phenomenon from the per-
spective of individual marketers making decisions within the production organization. Marketing organizations may also find this research useful when considering the benefits/drawbacks of encouraging marketers to integrate their consumer-self insight into workplace decision making.

References are available on request.
The Moderating Role of National Culture on the Link Between Buyer–Seller Interactions and New Product Development: A Conceptual Model and Research Propositions

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Keywords: national culture, interactions, new product development

EXTENDED ABSTRACT

Research Question
Extant research has focused on the relationship between buyer–seller interactions and innovation generation, as well as the connection between national culture and new product development (NPD) and/or innovation generation. However, research on the moderating role of national culture on the interaction–NPD link is absent in the literature. To address this gap, our research focuses on the moderating role of national culture dimensions on the interaction–NPD link.

Summary of Findings
We propose a conceptual framework, use a wide array of literature, and develop a series of research propositions explaining the relationships among buyer–seller interactions, national culture dimensions, and the initiation and implementation stages of NPD. National culture dimensions act as important boundary conditions for the relationship between interactions and new product development.

Key Contributions
This paper integrates three major research themes: buyer–seller interactions, national culture, and innovation generation. Our conceptual model and the research propositions advanced have several implications for theory development and managerial practice.

References are available on request.

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The Value of Customers for a Firm: A Framework

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Keywords: customer value, firm value, typology, user-generated content

EXTENDED ABSTRACT

Research Question
Customer value can be seen from two perspectives: consumer-perceived value is the value of customer-firm interactions for the customer, while firm-received value denotes the value of such interactions for the firm. Despite the importance of customer value and its two aspects, much confusion exists about the conceptualization of firm-received value. This paper offers an attempt for clarity and precision with potentially significant implications for marketing research and practice. The research question is whether it is possible to distinguish between types of the value of customer for a firm that go beyond mere profitability.

Summary of Findings
Adding to the literature, the paper argues that the value firms receive from interacting with their customers can be distinguished similarly to consumer value. That is, the structure of Holbrook’s (2006) Typology of Customer Value can also be applied to firm value. Moreover, the notion of dynamic processes with changing provider and beneficiary roles and mutual value creation provides an account for the creation of user-generated content and the existence of social entrepreneurship or triple bottom line firms. It can also be used as an analytical tool to detect welfare-decreasing situations, which are characterized by negative value or value-destruction.

Key Contributions
Distinguishing between four types of (individual) firm value is an important addition to existing research as it focuses on more than financial benefits of interacting with customers. Although research is beginning to support this position, the dominant view is that profitability and, for example, ethical firm behavior are at odds. In summary, the proposed framework offers a systematic approach to the understanding of consumer, firm, and societal benefits as outcomes of marketplace activities. Accordingly, this research can serve as a foundational framework for “elevated marketing,” providing the theoretical underpinning for marketing’s contribution to society (Webster and Lusch 2013).

References are available on request.

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Technological Opportunism and Responsive and Proactive Market Orientation: Synergistic or Antagonistic Effects

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Keywords: technological opportunism, responsive market orientation, proactive market orientation, firm performance

EXTENDED ABSTRACT

Every product might be considered a combination of technology and the market. Accordingly, both technological and market aspects require parallel attention if a product innovation is to succeed. Technological opportunism represents a sense-and-respond capability with respect to new technologies and it has been found to account for differences in adoption of radical technologies among firms (Srinivasan, Lilien, and Rangaswamy 2002). Among marketing capabilities, market orientation has been posited as one of the most crucial performance-related constructs (Hult and Ketchen 2001). Market orientation and technological opportunism together represent an important aspect of a firm’s strategic orientation, namely, its external orientation (Voss and Voss, 2000). They reflect a firm’s business philosophy and guide its attempts to create competitive advantage and achieve superior performance (Song, Droge, Hanvanich, and Calantone 2005). Voola, Casimir, Carlson, and Agnihotri (2012) claim that complementarity exists between technological opportunism and market orientation.

Research Question

In the wake of the stream of research in organizational sensing and response capabilities, this study is to investigate the roles of responsive and proactive market orientation on the performance impacts of technological opportunism. Drawing on the dynamic capabilities theory (Teece, Pisano, and Shuen 1997), a conceptual framework is proposed that mainly outlines the relationships between technological opportunism, responsive and proactive market orientation, and firm performance, along with the moderating effects of responsive and proactive market orientation, technological turbulence, and competitive hostility on the technological opportunism-firm performance link. The dynamic capabilities approach posits that the key to success in rapidly changing environments is constant surveillance of markets and technologies and a willingness to adopt best practices. Such dynamic capabilities are important for firms that want to develop successful new products because they enable the firms to draw on different areas of technology and meet the needs of various markets (Eisenhardt and Martin 2000). The rationale for moderation stems mainly from the normative logic that the strategy-context fit should exert a positive impact on performance (Venkatraman and Prescott 1990). We contend that the exploration of a firm’s technological opportunism depends on the business setting, defined in terms of both organizational and environmental characteristics. Accordingly, we incorporate technological opportunism and both forms of market orientation into the same model in that they represent outside-in capabilities and may result in better outcomes by allowing the firm to sense and respond to external environments.

Method and Data

The data in use are from a questionnaire survey of manufacturing firms across a variety of industries in Taiwan, which include chemicals, computers, electronics, and mechanical

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equipment, etc. We received 100 completed questionnaires, of which 92 (10.2%) are usable. The proposed hypotheses are tested using moderated regression analysis.

Summary of Findings
As predicted, technological opportunism has a positive effect on firm performance. Nevertheless, proactive market orientation fails to impose a positive impact on firm performance. As for moderating effects, the positive moderation of proactive market orientation on the technological opportunism-performance link is supported. As hypothesized, Responsive market orientation weakens the positive relationship of technological opportunism with firm performance. Consistent with our expectation, the relationship between technological opportunism and firm performance is strengthened by technological turbulence.

There are two potential reasons for the unexpected result that proactive market orientation does not directly influence the performance of the firm. One is that proactive market orientation may not work as a stand-alone dynamic capability. Proactive market orientation contributes to the creation of superior competitive value only in conjunction with other complementary resources, such as entrepreneurship, innovativeness, and organizational learning. The other reason is that, given both technological and market aspects exist in the interdisciplinary nature of any product, technological opportunism, as opposed to proactive market orientation, seems more influential for explaining a firm’s competitive advantage.

Key Contribution
A key contribution of the study is to reconcile the seemingly conflicting findings of Chen and Lien (2013) with respect to the negative moderation of marketing orientation on the technological opportunism-firm performance relationship by distinguishing between proactive and responsive market orientation. Slightly different from Chen and Lien’s (2013), our findings imply that, given the presence of technological opportunism, both responsive and proactive market orientation moderate the technological opportunism–firm performance relationship. Proactive orientation enjoys a synergistic effect with technological opportunism. Combining externally based capabilities—technological opportunism and proactive market orientation—indeed generate complementarity, leading to positive synergy. However, an antagonistic interaction effect exists between technological opportunism and responsive market orientation. In a strategic sense, being responsively market oriented may restrain technologically opportunistic firms from gaining true insights in their pursuit of product innovation and superior performance.

References are available on request.
Peer and Manager Social Influence in the Diffusion of Customer-Oriented Values and Behaviors to Frontline Service Employees

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Keywords: customer orientation, social network analysis, social influence, informal influence of managers and co-workers

EXTENDED ABSTRACT

Research Question
Prior research on the implementation of a Customer Orientation (CO) is focused on formal, management-driven ways of diffusing customer-oriented values and behaviors to employees. This research completely neglects informal ways of CO diffusion. It also largely ignores the role that peers (i.e. colleagues) play in the diffusion of CO.

Firms are social arenas that are comprised of informal relationships between work group members. Informal discussions, evaluations, and interpretations in the work group (consisting of managers and peers) are likely to diffuse and critically modify formally induced CO values; they provide benchmarks used by individual employees to translate abstract CO values into specific CO behaviors. Particularly informal relationships with socially influential work group members such as middle managers and well-connected peers can shape CO values and behaviors of individual employees. But also ties to less influential members, who can commit time to more deep going discussions, may matter.

Breaking new ground, this study investigates whether and how members of a work group can mutually shape their CO values and behaviors through social interactions in friendship relationships. In other words, this research seeks to determine the significance of social influence of work group members in the CO diffusion process.

Method and Data
We use Social Network Analysis (SNA) to investigate the impact of the social influence that is exerted by peers and middle managers on frontline service employees’ CO value and CO behavior alignment. Using work group members’ friendship relationship information, we test whether the strength of the friendship tie between influencer and influenced employee and the connectedness of the influencer in the overall work group are associated with an alignment of the influenced employee’s to the influencer’s CO values and behaviors.

For our analysis, we used data that were collected from a sample of 202 employees of a private healthcare organization. The survey was completed by 162 employees including all middle managers (overall response rate: 80.2%). The high response rate enables us to reliably map the relationship structure among work group members as it minimizes the impact of non-responses. Frontline service employees and middle managers were asked to report on their friendship ties and CO values in an online questionnaire. To avoid common-method biases, we asked middle managers to assess frontline service employees’ CO behaviors; middle managers’ CO behaviors in turn were assessed by regional executives into which middle managers report.

Summary of Findings
Our findings suggest that the informal social influence of work group members has a significant impact on the CO dif-

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fusion process, as frontline service employees align their CO values and corresponding behaviors to those of their influencers. We find that managers and socially well-connected peers play an important role in aligning CO values. This suggests that when it comes to adopting CO values, frontline service employees are geared to highly influential and well-informed work group members; supposedly, they want to adopt values that are regarded as appropriate by the majority of the work group members.

In contrast to CO values, we find that middle managers and socially well-connected peers cannot correspondingly align frontline service employees’ CO behaviors. However, socially less-connected peers are able to do so. Abstract values may only translate into concrete behaviors if they are interpreted and thereby made more tangible. The supposedly more complex sharing of value interpretations may require a relatively high frequency of interactions that managers and well-connected peers are not able to provide.

**Key Contributions**

We demonstrate that informal (i.e. not only formal) influence of middle managers plays an essential role in the CO diffusion process. To date the recognition of managers’ informal influence is only anecdotal and lacks empirical investigation.

Further, we show the importance of peers for CO diffusion. In prior studies, the social influence of peers is not investigated at all or very narrowly (e.g., some studies analyze the influence of highly experienced work group members). The impact of peers in the overall CO diffusion process, as implied by the findings of our study, means that managers are not in full control of the CO implementation. Our results serve as a reminder that neglecting the role played by peers in the diffusion process omits a driver which can critically determine success or failure of implementation efforts by management.

Finally, the majority of studies on the implementation of CO do not investigate whether shared CO values eventually translate into shared CO behaviors. The findings of our study suggest that abstract values do not simply translate into corresponding behaviors, but that this translation is complex. Given their limited time resources, this casts doubt on managers’ ability to sufficiently support this part of the process.

*References are available on request.*
A Grounded Theory of Customer Experience Management

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Keywords: customer experience management, customer experience, customer loyalty, touchpoints, capabilities, marketing concept

EXTENDED ABSTRACT

Research Question
Though popular with practitioners and scholars as a pivotal approach to customer loyalty, prior research has not examined what constitutes customer experience management (CEM). So far, academia has focused on the consumer perspective, conceptualizing customer experience (CE) constructs that are mostly context-specific, referring to retail, service, consumption, online, or brand experiences (e.g., Brakus, Schmitt, and Zarantonello 2009; Verhoef et al. 2009); thus, the lack of a theoretically sound conceptualization of CEM is not surprising. Additionally, a worldwide report recently stated that only 7% of more than 200 consulted firms engaging in early CEM initiatives feel confident on how to deploy it effectively (Temkin Group 2012). Extant literature on CEM initiatives is sparse to non-existent and focuses either on blueprinting techniques of experience design (e.g., Patricio et al. 2011) or measurement approaches of CE quality (e.g., Lemke, Clark, and Wilson 2010). Therefore, scholars still call for comprehensive and cross-sectional frameworks of how to effectively establish CEM initiatives in the organization (Marketing Science Institute 2012; Verhoef et al. 2009). To address these two research gaps, this study aims to 1) derive a theoretically sound conceptualization of CEM and 2) provide a managerial framework of how to implement CEM in the organization.

Method and Data
We first conducted an interrelation analysis of research that already points to a firm’s CEM focus (Yadav 2010). During a period of ten months, we then conducted 52 depth interviews with senior and top managers in diverse consumer markets. All have a minimum of one year work experience in CEM. We applied grounded theory coding to analyze our data: open, axial, and selective coding. For data triangulation, we constantly compared the results of the interrelation analysis with our field data (Strauss and Corbin 1998). For researcher triangulation, two scholars conducted each coding stage independently and ran common checks on internal consistency. We eliminated codes if they were not applicable beyond specific contexts or mentioned by multiple participants (e.g., Ulaga and Reinartz 2011). To further enhance the trustworthiness of our results, we asked two independent judges to code the verbatim data into the final codes. The interjudge reliability, assessed according to the proportional reduction in loss measure, reached .78 (Rust and Cooil 1994). Additionally, we checked for respondent validation by asking the participants to provide feedback on the results; and finally we refined the results in two rounds with 21 doctoral researchers and 5 professors, who were unfamiliar with the project.

Summary of Findings
We derived the following conceptualization: CEM coordinates the continual (re)construction of multiple touchpoints by following the business modeling principles of simultaneously striving for high utilitarian, hedonic, and relational customer responses at single touchpoints (touchpoint-quality); and matching touchpoint sequences with segments’ value constellation experiences (sequence-quality). These two principles constitute the points of reference to be pursued by continual adaptation; and determine a concurrent short- and long-term character of CEM. From a second-order perspective, our derived implementation framework

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consists of four theoretical capability categories (Day 2011), which interact in a closed system of two cycles. In the short-term cycle, operational capabilities run constructed touchpoints and assess touchpoint-specific performance indicators. Adaptive capabilities enrich them through collecting and interpreting broader market data around touchpoint sequences. They react to interpretations by independently disseminating requirements of how to improve single touchpoints across dynamic capabilities. In the long-term cycle, however, they disseminate propositions for new touchpoints across system dynamization capabilities. These then strategically plan touchpoint sequences that best fit into the value constellation experiences of customer segments and disseminate requirements for (re)constructing several touchpoints affected by these plans. Dynamic capabilities actually coordinate change management by setting-up and following a roadmap of touchpoint-allocation that, for a given period, counterbalances the requirements of system dynamization and adaptive capabilities.

Key Contributions
Our findings reveal several contributions for research and practitioners. First, they show that CEM represents a market-oriented approach for achieving competitive advantages through the continual, proactive adaptation of the entire market presence. Second, our CEM capability framework substantially advances the resource-based view as it depicts the interplay between all theoretical capability categories that research has investigated separately so far. Revealing this interplay may better predict competitive advantages in today’s volatile and complex markets (Leiblein 2011). Moreover, it points to a conceptual extension of dynamic capabilities. As they receive explorative input from system dynamization capabilities (sequence-quality cycle) and exploitative input from adaptive capabilities (touchpoint-quality cycle), we contend that they must cover a mechanism for counterbalancing market exploration and exploitation efforts for realizing “organizational ambidexterity,” which is increasingly regarded as crucial for ensuring sustainable competitive advantages (Raisch et al. 2009). Third, our findings show that implementing CEM requires changes in corporate culture (adopting a touchpoint sequence logic for customer centricity), organizational structure (short-term adaptation cycle that operates independently of strategic decision making), and control and market intelligence systems (setting up and continually updating a much broader range of hard and especially soft performance indicators along the entire touchpoint sequence).

References are available on request.
Enhancing Marketing Unpredictability and Performance Through Planning and Improvisation Management: A Cross-Cultural Study

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Paul Hughes, Durham University
Ekaterina Nemkova, Nottingham University
Joseph Adea Sy-Changco, University of Macau
Magnus Hultman, Leeds University
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EXTENDED ABSTRACT

Research Question
In today's difficult economic climate, successful organizations are often those that drive markets. Much research has focused on the customer side of driving markets (i.e., proactivity in creating products and services that surprise consumers). Little attention has been paid to driving industries. In this context, creating unpredictable marketing solutions which catch rivals by surprise can be a deliberate strategy aimed at enhancing business performance (Austin et al. 2012). This study aims to explain how marketing unpredictability is developed and under which conditions it is beneficial for firm performance. A conceptual framework linking marketing unpredictability to performance is developed using the resource-based-view of the firm and decision theory as platforms. We identify innovation as a key moderator in this relationship, and drawing on decision theory (Tversky and Kahneman 1986), we propose planning and improvisation as key determinants to unpredictability.

Method and Data
Three studies were conducted to develop and test the conceptual framework. More specifically, a preliminary qualitative phase involved in-depth interviews with UK marketing decision-makers operating in exporting firms. The data was analysed using within-case and cross-case displays as per Miles and Huberman (1994). This was followed by two large scale surveys of 200 and 213 exporters in the UK and China respectively. A cross-national approach was selected in a bid to test for stability and enhance generalizability of the results. The measures were tested for configural, metric, scalar, factor variance, and error variance invariance using multigroup analysis in Lisrel. The hypotheses were then tested via structural equation modelling.

Key Contributions
Unpredictability is widely studied as a characteristic of events that should be either overcome when experienced or its likelihood of incidence minimized. Little work has sought to examine how being unpredictable (rather than being the ‘victim’ of unpredictability) can reap competitive advantages. This study seeks to address this gap by considering how firms can deliberately create unpredictable marketing solutions in a bid to become more competitive and sustain greater performance levels. The study is anchored in the resource-based view of the firm and decision theory, and as a result, we examine two polar aspects of decision-making often studied in isolation (planning and improvisation). We therefore contribute both to the literature on the creation of competitive advantage and that of marketing decision-making.

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Summary of Findings
Surprisingly, we found no support for a relationship between planning and unpredictability. It is possible that this relationship may be quadratic or moderated by another construct. More interestingly, improvisation is positively associated with unpredictability in the UK but not in China. In turn, innovativeness is positively related to unpredictability in both the UK and China, and marketing unpredictability is strongly positively associated with performance across both samples. Finally, findings indicate that the impact of unpredictability on performance is positive and stronger when levels of innovativeness are higher in UK firms but lower in China.

References are available on request.
Exploiting Your Competitor’s Product Recall: How to Increase Profits During Your Competitor’s Product Recall

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Keywords: product recall, competition, marketing strategy, negative user-generated content

EXTENDED ABSTRACT

Research Question
How can firms leverage their competitors’ product recalls to increase their sales?

Method and Data
We constructed a dataset consisting of advertising, pricing, warranty, and product recall information for 32 automobile brands over a 21 year period. We analyzed these data with a fixed effects analysis. Then, we extended the dataset by adding brand equity, incentives, and negative user-generated content data over a 5 year period to the dataset. Finally, we used partial least squares (PLS) regression to analyze the extended dataset.

Summary of Findings
Our extended model explained 83.1% of the variance in sales and indicated that firms could capitalize on their competitors’ product recalls by lowering their prices. Furthermore, the findings of our fixed effects model indicated that the effectiveness of firms’ warranty offers may decrease during their competitors’ product recalls. This finding indicated that product recalls may have an industrywide effect on the effectiveness of warranty offers.

Key Contributions
Our research contributes to the literature in at least two ways: (1) we explore how firms can adjust their marketing strategies to capitalize on their competitors’ product recalls; and (2) we extend previous conceptual models of product recalls by including constructs for warranty and negative user-generated content.

References are available on request.

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Manufacturer’s Sales-Promotion Strategy Under Long-Term Borrowing

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Keywords: sales promotion, channel coordination, long-term debt

EXTENDED ABSTRACT

Research Question
This paper investigates how a manufacturer’s use of long-term debt may affect its relationship with a downstream dealer (a retailer), the manufacturer’s own promotion behavior, and the downstream dealer’s targeting strategy and merchandising efficiency.

Summary of Findings
We show that when the manufacturer borrows long-term debt,

(i) it tends to implement a conservative promotion strategy when the debt is young and then switch to a risky promotion strategy when the debt is about to mature;

(ii) it tends to pay more (respectively, pay less) trade promotion than its all-equity counterpart when the debt is about to mature, if the brand switchers’ patronage is unimportant (respectively, very important) compared to the patronage of loyal customers;

(iii) the coupon redemption rate tends to decrease with the long-term debt’s time to maturity; and

(iv) if the switchers’ patronage is very important to the manufacturer, then the presence of long-term borrowing may induce the dealer to provide a better merchandising service at the time the manufacturer introduces a new product.

Key Contributions
Despite that most firms in the real world are financially leveraged, the existing theory of marketing strategies has mostly assumed profit-maximizing firms. We choose to examine the relationship between debt financing and sales promotions for two reasons. First, the existing literature has examined the interactions between debt financing and advertising or uniform pricing decisions, but has been silent about the relationship between debt financing and (discriminatory) sales promotions. Second, sales promotions have become increasingly important relative to advertising to marketing practitioners. Trade promotions and pull promotions have both grown rapidly, and for many consumer packaged goods, trade promotions alone have exceeded advertising expenditures.

References are available on request.
Bundle Introduction as a Dynamic Product Strategy Across Product Lifecycle Stages in Networked Markets

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Keywords: bundling, product strategy, product lifecycle, network externalities

EXTENDED ABSTRACT

Research Questions
The research on bundling is vast in the economics, management, and marketing literature, and much of the bundling research focuses on the use of bundling as a price discrimination tool to address consumer heterogeneity by segmenting consumers. However, little extant research examines the timing of bundle introduction as the firm’s product offering ages or throughout the product generation lifecycle. The primary purpose of this study is to examine the strategic use of bundle introductions as consumer reservation prices change and industry conditions change over time due to network effects. Specifically, our research questions explore how managerial decision making regarding bundling introduction in networked markets is impacted by generational product lifecycle, individual product age, and market share.

Method and Data
The video game industry is used to address the research questions because the industry exhibits strong network effects and fierce competition. Our data comes from the NPD group (a market research firm) covering approximately 65% of industry sales from January 1995 to September 2010. It covers 15 different consoles types with 1199 console/month observations.

Our dependent variable is dichotomous; namely, whether a bundle was introduced (console and game sold together) to the market or not. Given this, we use a probit model to estimate the probability that a bundle will be introduced. Our main independent variables consist of the generation product lifecycle stages (which we assess using established estimation procedures), age of the console (measured in months), market share (measured as share of sales), a vector of control variables, and the various variable interactions used to test our hypotheses.

Summary of Findings
Our findings are threefold: first, we find that the likelihood of bundle introduction increases in the decline phase of the product generation lifecycle. This is consistent with our hypothesis that managers have an incentive to introduce bundles to extend the product lifecycle by attracting consumers with otherwise lower reservation prices. Second, we find that the likelihood of bundle introduction is influenced by console age. However, the relationship between bundle introduction and age is different depending on the product generation lifecycle of the console. Our results suggest that bundling is a strategy that encourages consumers to purchase earlier and quickly increases the installed base of a product. Third, we find that firms with lower market share are more likely to introduce bundles. This occurs because firms in a lower market position are likely to introduce bundles in attempt catch up to the market leaders.

Key Contributions
Our analysis sheds light on managerial strategies as it relates to introducing bundles, and how those strategies are impacted by the various console and industry characteristics. Our analysis demonstrates that bundling can be used as a dynamic product strategy in the various lifecycle stages of the product as consumer reservation prices change over time due to network effects. The results suggest that when managers need to
quickly increase the installed base in order to build network externalities, they have the option of bundling as a way to increase product adoption. As consumer reservation prices change over time, due to network effects, firms bundling strategies will also change. It is important for marketing and product managers to account for the factors that influence consumer reservation prices when making bundling decisions, and managing these factors in a way to increase profits.

References are available on request.
Positioning Multifunctional Products: Which Functions?

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Keywords: multifunctional products, attribute positioning, attribute alignability

EXTENDED ABSTRACT

Research Question
The research question is whether perceptions about multifunctional products can be enhanced by changing their attribute alignability and positioning. A specialized product contains a single function (e.g. Colgate® Sensitive Pro-Relief™) while a multifunctional product contains two or more (e.g. Colgate® Sensitive Pro-Relief™ with Enamel Repair). Some research finds multifunctional products are preferred due to the additional attributes enhancing incremental utility and overall judgment (Bertini et al. 2009; Nowlis and Simonson 1996), even when they are unimportant (Brown and Carpenter 2000). However, other works finds multifunctional products can be less effective than specialized alternatives (Han et al. 2009; Thompson et al. 2005; Chernev 2007). Importantly, a limitation in these latter studies is that multifunctional products were limited to a single set of attributes. Yet, research suggests the alignability between attributes affects product judgments and decision processes (Gournville and Soman 2005; Griffin and Broniarczyk 2010). Low alignability makes direct comparisons harder via subtyping, while high alignability has the opposite effect via assimilation (Sujan and Bettmann 1989). Positioning can also change how multiple functions are perceived (Pham and Muthukrishnan 2002; Kim and Meyers-Levy 2008). Emotional positioning inhibits attribute-level comparisons, while functional positioning promotes them (Fuchs and Diamantopoulos 2010; Tybout and Sternthal 2005).

Method and Data
Consistent with recent literature, we use multifunctional products with two attributes and specialized products with one, and examine the situation when both are in the same choice set (Chernev 2007). One of the multifunctional product’s attributes is unique, while the other is common with the specialized alternative. In Study 1, a 2 (multifunctional-product attribute alignability: high and low) x 3 (product category: toothpaste, laundry detergent, and athletic apparel) mixed design was used. Attribute alignability was between-subjects and product category was within-subjects. Participants (n=260) examined choice sets of a specialized and multifunctional product from the same category, with attributes described using one or two words as found in a pretest (see also Chernev 2007). Dependent variables were attribute ratings and choice. In Study 2, a 2 (multifunctional product attribute alignability: high and low) x 2 (multifunctional product positioning: functional and emotional) x 3 (product category: toothpaste, laundry detergent, and athletic apparel) mixed design was used. Attribute alignability and positioning were between-subjects, and product category was within-subjects. Unlike Study 1, attributes were described with more verbiage that was manipulated to connote functional and emotional positioning. The task and dependent variables for participants (n=346) was the same as Study 1.

Summary of Findings
In Study 1, under low alignability, compared with high alignability, multifunctional products displayed increased unique-attribute enhancement (hypothesis H1a) and choice (hypothesis H1c) but not reduced common-attribute devaluation (hypothesis H1b). With low alignability, we expected decreased common-attribute devaluation. This in fact occurred, to the extent that it was completely eliminated. With high alignability, we expected increased common-attribute devaluation because prior literature linked it directly with compensatory reasoning (Chernev 2007). Surprisingly, it was not only eliminated but also reversed. In other words, common-attribute enhancement occurred. In

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Study 2, Hypotheses H1a and H1c were replicated, as was the non-confirmation of hypothesis H1b. However, regarding this hypothesis, results converge across the two studies that common-attribute devaluation is eliminated with low alignability (in Study 2, enhancement occurred), and common-attribute enhancement occurred with high alignability. Under emotional positioning, compared with functional positioning, multifunctional products displayed increased unique-attribute enhancement (hypothesis H2a), reduced common-attribute devaluation (hypothesis H2b) and increased choice (hypothesis H2c). Interaction effects revealed, under emotional positioning and low alignability, multifunctional products displayed the largest unique-attribute enhancement (hypothesis H3a) and highest choice (hypothesis H3c). Under functional positioning and high alignability, multifunctional products displayed the largest common-attribute enhancement (hypothesis H3b).

Key Contributions
We help resolve the conflict in the literature by finding attribute alignability and positioning in multifunctional products can eliminate, and sometimes reverse, their perceived disadvantage compared with single-function alternatives. We find no evidence of common-attribute devaluation, countering Chernev (2007). Common-attribute devaluation is eliminated or common-attribute enhancement occurs regardless of alignability and positioning, demonstrating the significance of manipulating attribute context. In addition, unlike previous research, we obtained data on unique-attribute ratings and choice to allow a more complete perspective. Multifunctional products are preferred when their attributes are low versus high in alignability because they are perceived as more differentiated via increased unique-attribute enhancement. The differentiation caused noncompensatory reasoning, inhibiting comparison of the common attribute between the multifunctional and specialized products. Hence, common-attribute devaluation was eliminated or enhancement occurred. The same process and outcomes occur when multifunctional products are positioned emotionally versus functionally, leading to their largest choice and perceived differentiation under conditions of low alignability and emotional positioning. Obtaining unique-attribute data also allow an examination of process and diagnosticity via mediation. Unique-attribute ratings are more diagnostic than common-attribute ratings in choice decisions. Managers of multifunctional products now have direction about attribute composition and positioning to maximize their performance against specialized alternatives.

References are available on request.
Do Institutional Investors Motivate Firms to Attract the “Right” Strategic Alliances? A Dynamic Model

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Keywords: strategic alliance, institutional ownership, agency theory, stakeholder theory, firm performance

EXTENDED ABSTRACT

Research Question
• Analyze whether firms adopt micro marketing strategies to attract specialized class of investors whose investment incentives are aligned with the formers’ alliance structure.

• Examine if firms’ institutional ownership structures motivate them to adopt the “right” strategic alliance trajectory.

• Investigate whether a synergetic relationship between firms’ institutional ownership and their innovation environment improve firm performance.

Method and Data
• Sample set consists of the alliance information of approximately 652 publicly traded firms in the U.S. pharmaceutical industry between 1990 and 2012.

• We obtained alliance information from SDC platinum, firm performance and stock price information from Compustat and CRSP respectively. Institutional ownership information obtained from Thomson Reuters database.

Summary of Findings
• Findings suggest that firm’s history of engaging in exploration (exploitation) alliances typically attracts transient (dedicated) institutional investors.

• Evidence suggests that dedicated (transient) institutional investors motivate firms to adopt exploitation (exploration) strategic alliances.

• Demonstrate that a synergetic relationship between firm’s institutional ownership and strategic alliance environment improves performance and enhances stakeholders’ wealth.

Key Contributions
• Unravel the intricate link between different categories of institutional owners and firms’ alliance structure in a dynamic setup.

References are available on request.

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Part J
New Product Design and Development

Track Chairs
Yogesh Joshi, University of Maryland
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New Product Announcements and Evaluations
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The Impact of NPAs (New Product Announcements) on Stock Prices of Rivals in India: Assessing the Role of Market Expansion Effect

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Keywords: new product announcements (NPAs), event study methodology, market expansion effect, rival companies, India

EXTENDED ABSTRACT

Research Question
Scanty research exists providing insightful and perceptive results about the impact of NPAs (New Product Announcements) on the shareholder wealth of the rivals and examining the variation in the same on the basis of industry. However, the impact of NPAs on the valuation of rival firms in the industry, in India, is a critical issue to be studied in detail. Moreover, an important issue of market expansionmarket substitution has to be addressed. Thus, in this study, the primary objective is to assess the overall impact of NPAs on the stock prices of rival firms for the aggregate sample in terms of whether they help in creating market expansion or market substitution effect. Further, we analyse the effect of NPAs in different industries, in India, by segregating the sample into major industries.

Method and Data
The data used for the study was collected from Centre for Monitoring Indian Economy (CMIE), PROWESS database for the BSE 500 index companies. The authors could get credible information for a sample of 221 NPAs made by 53 companies for a period of 10 year horizon from 2003 to 2012 (September), constituting healthcare, information technology, finance and telecom industries. The companies making the announcements were grouped into industries defined by 5 digit National Industrial Classification (NIC). The list of NIC codes was also obtained from the Prowess database for these companies. On the other hand, a total of 69 firms were identified which were included as rivals in the study. The rival firms were also classified based on the same 5-digit codes. To appraise the aforesaid objectives the analysis has been conducted in the following parts. Firstly, the standard event study methodology has been employed in order to measure the abnormal gains/losses of the rival firms on the new product introductions. Secondly, t-test is employed on the differences of abnormal returns to identify the dominating industry in gaining/loosing abnormal returns, if any.

Summary of Findings
The results reveal that the rivals of the companies have gained abnormal returns from the NPAs of the announcing firms. The markets and strategies developed by a firm are exploited by the rival firms in the industry, as well. Since the rivals have gained average abnormal returns, in India, the market expansion effect seems to be the reason for accrual of average abnormal returns to rivals. Further, the wealth effect on rivals varies from industry to industry. Rivals in the Information technology industry experience the most favourable share price response followed by the Healthcare, Finance and Telecom industries. Finally, the t-test results prove that the rivals in the Information technology industry have gained the highest abnormal returns. Information technology dominates in earning abnormal gains since it operates in and has an access to bigger international markets. Healthcare, information technology and finance industries are dominant industries and these industries are growing and...
expanding at a swift pace. On the other hand, Telecom industry, in India, comprises of characteristics of saturated business and the scope for further expanding the market is very restricted. Hence, the rivals of companies operating in telecom industry have the lowest average abnormal returns. Therefore, it can be concluded that the impact of NPAs is more pronounced for the industries which are growing and is not so in those industries, in which saturation has been reached.

**Key Contributions**

Although many research papers exist that evaluate the impact of NPAs, none has specifically examined the impact of NPAs on the rivals of the companies that make these announcements in the Indian context. Further, the paper makes a comparison of the NPAs in different industries. The managers can come to know about the announcements that would assist their company in increasing shareholder wealth. Further, the study contributes in enhancing the knowledge and understanding of the analysts and investors towards the phenomenon of accrual of abnormal returns to the rival firms as the investors feel that the NPAs will boost the company’s market position and hence the company’s stock in future.

*References are available on request.*
How Seeing a Goal as Reachable Influences Escalation in New Product Decisions

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Keywords: new product development, escalation of commandment, goal setting, stopping rules

EXTENDED ABSTRACT

Research Question
New product development (NPD) is highly subject to the problem of escalation of commitment (Schmidt and Calantone 2002). In order to reduce the disastrous effect of escalation of commitment, scholars argue that setting a stopping rule or using new decision makers at the time of go/no go decision can reduce the likelihood of escalation of commitment effectively (Boulding, Morgan, and Staelin 1997; Brockner, Shaw, and Rubin 1979; Simonson and Staw 1992). In order to better understand whether setting a stopping rule or using new decision makers works, imagine the following scenario: Suppose that a company launched a new product two years ago and estimated that the market share would be 20%. The company now evaluates the project. Would decision makers stop the project if the company only captured 9% market share? Would decision makers stop the project if the company achieved 9% market share but the stopping rule is 10%? Would the original decision maker and new decision makers differ in their decisions? No studies in escalation of commitment have investigated these questions. Based on goal-setting theory, this paper investigates how decision makers would evaluate new products when negative feedback is very close to the stopping rule.

Method and Data
The study is based on a 2 x 2 between subject factorial design (responsibility, yes or no; stopping rules, yes or no). Eighty-three students from the weekend MBA program at a South-Eastern public university participated in the study. The stimuli was adapted from that used in Boulding, Morgan, and Staelin (1997) and Bialogorsky, Boulding, and Staelin (2006). Subjects were asked to work on the Quality Valve Company (QVC) Case. The cases briefly described the history of the company, the primary competitor (Great Lake Valve Company), and the market.

The case consists of two sections. In the Section 1, after reading the brief information regarding the case and QVC, participants read the project summary which includes investment, market and competition, key assumptions (four uncertainties: market growth rate, QVC’s initial market share, loss of market share, and effect of great lakes company’s new product on QVC’s market share), and financial forecast. In the section 2, participants were told that two years have passed since QVC launched the project, therefore they were asked to look (relook) the project. Next, actual results were given to the participants. Finally, participants were asked to make a go or no go decision.

Summary of Findings
Both responsible and non-responsible participants are more likely to perceive the performance of the new product as less negative and believe that objective can be reached when facing a stopping rule than when facing no stopping rule. Moreover, responsible participants are more likely than non-responsible participants to perceive the performance of the new product as less negative and believe that objective can be reached. Therefore, when facing a stopping rule and a minor negative discrepancy, participants tend to continue the project no matter whether they are responsible for the project or not. Therefore, setting a stopping rule does not reduce the problem of escalation of commitment when the negative feedback is close to the stopping rule. Using new decision makers at the time of go/no go decision may not reduce esca-
lation of commitment when there is a stopping rule and a minor negative feedback.

**Key Contributions**

This study contribute to the literature by showing that setting a stopping rule may not reduce escalation of commitment because the stopping rule may mitigate the perception of negative feedback when the negative feedback is close to the stopping rule; further, the stopping rule may be a facilitator of escalation when the negative feedback is close to the stopping rule. Moreover, this study also suggests that non-responsible decision makers are still subject to the problem of escalation of commitment when there is a stopping rule and the negative feedback is close to the stopping rule.

Biologorsky, Boulding, and Staelin (2006) found that it is not responsibility but improper use of initial positive beliefs in the face of negative new information that drives the escalation of commitment. However, my findings show that it may not be prior beliefs about the project but a driving belief that the goal can be reached that forces the escalation of commitment.

*References are available on request.*
Manufacturer’s Optimal Advertising and Product Line Strategies in the Presence of Anonymous Online Resellers

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Keywords: product line design, online reseller, capacity constraint

EXTENDED ABSTRACT

Research Question
The marketing literature regarding the effects of online resale has mostly focused on consumer resale and non-anonymous e-tailers, and has not considered the effects of online resale on a manufacturer’s design of a product line. This paper differs from the previous literature by focusing on anonymous online resellers (or scalpers), and it intends to examine how the existence of scalpers may impact on a manufacturer’s product-line, pricing, and advertising strategies.

Summary of Findings
1. The presence of scalpers may benefit the manufacturer as well as the low-valuation consumers, but for the presence of scalpers to really benefit the manufacturer and the low-valuation consumers, scalpers must remain active with a strictly positive probability;

2. The optimal product line tends to be shortened but the average level of product quality tends to be higher in the presence of the scalpers; and

3. The presence of the scalpers induces the manufacturer to spend more on the advertising campaigns that target at the low-valuation consumers.

Key Contributions
We consider a manufacturer that is faced with capacity constraints and hence can supply only a limited quantity of each product item in a given period of time. The presence of the scalpers adds new constraints to the product-line design problem facing the manufacturer, but it may also enlarge the strategy space for the manufacturer if the manufacturer cannot credibly use random schemes in the absence of scalpers. Thus the presence of anonymous online resellers may or may not hurt the manufacturer, and it may even improve the product-line efficiency.

References are available on request.

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How to Overcome Passive Innovation Resistance—Examining the Effectiveness of Mental Simulation, Benefit Comparison, and Categorization Cues

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Keywords: passive innovation resistance, new product adoption, attitude formation, marketing instruments

EXTENDED ABSTRACT

Research Question
The sustained development and successful introduction of innovations continues to be of major concern for companies’ long-term success. However, empirical research points to high failure rates of innovations, indicating that most new products fail as they are rejected by consumers due to their resistance to innovation. Several studies have confirmed the importance of passive innovation resistance as dominant barrier, which has to be overcome before new product adoption can start. Yet, empirical evidence on how to overcome passive innovation resistance is still lacking. While prior research on measures to reduce market failures has focused on the effectiveness of marketing instruments in enhancing positive perceptions of innovation attributes, to the best of the authors’ knowledge there has been no attempt to evaluate the effectiveness of such marketing instruments in reducing negative effects of passive innovation resistance. This study intends to address this gap by evaluating the effectiveness of mental simulation, categorization cues and benefit comparison to reduce negative effects of passive innovation resistance on new product evaluation.

Method and Data
681 individuals participated in our study which uses an experimental design with marketing instruments as a between-subjects factor with four treatment groups: (1) a control group condition; (2) a categorization cue condition; (3) a mental simulation condition; and (4) a benefit comparison condition.

Summary of Findings
Our results confirmed that each of the selected marketing instruments is able to reduce negative effects of passive innovation resistance. Not considering the passive innovation resistance condition, mental simulation was confirmed as the most effective one in general. When considering the passive innovation resistance condition, mental simulation was found to be the most effective instrument for low and high levels of passive innovation resistance whereas benefit comparison was found to be most effective one for medium levels.

Key Contributions
While existent studies examined the effects of one marketing instrument or the other to enhance positive perception of innovation attributes, our study is the first to evaluate the effectiveness of these marketing instruments in reducing negative effects of passive innovation resistance. In terms of managing passive innovation resistance, our study thus offers several opportunities and implications for practitioners working in new product development and marketing to reduce negative effects of passive innovation resistance and enhance new product adoption.

References are available on request.

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Good Idea, Bad Idea? An Investigation of Positive and Negative Effects of Idea Contests

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Keywords: open innovation, idea contests, emotions, negative effects

EXTENDED ABSTRACT

Research Question
Idea contests have become a widely-used open innovation instrument to gather new product ideas. While existing literature has focused on such competitions from a companies’ perspective by addressing optimizations of their implementation, processes, and quality of contest outcomes, little empirical research has been devoted to a better understanding of this open innovation technique from a customers’ point of view. In addition, previous studies primary concentrate on the benefits of customer integration in innovation processes rather than on unintended negative side-effects (Lichtenthaler 2011; Romero and Molina 2011). However, according to sports psychology literature (e.g., Leimeister et al. 2009; Wilson and Kerr 1999), engaging customers in idea competitions could entail negative consequences, such as frustration and dissatisfaction.

Therefore, the aim of this research is threefold: First, in order to improve our knowledge of the effects of idea contests, we examine the impact of a successful and unsuccessful participation on three key performance figures; namely, purchase, word-of-mouth, and loyalty intentions. In a second step, we identify two contest specific design factors (i.e., effort of participation and appreciation of participation) which are able to reduce unintended negative effects whose relevance is confirmed, in a third step, by two follow-up studies.

Method and Data
To empirically confirm the expected positive and negative effects on purchase, word-of-mouth, and loyalty intentions, we conducted an online experiment (N = 215) with two between-subject conditions (successful vs. unsuccessful participation) and a control group (non-participation) involving a fictive recipe contest of an Italian restaurant. We investigated the influence of success of participation on the three key performance factors by means of three analyses of covariance followed by an examination of the mediating role of positive and negative emotions using partial least squares. Thereafter, we conducted three focus group discussions – each consisting of six participants – to discover contest characteristics that might prevent hosting companies from unfavorable effects. Finally, the relevance of the identified contest factors – i.e. effort and appreciation of participation – was confirmed by means of two follow-up experiments (study 3: N = 154, study 4: N = 141).

Summary of Findings
We empirically show that success of participation is as a key determinant in assessing participants’ reactions to both the outcome of idea contests and the hosting company. More specifically, our research demonstrates that successful participants are more likely to purchase the winning product, spread more word-of-mouth about the new product, and exhibit higher loyalty intentions toward the company than non-participating customers. Vice versa, unsuccessful contestants exhibit significant lower word-of-mouth and loyalty intentions when compared to non-participating customers. Further analysis detects that the consequences of success of participation on performance figures under consideration can be either completely or at least partially ascribed to the formation of positive and negative emotions. In addition, the results of both
follow-up studies confirm that the identified contest-specific parameters – i.e., effort and appreciation of participation – help contest hosting companies to avoid unfavorable side effects by diminishing the relationship between an unsuccessful participation and negative emotions.

**Key Contributions**

During the last decade, innovations have become more ‘democratic’ as ideas for new products no longer come from traditional research labs; instead, they originate from “anywhere and anyone” (King and Lakhani 2013, p. 41). This research calls attention to favorable and unintended unfavorable side effects of idea contests. To generate a better understanding of the negative effects, we focused on their underlying mechanisms and identified contest specific parameters that help to manage and to avoid potential unfavorable outcomes. In sum, our findings point out that companies that run idea contests to gather new product ideas in practice should be aware of the triggered emotions and adverse side-effects of this open innovation instrument. Especially our detailed investigation of the impact of contest specific factors on the relationship between unsuccessful participation and negative emotions highlights that specifications of effort and appreciation of participation should become central considerations to avoid or at least reduce unintended negative effects.

*References are available on request.*
The Integrative and Substitution Effects of Focal and Peripheral Vision on New Product Performance: Reconciling the Capability–Rigidity Paradox

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Keywords: peripheral vision, proactive market orientation, responsive market orientation, new product performance

EXTENDED ABSTRACT

Research Question
Product development executives tread a tightrope in seeking to reconcile a compelling strategic contradiction: how can we improve new product performance by exploiting innovation competencies (competence exploitation) while simultaneously mitigating the consequences of their rigidity by developing entirely new competencies (competence exploration). This so-called capability–rigidity paradox has received significant scholarly attention but extant explanations remain equivocal or partial at best. Although prior studies have investigated the learning capabilities that underlie the dynamics of the capability-rigidity relationship, these have examined exclusively insights derived from the firm’s focal vision (proactive and responsive market orientation). We contend that sole emphasis on focal vision may eclipse an equally valuable learning capability, that of peripheral vision (PVC). We therefore interrogate the mechanisms that lead to both capability and rigidity by tempering the firm’s emphasis on proactive and responsive market orientation with peripheral vision. We argue that the collective of focal and peripheral capabilities / orientations has important performance implications which are gradually realized through the ambidextrous duality of competence exploration – exploitation. We proceeded to model the relationships between PVC, proactive market orientation (PMO), responsive market orientation (RMO), competence exploration – exploitation and new product program performance (NPP). In addition, we test for PMO and RMO differential moderating effects on the relationship between PVC and competence exploration-exploitation.

Method and Data
We generated data from a mail-administered survey of firms based on a number of countries, spanning a cross section of industries. The effective response rate achieved was 30.8% and resulted into 154 useable completed questionnaires. For the purposes of the current study, we adopted and adapted the measure of PVC as developed by Day and Schoemaker (2006b). We employed validated, refined and empirically supported scales for RMO, PMO, competence exploration and competence exploitation (Atuahene-Gima et al. 2005; Deshpande and Farley 1998). NPP performance was specified as the main dependent variable in the model. The validity and reliability of our measures was examined by confirmatory factor analysis (CFA) using AMOS 18.0. The model converged with an acceptable fit. Two interaction terms (PMO * PVC and RMO * PVC) were also specified using the residual centering approach (Little et al. 2006; Steinmetz et al. 2011) and subsequently tested. We estimated a single structural equation model, which contained all hypothesized relationships. Model fit statistics indicated good fit (Dixon et al. 2001; Matsuno and Mentzer 2000): $\chi^2/df = 1.455$; degrees of freedom [d.f.] = 1107; RMSEA = .055; CFI = .912; IFI = .914 and incremental fit index TLI = .903.

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Summary of Findings
We modeled and tested the relationships between PVC, PMO, RMO, competence exploration – exploitation and NPP performance. With the exception of two interaction term hypotheses, results from the estimated structural model show strong support for all hypothesized relationships.

PVC and PMO were found to have a positive effect on both competence exploration and exploitation. Results also showed that competence exploitation benefits from RMO. As hypothesized, RMO was found to have a differential (negative) effect on competence exploration. Competence exploration and exploitation in turn positively influence NPP performance. Results obtained indicate that firms with high levels of peripheral vision capability, proactive and responsive market orientation, are able to trigger mediating organizational elements and capabilities and become more successful introducing (launching) new products in their target (focal) markets as well as running the programs necessary for developing new products for both focal and peripheral markets. The differential effects of focal and peripheral vision were tested further through specification of moderated relationships. RMO and PMO were found to have a negative and positive moderation effect respectively on the relationship between PVC and competence exploitation. In contrast, Focal vision components have a direct and differential effect on competence exploration without any further moderating effect.

Key Contributions
We identified a series of integrative effects where certain learning capabilities become mutually reinforcing in leading to both competence exploration and exploitation. However, we also revealed interesting substitution effects between focal and peripheral vision dimensions of learning capabilities that offer fertile avenues for future research and managerial agenda setting.

Our research makes a number of contributions to the product innovation, market knowledge diffusion, and organizational ambidexterity literature. First, we introduce the construct of PVC and incorporate it as a vital extension of the responsive – proactive MO in order to explore the ensuing NPP outcomes. Second, unlike previous studies such as by March (2006), we consider organizational ambidexterity as encapsulating dualities of elements that can be pursued simultaneously (Gupta et al. 2006; Tushman and O Reilly 1996). Third, we introduce a broader resource and attention based perspective by considering the direct and moderated differential performance implications stemming from the simultaneous pursuit of focal and peripheral vision. Fourth, we assume a holistic perspective and model a value chain which includes a collective of focal and peripheral vision elements as well as a number of differential effects and proceed to explore their interactions and the gradual realization of performance benefits.

References are available on request.
The Role of Firm Ownership Structure in Market Orientation–Innovation Link

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Rui Wang, Peking University, China

Keywords: ownership structures, innovation performance, market orientation, emerging markets

EXTENDED ABSTRACT

Research Question
Successful innovation not only helps a firm achieve competitive advantage; it also makes a significant contribution to the firm’s survival, growth, and financial success (Gatignon and Xuereb 1997; Grinstein 2008). Marketing scholars suggest that market orientation (MO) enhances innovation consequences (e.g., Han, Kim, and Srivastava 1998; Hurley and Hult 1998; Im and Workman 2004; Kirca, Jayachandran, and Bearden 2005). Although MO plays a pivotal role in the new product innovation process, the empirical evidence about the positive effect of MO on innovation is not consistent in the literature. This inconclusiveness motivates further research to investigate the potential moderating variables in order to explain the instable relationship between MO and innovation (e.g., Dibrell, Craig, and Hansen 2011; Grinstein 2008; Wei and Atuahene-Gima 2009, etc.).

Internal organizational structure is regarded as one of the most important complementary resources for organizational strategy’s success (Chandler 1962; Miller 1988; Olson, Slater, and Hult 2005). For example, ownership structure must fit with corporate strategy in order to have performance improvement (e.g., Kor and Mahoney 2005; Thomsen and Pedersen 2000). Given the critical role of ownership structure in the corporate strategy-performance link, our main research question is: does ownership play a moderating role in the relationship between MO and innovation performance? In this study, we posit that ownership structures (i.e., identity of the dominant shareholder, managerial ownership, and ownership concentration) may play moderating roles in the relationship between market orientation and innovation performance.

Method and Data
We use secondary-source data collected from several reliable sources covering a large number of Chinese manufacturing firms. One is the Database of Industrial Enterprises (hereafter referred to as Census data) released by the National Bureau of Statistics of China (NBSC), which includes all manufacturing enterprises except very small-sized enterprises. According to NBSC, the accuracy of the information in the census has been carefully checked. Statistics based on this database have been widely used by academics in management studies (e.g., Li and Park 2006; Zhou and Li 2008). Another data source is the database of SinoFin-CCERTM provided by the Chinese Center of Economic Research (CCER), which provides information on all publicly-traded firms in China. Finally, we collected data of MO by conducting a content analysis of the annual reports of listed firms in China. Annual reports are formal corporate communications most commonly examined in previous marketing research (e.g., Noble, Sinha, and Kumar 2002; Yadav, Prabhu, and Chandy 2007). Merging these data sources enabled us to assemble a unique dataset for this study. The sample is composed of 242 companies across 29 two-digit coded industries.

Summary of Findings
The findings provide a new understanding of why the effect of MO on innovation is not stable in previous studies and how firm ownership structures may affect this relationship. We found that the effect of MO on innovation performance is conditional on a complementary organizational factor, the relevant design of ownership structure, in the context of publicly-traded firms in emerging markets. Three different ownership structure designs (i.e., identity of the dominant share-
holder, managerial ownership, and ownership concentration) play significant moderating roles in the relationship between MO and innovation performance. Our results indicate that, in order to achieve high innovation performance, firms should orchestrate their implementation of MO with a properly-designed ownership structure. Thus, our findings confirm that firms can be organized for the full exploitation of MO’s performance outcomes (Zhou et al. 2008). Organizational factors can exert great influence over the success of MO, because they shape the firm’s relative emphasis placed on MO (Jeong, Pae, and Zhou 2006) and work along with MO to promote the firm’s receptivity to new ideas and innovation (Hurley and Hult 1998).

**Key Contributions**
The goal of this study is to enrich marketing strategy literature by demonstrating the moderating role of firm ownership structures in the MO-innovation performance link. Based on agency theory, agency problems exist in firms due to conflicting perspectives or incongruent goals, and different risk or effort preferences between the principal (owner) and the agent (managers). However, proper firm ownership structure design may solve the principal-agent problem and control the agent’s behavior.

Whether and how different ownership structure designs can change the effect of MO on innovation performance has not been considered in previous literature. This study’s findings provide critical, novel insights into how shareholders of firms should adjust ownership structures in order to effectively implement MO and achieve superior innovation performance. The significant interaction findings of this study suggest that certain ownership structures may help MO to create a high level of innovation performance, whereas other ownership structures may inhibit MO’s effect and reduce innovation performance.

*References are available on request.*
Part K
Personal Selling and Sales Management

Track Chairs
Manfred Krafft, University of Munster
Jan Wieseke, Ruhr University of Bochum

Sales Force Management and Performance
Examining the Impact of Adapting Too Much Technology on Salesperson’s Role Expectation and Technology Utilization
Duleep Delpechitre, Stacey Schetzsche
Labor Markets, Compensation Structure, and Turnover of Sales Forces
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Managerial Influence on Salesperson Creativity and the Downstream Effects on Salesperson Performance
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Intra- and Interorganizational Issues in Sales Management
Understanding the Joint Effects of Service Climate, Transactional Sales Climate, and Climate Consensus on Service Quality and Sales Performance
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Examining the Impact of Adapting Too Much Technology on Salesperson’s Role Expectation and Technology Utilization

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Keywords: technology overload, role expectation, role stress, role conflict, technology utilization

EXTENDED ABSTRACT

Research Question
Technology use has impaired the cognitive limitation of humans through increased information storage, processing, and retrieval capabilities and the use of the Internet (Farhoomand and Drury 2002; Ho and Tang 2001). A study examining manager use of technology in the workplace found 72% of the respondents believe that overuse of technology leads to loss of time, delays, mistakes, and nonperformance (Farhoomand and Drury 2002). As a consequence of this, both researchers and practitioners are interested in understanding the motivational factors of salespeople in adapting technology in a way that would attain organizational goals and objectives (Hunter and Perreault 2007). Many researchers have examined how to influence salespeople to adopt technologies effectively in order to improve their routine daily activities.

However, little research has been conducted examining the negative repercussions arising from an individual’s interaction with technology (Singh 2000). Building on those needs, the purpose of this study is to examine the impact of technology overload on salespeople’s role expectations and its consequences on salespeople’s effort to utilize the technology.

Method and Data
Two hundred and seventy one salespeople from a U.S. based company were recruited for the study. The study was conducted after 4 months of introducing new SFA software. Salespeople had the freedom to choose the extent to which they would utilize the available technologies, however all salespeople were required to participate in the training programs. 19 surveys were deleted after the data purification process, resulting in 252 usable responses.

All constructs were assessed using items from established scales. As suggested by Anderson and Gerbing (1988), a two-step procedure was used. The measurement model was first validated with the AMOS 18 program. Using the modification indices from the AMOS output, items were identified which had high cross-loadings. If both modification indices and reliabilities suggested that an item should be removed from the model, the item was deleted. 3 items from the role ambiguity scale, 1 item from the role conflict scale, and 4 items from the technology overload scale were removed. 252 respondents were used to test the model which included 4 constructs and a total of 20 items. Results of the final measurement model suggested good model fit (DOF=156; Chi-Square= 358; RMSEA= .072; CFI=.96; and SRMR=.051). After the measurement model was validated, the structural model was used to evaluate the relationship among the latent variables. The structural model provided sufficient fit (DOF=157; Chi-Square=358; RMSEA=.072; CFI=.96; and SRMR=.05).

Summary of Findings
Considering the impact technology overload has on salespeople’s role stress, the study found that overload of technology has a significant positive impact on salesperson’s role ambiguity and role conflict. Results showed that role stress has a negative impact on the amount of effort salespeople would invest on utilizing technology. Role ambiguity and role conflict was found to have a negative relationship...
with the amount of effort salespeople would invest in using technology in the work place. Technology overload also was found to have a negative effect on salesperson’s effort in utilizing technology at work. Salesperson’s age was found to have no significant relationship with role ambiguity and effort investment on using technology; however age was found to have a significant negative relationship with role conflict. Number of years salesperson has worked for the current company had a significant positive effect on salesperson’s role ambiguity and role conflict. Salespeople’s experience with the company had no significant relationship with the amount effort they would invest in using technology. Facilitating conditions was found to have a significant positive relationship with role ambiguity and effort; however no significant relationship between role conflict was found.

**Key Contributions**
Management need to regulate the availability of information, communication, system tools and technology with their salespeople carefully. For example, when adapting technology it would be prudent to only invest in technology that offers simplistic features and have a direct influence on salespeople’s activities to eliminate extra bloated features. It would also be beneficial for companies to customize technologies for their salespeople rather than implementing canned prepackaged technologies and software. Technology changes frequently, hence companies have to keep up with new technological advancements by implementing new and improved tools which require salespeople to learn more technology jargon. Companies that develop technology should be more cognitive of this and be consistent in using the same technology terms over different sequences of updates and improvements. Managers should create social norms within the company that discourage use of technology, such as communication and technology devices, outside work hours to minimize unnecessary interruptions to their personal home lives caused by overuse of the technology.

*References are available on request.*
Labor Markets, Compensation Structure, and Turnover of Sales Forces

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Keywords: salespeople, dysfunctional turnover, compensation dispersion, regional concentration, high performers

EXTENDED ABSTRACT

Research Question
As recent reviews in sales literature have indicated, Sales force turnover and retention research is of great priority for sales scholars. A main part of turnover research investigates the topic in general terms. However, in recent years researchers have called for differentiation between functional and dysfunctional turnover. Previous research shows that dysfunctional turnover is a major problem in sales organizations and a considerable number of high performing salespeople quit unpredictably, undermining sales volume. Naturally, sales organizations would like to minimize dysfunctional turnover and retain their valuable salespeople while inducing functional turnover. However, research on antecedents and consequences of functional and dysfunctional turnover and the mobility of high or low performing salespeople - is relatively scarce. Moreover, research on compensation structure and incentive setting of sales people have been rarely linked to other factors that play a role in functional and dysfunctional turnover of salespeople. In this study we seek to explore the effect of a human capital isolating mechanism i.e. geographic concentration of salespeople, to the compensation structure of sales organizations and functional/dysfunctional turnover of salespeople.

Method and Data
Our data extract consists of matched employee-employer dataset of sales organizations with more than 5 salespeople in France between 2004 and 2007. After aggregation of individual level data to organization level, the final data set consist of an unbalanced panel of more than 90000 organization-year observations.

Dependent Variable
To measure compensation dispersion we use the coefficient of variance of compensation in each sales organizations.

Mediating Variables
Turnover of high, middle and low performers for an organization are measures of proportion of the salespeople in each category in each organization that exit the organization in the respective year.

Independent Variable
Concentration is the ratio of number of sales people in a region to the total number of salespeople in France in year t. We use OLS and GLS models with robust standard errors, and industry and year fixed effects to test our hypotheses. We use a product of coefficients technique – Sobel and Goodman – to test for the mediation effect.

Summary of Findings
We find that by being located in regions with low concentration of salespeople, organizations can mitigate dysfunctional turnover; however, this will come at the cost of lower functional turnover and greater compensation dispersion. Conversely, organizations may benefit from matching advantages of occupationally concentrated areas by finding their best fit of salespeople and at the same time keep the compensation dispersion low.

Key Contributions
By adding geographic concentration of salespeople and the turnover of high, middle and low performers to the equation.
of compensation structure of salespeople, we add to the salesforce compensation literature that has mainly been focused on agency theory and incentive setting. We also contribute to turnover literature by simultaneous consideration of a matching of salespeople with organizations and compensation structure.

References are available on request.

Acknowledgments
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Managerial Influence on Salesperson Creativity and the Downstream Effects on Salesperson Performance

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Keywords: salesperson creativity, salesperson performance, relational orientation, transactional orientation, job satisfaction

EXTENDED ABSTRACT

Research Question
The primary focus of this study is on supervisory influence and its impact on salesperson creativity. Sales managers influence salesperson behaviors as they explicitly and implicitly define the performance expectation of their salespeople. Hence, managers can affect salesperson creative behaviors. We argue that salespeople look to their managers for important information regarding how to appropriately deal with customers.

This research examines the link between a salesperson’s perception of their manager’s relational and transaction orientation (e.g., supervisor’s priorities) and the influence this has on salesperson creativity. We propose that salesperson perceptions of their supervisor’s orientation will impact the way the salesperson conducts their respective duties. For instance, a supervisor with a transactional perspective would focus on discrete exchanges while a supervisor holding a relational perspective focuses upon longitudinal nature of exchanges. We argue that the supervisor’s relational orientation will enhance a salesperson’s creativity while the supervisor’s transactional orientation will restrict a salesperson’s creative endeavors.

This study also examines the job outcomes associated with salesperson creativity. Specifically, the proposed model incorporates multiple aspects of salesperson job outcomes such as behavioral (i.e., effort), attitudinal (i.e., job satisfaction), and output-based (i.e., service performance, as perceived by their manager).

Method and Data
To test our model, we use dyadic data between salespeople and their managers at a financial service firm in India. All of the measures used in the study were sourced and adapted from existing and validated measures within the literature. Multi-item, seven-point Likert scale scales were used to measure the constructs in the study. The survey instrument was distributed to and collected from the sales force manually. Next, we gathered salesperson performance outcome ratings from their supervisors. Specifically, supervisors reported their salespeople’s service performance ratings. Overall, the dataset consists of dyadic data for 134-salespeople-to-17-supervisor dyads. Respondents were mainly male (84%), averaged of 28.5 years of age, and had an average work experience of 5.25 years. All respondents reported to have at least a college degree.

We used a confirmatory factor analysis to examine the measurement model and found an adequate measurement model. In terms of the measurement properties of the scales, composite reliability range and average variance extracted range meet the necessary cutoffs suggested by the literature. We examined and assessed the relationships in our conceptual model by using structural equation modeling. Specifically, we utilized EQS software and used the elliptically reweighted least square method (ERLS).

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Summary of Findings
We found support for our first hypothesis that sales managers’ relational orientation is positively related to salesperson creativity. For our second hypothesis, however, we did not find a negative relationship between sales managers’ transactional orientation and salesperson creativity as hypothesized. Instead, we found a significant positive relationship between the two constructs. Next, we examined the relationship of salesperson creativity on three salesperson outcomes. Creativity was found to have a positive effect on salesperson job satisfaction, effort, and service performance, providing support for our third, fourth, and fifth hypotheses respectively.

Post-hoc analysis revealed an interaction effect between relational and transactional orientation on salesperson creativity. A plot of this interaction suggests that a low transactional orientation effectively enables a relational orientation to flourish. For those supervisors that attempt to push transactions on their salespeople, the positive effect of relational orientation on salesperson creativity appears to be stymied.

Key Contributions
Our examination of salesperson creativity on job outcomes provides a number of contributions to scholars and practitioners. Empirical support for the link between creativity and job satisfaction should have special significance considering some management studies use job dissatisfaction, in certain situations, as a driver for employee creativity. This stream of research suggests that employees would instead channel their dissatisfaction into productive action for change. However, we expected our study to demonstrate that salesperson creativity will channel into positive job fulfillment. As this link was supported, future research might explore experimental lab or field data to reject or accept this proposed relationship.

Further, selling is generally recognized as one of the most competitive jobs where ‘giving up’ is simply not an option. By finding the link between creativity and effort, we suggest a major implication for managers. Facilitating a creativity-enabling environment should not only help salespeople enhance their performance but should also fuel their work intensity and time commitment. Our model leaves great latitude for continued/extended study in this regard. These findings certainly enhance our understanding of this critical concept of salesperson creativity.

References are available on request.
Absolute Verus Relative Sales Failure

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Keywords: sales failure, job satisfaction, organizational commitment, turnover, sales and sales management

EXTENDED ABSTRACT

Sales organizations are constantly monitoring the performance of the sales force and the resulting impact on numerous organizational outcomes. Receiving considerably less attention, but of equal importance, sales organizations are also concerned with the impact of salesperson failures (Morris, LaForge, & Allen, 1994). Monitoring sales failure is essential to maintaining the sales force and safeguarding corporate profitability (Mallin & Mayo, 2006). The purpose of this research is to understand the relative impact of two assessments of sales failure – absolute and relative. Specifically, this study investigates how salesperson attitudes and behavioral intentions may be adversely and uniquely influenced by their level of absolute failure (i.e., percentage of calls ending in failure) versus relative failure (i.e., compared to their peers).

This research adds to the body of knowledge on sales failures by conceptualizing the two forms of failure assessments and hypothesizing differential effects on salesperson satisfaction, commitment, and turnover. Further, the research also assesses the impact of company-related and individual salesperson resources which may mitigate the negative consequences of these different forms of failure. Findings from the moderated relationships allow organizations to properly support their sales force in order to manage the human resource impact of sales failures.

Research Question

Lost or failed relationships can represent a substantial source of stress and displeasure. The results may decrease job satisfaction, decrease organizational commitment, and increase turnover intentions. Thus, the study of sales failures allows organizations to create a healthier climate for salespeople to deal with the accompanying adverse effects (Dubinsky, 1999). Based on evidence from the extant literature, the following hypotheses are proposed and tested:

H1: Salesperson (a) job satisfaction, (b) organizational commitment, and (c) turnover intentions are affected to a greater extent by absolute sales failures than relative sales failures.

H2: Perceived organizational support attenuates the effect of absolute sales failures on salesperson (a) job satisfaction, (b) organizational commitment, and (c) turnover intentions.

H3: Perceived supervisor support attenuates the effect of absolute sales failures on salesperson (a) job satisfaction, (b) organizational commitment, and (c) turnover intentions.

H4: Salesperson experience attenuates the effect of relative sales failures on salesperson (a) job satisfaction, (b) organizational commitment, and (c) turnover intentions.

H5: Salesperson internal locus of control attenuates the effect of relative sales failures on salesperson (a) job satisfaction, (b) organizational commitment, and (c) turnover intentions.

Method and Data

To examine the comparative effects of absolute and relative sales failure as well as assess organizationally-dependent moderators, inter-organizational variance in the sample was required. To facilitate this goal, the sample was collected through an online respondent panel. Six hundred and twenty-six (626) salespeople from numerous organizations

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and industries participated in the study. The average age of
the salespeople responding was 46.1 years, the average sales
experience was 14.5 years, both B2C and B2B sales position
were represented (70.4% B2C; 29.6% B2B), and a fairly
equal representation of both genders was captured (52.5 %
female).

The two-stage approach was used to assess the data and test
the hypothesized model (Fang, Palmatier, & Evans, 2004).
Stage one consisted of a confirmatory factor analysis to
assess the measurement model, which indicated the model
fit the data well: χ² (413) = 1,266.46, p<.0001, CFI = .95,
RMSEA = .06, SRMR = .05, AOSR = .04 (Hu & Bentler,
1999) and all constructs showed good reliability. In stage
two, the proposed model paths were tested using EQS 6.1.
The structural model fit statistics indicated good fit: χ²
(190.91) = , p<.0001, CFI = .94, RMSEA = .07, SRMR = .04,
AOSR = .03 (Hu & Bentler, 1999).

Summary of Findings

Results show that salesperson job satisfaction (H1a:
absolute, β= -.15, p<.05; relative, β= -.01, p>0.05) and
turnover intentions (H1c: absolute, β= .17, p<.05; relative,
β= .06, p<.05) are affected to a greater extent by absolute
sales failures than relative sales failures, but organizational
commitment (H1b: absolute, β= -.08, p<.05; relative, β= -
.10, p<.05) is not. Perceived organization support attenuates
the effect of absolute sales failures on salesperson job satis-
faction (H2a: β= -.09, p<.05) and organizational commitment
(H2b: β= .09, p<.05), but not turnover intentions (H2c: β= .01,
p<.05). Perceived supervisor support was not found to
attenuate the effect of absolute sales failures on salesperson
job satisfaction (H3a: β = -.12, p < .05), organizational com-
mitment (H3b: β= -.04, p>0.05), or turnover intentions (H3c:
β= .04, p>0.05). Salesperson experience was found to atten-
uate the effect of relative sales failures on salesperson organi-
izational commitment (H4b: β= .07, p<.05) and turnover
intentions (H4c: β= -.08, p<.05), but not job satisfaction
(H4a: β= .04, p>0.05). Lastly, salesperson internal locus of
control was found to attenuate the effect of relative sales
failures on salesperson organizational commitment (H5b: β= 
.17, p<.05) and turnover intentions (H5c: β= -.06, p<.05),
but not job satisfaction (H5a: β= -.01, p<.05).

Key Contributions

Understanding sales failures is an important topic for sales-
persons and sales organizations alike given the challenges of
succeeding in an increasingly competitive marketplace and
the benefits derived from accurate attribution assessments.
This research contributes to the conceptualization of sales
failure and the growing body of knowledge by introducing
absolute sales failure and relative sales failure. The assess-
ment of absolute and relative sales failure also provides a
basis for understanding and managing the negative impact
on the human resource makeup of the organization. This
research empirically supports the theoretical position that
absolute sales failure has a comparatively stronger impact on
organizationally relevant outcomes than relative sales failure
(e.g., job satisfaction, turnover intentions).

This research further extends theory on this important topic
by adding a contingency perspective on the effects of failure
types on salespeople’s attitudes and intentions. First, the
company-related variable of POS proved impactful in attenu-
ating the negative relationships between absolute sales fail-
ure and job satisfaction and organizational commitment,
Second, the individual-related variables of salesperson
experience and locus of control attenuate the negative
impact of relative sales failure on organizational commit-
ment and the positive impact on turnover intentions.

References are available on request.
Understanding the Joint Effects of Service Climate, Transactional Sales Climate, and Climate Consensus on Service Quality and Sales Performance

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Keywords: service climate, transactional sales climate, climate consensus, service quality, sales performance

EXTENDED ABSTRACT

As economic and competitive pressures escalate, firms are prone to emphasize both customer service quality and sales productivity in managing their employees. This phenomenon is known as service-sales ambidexterity because service quality and short-term sales are often perceived as incompatible and conflicting goals. This study draws on expectancy theory and cognitive appraisal theory to better understand the mechanisms through which service-sales ambidexterity affects perceived service quality and sales performance.

Research Question

This study focuses on three research questions. Our first research question asks: will a service-sales ambidextrous strategy boost or detract from sales performance? Due to the inherent trade-off entailed by service-sales ambidexterity, service employees may experience job stress in the simultaneous pursuit of service and sales goals. Recent research suggests that workplace competitive climate provides an important contextual cue in facilitating the ambidextrous adaptation process leading to favorable job outcomes. Therefore, our second research question asks: To what extent can competitive climate moderate the potential deleterious effect of service-sales ambidexterity? Third, climate consensus (indicated by the variance in group members’ climate perceptions, whereby a lower within-group variance reflects a higher level of climate consensus) has been largely neglected with little empirical exploration in the literature.

In this study we also investigate the extent to which the relationship between aggregate climate perceptions and service quality may vary at different levels of climate consensus.

Method and Data

We collected data from a random sample of 174 pharmaceutical retail stores across major cities in China. Coded surveys were used to allow for the identification and matching of the triadic data. We received usable data from 449 employees and 466 completed surveys from customers; store managers provided sales performance data for all employees. We evaluated the measurement model using confirmatory factor analysis in EQS 6.1 and chose partial least squares (PLS) to test our conceptual framework. Following recent marketing research, we multiplied standardized indicators of independent and moderating variables to create latent construct interactions in PLS. We followed the two-step latent score construction procedure in PLS to create the three-way interaction among service climate, transactional sales climate, and competitive climate.

Summary of Findings

The hypotheses testing show a negative interactive effect of transactional sales climate and service climate on service quality. Specially, at a low level of transactional sales climate, high service climate has a more positive relationship with service quality than at a high level of transactional sales climate. We also find a significant and positive three-way interaction
among competitive climate, service climate, and transactional sales climate on service quality. It indicates that transactional sales climate will significantly mitigate the positive effect of service climate only when competitive climate is low; when competitive climate is high, transactional sales climate will not significantly weaken the positive effect of service climate. Contrary to our expectation, we find that high transactional sales climate is actually more positively related to service quality when transactional sales climate consensus is high than when transactional sales climate consensus is low. In addition, we find that service climate has a positive relationship and transactional sales climate a negative relationship with customers’ perceived service quality. Finally, as we expected, service quality is positively related to sales performance.

**Key Contributions**

Our study suggests that pursuit of the service-sales ambidextrous strategy does come with a cost in terms of customer service quality, but such negative pattern can be curtailed if management cultivates a highly competitive climate in the work environment. In addition, if a high transactional sales climate is the strategic choice of the organization, managers should ensure that all employees endorse and practice such behavior in a consistent fashion during customer interactions in order to maintain an acceptable level of perceived service quality and subsequent sales performance.

*References are available on request.*
The Dynamics of Intra-Organizational Sales Network

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Keywords: intra-organizational, sales force, social network analysis, longitudinal

EXTENDED ABSTRACT

Research Question
Considering the sales intra-organizational network, it is key to understand a particular dynamic status for two reasons. First, social networks are always evolving due to relational changes (Doreian and Stokman, 1997; Snijders, 1996). Second, sales people have the need to adapt to the ever changing conditions of the environment and the firm (Geiger and Guenzi, 2009; Jones et al., 2005). The question then is: how does the social network of salespeople evolve over time? The aim of this paper is to contribute to the growing body of research on intra-organizational studies of sales management, investigating how the patterns of interaction amongst sales people may be expected to evolve over time. The analysis focuses on the structural and relational dynamics of networks. Our hypotheses uncover these two distinct levels of analysis, be the within salespeople (Hypotheses 1-4) and across networks (Hypotheses 5 and 6).

Method and Data
We tested our hypotheses with evidence collected in a longitudinal survey format. The respondents, salespeople, are part of a business-to-business firm that distributes a broad mix of industrial products (e.g., equipment, chemical supplies, technical services). The 34 salespeople of the firm responded the questionnaire administered in three waves at the beginning of every next sales year. A name-generating questionnaire was employed following prior measures of intrafirm network for friendship (Podolny & Baron, 1997) and work related issues (Krackhardt & Stern, 1988). We use an actor-based approach that models the co-evolution of several social networks and behavioral dynamics to estimate in a Simulation Investigation for Empirical Network Analysis (SIENA) (Snijders et al., 2010).

Summary of Findings
This paper unravels how sales force networks are expected to evolve over time, investigating in particular the relational strategies used by individual sales people to enhance their sales performance. First, when analyzing the evolution of the overall sales force in a firm, we found that salespeople tend over time to form selective, trustworthy and intimate, reciprocated, non-similar and closed networks. Second, analyzing network evolution for top performers versus low performers, networks of high performers followed exactly the path taken by the firm and the sales force as a whole. The main difference with low performers is the intensity of changes in pattern as top performers tend to intensify the selectivity, intimacy, ties to high performers and closed networks. Finally, the analysis of the evolution of networks and potential association with increasing performance lead to a third important implication for management: particular patterns of dynamics in the formation, maintenance and discontinuing of network ties by individual salespeople were identified. We identified a particular strategy to manage networks: salespeople with increasing sales invested in the work related direct ties and not being reciprocated in the friend ties. Additionally, these increasingly top performing sales individuals reduced ties with friends that were connected.

Key Contributions
This paper contributes to the growing body of research on intra-organizational sales studies and sales effectiveness, focusing on salespeople’s internally oriented behavior. We investigate how the patterns of interaction amongst sales people may be expected to evolve over time. We also analyze how specific structural network characteristics and con-
nected relational dimensions may condition the success of KT processes amongst sales team members. We show how social network analysis is a useful tool to understand the networking strategies adopted by salespeople and which seem to condition their sales effectiveness.

Practitioners are provided with a clearer view on the type on networking strategy that lead to model sales performance. Moreover, practitioners become aware of how difficult it is for low performing sales people to get access to the expertise held by top performers. Mechanisms can this way be put into place by the management team in order to promote a stronger interaction between the two groups of salespeople, contributing to the management of these internal networks in order to enhance the sharing of best practices and to increase the effectiveness of knowledge transfer within sales forces.

References are available on request.
The Role of Customer-Related Knowledge and Intrafirm Networks on Account Manager Performance

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Keywords: salesperson performance, intrafirm networks, cognitive knowledge structures

EXTENDED ABSTRACT

Research Question
The purpose of our research is to examine the account manager knowledge characteristics and intrafirm social network structures that distinguish high- versus low-performing account managers. We explore the research question in two phases. In phase 1, we conduct an exploratory qualitative study designed to reveal the knowledge characteristics and intrafirm network structures that drive account manager performance. Next, in phase 2, drawing on the results from Phase 1, we develop and test hypotheses that identify the ways in which intrafirm networks and customer-related knowledge work together to enhance account manager performance.

Method and Data (Phase 1)
A Fortune-500 global transportation services firm provided the context for our research. Face-to-face, one-hour depth interviews were conducted with 57 account managers. The interview protocol elicited the (1) customer-related knowledge structures, and (2) intrafirm networks of account managers. Using a grounded theory approach, judges coded the transcripts and recorded the two dimensions of customer related knowledge: (1) customer-need knowledge, and (2) customer performance knowledge. To elicit the intrafirm network, account managers were asked to identify individuals “within your own company whom you rely on for information about your customers and the sales strategies that you use”.

Summary of Findings (Phase 1)
Results from one-way ANOVAs revealed several significant influences on account manager performance. Customer need knowledge refers to concepts in account managers’ knowledge structures that capture the buyer-supplier relationship objectives of a customer. High-performers (mean = 3.05) used customer need knowledge more often than low-performers (mean = .74). Customer performance knowledge is the connection between customer account characteristics or customer need knowledge to specific firm profit or revenue outcomes. High-performers exhibit more (mean = 4.5) customer performance knowledge in their cognitive maps than low-performers (mean = .16). Network size is the total number of contacts identified by the account manager in response to the name generating questions. High-performers maintained 2.53 contacts on average inside their workgroup, while low-performers averaged 1.26 contacts. High-performers maintained 4.26 contacts on average outside their workgroup, average-performs maintained 4.05, and low-performers averaged 1.84 contacts.

Method and Data (Phase 2)
A survey was administered to 297 account managers of a global services provider listed in the FTSE 100 Index. A response rate of 69% yielded 204 completed questionnaires. Performance was measured as annual sales and opportunity wins. Customer related knowledge was assessed by having key informants score the central service offerings based on the level of customer knowledge needed to sell them. The number of intrafirm ties to those outside sales included: marketing ties, product development ties, and higher-ranking ties. Go-between position was measured as the number of times an account manager links a fellow account manager to someone outside of sales.

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Summary of Findings (Phase 2)
Results from OLS regressions support the hypothesized direct effects. Customer knowledge positively affects performance (H1). A greater proportion of intrafirm ties to those in product development and higher-ranking positions positively drive performance (H2). Occupying a go-between position in the intrafirm network positively influences performance (H3). The interaction hypotheses were also supported. The effects of a go-between position on performance are enhanced when an account manager also maintains more ties to product development and higher ranking people (H4). The effects of customer related knowledge are enhanced when an account manager also maintains more ties to individuals in product development (H5).

Key Contributions
Our study is the first, to our knowledge, to demonstrate empirically that the effects of knowledge structure on performance are enhanced by the intrafirm networks that account managers maintain. First, we identify the key dimensions of customer-related knowledge that drive account manager performance. Customer needs knowledge and customer performance knowledge is central to effectively managing customer relationships. Second, the results demonstrate that the effects of customer related knowledge can be enhanced when combined with ties to individuals outside sales. This suggests that the ability to fully leverage the resources possessed by others outside of the sales function is predicated on an accurate understanding of customer needs and the causal relationships between customer characteristics and firm objectives such as profit. Third, this study helps to further clarify the role of social networks on performance, especially ties to individuals outside the sales function. The results show that the effects of go-between ties are contingent on the type of information that is gathered for exchange. Go-between ties are most effective for brokering knowledge gained from those in product development and high ranking positions.

References are available on request.
A fsQCA Study of Interorganizational Trust in Buyer–Seller Relationships: A Dyadic Approach

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Keywords: buyer–seller relationship, interorganizational trust, fuzzy set qualitative comparative analysis, dyadic

EXTENDED ABSTRACT

Research Question
Inter-organizational trust is a key characteristic of buyer-seller relationships. It is imperative for academics and practitioners to understand what causes this attribute in buyer-seller relationships. Previous studies have attempted to investigate the drivers of inter-organizational trust. However, these studies are dominantly based on monadic data collection (using data from only one side of the buyer-seller dyad) and fail to incorporate the other party’s perceptions and evaluations. Furthermore, most of these studies base their research designs on either traditional case analysis, or use correlation-based statistical techniques to test the suggested antecedents. The former approach relies on very small sample sizes, which does not provide the basis for generalizable conclusions. The latter approach neglects and overlooks identifying equifinal configurations and distinguishing between necessary and sufficient conditions driving buyer-seller relationship outcomes.

This study addresses these shortcomings answering the following research questions: What are the drivers of buyer and seller inter-organizational trust? What combinations of solutions affect the likelihood of the existence of inter-organizational trust in business relationships; and which ones affect non-existence of trust? Are there differences with regard to drivers of inter-organizational trust comparing and contrasting business buyers vis-à-vis sellers?

Method and Data
We use a dyadic research design with twenty-five dyadic buyer-seller datasets from companies in the UK; the research method is based on an analytical technique called fuzzy set qualitative comparative analysis (fsQCA) using a combinatorial analytical approach based on configuration theory. Across (the existence and non-existence of) inter-personal trust, the perception of the business partner’s opportunistic behavior, other party’s RSI, and of the relationship outcomes – which sets of alternative configurations maximize the likelihood of the existence or non-existence of inter-organizational trust in buying and selling companies?

We use a dyadic research design, which allows for an examination of configurations of important conditions of buyer’s as well as seller’s inter-organizational trust with data collected from the pertinent party. To examine the buyer’s inter-organizational trust we incorporate buyer-based inter-personal trust, perception of the seller’s opportunistic behavior, and buyer’s performance with data collected from the buying company, and RSI of the seller with data collected from the selling company. Similarly, to examine configurations of conditions of seller’s inter-organizational trust, we incorporate seller-based inter-personal trust, perception of the buyer’s opportunistic behavior, and seller’s performance with data collected from the selling company, and the buyer’s RSI with data collected from the buying company.

Summary of Findings
The buyer’s inter-organizational trust can be a result of different combinations. Inter-organizational trust by the buyer can be caused by high buyer performance combined with non-existence of seller’s opportunistic behavior. The same result can be achieved via sellers’ high RSI in the relation-
ship combined with either high inter-personal trust or low seller’s opportunistic behavior. Non-existence of RSI of the seller contributes to non-existence of buyer’s trust. It can be combined with either non-existence of inter-personal trust or non-existence of performance. Also, when there exists seller’s opportunistic behavior and there is non-existent of inter-personal trust, the seller’s non-existence of RSI will contribute (as a peripheral condition) to drive non-existence of inter-organizational trust.

The combination of the existence of inter-personal trust and non-existence of opportunistic behavior, combined with (peripheral conditions of) especially high relationship performance (all perceived by the seller) or alternatively non-existence of the buyer’s relationship-specific investments (perceived by the buyer) drive seller’s inter-organizational trust. In addition, high relationship performance combined with seller’s inter-personal trust (as core conditions) and the buyer’s RSI (as a peripheral condition) drive seller’s inter-organizational trust.

**Key Contributions**

Main findings of the study are that (seller’s) RSI and inter-personal trust are not sufficient by themselves to induce the buyer’s inter-organizational trust; the causal configuration seen most often is outcome (buyer’s relationship performance) driven when there is also no opportunism. In cases where RSI drives inter-organizational trust, this must be complemented by the absence of opportunism or by interpersonal trust. Furthermore, the presence of opportunism alone does not drive the absence of inter-organizational trust, it needs to be complemented by a lack of inter-personal trust. Alternatively, combinations of other conditions can result in the same absence of inter-organizational trust, however, no mono-causal driver can be found. Regarding the seller’s inter-organizational trust the impact of inter-personal trust is more profound. However, that must also be combined with either absence of opportunistic behavior or relationship performance. The most often observed combination is based on the presence of inter-personal trust and absence of opportunistic behavior (both as core conditions) complemented by relationship performance (as the secondary condition). The buyer’s RSI acts as a peripheral condition. This enlightens our understanding of buyer-seller relationships and contradicts a body of the literature which rests heavily on regression-based statistics and demands that every antecedent meets statistical significance criteria.

*References are available on request.*
Part L
Research Methods, Analytics, and Measurement

Track Chairs
Simon Blanchard, Georgetown University
Mingyu (Max) Joo, Ohio State University

Advances in Data Analysis
Combining Historical Data with Consumer Intent-to-View Metrics
Steve M. Shugan, Joffre Swait
Modeling the Volume of Positive Online Reviews for Automobiles
Jie Feng, Purushottam Papatla
Using Big Data Connections to Simultaneously Predict Individual-Level Product Usage
Xueming Luo, Zoran Obradovic, Yuchi Zhang, Dusan Ramljak, Cheng Zhang
The Efficacy of Formative Versus Reflective Measures of Corporate Reputation: The Moderating Role of Need for Cognition
James Agarwal, Oleksiy Osiyevskyy
Combining Historical Data with Consumer Intent-to-View Metrics

Steve M. Shugan, University of Florida
Joffre Swait, University of South Australia

ABSTRACT
We forecast motion picture sales before release using factors under studio control (e.g. directors, producers, screenwriters and cast), plus intent-to-see measures from consumers exposed to trailers of 64 motion pictures. We find a highly non-linear relationship between intent-to-see measures and cumulative box office. Appropriate transformations allow accurate forecasts.

Keywords: intent metrics, motion pictures, logit analysis, prediction

Introduction
With the enormous growth in entertainment products in recent times, research has focused on how to predict success for those products and services. Recent mathematical models, for example, can accurately forecast the success of a motion picture shortly after its release (Sawhney and Eliashberg 1996, Eliashberg and Shugan 1997, Neelamegham and Chintagunta 1999, Kim et. al. 2013). These recent mathematical models are both a valuable tool for short-term marketing planning soon after launch, as well as a guide for theater owners for planning capacity decisions.

In this paper, we develop a model that more accurately links stated intent-to-view with ultimate box office performance. This analysis is important given the fact that past research has found a very weak correlation between stated intent to purchase and actual subsequent purchase. Our analysis overcomes this inherent weakness in intent measures. We also consider other design attributes of motion pictures that are under control of studio management, such as choice of directors, producers, principal cast members and screenwriters.

Intent Measures to Forecast Box Office
The Relationship Between Intent Measures and Subsequent Purchase Behavior
Every year, innumerable market research projects attempt to predict product sales from various decision variables. The usual procedure is to model the relationship between decision variables for each individual in the sample and actual choice for each respective individual. However, actual choice is often difficult to observe. Therefore, stated purchase intentions are often used as a surrogate measure of actual choice. These measures may accurately measure preferences among products and determine which of several products are preferred by a consumer. We may be able to accurately predict that product designs with higher intent measures (e.g., 8 on a 1-9 scale) will sell better than those designs with lower purchase intention measures (e.g., 4 on the same scale).

It is different when forecasting absolute sales or determining accurate purchase probabilities. Here, intent measures are inadequate. Using intent measures to predict actual sales is problematic because the direct relationship between stated intent and actual purchases has been found to be weak. For many years, it has been well known that stated purchase intentions are often inaccurate predictors of sales (Juster 1966; Manski 1990; Morwitz, Johnson, and Schmittlein 1993, Morrison 1979, Kalwani and Silk 1982), and that the difference between stated intentions and actual purchase behavior is often biased (Bemmaor 1995). Belk (1985) provides several explanations for why individuals’ behavior may not match their stated intentions. Product category specific adjustments (Urban, Hauser, and Roberts 1990; Urban, Weinberg and Hauser 1996) help.

Differences with Prior Research
There are at least two major differences with past research when using intent measures based on movie trailers. First, in prior research, the measure of intent is often done in an objective context. When asking whether a respondent expects to
buy a refrigerator in the next six months, the researcher only asks the likelihood of purchase. The researcher provides no persuasive information regarding whether the purchase should occur. The respondent, therefore, might only consider the age and condition of their current refrigerator in formulating her answer. The “true” answer depends on events unknown to the respondent, such as whether their current refrigerator will last another six months or whether the local appliance store will have a massive sales event. As the respondent gets new information, she may revise expectations upward or downward depending, for example, on whether the existing refrigerator continues to function well.

The situation is much different for a motion picture: when we measure intent-to-see for the movie, the measurement is not done in a neutral setting. Instead, the intent measure is taken directly after the respondent sees a trailer which represents, hopefully, the best possible advertisement for the movie. Thus, we would expect that intent measures should overstate actual purchase probabilities for the following reason: as the impact of the advertisement diminishes over time, the respondent will return to a more neutral state, negating somewhat the earlier effectiveness of the advertising exposure. Although this problem is well known in the advertising literature, it has not been applied in the area of forecasting from intent measures. It will be necessary, therefore, to consider the decay from the time when trailers occur and the time when the movie is available to exhibitors.

A second major issue, when using trailers, is that not all moviegoers see every trailer. Those unexposed moviegoers will either make their decision to see the film based on other information, such as the names of directors, producers, screenwriters and cast members, or they will wait to make a decision after word-of-mouth and critic reviews become available. Any sales predictions, therefore, should account for the level of marketing effort made for the specific movie.

It is useful to contrast motion picture choice to the brand-choice situation. When intent measures are taken for packaged goods, respondents are usually sampled from the category-user population. Here the user is likely to purchase in the product category at regular intervals, so the primary uncertainty concerns which brand is chosen. The intent-to-purchase a new brand is only a choice of the brand within the category and not of the category itself. With new durables, such as movies or electronic items, the choice is often whether to purchase in the category itself. A moviegoer must decide to see a movie as well as which movie to see.

Finally, we are interested in aggregate predictions and not whether a particular individual sees a motion picture. The problem of matching what an individual says and what that same individual subsequently does is a different problem than the problem of predicting aggregate sales based on a sample of stated intent-to-see measures. The former problem involves numerous psychological problems to understand the underlying consumer psychology and, ultimately, consumer behavior. For example, Morwitz, Johnson and Schmittlein (1993) note that the measurement process itself can impact subsequent behavior.

We are interested in the problem of using information from a consumer sample to infer characteristics of the general movie-going population. Our model, to be described directly, uses both average stated responses as well as the distribution of stated responses to predict aggregate behavior.

The Model
A two-stage model was developed to account for the several factors discussed above:

Stage 1: This model is designed to partially predict the box office performance of a movie by accounting for the factors of producing a movie that are under the control of the studio. Specifically, factors such as who are the directors, producers, screenwriters and cast members to embody a movie concept are generally production decisions made by studio management. As discussed above, these are important factors that underlie the potential success of a movie.

Stage 2: This model brings the consumer into the box office prediction process. Based on intent-to-see measures taken from a group of consumers (undergraduate students, to be precise) following exposure to movie trailers, characteristics of intent distributions are used to predict the residuals from the Stage 1 model.

We shall concentrate on the Stage 2 model in this paper. For details of the Stage 1 model see Shugan (1999). The Stage 1 analysis is based on a sample of 2,770 movies.

Using Intent-to-See Measures to Predict Cumulative Box Office Receipts
There are two factors to consider when examining such intent-to-see distributions. First, we contend that only the extremes of the distribution (i.e. 7, 8 and 9-responses) matter from the point of view of predicting box office performance. Second, some distributions of intent-to-see responses are more “healthy” than others, again from the perspective of box office performance.

Consider the intent-to-see distribution which we measured for McHale’s Navy (see Figure 1a). (We discuss subsequently how this and other distributions to be presented were
**Figure 1.** Distributions of Intent-to-See for Actual Movies

(a) McHale’s Navy  
Box Office=$4.368M

(b) Beavis and Butthead Do America  
Box Office=$63.118M

(c) Dark City  
Box Office=$14.337M

(d) Romy and Michele’s High School Reunion  
Box Office=$29.205M

(e) Liar Liar  
Box Office=$181.395M

(f) My Best Friend’s Wedding  
Box Office=$126.805M
The domestic box office for this movie was a very low $4.368 million. Figure 1a shows that the percentage of respondents answering 9 (the highest likelihood to see) is very small. However, the mean (at about 5.06) is very high, as gauged by the fact that it is as high as the mean for Beavis and Butthead Do America (shown in Figure 1b). However, the latter movie had a domestic box office of $63.118 million. Although the mean intent of McHale's Navy is the same as that of Beavis and Butthead, the latter had sales 14.5 times larger!

It is easy to see why there is this disparity in sales, despite the fact they both movies have the same mean intent-to-see scores. Beavis and Butthead had a larger number of very negative responses (1-responses and 2-responses), which bring down the average intent. However, those responding 8 or 9 for Beavis and Butthead represent almost 20% of all respondents exposed to its trailer. For McHale’s Navy, that number is only 6%. The situation is actually even worse than that, for 9’s constituted 0% of respondents for McHale’s Navy.

Let us consider two other examples. The movie Dark City, shown in Figure 1c, had a domestic box office of only $14.337 million, with very few 8’s or 9’s in the consumer intent-to-see distribution. Romy and Michele's High School Reunion, shown in Figure 1d, had twice the box office gross at $29.205 million. Although the distributions are roughly similar, the number of 9’s for Romy and Michele's High School Reunion was 15%, compared to 10% for Dark City.

Now, consider two very high box office films. Figure 1e shows the intent-to-see distribution for Liar Liar, which had a box office of $181.395 million. Note that the 8-responses and 9-responses sum to a robust 61%! Finally, for My Best Friend’s Wedding (box office of $126.805M), shown in Figure 1f, the sum of the 8-responses and 9-responses is about 47%, and the ultimate box office for this film was $126.805 million.

These examples point strongly to the observation that it is not the mean intent-to-see among consumers that determines the final box office performance, but rather the shape of the intent-to-see distribution. Specifically, what may underlie success at the box office is the existence of a sizeable segment of consumers who define the high end of the intent-to-see distribution (i.e. the 7-9 scores in Figure 1).

We believe that the somewhat lackluster performance of intent-to-purchase measures in predicting aggregate sales that is reported in the literature arises because prior research has not explicitly recognized the nonlinear nature of the impact of intent on actual behavior. Accordingly, we postulate that UBO_k, the unexplained box office for motion picture k, from the Stage 1 model, will be a function of higher-order moments of the consumer intent-to-see distribution. Specifically, we formulate the following model:

\[
UBO_k = CBO_k - (\text{Stage 1 Prediction})_k = \alpha_0 + \alpha_1 M_1^k + \alpha_2 M_2^k + \alpha_3 M_3^k + \alpha_4 M_4^k + \epsilon_k
\]

Here, CBO_k is the observed cumulative box office for the kth movie, \( \alpha_0, \alpha_1, ..., \alpha_4 \) are parameters to be estimated, \( \epsilon_k \) is an error term, \( M_r^k \) is the estimate of the mean of the rth moment of the intent-to-view distribution, \( r = 1, 2, ..., 4 \), measured from a sample of N consumers and defined as follows:

\[
M_r^k = \frac{1}{N} \sum_{n=1}^{N} (I_{nk}^r)^r
\]

Here, \( I_{nk}^r \) is the intent-to-see score provided by respondent n for movie k. This multiple regression model is estimated via the least-squares method. We present the results after describing the data collection.

**Data Collection Method**

The study had 6 phases. During the first phase we searched a historical database constructed by the first author for the contributors to particular forthcoming movies. In phase 2 we ran some experiments to collect intent-to-see data on each of these movies. In phase 3, we waited until the movie exhausted its box office. Phase 4 involved estimating model (1). Phase 5 repeated the phases 1 and 2 to collect data on a new movie, for which we intended to test the forecasting capability of the model in phase 6, before the movie was released.

We conducted a series of experiments to collect the data used in this study. Respondents were recruited from a student pool at the University of Florida. In each experiment, respondents were given certain information about specific movies and asked questions about those movies. After some initiation and warm-up questions, provided stated intent-to-see the film. Next, the respondents were shown a trailer of the movie, after which a second intent measure was collected; it is this second measure which we use in this study.

Each experiment was done before the films were launched so that no respondent had specific knowledge of the films beyond what we might provide. A total of 51 movies with domestic box offices that totaled over $1M were used to estimate model (1). Sample sizes for the corresponding intent-to-view distributions varied from 33 to as many as 164 students, depending upon the movie, though most were in the 70-100 range.
Stage 2 Estimation Results and Discussion

Table 1 presents the least squares estimation results for a reduced form of model (1), in which the first moment ($M_1^k$) has been removed. The hypothesis that the corresponding parameter is zero could not be rejected at the 95% confidence level, so the model in Table 1 has omitted that variable.

The model accounts for approximately 30% of the variation in unexplained box office (UBO) after the Stage 1 model was applied to the data. This is an extremely encouraging result that simple intent-to-see measures, gathered following exposure to trailers, is able to account for so much variance in aggregate sales data. Interesting is that these intent-to-see measures are from a very specific segment of the US population, undergraduate students at a major university, and yet is strongly correlated with domestic box office.

All three moments, $M_2^k$, $M_3^k$ and $M_4^k$, have statistically significant impacts on UBO. To support our contention that it is the extremes of the intent-to-see distribution that defines box office performance, note that of the total model sum of squares, 0% is accounted for by $M_1^k$ (since it was deleted from the model), 17% by $M_2^k$, 30% by $M_3^k$, and the remaining 53% by $M_4^k$. (These percentages are based on the Type I SS found in Table 1.) Hence, contribution to explaining UBO variation increases sharply with the order of the moment. Thus, it is the extremes (1’s and 2’s, and 8’s and 9’s) of the intent distributions that are most helpful in explaining domestic box office variation, once movie design factors are accounted for in the Stage 1 model.

As we just noted, the Stage 2 model explains about 30% of the variation in UBO. How much contribution do consumer intent-to-view distributions bring to explaining the entire variation in box office, when compared to the Stage 1 results? Table 2 helps to explain this by showing how $R^2$ measure for the entire box office prediction process varies as a function of the type of data used. If only the Stage 1 model is employed, taking into account only the factors under direct management control, 47% of the total variation in cumulative box office (CBO) is explained for the 51 movies in question. (As noted before, Stage 1 results are not presented here. See Shugan (1998, 1999).) If a model is based solely on consumer intent-to-see moments to predict CBO, $R^2$ drops to 0.36, though it is surprising to us how strongly these moments are able to predict movie performance. Now, combining the Stage 1 model with the Stage 2 model explaining UBO, we are able to explain a much more significant 63% of the total variation in CBO. Thus, the addition of the intent measures helps immensely in the prediction of movie performance.

We obtain this improvement in forecasting performance only through the crucial recognition that the shape of the intent-to-see distribution matters. If simple mean intent

### Table 1. Estimation Results, Stage 2 Model

<table>
<thead>
<tr>
<th>Source</th>
<th>df</th>
<th>Sum of Squares</th>
<th>Mean Square</th>
<th>F-value (Pr &gt; F)</th>
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<tbody>
<tr>
<td>Model</td>
<td>3</td>
<td>20712.486185</td>
<td>6904.1620</td>
<td>6.4 (0.0010)</td>
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<tr>
<td>Error</td>
<td>47</td>
<td>50672.757871</td>
<td>1078.1437</td>
<td>R^2=0.290151</td>
</tr>
<tr>
<td>Corrected Total</td>
<td>50</td>
<td>71385.244056</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Source (df=1)</td>
<td></td>
<td>Type I SS</td>
<td>Mean Square</td>
<td>F Value</td>
</tr>
<tr>
<td>Intent2</td>
<td></td>
<td>3597.4</td>
<td>3597.40713</td>
<td>3.34</td>
</tr>
<tr>
<td>Intent3</td>
<td></td>
<td>6190.6</td>
<td>6190.62580</td>
<td>5.74</td>
</tr>
<tr>
<td>Intent4</td>
<td></td>
<td>10924.4</td>
<td>10924.45324</td>
<td>10.13</td>
</tr>
<tr>
<td>Source (df=1)</td>
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</tr>
<tr>
<td>Intent2</td>
<td></td>
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<td>7.98</td>
</tr>
<tr>
<td>Intent3</td>
<td></td>
<td>9845.9</td>
<td>9845.98917</td>
<td>9.13</td>
</tr>
<tr>
<td>Intent4</td>
<td></td>
<td>10924.4</td>
<td>10924.45324</td>
<td>10.13</td>
</tr>
<tr>
<td>Parameter Estimate</td>
<td>T for H0: Parameter=0</td>
<td>Pr &gt;</td>
<td>Parameter Std. Error</td>
<td></td>
</tr>
<tr>
<td>INTERCEPT</td>
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<td>0.0281+</td>
<td>100.42470</td>
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<td>2.83</td>
<td>0.0069</td>
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<tr>
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<td>Intent4</td>
<td>2.6932</td>
<td>3.18</td>
<td>0.0026</td>
<td>0.84609</td>
</tr>
</tbody>
</table>
measures are used, little, if any, improvement will be obtained in predicting CBO by using the consumer information. On the other hand, recognizing that extremes in the intent measures are the most informative will help greatly improve forecasting.

An Example Application

The evidence presented above suggests that the combined Stage 1 and 2 models are powerful forecasting tools, at least among the sample of 51 movies used to estimate the Stage 2 model parameters. How would the model do on movies outside this group of motion pictures?

To demonstrate the performance of our model, we forecasted the success of several films before they were introduced. One such example was Batman and Robin. We forecasted the success of this movie several weeks before its national theatrical release on June 20, 1997.

The film was expected to do very well and for good reason. The cast was exceptional, with many of the leading stars of 1997: George Clooney, Chris O’Donnell, Alicia Silverstone, Arnold Schwarzenegger, and Uma Thurman. The director, Joel Schumacher, had many past successes to his credit, including the highest-grossing film of 1995, Batman Forever. Schumacher insisted on Akiva Goldsman as the screenwriter. Again, the choice foretold success, since Mr. Goldsman was the writer for the previously successful Batman Forever, as well as many other notable films.

The film was a much-anticipated sequel to Batman Forever, which had a box office of $183.997 million. Warner Brothers, the producing studio and distributor, spared no expense in production. Arnold Schwarzenegger reportedly received $25 million ($1 million per on-screen minute) for this project (Staff 1997; Grover 1997). James Cameron revealed the total budget to be around $230 million (Fenster 1997) despite studio claims that it was closer to between $150 million (Puig 1998) and $180 million (Staff 1998). Many observers expected the price to cable networks to skyrocket as theatrical sales reached the stratosphere (Dempsey 1997).

Consequently, cables deals were being negotiated before theatrical release.

Warner Brothers’ International president, Ed Frumkes, confidently forecasted that Batman and Robin would do double Batman Forever (Groves 1997). Most industry observers also expected sales to exceed Batman Forever (Grover 1997). Apparently, Warner Brothers expected a box office of over $200 million given the budget allocated to the film.

We presented our forecast at several conferences (Shugan and Swait 1997) and provided it to several newspapers (for example, see the Orlando Sentinel, June 1, 1997 Sunday, METRO section). We predicted that Batman and Robin would not do as well as Batman Forever: our mean box office forecast was $126.863 million. In the end, the cumulative box office for Batman and Robin was $107.285 million dollars.

Our forecast overestimates box office by 19%, partly because the model did not consider, at the time of forecast, that Warner Brothers was to open Batman and Robin on 3000 screens, a record number up to that point in time. Nonetheless, we can point to the fact that data from intent measures correctly predicted that box office would be much lower than expected, despite the stellar histories of the director, screen writer and cast.

Conclusions and Future Research

This paper developed a model that accurately links stated intent-to-view with ultimate box office performance. This analysis is important given that past research has found a very weak correlation between stated intent to purchase and actual subsequent purchase. Our analysis overcomes this inherent weakness in intent measures by recognizing that it is not simply average intent-to-see that matters; in fact, it does not seem to matter at all. What does matter is the existence of a sizable segment of the viewing public that is sufficiently enthusiastic about the potential of the movie that they indicate very strong intent measures.

We found, for a sample of 51 movies, that linking both factors under management control (directors, producers, screenwriters and cast) and consumer intent-to-see information is able to account for a significant amount of variation in box office performance: for this group of movies, 63% of the variation.

The model for the example of the movie Batman and Robin, for which we correctly predicted that the box office would be much lower than expected by all (around 50% of the reported studio’s expectation).
References
Eliashberg, Jehoshua and Steven M. Shugan (1997), “Film Critics: Influencers or Predictors?,” Journal of Marketing, 61 (April) 68-78
Morrison, Donald G. (1979), “Purchase Intentions and Purchase Behavior,” Journal of Marketing, 43 (Spring), 65-74
Modeling the Volume of Positive Online Reviews for Automobiles

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Purushottam Papatla, University of Wisconsin–Milwaukee

ABSTRACT

In this study, we model the volume of positive reviews for each car model. We show that our proposed Hierarchical Bayesian Poisson Rate model has the highest predictive accuracy (based on RMSE, MAD and correlation) compared to basic models in the literature.

Keywords: word of mouth, online consumer reviews, viral marketing, online word of mouth, hierarchical Bayesian modeling

Introduction

Online word of mouth (WOM) occurs in a variety of online formats, such as consumer reviews, discussion forums, blogs, videos and other forms of user-generated content towards a specific product or brand (Hennig-Thurau et al 2004). There is an increasing interest in the role of online WOM in consumer behavior both among scholars as well as practitioners as evidenced by the many studies on this issue in the recent literature. Prior studies have analyzed the effect of online WOM on the sales of a variety of products, including movies, books and television shows (Chevalier and Mayzlin 2006; Liu 2006; Duan, Gu, and Whinston 2008; Dellarocas, Awad, and Zhang 2004; Godes and Mayzlin 2004). Most of these studies have investigated four measurements of online WOM: volume (Liu 2006) which is the number of reviews or messages posted for a specific product or service; dispersion (Godes and Mayzlin 2004) which measures how WOM spreads among different groups; valence (Dellarocas, Awad, and Zhang 2005) which refers to the attitude of each message (i.e., positive or negative); and variance which is the extent of disagreement of the opinions expressed (Dellarocas and Nanyan 2006).

In this study, we focus on one aspect of online WOM: the volume of online WOM. Prior literature has demonstrated that the volume of online reviews can be a strong predictor of how products fare in markets. For instance, the volume of online word of mouth can predict the box-office revenues of movies (Liu 2006; Duan, Gu, and Whinston 2005; Dellarocas, Awad, and Zhang 2004). The mechanism behind the effect of volume is that the more that experienced customers talk about the product, the more likely other potential customers are to be informed about the product, thus, in turn, leading to greater sales of the product (Liu 2006).

In this study, we propose a hierarchical Bayes (HB) Poisson Rate model for the volume of positive online reviews. We demonstrate that our proposed model has the highest predictive accuracy (based on RMSE, MAD and correlation) compared to four basic models: Regression, Density Regression, Poisson and Poisson Rate. We also show that the HB Poisson Rate model can predict the volume of reviews for each car model that is closely related to the observed volume of reviews in the data. Substantively, we find that an automobile’s design/performance level is positively associated with positive online WOM whereas its quality level is not. In other words, improving the design/performance level of a car may generate positive online WOM, whereas improving the quality level of a car may not necessarily do so. In general, innovation (i.e., designing new models or redesigning existing models) also stimulates positive online WOM. However, this strategy may not be as effective for luxury and large cars in stimulating positive WOM.

Data

We obtain data1 from three major sources: the online websites of Consumer Reports magazine (www.consumerreports.org), J.D. Power and Associates (www.jdpower.com) and Auto-

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1We collected data in June 2008.
motive News magazine (www.autonews.com). Our final dataset analyzes the volume of online consumer reviews for a total of 696 car models.

**Volume of Positive Online Consumer Reviews:** As previously mentioned, the primary aim of this study is to analyze the volume of online WOM. Thus, we collect the number of reviews posted on a particular make, model and year. Since positive online WOM are more likely to increase sales and companies generally are interested in stimulating only positive WOM, we collect the number of review ratings a car model received as a 5 (“love it”) as the measure of the volume of positive reviews. We label this variable Volume.

**Automobile Quality:** J.D. Power and Associates conducts an Initial Quality Study (IQS) regarding consumer assessments of the quality of different model varieties. Consumers respond on a scale anchored at 2 at the low end to 5 at the high end with the units of the scale increasing in increments of 0.5. The company aggregates the responses and reports an overall Initial Quality rating for different model varieties. We collect this rating as well for all the model varieties in our data as a variable labeled Quality.

**Automobile Design/Performance:** J.D. Power and Associates conducts an Automotive Performance, Execution and Layout (APEAL) study and reports a score ranging from 5 (“among the best”) to 2 (“the rest”) for each model. This score represents consumer assessments of overall performance and design, comfort and style of cars. Similar to the ratings of quality, consumers enter their scores on this variable on a scale of 2 to 5, increasing in increments of 0.5. We label this variable Design.

**Newness:** In addition to Quality and Design/Performance, we also collect information about the newness (we denote it as New) from J.D. Power and Associates. Newness captures whether the specific model is totally new to the market or new to the auto manufacturer or is a re-designed or updated version of an existing model.

**Body Styles:** Recent findings suggest that the metrics (e.g., Volume or Valence) of online WOM for movies can be related to movie genres, such as action, drama, comedy or fiction (Liu 2006; Dellarocas and Narayan 2006; Moon, Bergey and Iacobucci 2010). Such effects of product heterogeneity could be even more pronounced in the car market, because of the large differences between product segments in terms of body styles. As a result, we collect body style data from Consumer Reports.

**Sales:** We also collect data on the number of units of each make and model year sold in the US market from the website of Automotive News magazine. Thus, for instance, our model sales data would indicate that there are a total of 316,638 unit sales of the 2006 Honda Civic and 51,043 unit sales of the 2003 Audi A4 model. We label this variable Sales.

**Year Dummies:** Reviewers could offer reviews for 2005 car models after automobile manufacturers released the 2005 models, which happened between late 2004 and early 2005. Similarly, reviewers could write reviews for 2007 car models from early 2007. This difference of timing means that, on average, 2005 car models should have more reviews than 2007 car models, because 2005 car models were available to be reviewed by people two years longer than 2007 car models were. Therefore, we need to capture this effect, which is not due to automobile attributes. To do this, we create six year dummy variables for our analyses. Table 1 presents the summary statistics for all of the variables.

**Model**

Since the volume of reviews for a car model is a count, which is a nonnegative integer, a common assumption is that it follows a Poisson distribution. Covariates can then be introduced into such a model by relating them to the mean of the distribution through a log link function or a log-linear model. However, WOM for an automobile comes from its owner. The more unit sales of one specific car model, resulting in a higher volume of reviews for such model. As a result, it is more reasonable to compare between two rates, than to compare two counts directly between two cars, because they may have two different bases of unit sales. So, instead of modeling the count directly, we could model a rate between the volume of reviews and unit sales of the car. This type of model is called Poisson Rate model and the log of Sales is called an offset term (Agresti 2007):

This Poisson Rate models specify $\beta$ to be fixed and identical across all brand models. This means that a given value of an attribute results in a similar\(^2\) volume of reviews regardless of the brand-model. In reality, however, we observe a large variation in the volume of reviews across car models. Moreover, in the case of the automobile category, products cannot be described adequately in terms of a few observable attributes. Many other unobserved attributes may also lead to the differences among the volume of reviews. Therefore, accommodating the heterogeneity among brand models becomes crucial in modeling the volume of reviews for cars. Given the complex nature of automobiles, we would also expect $\beta$ to change across brand models. Instead of estimating a fixed $\beta$, as in the case of the Poisson Rate model, we

\(^2\)If two car models have the same unit sales, the basic models would predict the same volume of reviews for two car models.
should estimate, where \( i = (1, 2, \ldots, I) \) for each of the brand models. Thus, we specify the HB Poisson Rate model as:

\[
\text{Volume}_{ij} \sim \text{Poisson}(\pi_{ij}) \\
\log(\pi_{ij}) - \log(\text{Sales}_{ij}) = \beta_0 + \beta_1 \text{Design}_{ij} + \beta_2 \text{Quality}_{ij} + \beta_3 \text{New}_{ij} + \beta_{4-9} \text{YearDummies}_{ij}
\]

Let \( \text{Volume}_{ij} \) represent the volume of reviews for \( i \) brand models and \( j \) versions. Instead of treating \( \beta_0, \beta_1, \beta_2, \beta_3 \) as fixed parameters, we treat them as brand model specific parameters, thus \( \beta_0, \beta_1, \beta_2, \beta_3 \).

Then, a multivariate normal regression is used to describe how \( \beta_0, \beta_1, \beta_2, \beta_3 \) can vary across brand models and heterogeneity is related to both observable attributes and unobservable sources of heterogeneity. More specifically, we model the mean of these brand model specific parameters as a function of some observed attributes \( Z_i \):

\[
\beta_i = \Delta Z_i + u_i \quad \text{where} \quad u_i \sim \text{MVN}(0, \Sigma)
\]

In our context, \( \beta_i \) is 4x1 vector, \( \Delta \) is 4x11 matrix containing the fixed effects and influences of both observed brand model version level variables and brand model level variables and their interactions. \( Z_i \) is 11x1 vector containing an intercept and ten Body Style dummy variables, which vary across brand models. A vector of \( v_i \) represents the unobserved heterogeneity at the brand model level. The covariance matrix (4x4) \( \Sigma \) provides information about the extent of unobserved heterogeneity in brand model level parameters. Thus, the multivariate regression introduces 4*11 new parameters.

While the unknown parameters for the basic models (such as the Poisson Rate) are \( \beta \), the unknown parameters for the HB models are \( \Delta, \Sigma \) and \( \{ \beta_i \} \). Thus, the joint posterior distribution is given by:

\[
P(\{ \beta_i \}, \Delta, \Sigma | Y, Z) \propto \prod_{i=1}^{N} L(y_i | \beta_i) \\
P(\beta_i | \Delta, \Sigma, z_i)P(\Sigma^{-1})P(\Delta)
\]

This type of model is called the HB model because it has two stages of priors. The first stage prior is a normal prior on \( \beta \). As we illustrated previously, we assume \( \beta_0, \beta_1, \beta_2, \beta_3 \) follows a multivariate normal distribution with the mean as \( \Delta Z_i \) and covariance matrix \( \Sigma \).

---

### Table 1. Summary Statistics for Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Range</th>
</tr>
</thead>
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<tr>
<td>Volume</td>
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<td>19.618</td>
<td>1</td>
<td>210</td>
<td>209</td>
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<tr>
<td>Sales</td>
<td>113502</td>
<td>126744</td>
<td>3513</td>
<td>935911</td>
<td>935998</td>
</tr>
<tr>
<td>Design</td>
<td>3.2866</td>
<td>0.8512</td>
<td>2</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Quality</td>
<td>3.4332</td>
<td>0.8771</td>
<td>2</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of Observations</th>
<th>Number of Observations as a Percent of the Total Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newness</td>
<td>108</td>
<td>15.517</td>
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</table>

<table>
<thead>
<tr>
<th>Body Style</th>
<th>Number of Observations</th>
<th>Number of Observations as a Percent of the Total Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coupe</td>
<td>12</td>
<td>1.724</td>
</tr>
<tr>
<td>Convertible</td>
<td>11</td>
<td>1.58</td>
</tr>
<tr>
<td>Family</td>
<td>78</td>
<td>11.207</td>
</tr>
<tr>
<td>Large</td>
<td>17</td>
<td>2.443</td>
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<tr>
<td>Luxury</td>
<td>112</td>
<td>16.092</td>
</tr>
<tr>
<td>Pickup</td>
<td>64</td>
<td>9.195</td>
</tr>
<tr>
<td>Small</td>
<td>77</td>
<td>11.063</td>
</tr>
<tr>
<td>Sporty</td>
<td>44</td>
<td>6.322</td>
</tr>
<tr>
<td>SUV</td>
<td>215</td>
<td>30.891</td>
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<tr>
<td>Van</td>
<td>54</td>
<td>7.759</td>
</tr>
<tr>
<td>Wagon</td>
<td>12</td>
<td>1.724</td>
</tr>
</tbody>
</table>

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*We set diffuse normal priors (i.e. N(0, 0.0001)) for \( \beta_{4-9} \).
prior on $\Delta$ and $\Sigma^{-1}$ respectively. More specifically, a diffuse multivariate normal prior (i.e., $\text{MVN}(0,0.001*I)$) is assumed for $\Delta$. For $\Sigma^{-1}$, we employ a Wishart prior with diffuse priors on the hyperparameters (i.e. Wishart $(0.1*I,4)$). To draw inferences under the proposed model, we run a Markov chain Monte Carlo (MCMC) sampler for 5000 iterations, which serves as a burn-in period. We then obtain inferences from posterior samples from the next 5000 iterations. Multiple starting values are used to test the sensitivity of the parameter estimates with the starting values and to monitor the convergence. The results indicate that the starting values have no substantial impact on the parameter estimates.

**Results**

**Model Comparison**

Summary measures of the in-sample and out of sample fit of four basic models—Regression, Density Regression, Poisson, Poisson Rate and our proposed HB Poisson Rate Model—are calculated by estimating the model on a subset of the original data and by using the remainder as a holdout. We form a holdout dataset by randomly selecting one car model from each brand model. Thus, we have a holdout dataset containing 112 observations, since we have a total of 112 brand models. We then use the rest of the dataset containing 584 observations to assess the in-sample fit of the model and use the holdout dataset to assess the out-of-sample fit.

Table 2 (a) reports the in-sample fit of the five models. Three measures of fit are reported: the root mean squared error (RMSE) and mean absolute deviation (MAD) and the correlation between the fitted volume of reviews and the observed volume of reviews. The results reported in Table 2 (a) illustrate that the HB Poisson Rate model has the lowest RMSE (i.e., 4.4) and MAD (i.e., 2.7), indicating that the HB Poisson Rate model has the highest predictive accuracy.

We also compute the percentage improvement of the HB model relative to the basic models in parentheses. The correlation between the fitted volume of reviews and the observed volume of reviews is 0.98 for the HB model, whereas the highest correlation for the basic models is 0.62.

Table 2 (b) reports the out-of-sample fit of the five models. RMSE, MAD and the correlations are computed again to compare the models. Overall, both out-of-sample fit and in-sample fit illustrate that the predictive performance of the HB model is far better than that of the basic models. The predictive performance of the Poisson Rate is slightly better than the Regression, Density Regression and Poisson models.

Moreover, to get a clearer picture of the performance of the HB model and basic models, we compare the observed volume of reviews for each car model in the holdout data with the predicted volume of reviews based on the HB Poisson Rate model in Figure 1. As can be seen in the two figures, the HB Poisson Rate model can track the observed volumes very well.

**Estimated Parameters**

We report parameter estimates for the HB Poisson Rate model in Table 3. We first present information on the posterior distribution of $\Delta$. Recall that $\Delta$ is a 4x11 matrix contain-
ing 44 new coefficient estimates. Since the body dummy variables have been coded in terms of deviation from the variable mean, the $\Delta$ elements corresponding to the constant column are the expected value of $\beta_{0i}, \beta_{1i}, \beta_{2i}, \beta_{3i}$ for average body dummy variables. In addition, the posterior means of the square root of the diagonal elements of $\Sigma$ are given in the last column and these values represent unobserved heterogeneity in the $\beta_{0i}, \beta_{1i}, \beta_{2i}, \beta_{3i}$ across brand models.

First, in the column of Constant, the coefficient of Design is positive and significant; Quality is positive but not significant, and New is positive and significant. Note that these values now should be interpreted as the expected values of $\beta_{1i}, \beta_{2i}, \beta_{3i}$. Second, the first row corresponding to Convertible is significant and has a positive sign. In general, convertibles are fancy, colorful and stimulating. This is perhaps why the results suggest that the volume of reviews is likely to be higher for such models. The estimates in the fourth row corresponding to both Luxury and Large are significant and have negative signs. This means that Luxury and Large rely less on innovations to stimulate positive WOM. This finding is interesting, because many car buyers of luxury and large vehicles are senior consumers who may prefer to classical styles and not be easily delighted (thus not spreading positive WOM) by newly-designed automobiles.

Third, the column entitled “Unobs. Heterogeneity” reports the square root of the diagonal elements of $\Sigma$ and measures the dispersion of $\beta_{0i}, \beta_{1i}, \beta_{2i}, \beta_{3i}$ across brand models. These figures are large, compared to the expected values of $\beta_{1i}, \beta_{2i}, \beta_{3i}$, and show that there is a tremendous variation around the mean function of the body dummy variables. For example, the New coefficient averages around 0.078 with a standard deviation of 0.18. The large size of the unobserved heterogeneity also illustrates the importance of accounting for heterogeneity across brand models.

As mentioned in the previous section, HB models can not only estimate coefficient matrix $\Delta$ and covariance-variance matrix $\Sigma$ but also $\{\beta_i\}$, which are brand model level parameter estimates. From a managerial point of view, this result suggests that each brand model has its own optimal strategy to stimulate positive WOM. For some brand models, it is best to stimulate positive WOM by improving their design level. However, it may not work universally for all brand models. As illustrated, even within the same brand, some models respond to the Design much better than other models. In Table 4, we list ten brand models for which the volumes of word of mouth are highly responsive to Design.

In Table 5, we randomly select ten car models from our dataset and compute the predicted volume of reviews for the Regression, Density Regression, Poisson, Poisson Rate and HB Poisson Rate models. The observed volume of reviews is reported in the second column of Table 5. The third column to the seventh column contains the predicted volume of reviews for each car model. The predicted volume of reviews indicates that the HB Poisson Rate model produce
Table 3. Parameter Estimates for HB Poisson Rate Model

<table>
<thead>
<tr>
<th>Beta</th>
<th>Constant</th>
<th>Coupe</th>
<th>Convertible</th>
<th>Luxury</th>
<th>Sports</th>
<th>Large</th>
<th>Small</th>
<th>Pickup</th>
<th>SUV</th>
<th>Van</th>
<th>Wagon</th>
<th>Unobs. Heterogeneity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>-9.461</td>
<td>-0.881</td>
<td>1.833</td>
<td>0.476</td>
<td>0.723</td>
<td>-0.127</td>
<td>0.065</td>
<td>-0.347</td>
<td>0.218</td>
<td>0.473</td>
<td>0.552</td>
<td>0.819</td>
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<tr>
<td>Design</td>
<td>0.295</td>
<td>-0.246</td>
<td>-0.476</td>
<td>-0.028</td>
<td>-0.118</td>
<td>0.03</td>
<td>0.228</td>
<td>-0.254</td>
<td>-0.106</td>
<td>-0.044</td>
<td>0.012</td>
<td>0.384</td>
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<td>Quality</td>
<td>0.022</td>
<td>-0.346</td>
<td>0.345</td>
<td>-0.142</td>
<td>-0.002</td>
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<td>-0.282</td>
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<td>-0.14</td>
<td>0.082</td>
<td>-0.287</td>
<td>0.199</td>
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<tr>
<td>New</td>
<td>0.078</td>
<td>-0.001</td>
<td>-0.329</td>
<td>-0.223</td>
<td>-0.094</td>
<td>-0.505</td>
<td>-0.164</td>
<td>-0.119</td>
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<td>Year 2002</td>
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<td>Year 2003</td>
<td>0.448</td>
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<tr>
<td>Year 2004</td>
<td>0.505</td>
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<tr>
<td>Year 2005</td>
<td>1.103</td>
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<td>Year 2007</td>
<td>0.078</td>
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</table>

Note: **: Significant at the 0.05 level.
estimates that are much more closely related to the observed volume of reviews in the data.

Conclusion

In this paper, we develop and test HB Poisson Rate model for the volume of positive online consumer reviews for automobiles. Our HB model has the ability to account for both observed and unobserved heterogeneity, and produces brand model (e.g., Honda Accord) level parameter estimates. We find that the HB model has the highest predictive accuracy (based on RMSE, MAD and correlation) compared to the four basic models: Regression, Density Regression, Poisson and Poisson Rate models; it also predicts the volume of reviews for each car model that is much more closely related to the observed volume of reviews, than the basic models.

In addition to the development of the HB model, this paper also has important findings regarding the factors relating to the volume of positive online WOM. We find, on average, that the level of design/performance of a car and newness are positively related to the propensity of spreading positive online WOM. Our HB model illustrates that there is a variation around the Design coefficients across brand models, meaning that improving the design/performance level of a car may stimulate positive WOM for the majority of brand models, but not universally for all brand models. The past literature often links the traditional WOM behavior to the quality of a product. The results of this paper illustrate that the association between positive online WOM and the level of quality of a car is trivial for the majority of brand models. Thus, our findings imply that improving the design/performance level of a car may generate positive online WOM, whereas improving the quality level of a car may not necessarily do so.

References


Table 4. Top Ten Design Effective Models

<table>
<thead>
<tr>
<th>Brand Models</th>
<th>Design Coefficients</th>
<th>St. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volkswagen Jetta</td>
<td>0.946</td>
<td>0.183</td>
</tr>
<tr>
<td>Kia Spectra</td>
<td>0.843</td>
<td>0.320</td>
</tr>
<tr>
<td>Honda Accord</td>
<td>0.813</td>
<td>0.265</td>
</tr>
<tr>
<td>Nissan Sentra</td>
<td>0.798</td>
<td>0.332</td>
</tr>
<tr>
<td>Ford Taurus</td>
<td>0.787</td>
<td>0.341</td>
</tr>
<tr>
<td>Honda Civic</td>
<td>0.769</td>
<td>0.175</td>
</tr>
<tr>
<td>BMW 5 Series</td>
<td>0.755</td>
<td>0.252</td>
</tr>
<tr>
<td>Ford Mustang</td>
<td>0.734</td>
<td>0.175</td>
</tr>
<tr>
<td>Mercedes-Benz M-Class</td>
<td>0.725</td>
<td>0.211</td>
</tr>
<tr>
<td>Mitsubishi Lancer</td>
<td>0.711</td>
<td>0.366</td>
</tr>
</tbody>
</table>

Table 5. Comparison Between the Predicted Volume of Reviews and the Observed Volume of Reviews

<table>
<thead>
<tr>
<th>Car Model</th>
<th>Observed</th>
<th>Regression</th>
<th>Density Regression</th>
<th>Poisson</th>
<th>Poisson Rate</th>
<th>HB Poisson Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001 Dodge Neon</td>
<td>1</td>
<td>3.77</td>
<td>3.57</td>
<td>6.56</td>
<td>4.98</td>
<td>1.49</td>
</tr>
<tr>
<td>2001 Volvo S60</td>
<td>3</td>
<td>6.04</td>
<td>6.18</td>
<td>9.41</td>
<td>6.96</td>
<td>3.43</td>
</tr>
<tr>
<td>2002 Ford Escape</td>
<td>10</td>
<td>4.80</td>
<td>7.48</td>
<td>5.71</td>
<td>8.17</td>
<td>8.12</td>
</tr>
<tr>
<td>2002 Jeep Liberty</td>
<td>13</td>
<td>10.12</td>
<td>15.05</td>
<td>13.90</td>
<td>18.82</td>
<td>13.04</td>
</tr>
<tr>
<td>2004 Honda Pilot</td>
<td>68</td>
<td>12.01</td>
<td>16.53</td>
<td>19.73</td>
<td>25.52</td>
<td>63.86</td>
</tr>
<tr>
<td>2004 Kia Spectra</td>
<td>1</td>
<td>4.66</td>
<td>2.45</td>
<td>8.81</td>
<td>3.35</td>
<td>1.57</td>
</tr>
<tr>
<td>2005 Jeep Grand Cherokee</td>
<td>37</td>
<td>27.66</td>
<td>51.60</td>
<td>39.80</td>
<td>67.14</td>
<td>34.90</td>
</tr>
<tr>
<td>2005 Mini Cooper</td>
<td>41</td>
<td>8.29</td>
<td>12.19</td>
<td>11.62</td>
<td>10.94</td>
<td>36.27</td>
</tr>
<tr>
<td>2006 Hyundai Sonata</td>
<td>84</td>
<td>29.55</td>
<td>33.88</td>
<td>58.24</td>
<td>46.60</td>
<td>81.37</td>
</tr>
<tr>
<td>2006 Mazda MX-5 Miata</td>
<td>38</td>
<td>10.55</td>
<td>5.75</td>
<td>15.31</td>
<td>4.91</td>
<td>36.30</td>
</tr>
</tbody>
</table>


Using Big Data Connections to Simultaneously Predict Individual-Level Product Usage

Xueming Luo, Temple University
Zoran Obradovic, Temple University
Yuchi Zhang, Temple University
Dusan Ramljak, Temple University
Cheng Zhang, Fudan University

Keywords: big data, simultaneous prediction, network effects, conditional random fields

EXTENDED ABSTRACT

Research Question
Marketers often predict individual-level consumer behaviors before engaging in marketing actions. With the availability of big data, marketers can observe rich individual-level product usage in an entire community and use the data to predict product usage. However, while network data provides additional information for predictive purposes, it also adds a new dimension, big data volume, that presents new challenges such as the computational burden associated with analyzing trillions of potential network connections and simultaneous usage behaviors across the entire social network.

In this paper, we develop a methodology to simultaneously predict consumer’s playing time in an online gaming community using the past and current behaviors observed from the entire network. The recent availability of big data — to the tune of millions of individuals that are connected by trillions of potential ties — allows us to explicitly model the impact of product usage behaviors of individuals within an entire network on all future product usage of those within that network. Our research extends state of the art methods in computer science to use information available from the entire network for prediction purposes in a fast and scalable fashion.

Method and Data
Our proposed method uses structured learning from computer science to simultaneously predict individual level behavior in a social network setting. Specifically, we extend upon a Fast Fully Connected Continuous Conditional Random Fields (FF-CCRF) to apply to network data. Our model differs from the previous research because it allows fast estimation of CCRF on graph structure (i.e. social network), and it accounts for potential dynamics in the network (i.e. two users may be connected at time t but not connected at time t-1). Our method is scalable and can efficiently analyze large datasets, as inference on a network composed of millions of individuals connected by trillions of ties can be performed in about ten minutes.

We apply our method using a dataset from a massively multiplayer online role playing game. The data is composed of the playing time of 1.4 million individuals within a 26 days period. In order to be able to draw conclusions about our predictions, we predict the usage of 193,894 individuals that played at least 4 times or more. However, we use the playing time and network information from the entire 1.4 million to prediction purposes.

Summary of Findings
The results of this empirical application provide a number of important implications. First, in the context of online gaming usage, we find that we are able to simultaneously predict the playing time of 200,000 interconnected individuals. Thus, we show that we can make simultaneous predictions on large...
datasets very quickly (e.g., 200,000 individuals with about 40 billion direct and indirect individual level connections). Second, our method demonstrates the importance of simultaneously modeling the behaviors of each individual in the entire network. Specifically, we find that including network effects from the entire social network (our proposed model) outperforms baseline models that do not simultaneously model the entire network in terms of forecasting accuracy. Finally, our results suggest that we can also identify high spending VIP customers, based on selecting individuals who we predict will play the most. Our method more accurately identifies VIP customers compared with other baseline models.

**Key Contributions**

Our main contribution is to develop a method to simultaneously predict consumers’ usage activity in a network environment with millions of individuals and trillions of potential ties. To do so, we extend state of the art methods in computer science in conditional random fields to apply individual-level network data. Therefore, we introduce conditional random fields to the marketing literature as a method to simultaneously predict the usage behaviors of a large number of connected individuals.

Importantly, to efficiently model individual-level network effects, we build on recent developments in continuous CRF by applying a fast high-dimension Gaussian Filtering method to greatly reduce inference (Ristovski et al. 2013). We extend Ristovski et al. (2013) to accommodate the simultaneous prediction of individual-level behavior within a network. Specifically, our model accommodates the dynamics in network formation and allows us to incorporate Fast Fully connected Continuous Conditional Random Fields on a graph structure (i.e. social network).

References are available on request.
The Efficacy of Formative Versus Reflective Measures of Corporate Reputation: The Moderating Role of Need for Cognition

James Agarwal, University of Calgary
Oleksiy Osiyevskyy, Northeastern University

Keywords: corporate reputation, measurement, reflective versus formative construct, need for cognition, cognitive contingency

EXTENDED ABSTRACT

Research Question
What is the factorial structure of the multidimensional construct Corporate Reputation (CR), in terms of two competing measurement conceptualizations: reflective versus formative models?

Method and Data
We test the proposed hypotheses (for reflective versus formative conceptualization of corporate reputation) using a cross-sectional survey design. The data were collected in two countries – the U.S. and India. The employed survey questionnaire targeted the respondents’ evaluations of different dimensions of corporate reputation and its theoretical consequences. The gathered data were analyzed using structural equations modeling (SEM).

Summary of Findings
While there are ontological and epistemological differences inherent between formative and reflective models, we advocate a cognitive contingency approach in explaining the accessibility and efficacy of these models in conceptualizing corporate reputation.

A key finding of this study is the conceptual argument for and empirical validation of both conceptualizations of the construct ‘corporate reputation’: second-order formative construct and second-order reflective construct. Consistent with dual process theories, individuals can activate and retrieve both schemas using top-down versus bottom-up processing mechanisms depending on, for instance, the individual’s ‘need for cognition’.

Key Contributions
Our study brings us one step closer to reconciling the ongoing debate between the two camps (formative versus reflective conceptualization and operationalization of corporate reputation construct) and presents sufficient evidence on the merits of using both formative and reflective models depending, however, on the level of the individual trait, ‘need for cognition’.

References are available on request.

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Part M
Retailing and Pricing

Track Chairs
Jie Zhang, University of Maryland
Rajesh Bagchi, Virginia Tech

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Online Retail Investor Auctions in the IPO Pricing Event: Expanding Market Transparency, Access, and Fairness with Technology
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Online Retail Investor Auctions in the IPO Pricing Event: Expanding Market Transparency, Access, and Fairness with Technology

William J. Rhyne, Notre Dame de Namur University

Keywords: equity theory, agency theory, pricing

EXTENDED ABSTRACT

Research Question
Why hasn’t the OpenIPO Process been embraced by IPO underwriters and listing companies in the IPO pricing event?

Consider the Securities Exchange Commission Act of 1933, Section 2, page 5.

(b) Consideration of Promotion of Efficiency, Competition, and Capital Formation.—Whenever pursuant to this title the Commission is engaged in rulemaking and is required to consider or determine whether an action is necessary or appropriate in the public interest, the Commission shall also consider, in addition to the protection of investors, whether the action will promote efficiency, competition, and capital formation.

Our society promotes the concept of fairness and equality as well as efficiency in the marketplace yet there are distortions in pricing in the marketplace that do not address the fairness issue. This research study examines the case of the WR Hambrecht + Co and their “OpenIPO” online auction method for pricing and selling shares. According to Yin (2003), this single case approach is supported when it is a unique case and the interest is revelatory. At the time of the research, WRH + Co was the only underwriter in the USA market that utilized the auction pricing method for IPOs and for many people. The process is still unfamiliar or misunderstood by many entrepreneurs. Eisenhardt (1989) suggests that this approach is “especially appropriate in new topic areas.”

My unit of analysis is the IPO event or transaction. Company interviews were conducted at WRH + Co headquarters and data was gathered from other sources. The research purpose is attempt to understand why underpricing occurs in the IPO event and why this one company’s remedy has struggled for acceptance in the marketing place. This paper discusses some of their experiences as a co-manager or lead manager for the Ravenswood Winery, Google, and Morningstar IPOs, as well as discussion on auction methods.

Summary of Findings
This study finds that when the agent (the investment bank underwriter) is serving the buyer (institutional investors) and the seller (the issuing company), the seller loses out in the form of underpriced shares on the first day of going public and the buyer benefits by buying underpriced shares due to their long term relationship with the investment bank under-
WR Hambrecht + Co’s attempt to introduce their company as an agent aligned with the seller’s interests to counter the banks aligned with the buyers’ interests was tolerated in the beginning as a niche business for small IPO deals, such as Ravenswood Winery and Peet’s Coffee. When the OpenIPO process was used successfully on the Morningstar IPO event, it was then viewed as a potential disruptor in the IPO market place. The competitive response was to not cooperate with the WRH + Co on co-managed deals, a significant source of revenues for investment banks.

**Key Contributions**

From a teacher’s perspective, I use this case during my marketing lectures on pricing because the case deals with issues of initial pricing of a new company, product or service. The research study can lend itself to ethical and legal discussions on pricing.

For the market researcher, this case offers new data or background meanings that can be integrated into analysis issues in equity theory, game theory, and agency theory.

For future entrepreneur, investors, 401k/IRA owners, and retail stock traders, they can benefit from knowing more about how the game is played.

*References are available on request.*
Cross-Price Effects in Fashion E-Commerce

David Heuer, RWTH Aachen University, Germany
Malte Brettel, RWTH Aachen University, Germany

Keywords: e-commerce, cross-price effects, fashion, price elasticity

EXTENDED ABSTRACT

Research Question
The strategic importance of the pricing process as a capability to gain sustainable competitive advantage has gained increasing attention among scholars and practitioners (Dutta, Zbaracki, and Bergen 2003). Therein, understanding brand competition resulting from price promotions within a store is highly relevant for managers when developing pricing strategies (Song and Chintagunta 2006). Knowledge of these in-store competitive effects can be particularly valuable for fashion retailing companies oftentimes applying markdown pricing strategies involving large-scale discounting of the entire assortment (Levy et al. 2004).

Previous literature on cross-price effects rather focused on brick-and-mortar situations involving fast-moving consumer goods (Leeflang et al. 2008). As increased information availability prevails online customers are given easier access to the products within their consideration set likely leading to strongly pronounced cross-price effects due to extensive product substitution (Kopalle et al. 2009). Moreover, the distinctiveness of fashion items as compared to fast-moving consumer goods is also likely to influence brand competition. Although highly important for academics and practitioners, research examining cross-price effects in online settings has been scarce (Kopalle et al. 2009). With the present research we thus explore the competitive structure between brands in fashion e-commerce.

Method and Data
In order to disclose patterns of competition between brands, we employ the asymmetric market share model developed by Carpenter, Cooper, Hanssens, and Midgley (1988) (CCHM model). The CCHM model was developed to reduce the number of parameters to be estimated to a reasonable amount while still allowing for the accommodation of complex competition between brands in a category (Carpenter et al. 1988). It is based on the assumption that “a brand’s market share is equal to its attraction relative to all others” (Carpenter et al. 1988, p. 395). A brand’s attraction, in turn, is conditional on marketing activity and other dynamics of brand competition (Carpenter et al. 1988).

We use a novel data set provided by a leading European fashion e-commerce retailer consisting of more than 5.3 million observations of numerous apparel and shoes categories. We select two independent product categories for analysis. The data were collected between August 2013 and January 2014 spanning almost 150 days involving about 290,000 observations for the two categories under study. They contain actual demand, undiscounted price, and offer price information of both private and national brands in the German web shop on SKU level.

Summary of Findings
Empirical results show significant cross-price elasticities in only a fraction of all possible relationships. The magnitude of significant cross-brand effects, however, is substantial and even larger than the average own-price effect. This result is in contrast to previous research finding less pronounced cross-price effects in brick-and-mortar settings (Leeflang and Parreño-Selva 2012). In addition, asymmetric competition between brands is present. Therein, low-price brands are more vulnerable towards price changes of competing brands than high-price brands.

We glean from our results that the importance of incorporating cross-price effects when making pricing decisions increases even more in the wake of intensified competition.
in e-commerce. Firms need to take a category management perspective regarding the entire product portfolio when developing markdown pricing strategies in online fashion retailing since price cuts can lead to the opposite than desired effect. Therein, price reductions accompanied by inclining sales in one part of a category can lead to severe cannibalization of demand in other parts of the same category possibly deteriorating sales of high-margin products. Moreover, it is essential to reflect cross-price effects at a granular level to allow for the accommodation of asymmetries in the competitive structure of different brands.

**Key Contributions**

With this study we address a research gap pertaining to demand-side effects in e-commerce. Bijmolt et al. (2005) emphasized the need to investigate price elasticities in online situations as these might be systematically different from brick-and-mortar settings. In addition, Kopalle et al. (2009) called for more studies on competitive price effects in fashion e-commerce since research on this topic has been scarce although “the ongoing focus on cross-category effects has great theoretical and substantive importance” (Leeflang and Parreño-Selva, 2012, p. 584). To the best knowledge of the authors this is the first study examining inter-brand competition in fashion e-commerce. We thus contribute to the marketing literature by finding substantial competition between brands and identifying asymmetries in the competitive structure in two independent product categories.

*References are available on request.*
Dynamic Pricing of Seasonal Goods: An Empirical Investigation into Optimal Price Paths Using a Flexible Dynamic Hierarchical Model

Shantanu Mullick, ESSEC Business School
Nicolas Glady, ESSEC Business School

Keywords: dynamic pricing, Bayesian models, retailing, revenue management

EXTENDED ABSTRACT

Research Question
Seasonal goods are sold over a finite season. Airlines, fashion goods and self-storage are some examples of seasonal goods. The distinct features of seasonal goods lead retailers to adopt dynamic pricing, where prices vary substantially within the season (Soysal and Krishnamurthi 2012). Analytical models show that dynamic pricing leads customers to react strategically to price variations (Shen and Su 2007). Su (2007) studies the interplay between the retailers’ pricing strategies and customers’ pricing strategy; Su (2007) permits customers to be heterogeneous in their valuation of the goods, and in their degree of patience.

Su (2007) analytically shows that both markup (prices increase over time) and markdown (prices decrease over time) policies could be optimal. Price markups (markdowns) are preferred when high-valuation (low-valuation) customers are more patient than low-valuation (high-valuation) customers. For example, the airlines industry employ markup pricing, whereas the fashion goods industry resort to markdown pricing. Xu and Hopp (2004) analytically show that a markup (markdown) policy should be adopted if price sensitivity is decreasing (increasing). Thus, we hypothesize that the trajectory of the price sensitivity will depend on the composition of customers: price sensitivity would decrease (increase) over time for stores with predominantly patient high-valuation (patient low-valuation) customers.

Method and Data
To reliably estimate the price sensitivity over time for the individual stores, we extend the model used by Neelamegham and Chintagunta (2004). We build a flexible dynamic hierarchical model: we model store level time-varying price sensitivities as a function of the covariates of the store.

We use two different data sets from the leading self-storage retailer in Europe: The first data set has store-level panel data, while the second data set has survey data. We have store-level panel data of 167 stores in seven countries in Europe. The data comprise of weekly sales, prices and starting inventory levels for each product. We have 140 weeks of data from September 2007 to May 2010. We have survey data that permit us to develop measures of customer valuation. The self-storage retailer conducted a survey of 5200 respondents from four countries. The respondents answered questions such as the size of the box they would prefer to rent, the amount they would insure their stored belongings for, and their reason for using self-storage.

Summary of Findings
Our model estimates support our hypothesis. For stores with predominantly patient, high-valuation customers we find that, barring an increase in one period, the price sensitivity decreases over time. Hence, these stores should follow a markup policy. To our knowledge, this is the first study to provide empirical support for this novel insight.

For further information contact: Shantanu Mullick, PhD candidate, ESSEC Business School (e-mail: shantanu.mullick@essec.edu).
For stores with predominantly patient, low-valuation customers, we detect an increasing trend in price sensitivity over time. Thus, these stores should adopt a markdown policy. The empirical study by Soysal and Krishnamurthi (2012) demonstrates that the seasonal goods retailer should follow a markdown policy. Hence our research adds to previous empirical work, by defining the conditions under which a markdown policy would be optimal.

**Key Contributions**
We make two contributions. First, we empirically verify that the trajectory of price sensitivities, and hence the optimal price paths depend on customer composition. Our disaggregate level study would enable seasonal goods retailers to adopt markup or markdown prices depending on the customer composition of the store. Previous empirical work (Soysal and Krishnamurthi 2012) conducted at the aggregate level have only found evidence for markdown policies. Second, to reliably estimate store level time-varying price sensitivities we build a flexible dynamic hierarchical model: we model store level time-varying price sensitivities as a function of the covariates of the store. Modeling store level time-varying price sensitivities as a function of the covariates of the store requires us to extend prior research by Neelamegham and Chintagunta (2004).

References are available on request.
Advanced Selling in Hotel Revenue Management: How Willingness to Pay for Booking Conditions Changes over the Booking Horizon

Jean-Pierre Van der Rest, Hotelschool The Hague
Haragopal Parsa, University of Denver
Bjorn Arenoe, Hotelschool The Hague

Keywords: pricing, discrete choice modeling, advanced purchase, price conditions

EXTENDED ABSTRACT

This paper proposes a time-dependent discrete choice model for predicting consumer booking behaviour. By modelling consumers’ preferences towards hotel room rate conditions (i.e. cancellation, date change and pay on departure) as a function of time, the notion is explored whether the perceived value of a rate condition, as well as the willingness-to-pay, changes over time. The choice model includes time as an additional ‘attribute’. This attribute, however, does not present a feature of the choice propositions but instead is associated with the choice context.

An empirical study to test the proposed model was undertaken in collaboration with a leading global hotel chain. From November 18th 2012 until February 2nd 2013, a total of 260 Computer-Aided Personal Interviews (CAPI) were carried out in the lobbies of three of the chain’s venues in the Netherlands. The interviews were conducted by front office personnel on i-Pads and took about 10 minutes for the respondents to complete. Sawtooth Software SSI Web 8 was used as the interviewing platform. The statistical software package Biogeme (Bierlaire, 2003) was used for simulation with the application of 150 Halton draws per respondent in order to achieve stable results within acceptable runtimes (Train, 1999). Model forecasts were subsequently generated through Microsoft Excel with 10,000 artificial (simulated) booking agents. Price was coded as a single scalar for parsimony (i.e. ‘linear attribute coding’).

Table 1 presents the estimated parameters and significance tests for a benchmark model (RCMNL), the proposed model with a linear specification for the booking horizon (Model 1, i.e. $f(T_q)=T_q/10$) and the proposed model with a logarithmic specification for the booking horizon (Model 2, i.e. $f(T_q)=\ln(T_q)$). The benchmark model is a standard RCMNL model with constant means and standard deviations for the price coefficient, the three binary coefficients for the rate conditions (free cancellation, free date change, pay on departure) and the no-choice constant. As can be seen from the bottom part of the table this model has a significantly higher explanation than a Null model (LL Ratio = 1287.6; p<0.01; adj. Rho²=0.222). All estimated means are strongly significant (p<0.01) and have expected signs and relative magnitudes, indicating that all the attributes shown in the choice task have had an effect on the aggregate choice behaviour of the respondents. However, only one of the five estimated standard deviations (for price) is significant (p<0.01), indicating that consumers seem to be fairly homogenous in their sensitivity towards the rate conditions.

Model 1 and 2 both offer a significantly higher explanation than the Null model (Model 1: LL Ratio = 1354.8; p<0.01; adj. Rho²=0.231 – Model 2: LL Ratio = 1347.3; p<0.01; adj. Rho²=0.230). Moreover, both models offer a significantly higher explanation than the benchmark model (Model 1: LL Ratio = 67.3; p<0.01 – Model 2: LL Ratio = 59.7; p<0.01).

For further information contact: Jean-Pierre Van der Rest, Hotelschool The Hague (e-mail: rst@hdh.nl).
These results also suggest that the linear specification for the booking horizon provides a better fit than the logarithmic specification. Therefore, model 1 is chosen as the preferred model and model 2 is from here on dropped from further consideration.

In addition to all constant mean components being strongly significant predictors of choice (p<0.01), model 1 also shows strongly significant and positive time-dependent mean components for cancellation and date change (p<0.01). This indicates that the ability to cancel or change the date on a booking is indeed preferred more when the booking horizon is longer. Of the two rate conditions, free cancellation is more sensitive to the length of the booking horizon than free date change which seems logical as cancellation involves a higher potential risk to the guest than does a date change. Also, the sensitivity to pay on arrival does not appear to be related to the length of the booking horizon at all, which again seems logical as the preference for a payment method does not have an obvious time-dependent risk associated with it.

The finding of time-dependent choice behaviour has significant implications for hotel revenue management practice. A number of observations should, however, be made about the results. First of all, it should be noted that the optimal price levels were substantially higher than the maximum price level that was used in the stimuli. Furthermore, the optimal prices are substantially higher than the actual room prices currently charged by the hotel venues. The reason for this might be that the convenience sample that was used consisted mainly of guests rather than actual booking agents. Especially in business-oriented hotels guests may be substantially less price-sensitive than booking agents as they are typically not themselves involved in making the booking and certainly not at their own expense. The venues under study are notably business oriented as is confirmed by the fact that 77.7% of all the respondents reported on their stay to be mainly for business purposes as opposed to leisure purposes. In order to test this notion, ideally questions should have been included in the questionnaire on whether the respondent made the booking by himself and at his own expense and split the results accordingly. The fact that such

Table 1. Estimated Parameters and Significance Tests for the Benchmark and Proposed Models

<table>
<thead>
<tr>
<th>Moment</th>
<th>Type</th>
<th>Attribute</th>
<th>RCMNL</th>
<th>Model 1 (ln T)</th>
<th>Model 2 (log T)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>Constant</td>
<td>Price</td>
<td>-8.03 **</td>
<td>-7.27 **</td>
<td>-11.30 **</td>
</tr>
<tr>
<td>Mean</td>
<td>Constant</td>
<td>Cancellation</td>
<td>1.56 **</td>
<td>0.94 **</td>
<td>1.04 **</td>
</tr>
<tr>
<td>Mean</td>
<td>Constant</td>
<td>Date change</td>
<td>0.99 **</td>
<td>0.44 **</td>
<td>0.37</td>
</tr>
<tr>
<td>Mean</td>
<td>Constant</td>
<td>Pay on departure</td>
<td>0.61 **</td>
<td>0.44 **</td>
<td>0.65 *</td>
</tr>
<tr>
<td>Mean</td>
<td>Constant</td>
<td>None</td>
<td>-25.00 **</td>
<td>-25.30 **</td>
<td>-34.20 **</td>
</tr>
<tr>
<td>Mean</td>
<td>Time-dependent</td>
<td>Price</td>
<td>-0.44 *</td>
<td></td>
<td>0.16</td>
</tr>
<tr>
<td>Mean</td>
<td>Time-dependent</td>
<td>Cancellation</td>
<td>0.71 **</td>
<td></td>
<td>0.57 *</td>
</tr>
<tr>
<td>Mean</td>
<td>Time-dependent</td>
<td>Date change</td>
<td>0.36 **</td>
<td></td>
<td>0.34 *</td>
</tr>
<tr>
<td>Mean</td>
<td>Time-dependent</td>
<td>Pay on departure</td>
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<tr>
<td>Std. Dev.</td>
<td>Constant</td>
<td>Price</td>
<td>5.45 **</td>
<td>4.21 **</td>
<td>6.25 **</td>
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<tr>
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<tr>
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Note: ** = p<0.01; * = p<0.05
questions were actually not included in the questionnaire should be regarded as a major shortcoming of this research. The only relevant question that is available is whether the respondent would describe his current visit as mainly for business (n=202) or mainly for leisure (n=58). As a general indication of whether price sensitivity might differ between guests that generally make a booking by themselves and at their own expense (leisure guests) and guests that generally do not (business guests), model 1 was separately estimated for both groups. The results indicate that the price sensitivity is indeed lower for business than for leisure guests (unpaired t-test: t=10.81; df=258; p<0.01), which may or may not be due to business guests not booking by themselves and at their own expense.

References are available on request.
Research has demonstrated that consumers are influenced by how price information is visually presented. For instance, the color, placement, and size of price information have been shown to influence perceived savings, perceived value, and purchase likelihood. However, little knowledge exists regarding how the visual presentation of price information influences the assimilation of observed price information, affecting consumers’ internal reference price (IRP), a measure of price expectations. This research explores how price information fluency, or the metacognitive ease of processing price information, can influence the probability that consumers will assimilate observed price information into their IRP. Specifically, we demonstrate that marketers can adjust price information fluency to influence the degree to which consumers assimilate observed price information into memory, affecting their future price expectations. This research offers both substantive and theoretical contributions to pricing by identifying a new mechanism to influence price assimilation and increasing the understanding surrounding the underlying cognitive processes that affect IRP change.

**Research Question**

Marketers often adjust their pricing strategies to respond to various environmental or competitive forces. Despite its importance, little knowledge exists regarding how marketers may decrease the probability that consumers will assimilate promotional prices into their internal reference price. For instance, research has identified the role of price history (Wedell, Parducci, and Lane 1990), consumer processing goals (Cunha and Shulman 2011) product involvement (Chandrashekaran and Grewal 2003), and consumer deal-proneness (Han, Gupta, and Lehmann 2001) as factors that influence the probability of price assimilation. However, it is often difficult and impractical to refrain completely from promotional pricing in most consumer industries. As such, marketers have relatively few tools to influence when consumers incorporate observed promotional prices into their IRPs. In this paper, we provide evidence that the assimilation of price promotions can be influenced by the manner in which price information is visually displayed. Specifically, we investigate how price information fluency, or the perceived ease of processing price information, can influence the probability of price assimilation.

**Method and Data**

In study 1, one hundred eight respondents were randomly assigned to one of two conditions (font characteristics; fluent or disfluent) in a between subjects design. Times New Roman was used as the fluent font. Curlz MT served as the disfluent font. To establish an initial reference price to serve as a point of comparison, all respondents evaluated an ad featuring a Samsung 55” HDTV, consisting of a graphical representation, a summary of product features, and a price of $1599 presented in Times New Roman. After a filler task, respondents were exposed to the price fluency manipulation ad for their assigned condition.

In study 2, ninety respondents were randomly assigned to one of two conditions (MSRP fluent and sales price disfluent, MSRP disfluent and sales price fluent) in a between subjects design. Times New Roman was used as the fluent font. Curlz MT served as the disfluent font. Respondents evaluated an ad featuring a Canon all-in-one printer ad, consisting of a graphical representation, a summary of product features, and a price of $1599 presented in Times New Roman. After a filler task, respondents were exposed to the price fluency manipulation ad for their assigned condition.
Summary of Findings
Across 2 studies, results suggest respondents were more likely to utilize price information presented in disfluent fonts to update their expectations of the floor and average price of the HDTV. For instance, in study 1, analysis revealed a significant main effect of font fluency on the least ($M_{\text{fluent}} = $1090, $SD = $319; $M_{\text{disfluent}} = $947, $SD = $263; t(106) = 2.57, p < .05) and average ($M_{\text{fluent}} = $1464, $SD = $400; $M_{\text{disfluent}} = $1316, $SD = $361; t(106) = 2.02, p < .05) future price expectations of respondents. Study 2 replicated the results of study 1, and demonstrated that sales price memory accuracy partially mediated the relationship between the experimental condition and respondents’ expectations of the price floor, indirect effect (.28 to 8.19) and direct effect (-46.83 to -1.31) and average, indirect effect (.38 to 17.96) and direct effect (-80.82 to -9.67) expected future price of the all-in-one printer, as the 95% confidence intervals excluded zero.

Key Contributions
These studies provide evidence that price information presented in a disfluent font is more likely to affect the formation of IRPs than price information presented in a fluent font. Further, support for sales price memory accuracy is demonstrated as the psychological mechanism responsible for the font price fluency effect in the form of competitive mediation. As such, the results suggest that disfluent price information increases price memory accuracy, which in turn increases the likelihood of disfluent price information to influence consumers’ future IRPs. In the case of study 2, when the sale price was presented in a disfluent font, respondents demonstrated greater memory accuracy of the all-in-one printer’s sales price, which resulted in lower future floor and average price expectations for the product. Together, studies 1 and 2 provide evidence that price information fluency can be manipulated to reduce the influence of promotional pricing on consumers’ future price expectations.

References are available on request.
The Effect of External Reference Price on Participative Pricing: The Moderating Role of Consumption Mode

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Keywords: pay what you want (PWYW), consumption mode, external reference price, price satisfaction, purchase intention

EXTENDED ABSTRACT

Research Question
Pay-What-You-Want (PWYW) is a new form of participative pricing mechanism that consumers can make final determination of product prices, which sellers cannot reject. This method was found to increase firms’ overall profitability. Previous literature explores the effect of external reference price on consumer’s willingness to pay and the dollar amount of payment in the PWYW context but reaches inconsistent conclusions. This raises a question that under what conditions the external reference price can influence consumer behavior and help sellers to increase their profitability. Given the fact that consumers usually follow two distinct consumption modes, i.e., utilitarian or rational mode versus hedonic or emotional mode, this paper aims to examine whether using external reference price in the PWYW context differs due to consumption modes. We predict that for hedonic consumption, a presence of external reference price, compared to absence, will lead to a higher consumers’ satisfaction with price. Subsequently, consumers will have higher purchase intention and pay higher PWYW prices. On the other hand, for utilitarian consumption, an absence of external reference price will enhance consumers’ PWYW perceptions. We further examined the mediating role of perceived value in such a relationship.

Method and Data
We conducted a 2 (External reference price: presence vs. absence) x 2 (Consumption mode: utilitarian vs. hedonic) between-subjects experimental design to investigate the moderating role of consumption mode in the relationship between external reference price and price satisfaction in the PWYW setting. The pretest results supported choice of a shampoo, as a product fit with utilitarian consumption, and chocolate as a hedonic product. The average market price for both products is $4.00. Subjects first read a short scenario asking them to consider purchasing a shampoo or a bag of chocolate at a grocery store that offers PWYW. They were randomly assigned to one of the four presentation conditions. Subjects were then asked to evaluate on seven-point scale of their perceived price satisfaction ($\alpha = .89$), perceived value ($\alpha = .82$), and purchase intention ($\alpha = .96$), and one item asking subjects to indicate the PWYW amount that they would like to pay for the product. Measurements of the study were adopted from previous PWYW and pricing literature (Dodds et al. 1991; Grewal et al. 1998; Tam 2004) and only one item was deleted based on the reliability test. A total of 112 undergraduate students participated in the study.

Summary of Findings
Manipulation check was successful that the shampoo was perceived as a high utilitarian consumption while the chocolate was perceived as a high hedonic consumption. Multivariate analysis of variance showed significant main and interaction effects of consumption mode and external reference price on PWYW perceptions. As predicted, for hedonic consumption, consumers perceived higher price satisfaction, perceived value, purchase intention, and PWYW payment with the presence of an external reference price than absence. On the contrary, for utilitarian consumption, an absence of an external reference price, compared to pres-
ence, lead to overall higher PWYW perceptions. We further showed that consumers’ perceived value fully mediates the effect of price satisfaction on both purchase intention and dollar payment in the PWYW context. Our findings imply that sellers of products that are related to hedonic consumption modes should offer external reference prices in the stores using a Pay-What-You-Want participative pricing method in order to receive higher payments from customers. This is because predicting and recalling prices of hedonic products is typically more difficult and risky for consumers, while those who follow a hedonic consumption mode enjoy shopping under lower uncertainty.

**Key Contributions**

From theoretical perspective, this paper contributes to the PWYW literature by analyzing the unexplored impact factors of PWYW. We find that consumption mode is an important moderating factor that interacts with the external reference price in influencing consumers’ perception and purchase behavior in a PWYW context. Our study reveals that contradictory findings in previous research regarding the use of external reference price in the PWYW context may be due to the choice of products related to only one consumption mode. The results give some helpful implications for marketers to decide using external reference prices based on consumption modes. For instance, sellers of hedonic products, such as music, movie DVDs, and online games may be able to increase their profits by offering external reference prices in the PWYW setting. On the other hand, it might be beneficial for sellers of utilitarian products by not offering an external reference price in their PWYW setting.

*References are available on request.*
The More the Merrier? The Effects of Additional Information Through the Use of Mobile Apps on Purchase Decisions

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ABSTRACT

Shoppers endeavor to reduce their uncertainty through access to as much information as possible during unsure decisions. Paradoxically, however, this strategy could lead to the reduction of the objective quality of the decision. The use of mobile apps positively influences the subjective quality of the decision only under specific conditions, but negatively impacts decision efficiency and also increases consumer confusion. These effects are not only triggered by the use of mobile apps in general, but also depend on several environmental conditions and on the amount of additional product information provided by mobile apps.

Introduction

Shopping in stores, consumers encounter assortments that comprise a wide variety of decision alternatives to choose from and especially in the FMCG sector, product features often are difficult to compare objectively. The great complexity of decision alternatives can lead to uncertainty among shoppers, which in turn can result in abandoned purchases or suboptimal decisions.

Due to the possible negative consequences, manufacturers, retailers and customers strive to reduce such uncertainty in the decision situation. Shoppers, for instance, select appropriate strategies, which include information search in the pre-purchase phase. Recently, another possibility to reduce uncertainty has also come to the fore: the prevalence of Smartphones that provide access to comprehensive product-related information during a purchase decision directly at the POS. In the past, however, a number of studies have revealed that an increasing amount of information does not necessarily mean that more information is taken into consideration in the purchase decision. While such studies usually examine how shoppers deal with information that all test subjects are offered equally in the lab, the information available through apps is a different story: here, the information is accessed specifically by the shopper, who can decide for him or herself which information he accesses and in which order. However, it is in question, whether the positive aspects of additional information will lead an increase in a subjectively (e.g. satisfaction with the decision) as well as objective (optimal choice) quality of the decision.

To this day, there are very few studies that address this issue. Our paper enhances the state of research through four empirical studies that analyse the influence of additional information that is generated by the use of mobile apps at the POS on the purchase decision. In an initial quasi-experimental field study (study 1), we studied this influence in a real setting. We then tested the dependence of the effect discovered here – that the decision-making efficiency is reduced by app usage but that the decisions don’t improve – on complexity of the selection (study 2), complexity of the environmental conditions (study 3) and complexity of the additional information (study 4) in three lab studies.

Influence of Additional Information on the Purchase Decision

Information processing and decision processes are generally based on certain restrictions. One major restriction is the limited capacity for recording, processing and storing information (Bettman et al. 1991). In this regard, Jacoby et al. (1974a) studied the influence of cognitive limitation through additional information on purchase decisions. Jacoby et al. (1974a), for instance, varied the number of product alternatives and the information on the individual products. The
The ability to make correct product choices among various shop, and its price competence.

results reveal an inverted-u-shaped relationship between the amount of information and the objective quality of the decision. In contrast, the test subjects felt more confident surer and more satisfied with their product choice as the amount of information increased and indicated a lower level of consumer confusion.

These results challenged the ideal of the rational consumer, whose decisions become more optimal the more information is available to her. Instead, the results suggest that consumers are unable to fully absorb and process the complete stimuli and information from their environment and thus only select a fraction of these stimuli (Jacoby et al. 1974b). From this, Jacoby et al. (1974b) derive the theory of information overload, that proposes that decisions cannot be improved through an unlimited increase in the information basis.

Subsequent studies also yielded similar, although not always identical results (Russo 1974; Summers 1974; Wilkie 1974). Especially in recent years, the effects for many decision alternatives have been studied under the buzzword “choice overload” (Scheibehenne et al. 2009).

Until now, studies on the influence of the amount of information available at the POS on the purchase decision did examine adaptive, static information, from which all shoppers have to choose in equal measure. The use of Smartphones and the corresponding scanner apps differ from this: here, the information is accessed specifically by the shopper. As a rule, the information presented refers explicitly to the alternative that comes into question. In the same way, information that is not sought in the corresponding phase of the purchase decision will be masked. The question arises, whether the choice overload can be reduced in this way and thus the possible negative consequences of an increasing amount of information can be prevented. Broeckelmann and Groeppel-Klein (2008) provide a first indication of the influence of Smartphones at the point of sale on marketing-relevant variables. In their study, customers were supposed to find out about the prices of different products using a Smartphone and accessing a price comparison page. The results reveal that shoppers are solely influenced by the information in the app in their purchase intention, their evaluation of the shop, and its price competence.

The ability to make correct product choices among various degrees of information overload is the focus of the information overload paradigm (Malhotra et al. 1982). Based on Jacoby et al. (1974a), it can be assumed that the objective decision quality initially improves with an increase in the amount of information. While too much information reduces the objective decision quality again, we assume that this effect does not eventuate within the scope of using information with an application as the information explicitly refers to the alternative that is under review and additional information that is not sought in the corresponding phase of the purchase decision process is masked. An information overload should thus be avoided:

H1: The use of additional information from mobile apps improves the objective decision quality.

As revealed in earlier studies, we also assume that the subjectively perceived decision quality increases with the availability of additional information. This assumption coincides with the findings on perceived self-efficacy, which increases with additional information:

H2: The use of additional information from mobile apps improves the subjective decision quality.

With regard to the efficiency of the decision-making process, we expect that the process will take longer when consumers use a barcode-scanner application, which especially results from handling the Smartphone and processing the additional information. This assumption echoes the results of Jacoby et al. (1974), where the efficiency of the decision-making process also decreased with an increase of the amount of information:

H3: The use of additional information from mobile apps negatively effects the efficiency of the decision making process.

One consequence of an information overload is consumer confusion. Nevertheless, we assume that consumer confusion will not arise in the context of using information with an application: Here the information is accessed specifically by the shopper, who can decide for him or herself how much and which information she accesses. Accordingly, we assume that:

H4: The use of additional information from mobile apps increases reduces the perceived consumer confusion.

**Measures and Procedure**

We tested the proposed hypotheses in four experimental studies, one in a real retail environment and three in a laboratory setting. In each of the four studies a scenario was presented to the participants in which they should image that they are planning to prepare a Spanish three-course menu for dinner and that they still need a bottle of wine that fits very well to their menu. The participants were told that the only wine that will fit to the menu must fulfil the five following criteria: (1) red wine from Spain, (2) grapes: (3) Tempranillo, (4) dry, (5) alcohol strength 13%, and price
between 7.50 and 12 Euro. After the participants finished reading the scenario they were asked by the investigator if they had understood the task. If they affirm this question they were asked to find a bottle of wine that fulfils each of the five criteria in the wine section of a traditional supermarket (study 1) or from a shelf with several alternatives in a laboratory (studies 2, 3, and 4). In each of the four studies only one bottle of wine fulfilled all of the above mentioned criteria.

Study 1 was conducted in a traditional supermarket of a German retailer and tests our basic assumption that the use of a mobile barcode scanner application on a mobile phone will have an impact on the efficiency of consumer decision making, on the objective and subjective quality of the decision as well as on consumer confusion when searching for a specific product in general (condition 1: without mobile app vs. condition 2: with mobile app). In the first experimental condition participants only had the opportunity to obtain the product information which are provided on the packaging. In the second experimental condition the participants were able to use a mobile barcode scanner application to obtain additional product information for their decision making by scanning the Universal Product Code (UPC) on a product.

In Study 2 we analysed the influence of the complexity of the assortment on the efficiency of decision making as well as on the objective and subjective quality of the decision by using a 2x2 between subject design (factor 1: amount of product information; factor 2: complexity of the selection). Factor 1 was manipulated in the same way as in study 1. The second factor was manipulated based on to the number of product alternatives presented to the participants. In the first condition of factor 2, the participants should make their decision out of 15 presented product alternatives. In the second condition of factor 2, the participants had to make their decision out of 30 product alternatives.

In Study 3 we investigated the impact of the complexity of the environment and the use of a mobile barcode scanner application on the efficiency of the decision making, on the objective and subjective quality of the decision as well as on consumer confusion by using a 2x2 between subject design (factor 1: amount of product information; factor 2: complexity of environmental conditions). The number of available product alternatives was the same for each experimental condition (15 product alternatives). Again, factor 1 was manipulated as in the previous studies. The second factor was manipulated by playing an audio book in the background (no audio book vs. audio book). If the audio book was played in the background, participants were requested to listen carefully to the audio book because they will be asked some questions regarding the content of the audio book after they made their final decision.

With regard to our study, one might conclude that consumer decision making will not only be influenced by environmental aspects, but also due to the complexity of the additional product information that is provided due to the use of a mobile barcode scanner application.

Study 4 deals with this issue by manipulating the amount of product information that was presented in the mobile barcode scanner application. Therefore, in one experimental condition only basic product information were provided to the participants after scanning the UPC on the packaging (short version of the mobile scanner application). In the second experimental condition the same basic product information were provided to the participants after scanning, but also further product information, e.g. results of product testing of independent consumer organisations and product reviews (long version of the mobile scanner application). In the control group the participants could only obtain the product information which was provided on the packaging.

Before the participants started with their decision making process they had to answer questions regarding their previous experiences and their expertise in using Smartphones as well as in using mobile barcode scanning applications. Furthermore, the participants had to answer questions regarding their purchase frequency of wine, their expertise regarding this specific product category as well as which criteria are most relevant to them when purchasing wine. All of the mentioned variables were used as control variables in the data analysis.

During their decision making process the participants were observed by the investigator. The investigator collected information regarding the approach behaviour towards the alternative products of the participants (e.g. product contacts, number of scanned products, duration of the decision making, selected wine). When the participants had selected a bottle of wine they had to answer questions in a second questionnaire regarding the subjective quality of their decision by adapting the approach of Jacoby et al. (1974b) to the context of our study. Consumer Confusion was measured using the scale of Walsh et al. (2007). Furthermore, we measured the participants satisfaction with their decision using a single item on a seven point rating scale (1 = not satisfied at all - 7 = very satisfied). The selected bottle of wine serves as a measurement of the objective quality of the decision (correct decision vs. incorrect decision). We used the number of the fulfilled criteria of the selected bottle of wine as a further indicator of objective decision quality. Decision
efficiency was operationalised by the duration of the decision making. For each of the four studies the results of the manipulation checks were satisfactorily.

**Results**

**Study 1**: N = 117 participants were acquired in a traditional supermarket in a mid-size German university city (Age: M = 31.6 years, SD = 12.7; 54% female). With regard to the previous mentioned control variables, no significant differences were identified between the two experimental conditions (without mobile app vs. with mobile app). Overall, the objective quality of the purchase decision was considerably low. Only 47% of the participants had made a correct purchase decision, meaning that they found the correct bottle of wine that fulfilled the five criteria. Contrary to our expectations, the results of our hypotheses testing do not show empirical evidence for our assumptions that additional product information from mobile barcode scanning applications would positively influence the objective as well as the subjective quality of the decision, thus, we had to reject H1 and H2. But, the findings support hypotheses H3. The use of additional product information from mobile apps significantly increases the duration of the decision making process, meaning that the use of mobile scanning applications has a negative impact on the efficiency of the decision making (T = 2.195, p < .05). Consumer confusion was also not affected by additional product information. Hence, we had to reject H4.

**Study 2**: N = 133 students of a German university took part in the laboratory experiment (Age: M = 26 years, SD = 3.9; 47% female). Again, no significant differences concerning the control variables were obtained between the four experimental conditions. Interestingly, in the laboratory setting the percentage of correct product choices increased significantly compared to the situation in real retail environment of study 1 (correct choice: Study 1 = 47%, Study 2 = 71%; χ² = 11.38, p < .001). A reasonable explanation for this significant difference is the great difference of the assortment variety between study 1 and study 2 (study 1: 200 bottles of wine; study 2: 15 bottles of wine). However, in study 2 the correct choice was not influenced by the use of a mobile barcode scanner application and by the complexity of the selection, which was manipulated by the number of available product alternatives. But, with regard to the number of fulfilled criteria of the chosen wine, our results show a significant interaction effect of our factorial design (F = 2.79, p < .1). The use of a mobile app positively influences the number of the fulfilled criteria of the wine, especially when the complexity of the selection increases. Therefore, we obtained partial support for H1. With regard to the subjective quality of the decision, our findings show that the use of a mobile barcode scanning application positively impacts participants’ evaluation of their decision (F = 9.86, p < .01), supporting H2. But, decision efficiency was negatively influenced (F = 7.02, p < .01). If a mobile app was used, the duration of the decision making process increased, supporting H3. Furthermore, we identified a significant positive impact of the use of a mobile app on consumer confusion, supporting H4 (F = 5.01, p < .05). Participants who were able to use the app during their decision making process were less confused compared to those participants that had to base their decision only on information that was available on the wine bottles.

**Study 3**: N = 121 (Age: M = 26.4 years, SD = 3.7; 56% female) students participated in the second laboratory experiment. Overall, 58% of the participants chose the correct wine from the available alternatives. With regard to the objective quality of the decision, we obtained no significant differences between the experimental conditions. Therefore, we had to reject H1. We also had to reject H2 (subjective decision quality) and H4 (consumer confusion) in study 3. But, again we identified a negative impact of the use of a mobile app on decision efficiency, supporting (F = 18.47; p < .001).

**Study 4**: N = 120 (Age: 24.3 years, SD = 5.1; 46% female) students participated in this experimental study. With regard to the objective decision quality of the whole sample, 77% of the participants had made a correct choice. Interestingly, we obtained a significant difference of the percentage of correct choices between the three experimental conditions (χ² = 4.26, p < .05). If the amount of additional product information from mobile apps was low, meaning that only basic product information were provided, the number of correct product choices (87%) was considerably higher compared to situations with a high amount of additional product information (77%) or without additional information from mobile apps (72%), supporting H1. Decision efficiency was significantly negatively influenced by the amount of additional product information (F = 8.06, p < .01). The duration of the decision making process increased with an increase of the amount of additional product information, supporting H3. Moreover, our results show a significant positive impact of the amount of additional product information on consumer confusion (F = 3.342, p < .05). Especially, consumer confusion decreases when the amount of additional information from mobile apps is low, supporting H4. Interestingly, we obtained no significant impact of the amount of additional product information on the subjective quality of the decision. Therefore, we had to reject H2.

**Discussion and Conclusions**

This paper reports the results of four studies that analyse the influence of additional information provided by the use of mobile apps at the POS on quality and efficiency of con-
somer purchase decisions. However, with regard to the objective decision quality, our results do not fully support our expectations: additional information during the purchase decision leads to higher objective quality of the purchase decisions if it is attuned to the specific decision. If further information is provided during the purchase process that is irrelevant for the decision, it reverses the positive effect of the relevant additional information. Additionally, we could not confirm our expectation that the individual access that each shopper has to the information in the apps will lead to shoppers only having recourse to information that is relevant to them. Evidently, shoppers endeavour to reduce their uncertainty through access to as much information as possible during unsure decisions. Paradoxically, however, this strategy leads to the reduction of the objective quality of the decision. Unlike in other studies, the subjective quality of the decision is not positively influenced by additional information in every case. Only if the complexity of the decision increases due to the number of available alternatives, additional information lead to a more positive evaluation of the decision. Neither the complexity of the environmental conditions nor the information offered had an influence on the subjective decision quality. It seems that shoppers evaluate decision support instruments, such as information from the app, according to the suitability of such instruments for reducing the confusion. However, the use of mobile apps reduces decision process efficiency in every instance. As expected, handling and processing the information takes additional time, which is not balanced out by more rapid decision-making.

The limitations of our results should also be taken into consideration when interpreting them: our focus on only one category, namely purchase decisions regarding wine, is a significant limitation. Presumably, additional information in purchase decisions for goods with a long shelf life have different effects on the decision quality than for consumer goods. Nonetheless, we opted for consumer goods for our study because the use of additional information during purchase decisions for these goods has risen steadily in recent years. Another limitation of our results is the decision task given to our test subjects. Although we endeavoured to make the task and decision setting as realistic as possible, it can be assumed that real purchase decisions are not only based on stable criteria, but that trade-offs are also made between selection criteria. However, our measurement of the objective decision quality did not permit the consideration of these processes, which means that our results can only be representative for a section of possible purchase decisions.

Nevertheless, our results allow the derivation of implications. For customers, it is evident to focus only on additional information which are of relevance for their decision making. Even if additional but not relevant information might be of interest, it generally increases the complexity, which can lead to poorer decisions. Retailers and manufacturers, on the other hand, can help prevent customers from losing track in a large assortment by offering individualised, relevant information through Smartphone apps and thus avoid the negative consequences of a choice overload.

References


Do Retailers Adapt to the Needs of Older Food Shoppers? Empirical Evidence from a Cross-Cultural Multiple–Case Study Design

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Keywords: older consumers, food retailing, environmental gerontology, case study, retirement communities

EXTENDED ABSTRACT

Research Question
Due to the increasing relevance of senior consumers, retailers in particular must be aware of the trends, needs, and wants of older consumers to secure this increasing share of retail expenditure over the next decades (Myers and Lumbers 2008). There is consensus within the gerontological literature that personal and environmental resources contribute to ageing well and a good life (Lawton 1983; Wahl and Weisman 2003). Consequently, store concepts for senior supermarkets based on previous marketing related research efforts (e.g. Angell et al. 2012) represent an attempt to improve elderly food shoppers’ quality of life. However, in the marketplace very few food shopping concepts cater successfully to the needs of the elderly. The aim of the study at hand is to shed light on this discrepancy between the needs of the elderly as proposed by research and the performance of stores tailored to these needs in practice. Investigating the person–environment relationship within the context of food retailing, the research project provides an insight into the “naturally” occurring interrelationship between ageing and retailing by answering the following research question:

How does a chronologically old customer base influence the functions of a food-retailing environment?

Method and Data
To answer the proposed research question we implemented an exploratory multiple–case study design. The main phenomenon under investigation was the food shopping experience of customers in the context of different chronologically old social environments (U.S. college town; U.S. retirement community; metropolitan area in central Europe). As a chronological age threshold, to separate young consumers from old consumers, the age of 55 years was chosen. Data was collected using focused interviews with consumers (n=69). As a research technique within the interviews, a sequential incident technique (SIT) was used. In this context an incident was defined as any stated positive or negative experience during a shopping trip. Following the procedural recommendations of Gremler (2004), we applied a structuring content analysis approach defined by Mayring (2004) to analyze the data. The retail marketing mix instruments and external environmental forces as defined by Dunne and Lusch (2008) were chosen as a theoretical fundament for the categorization. In a first step, the type of incident was defined by coding it as negative or positive. In a second step, the retailing dimension of the incident was assessed using a coding guide with seven primary categories. With a coefficient of agreement of .99 (positive/negative) and .86 (retailing dimensions) the judge’s coding decision can be interpreted as reliable.

Summary of Findings
All interviewed respondents in the United States and Europe (n = 69) mentioned a total of 790 incidents. 92 of these originally stated incidents were identified as duplicates of the same incident in one interview and omitted prior to further analysis.
analysis. More than half of the remaining 692 incidents were positive experiences (57.1%), whereas 42.9% can be seen as negative events. The majority of positive incidents were stated by the elderly, independent of the region or site of the study, showing a general, more positive connotation of older consumers in experiencing the retailing environment. Comparing the distribution of positive and negative incidents in the main retailing mix categories, no substantial differences between the investigated groups of the retirement community and the college town can be noticed. Having a closer look at the associated sub-categories it can be seen that qualitative discrepancies in the experience of assortment, customer service, and layout do exist. More specifically, consumers in the retirement community report positive incidents with smaller package sizes, no changes in arrangements of products and shelves and competent baggers. Older consumers in the college town report the opposite. These differences are even more prevalent when comparing the experience of the investigated elderly in the United States and Europe.

**Key Contributions**

By conducting this qualitative study, we were able to investigate the person–environment relationship in food retailing. Based on the findings of our study it can be assumed that food retailers do adapt to the needs of older consumers when their customer group of elderly is large enough. In line with previous findings in environmental gerontology the results show that the environmental functions of support and maintenance are important factors for elderly customers. In this context, especially adaptions in assortment (product sizes), layout (stable arrangement of products and shelves), and customer service (especially check-out services) seem to be better provided by U.S. food retailers in a chronologically old social environment.

The result can also be an explanation for the aforementioned questionable success of senior supermarkets. Store concepts dedicated to the needs of older consumers may overshoot this goal by conducting too many adaptions in too many retail dimensions. Customers may see this great number of adaptions as a negative age segmentation cue, which can lead to a denial of the concept.

*References are available on request.*
Can we predict product return behavior from online shopping behavior? E-commerce websites collect large amounts of clickstream data on search and transaction behavior, but its potential as a decision support system for marketers to individually address customers or to personalize content is largely untouched. Prior studies have used clickstream data to analyze online shopping behavior and its impact on purchase decisions, but they ignore the role of product returns and thus fail to categorize customers based on the “net” value of the purchase. We apply two-step cluster analysis and stepwise multiple discriminant analysis to clickstream data and transaction data from a major European e-retailer of fashion goods to assess the relationship between shopping behavior and return behavior. Product returns are not arbitrary; they occur based on the customer’s shopping motive that manifests itself in the product search behavior. Results confirm four segments: “Browsers” and “Hunters” have significantly lower product return rates than the average customer, while “Gatherers” and “Dreamers” have significantly higher return rates than the average customer. We develop a framework how marketing practitioners can leverage clickstream technology to understand the reasons for product returns of different customer segments in order to target them individually before the checkout.

Research Question
Research on product returns has focused on optimizing the return process from an operational perspective. However, few studies have analyzed product returns from the perspective of customer behavior or decision-making. In the online context, customer behavior manifests itself in the way how customers search the website for products, their “clickstream”. Our study extends research on clickstream analysis to product returns and helps marketers to optimize product-return rates through interaction with customers based on their expected product-return behavior. The research question is: does a different search behavior lead to different product return rates? Can we employ customer segmentation in order to predict product-return behavior while customers are still searching for products? We dichotomize search behavior into goal-directed and exploratory behavior based on the “flow” construct by Hoffman and Novak (1996). With regards to product returns, we differentiate between planned and unplanned returns, based on The Theory of Planned Behavior (TPB) (Ajzen 1991). Combining search behavior and return behavior, we expect four distinct segments, “Browser”, “Gatherer”, “Hunter” and “Dreamer”. In order to categorize search behavior, we followed Moe’s (2003) approach, which uses three categories of measures—session-focus measures, variety measures, and repeat product-viewing measures—and linked them with transaction and return variables.

Method and Data
Our research partner, one of the leading European e-commerce platforms, sells a wide range of fashion articles for men, women, and children. The retailer offers free shipping and free returns. We used the transaction data of 305 customers linked to more than 20,000 lines of clickstream data, with an average of 2.36 items purchased per customer. Purchases occurred between January and February 2013 and product returns occurred between January and May 2013, in line with the retailer’s product return policy. We used two-step cluster analysis and Schwarz’s Bayesian Criterion (BIC) to determine the optimal number of clusters. This approach is based on the two-stage clustering process that Punj and Stewart (1983) suggest. Using a log-likelihood dis-
We conducted a split-half validity test (Churchill 1979) by dividing the data into two random, equal-sized samples and repeating the cluster analysis. We also conducted a stepwise multiple discriminant analysis using the initial cluster assignments as the dependent variable and all measures as independent variables to test the validity of our model’s cluster solution and the discriminating potential of other variables.

**Summary of Findings**

“Dreamers” have the highest number of repeated product. They move quickly past high-level and category-level pages but spend nearly twice the share of their time on product-detail pages. These shoppers review high-value items many times, eventually order them, but then have a higher share of returns. “Hunters” spend relatively little time on their shopping trips, view very few pages, and revisit only a small number of product pages. These shoppers are efficient in their shopping behavior and have the lowest tendency to return. “Gatherers” view many pages and spend more time than any other segment on their shopping trips. The result is a high number of items purchased and the highest share of double-buys, which also explains the highest share of product returns, as this type of customer buys more than she intends to keep. “Browsers” view a below-average number of pages but exhibit a vertical shopping journey, spending more than twice the amount of time on the homepage and high-level category. They undertake generally unfocused, exploratory browsing sessions but then decide to buy something, perhaps as a reward for the shopping trip. Since the hedonic utility of that type of purchase is high, the return rate is comparatively low.

**Key Contributions**

This article extends the focus of clickstream research to product returns by combining Janiszewski’s (1998) framework of search behavior and Ajzen’s (1991) TPB in order to clarify return behavior. We develop a framework of online browsing behavior to predict product-return behavior using clickstream data. We define four segments of search/return behavior theoretically and test our framework empirically using clickstream, transaction, and return data for 305 shoppers. Results show that both directed and exploratory search behavior can increase product returns, depending on the customer’s attitude toward product returns as derived from the TPB.

Clickstream analysis, as a method of big-data analytics, can add great value to customers and firms alike. Marketing practitioners can use the method to analyze a customer’s type of shopping session while the customer is still browsing the website in order to provide targeted marketing messages and optimize the level of product returns. Customers can benefit from personalized online shopping environments supporting their individual browsing style. Website and marketing personalization requires that marketing managers have efficient decision support, and we contribute to this effort by developing a methodology with which to characterize online customers during their shopping journeys, helping marketers to make fast and sound customer-targeted decisions.

References are available on request.
Assessing Omnichannel Behavior of Customers at a Multichannel Retailer

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Keywords: retailing, hidden Markov models, multichannel shopping behavior

EXTENDED ABSTRACT

Research Question
Retailers are experiencing a dramatic shift in the buying habits of their consumers as they go online, and often become Omnichannel – buying using multiple channels offered by a retailer. For a retailer, an omnichannel approach to managing customers is very important because their priority is to capture as many of a customer’s purchases as possible. We propose a dynamic model of channel choice and purchase frequency extending the classic hurdle model by introducing a hidden Markov process to accommodate unobserved customer heterogeneity in patterns of both purchase frequency and channel choice. The latent states in the proposed hidden Markov model (HMM) represent the different types of relationships that exist between a customer and a retailer. We formally test the following hypotheses:

Hypothesis 1: There are dynamics in channel preference over time.

Hypothesis 2: Multichannel purchase behavior increases over time.

Hypothesis 3a: Multichannel customers are more valuable than single channel customers because they are disproportionately buying using channels with lower cost.

Hypothesis 3b: Multichannel customers are more valuable than single channel customers because these customers tend to buy more from the retailer.

Hypothesis 3c: Multichannel customers are less valuable than single channel customers because they are more price-conscious.

Method and Data
We collected individual-level transaction data from a major North American retailer that sells apparel and household goods across various channels, including retail stores, telephone, mail, and the Internet. We observed a cohort of 1000 customers over a nine-year period, starting 2001. We analyze the customer behavior over 36 quarters. A total of 29.2% of customer/quarters see no purchases while 12.28% of customer/quarters fall under multichannel behavior. We propose a hidden Markov model that estimates a customer’s purchasing behavior including channel choice and purchase frequency. The first part of the model consists of a point mass at zero, referred to as the hurdle, which we extend to a 5-dimensional vector, four components of which represent purchase through one of the four channels, including multiple channels in any given period, and the fifth is the no purchase event. The second part of the model is a truncated Poisson distribution to model the positive counts of the number of orders placed during the quarter. To account for a time varying association structure and for zero-inflation, we relax the independence assumption between the processes made by the basic hurdle model and introduce a common latent structure, assumed to follow a Markov chain. To test hypotheses 3a-3c, we use the maximum a-posteriori classification probabilities to determine state membership for each customer at each time period.

Summary of Findings
To test for presence of dynamics in channel choice over time, we compare our proposed dynamic model of channel choice to some benchmarks. A better model fit (on Bayesian Information Criterion) for the 4-state HMM model and further characterization of dynamics observed through transition of customers through various latent-states provide sup-

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port for the existence of dynamics in customer behavior, supporting Hypothesis 1.

To test for an increase in multichannel behavior over time, we examine the results of our HMM to determine which, if any, state is a suitable representation of multichannel behavior. We find that customers in state 2 make, on average, 62% of their purchases from multiple channels compared much smaller proportions in other states (all pairwise t-tests have p < .05). The slope of the linear trend model fitted for 36 quarters for this state’s overall proportion is positive and significant thus providing support for hypothesis 2.

We compare (a) the proportion of multichannel state customers buying from the least cost channel (Internet) with all other states and find a significantly higher proportion; (b) the average quarterly revenue of multichannel state customers with average revenue of customers in any of the other states and find a significantly higher average; and (c) proportion of customers buying items on promotion during multichannel states with all other states and find no significant difference. Thus we find support for Hypothesis 3a and 3b, but not 3c.

Key Contributions
First, our research addresses the need for “research that maps how the actions of firms influence buyer states” by developing a dynamic model to simultaneously assess how marketing actions affect (1) channel choice, (2) frequency of purchases, and (3) the evolution of buyer states over time beyond the first purchase, as identified by MSI top level research priorities 2012-14. Second, we test for three underlying mechanisms to explain value of multi-channel customers. The first mechanism is the cost of different channels patronized by multichannel customers. A second mechanism is whether a retailer can successfully capture more revenue from customers by serving them through multiple channels. These two are supported in our research. A third mechanism, proposed by prior literature (Konus, Verhoef, and Neslin 2008) suggests that customers that buy online tend to be more price-conscious than customers that buy from traditional channels, but this is not supported in our research.

References are available on request.
Smart Shopper Identity: The Construct, Antecedents, and Consequences

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Keywords: shopper identity, shopping delight, shopping performance, shopping skill, life satisfaction

EXTENDED ABSTRACT

Research Question
Consumers are motivated to engage in shopping activities for different extrinsic and intrinsic reasons. Intrinsic reasons may involve shopping to experience fun or to express one’s shopping competence. Engaging in repeated and habitual shopping activities based on fun or competence develops into a shopper identity. Those who routinely shop for fun are referred to as recreational shoppers; those who shop for competence are referred to as smart shoppers.

The current study focuses on “smart shopper identity,” the degree to which consumers think being a skillful shopper is an important part of their self-concept. Knowing more about smart shopping identity (e.g., how it is formed and how it affects consumers) can help us better understand the well-being implications of shopping activities. For instance, it can be argued that the impact of shopping activities on consumers’ well-being is co-created by consumers and retailers. In this co-creation, shopping for self-expressiveness would represent consumers’ contribution; whereas retailed-controlled factors such as the atmosphere of the store, employee assistance, and efficient layout design would represent the retailers’ contribution. Knowing more about the smart shopping identity would help consumers understand their own role in enhancing their well-being through shopping, and help retailers to develop shopping environments that could help form and reinforce the smart shopping identity and, hence, well-being of consumers.

Accordingly, the purpose of this study is to understand the smart shopper identity construct better. More specifically, we will examine antecedents and consequences of smart shopper identity in a nomological network.

Method and Data
Data were collected from 5,440 consumers through an internet-based national survey conducted in the United States. Out of 5,440 respondents who participated in the survey, 38.3% were male and 61.7% were female.

We used the following survey procedure designed by Civic-Science (a global marketing research firm) to minimize method bias. The survey questionnaire was administered in several waves using a polling widget hosted on more than 450 third-party websites (e.g., newspapers, blogs, and social media sites). Each respondent was shown a random three-question set from the larger survey per site visit. Respondents could complete the survey over time by visiting the websites that housed the survey. Individual respondents were tracked by using browser cookies and IP address. This allowed for the tracking of individuals across multiple visits and multiple sites, ensured that no respondent answered the same questions more than once, and identified the geographic location of each respondent. Additionally, a series of algorithms were used to identify multiple users on the same computer and remove them from the dataset. Once the data collection was completed, data pertaining to specific survey respondents

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across different times and settings were assembled to build the final data file used in the statistical analysis.

**Summary of Findings**

The two-step model was used to estimate the measurement model in the first step and the structural model in the second step. In the measurement model step, construct validity of the measures used in the study were examined. The results of the confirmatory factor analysis suggest that our measurement model provides a good fit for the data \( \chi^2 (p\text{-value})=7431.9 \ (0.00), \ df=103, \ CFI=0.959, \ NFI=0.959, \ NNFI=0.932, \ GFI=0.890, \ RMSEA=0.10, \ SRMR=0.023 \). The results of convergent and discriminant validity tests also provided evidence for the construct validity of the measures used in this study.

The structural model was used to test hypothesized relationships between constructs. The overall structural model was supported by the data: \( \chi^2 (p\text{-value})=9720.295 \ (0.00), \ df=122, \ CFI=0.947, \ NFI=0.946, \ NNFI=0.925, \ RMSEA=0.11, \ SRMR=0.058 \). The results showed that smart shopper identity in shopping was greater for people who reported higher perceived importance of shopping, higher experience of flow while shopping, higher perceived potential for self-realization of shopping, and higher effort invested in shopping. Smart shopper identity, in turn, positively and significantly predicted perceived shopping contribution to life satisfaction both directly and indirectly through shopping delight and shopping performance. Finally, shopping’s contribution to life satisfaction had a positive, significant impact on overall life satisfaction.

**Key Contributions**

First, this study introduces the new construct of smart shopper identity. While past research examined consumers with recreational shopper identity who enjoy shopping activities simply because it is fun, limited attention has been given to those consumers who focus on smart shopping performance. Our study findings build on the research by Arnold et al (2005) and Bonner (1992) that linked shoppers’ experience of positive affect with shopping performance and “smart shopping.”

Second, to the best of our knowledge, this research is the first to explicitly examine the impact of smart shopping on shopper’s life satisfaction. Previous research suggests that shopping may affect the well-being of shoppers; however, these studies did not explicitly focus on subjective well-being. Our study shows that shopping’s contribution to life satisfaction does indeed contribute to life satisfaction and demonstrates that the relationship between smart shopper identity and perceived shopping contribution to life satisfaction is mediated by shopping performance and shopping delight.

Third, this research extends the theory of the smart shopper identity concept by testing its antecedents. Based on the literature of eudaimonic identity theory (Waterman 1993), this study shows that perceived importance, flow, self-realization, and effort in shopping are key determinants of smart shopper identity.

*References are available on request.*
How Store Attributes Impact Behavioral Loyalty: Do Different Countries and Categories Follow The Same Loyalty-Building Process?

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Keywords: store loyalty, satisfaction, perceived value, share of wallet, cross-countries, cross-category

EXTENDED ABSTRACT

Research Question
This paper takes a first step toward verifying the robustness of a comprehensive loyalty-building process across different countries and categories. To this end, we test a two-stage model. This involves testing a core loyalty model (Model 1) that focuses on the two key dimensions of loyalty (intention and behaviour) and its two main antecedents, namely satisfaction and perceived value. The core model is then extended to include the impact of store levers – salespeople, the environment, promotions and product assortment – in the loyalty-building process.

After collecting data from 15 countries and two product categories, we test the two models in four macro groups (developed vs. developing countries and fast moving consumer goods vs. non-food products).

Method and Data
Data were collected through an online survey in 15 countries: Argentina, Australia, Brasil, Canada, Chile, China, Colombia, France, Italy, Japan, Mexico, Spain, South Africa, the UK and the US. The countries were then divided into two groups: developed and developing countries.

The store was the unit of analysis. In each country, data were collected in two macro-product categories: fast moving consumer goods and non-food products.

The questionnaire was designed on the basis of a comprehensive literature review and an expert panel of professors and top retail managers (with different cross-cultural backgrounds) refined it. The panel evaluated the scales that previous studies had used to measure the variables. The team was responsible for checking the content, scope and purpose of the scales across all countries (content validity) as well as for ensuring their face validity regarding the specific retail context.

The final sample is composed of 16,968 usable questionnaires. Based on the panel’s inputs, the authors finalised the questionnaire in English. Thereafter, professional translators translated it into six languages, using the translation-independent back translation procedure in order to successfully run the survey in the 15 selected countries.

Several analyses were done to assess our measures’ validity and their homogeneity in the sub-samples.

Summary of Findings
The evaluation of the two-stage model revealed the utility of including the store environment, salespeople, product assortment and promotions in the model. It is particularly interesting to underline that adding these levers changes the impact of customers’ perceived value in the two models. In Model 1, perceived value appears to be a key determinant of intentional loyalty, mainly indirectly through its impact on satisfaction. In Model 2, perceived value’s impact on satisfaction is significantly lower than in Model 1 and environment proves to be a more relevant antecedent of satisfaction.

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Model 2, perceived value functions mainly as a direct antecedent of loyalty intentions.

The results of the structural paths confirm the key role of satisfaction in store loyalty. In turn, the store environment and promotions determine the satisfaction. Interestingly, store promotions’ contribution to loyalty is mainly indirect and based on their direct impact on satisfaction rather than on the perception of the value that the store delivers. The latter is mainly determined by customers’ evaluation of the assortment.

The multigroup analysis of the country type and category shows differences between the paths in both models. This indicates the relevance of testing the results in different contexts.

**Key Contributions**

This paper aims at contributing to the existing literature. It does so (1) by including the store levers managers can use to increase loyalty (Model 2) and thus extending the traditional core loyalty model (Model 1), which is focused on the two key loyalty dimensions – intentional and behavioural – and their two main antecedents satisfaction and perceived value. In addition, the paper (2) overcomes the context specificity of previous models, which limits the results’ replicability, by checking the robustness of the two models on a country and category level.

*References are available on request.*
Part N
Services Marketing

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Service Theories and Methodologies

Failure and Delight in Tiered Services
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Do-It-Yourself (DIY) Marketing Research: Ethical Challenges for Nonprofessionals
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Matthew M. Lastner, Judith Anne Garretson-Folse, Stephanie M. Mangus, Patrick Fennell

2014 AMA Summer Educators’ Proceedings
Failure and Delight in Tiered Services

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Keywords: service tiers, service failure, service delight

EXTENDED ABSTRACT

Research Question
A significant amount of extant service research focuses on customer perceptions of service failures and delights. Another research stream in marketing examines how customers differ in their responses toward brands in different tiers. However, the differential implications of customer perceptions of failures and delights for services in different tiers (high-tier versus low-tier service) have not been examined in the literature. To address the gap, this research examines customer response to failures and delights for services in different tiers.

Summary of Findings
Customer response to failures and delights systematically differs between high-tier services and low-tier services.

The manifestation is a function of a number of model parameters.

Key Contributions
This research develops a theory-based conceptual framework to compare customer response to failures and delights for services in different tiers. A number of propositions are developed and their theoretical implications, managerial applications, and future research directions are highlighted.

References are available on request.
Do-It-Yourself (DIY) Marketing Research: Ethical Challenges for Nonprofessionals

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ABSTRACT
Internet-based DIY research tools can provide market information without the services of a professional marketing research provider. Lacking experience and training in research techniques, DIY adopters may not be aware of guidelines for ethical research behavior. This study examines the potential for unethical behavior by nonprofessionals engaged in DIY research.

Keywords: ethics, marketing research, do-it-yourself, professional association, code of conduct

Introduction
When information was a scarce and costly commodity, service industries emerged as intermediaries between suppliers and buyers. Travel agents, real estate agents and securities brokers accessed proprietary systems to assist consumers having limited or no access to information about vacation packages, the housing market or investment opportunities. But information is now anything but scarce and web-based, do-it-yourself (DIY) tools are enabling consumers to package vacations through Travelocity, list their homes on Kijiji, and manage their investments with E-Trade.

Similarly, in business markets, acquiring consumer information once required the services of a professional marketing research organization. More recently, however, organizations are migrating toward web-based DIY research tools (e.g., Survey Monkey, Qualtrics, QuestionPro, Zoomerang) offering ease-of-use, convenience, quick turnaround, and low administration costs.

Since the early use of the internet as a survey delivery tool, the academic literature has focused on methodological issues. Comparing internet surveys with more traditional methods including telephone, fax and mail surveys, studies have reported similarities and difference with respect to reliability and validity, mean response time, response bias, response rates, and generalizability (e.g., Deutskens, de Jong, & de Ruyster, 2006; Cobanoglu, Warde, & Moreo, 2001; Illieva, Barron, & Healey, 2002). Receiving less attention in the literature are the ethical issues in research such as confidentiality and anonymity (Scriven & Smith-Ferrier, 2003), informed consent (Eysenbach & Wyatt, 2002), and rights to privacy (Evans & Mather, 2005).

The primary concerns of the marketing research industry relate to the training and experience of DIY users (e.g., Marketing Week, 2010; Researcher’s Perspective, 2010). While DIY tools provide a mechanism to collect marketing data, they do not automatically come with the expertise to conduct the research. As summarized in a research association trade publication, “The problem for the future of research as a discipline isn’t so much that [DIY research] has made simple research more accessible, but that the people doing the research might not be very good at it. People using these tools have no idea about the tenets of good research” (Research, 2013). To this end, the purpose of this paper is to explore the potential for unethical behavior by nonprofessionals in the administration of a DIY research project.

Marketing Research Codes of Conduct
Among the many responsibilities of a professional association is the establishment and communication of ethical standards for the profession. An association’s code of conduct communicates the distinctive norms, standards and values of the profession and addresses the “high-risk activities within the scope of the daily operations of the professional’s work or activities” (Ferrell, 1999). As defined by Frankel (1989), an association’s code of conduct “embodies the collective

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conscience of a profession and is testimony to the group’s recognition of its moral dimension.”

The business disciplines with ethical codes of conduct guiding professional behavior include, but are not limited to, financial accounting (American Institute of Certified Public Accountants), marketing (American Marketing Association), operations management (American Production and Inventory Control Society), supply chain management (Institute for Supply Management), finance (Financial Executives Institute), auditing (Institute for internal Auditors), and human resources (Society for Human Resources Management). A common purpose among these codes is to provide a framework for self-regulation, set out ethical rules for conduct, enhance the public’s confidence, and minimize the need for governmental and/or intergovernmental legislation or regulation (e.g., ICC/ESOMAR, 2007).

Ethics in marketing research is acutely important because human conduct at each stage of the marketing research process has the potential to affect multiple stakeholders. A member of a professional marketing research association is obligated to understand and adhere to the association’s code of conduct at each stage of the research process. The purpose of the code is to offer guidance to professionals by providing a framework for organizing and evaluating alternative courses of action, serve as a mechanism for holding the profession accountable, enhance the profession’s reputation and public trust and act as a deterrent to unethical behavior (Frankel, 1989).

The Marketing Research Association (MRA) is a professional association with headquarters in Washington D.C. Founded in 1957, the MRA is the largest opinion and marketing research organization in the United States. The MRA’s Code of Marketing Research Standards is a 35 page document listing 65 guidelines for ethical conduct. The stated purpose of the document is to ensure that MRA members conform to the following principles: (1) Conduct research in an honest and ethical manner; (2) Instill confidence in research to encourage public cooperation; (3) Instill confidence that research is done in a professional and fair manner; (4) To provide members with guidelines that lead to research being conducted in accordance with scientific, statistical and proven practical methods; (5) Carry out every research project in accordance with the code; and (6) Respect the general public and its rights. All MRA members are required to sign the Endorsement Agreement as a condition of membership. Failure to sign the agreement precludes membership in the MRA. A company or individual member found to be in violation of the code may be censured, suspended or expelled from the association (Marketing Research Association, 2007).

The Marketing Research Society (MRS) is the world’s largest association for professionals in market, social, and opinion research. Founded in 1946 in London UK, the MRS has members in over 60 countries. The MRS Code of Conduct is built on a foundation of ten core principles: (1) Researchers shall ensure that participation in their activities is based on voluntary informed consent; (2) Researchers will be straightforward and honest in all their professional and business relationships; (3) Researchers will be transparent as to the subject and purpose of data collection; (4) Researchers will respect the confidentiality of information in their professional activities; (5) Researchers shall respect the rights and well-being of all individuals; (6) Researchers will ensure that respondents are not harmed or adversely affected by their professional activities; (7) Researchers will balance the needs of individuals, clients and their professional activities; (8) Researchers will exercise independent professional judgment in the design, conduct, and reporting of their professional activities; (9) Researchers will ensure that their professional activities are conducted by persons with appropriate training, qualifications and experience; and (10) Researchers will protect the reputation and integrity of the profession. Failure to comply with the Code of Conduct may result in disciplinary action, up to and including withdrawal from the society (Marketing Research Society, 2010).

Sections of the MRA Code of Marketing Research Standards (2007) and the MRS Code of Conduct (2010) are presented in Table 1. The codes are categorized by five stages of a marketing research process: problem formulation, research

<table>
<thead>
<tr>
<th>Table 1. Ethical Principles in the Marketing Research Process</th>
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</thead>
<tbody>
<tr>
<td><strong>1. Problem Formulation</strong></td>
</tr>
<tr>
<td><strong>Principle</strong></td>
</tr>
<tr>
<td>Conflict of Interest</td>
</tr>
<tr>
<td>Proprietary Information</td>
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<tr>
<td>Principle</td>
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<tr>
<td>Expertise</td>
</tr>
<tr>
<td>Quality</td>
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<tr>
<td>Data Integrity</td>
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</tbody>
</table>

### 3. Research Performance

<table>
<thead>
<tr>
<th>Professionalism</th>
<th>A9 – will treat respondents in a professional manner</th>
<th>A3 – act honestly when dealing with respondents and the general public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety</td>
<td>A10 – will ensure that respondents are not directly harmed or adversely affected as a result of participation</td>
<td>A10 – take precautions to ensure that respondents are not harmed or adversely affected</td>
</tr>
<tr>
<td>Anonymity</td>
<td>A5 – will not reveal identity of respondents without proper authorization</td>
<td>B8 – preserve anonymity of respondents unless they have given their informed consent for details to be revealed</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>A6 – observe confidentiality with all techniques, methods and information considered proprietary</td>
<td>B24 – must not reveal the responses of any respondents</td>
</tr>
<tr>
<td>Misrepresentation</td>
<td>A21 – will not engage in a research activity when the sole objective is to obtain personal information, compile lists, sell or promote products</td>
<td>B17 – respondents must not be misled when asked to participate</td>
</tr>
<tr>
<td>Participation</td>
<td>A24 – respect the respondent’s right to withdraw or refuse to cooperate</td>
<td>B18 – respect a respondents right to withdraw</td>
</tr>
<tr>
<td></td>
<td>A26 – will give respondents the opportunity to refuse to participate</td>
<td>B22 – respondents must not be unduly pressured to participate</td>
</tr>
<tr>
<td>Coercion/Manipulation</td>
<td>A29 – will not influence a respondent’s opinion or attitude on any issue through direct or indirect attempts, including the framing of questions</td>
<td></td>
</tr>
<tr>
<td>Age of Consent</td>
<td>A27 – will obtain permission and document consent of a parent</td>
<td>B27 – consent of a parent before interviewing underage respondents</td>
</tr>
</tbody>
</table>

### 4. Data Analysis and Interpretation

<table>
<thead>
<tr>
<th>Validity/Integrity</th>
<th>A2 – will never falsify or omit data for any reason facts and interpretation</th>
<th>B56 – ensure that conclusions distinguish between facts and interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Security</td>
<td>A4 – will protect, preserve confidential or proprietary information</td>
<td>B62 – ensure that all data collection instruments are held, transferred, and processed securely</td>
</tr>
<tr>
<td></td>
<td>A23 – will ensure that all respondent information is safeguarded against unauthorized use</td>
<td>B64 – ensure that the destruction of data is adequate for the confidentiality of the data being destroyed</td>
</tr>
</tbody>
</table>

### 5. Conclusion and Recommendations

<table>
<thead>
<tr>
<th>Sufficiency</th>
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<tbody>
<tr>
<td>Accuracy</td>
<td>A7 – will report research results accurately and honestly</td>
<td>B60 – ensure that findings are not incorrectly or misleadingly presented</td>
</tr>
</tbody>
</table>
design, research performance, data analysis and interpretation and conclusion and recommendations. With minimal differences the codes of the two organizations address professional conduct in the researcher/client relationship (conflicts of interest, proprietary information) and industry standards for research in the public domain (qualifications and expertise, data integrity, data validity and data security). As expected, a significant number of guidelines provide guidance for ethical behavior in the researcher/respondent relationship (professionalism, respondent rights, age of consent).

**Qualitative Interviews**

This study explores the potential for DIY researchers to contravene marketing research ethical guidelines as outlined in the Codes of Conduct for professional researchers. Data collection consisted of one-on-one structured interviews with owner/operators and employees in small service oriented establishments. The sample frame consisted of 74 owner-operated restaurants advertising in a popular restaurant guide. The list was screened to include only establishments with no less than 20 service employees. Thirty-four restaurants using a DIY survey to collect customer satisfaction comments were contacted for interviews. Seven restaurants responded to the first request and an additional six restaurants responded to subsequent requests. To ensure consistency all interviews were conducted by a qualified research assistant.

The following is a summary of observations and comments recorded during the interviews. The bulleted notation refers to ethical principles in the MRS Code of Conduct and/or the MRA Code of Marketing Research Standards.

**Problem Formulation**

A small percentage of the organizations used staff members to develop the DIY research project and administer the surveys.

MRA: A17; MRS: A2 – take reasonable steps to avoid conflict of interest.

**Research Design**

Most DIY research programs were developed by the owner/operator, friends/family of the owner, or by an unknown individual “who did it before I bought the place”. No DIY program developers or administrators possessed any training in research methods. The majority of the survey instruments contained measurement errors including leading questions, loaded questions, double barreled questions, and unbalanced scales. No consideration was given to the rights of the respondents

MRA: A12; MRS: A6 – will not misrepresent qualifications, experience, skills or resources.

MRA: B14 – ensure the design and content of the data collection instrument is appropriate for the audience.

MRA: B4 – take reasonable steps to design research that meets quality standards.

MRA: A26; MRS: B22 – give respondents the opportunity to refuse to participate.

**Performing the Research**

The DIY research objectives were varied. Reasons for conducting the research included: “seeing if customers were happy”, “obtaining a list of addresses to mail/email takeout menus”, “select employee of the month”, “documentation to help fire employees that were not working out”, “a way to look like we care about what you think”. In virtually every situation, the service personnel were responsible for requesting the respondent’s participation. As a consequence, it was not uncommon for a service provider to suggest a customer “give me a good rating or I could be fired”. Many interviewees believed that children were providing most of the survey comments.

MRA: A21; MRS: B17 – will not mislead respondents; will not engage in a research activity to obtain personal information, compile lists or sell products.

MRA: A24; MRS: B18 – respect the respondents’ right to withdraw.

MRA: A9; MRS: A3 – act honestly and treat the respondents in a professional manner.

MRA: A29 – will not influence a respondent’s opinion or attitude through direct or indirect attempts.

MRA: A27; MRS: B27 – obtain permission and document consent of a parent.

**Data Analysis and Interpretation**

Where possible, employees with access to the survey instruments were able to “change a few numbers”. No formal methods were used to analyze and interpret the results. Documents containing confidential and proprietary information were discarded in the trash within one to three months.

MRA: A2, A4 – will never falsify or omit data; will protect and preserve the confidential of all respondents.

MRA: A23 – ensure all information is safeguarded against unauthorized use.

MRS: B56 – ensure that the analysis distinguishes between facts and interpretation.
MRA: A23; MRS: B62, B64 – ensure all data is held, transferred, processed, and destroyed in a secure manner.

Conclusions and Recommendations
Owner/operators had no formal training to assist in interpreting the findings. Many believed they had the right to decide what data would or would not be reviewed with employees. In some circumstances, the DIY program was used as an HR tool, providing a basis for discipline and possible termination.

MRA: A7; MRS: B60 – ensure findings are not incorrectly or misleadingly presented.

MRS: B49, B55 – ensure conclusions are clearly and adequately supported by the data.

Discussion
Analysis of the statements and observations recorded during the interviews confirms the potential for non-professionals to contravene the ethical principles that govern the members of a professional society. Research designs were developed by individuals lacking formal training in research methods, measurement, data analysis, and interviewing skills. Respondent’s rights, including the right to be informed, the right to decline to participate, the right to withdraw, and the right to anonymity were not protected. Other ethical concerns include misleading customers as to the purpose of the study, altering data, failing to keep records confidential, and false reporting of the data.

The violation of ethical conduct by DIY researchers has no easy solution. Many of the companies that are adopting the technology have limited methodological skills and even fewer have an understanding of the ethical issues. Familiarity with the ethical tenets of marketing research could come from three sources: the researcher’s organization, the DIY program supplier, and/or the marketing research industry. Large organizations, which have in the past outsourced research to a professional research supplier, should be familiar with both their company’s code of conduct and that of the professional provider. As the larger organizations bring the research function in-house using web-based DIY tools, they have a responsibility to know and adhere to the rights of all stakeholders.

DIY program providers have an obligation to provide products that meet both the methodological and ethical requirements for marketing research. On-line tutorials, templates and educational links could raise awareness of respondent rights. A stronger commitment to the education of nonprofessional DIY users would require users to “click” to acknowledge an understanding of ethical behavior when interviewing in the public domain.

The marketing research associations also have a vested interest in educating the novice DIY researcher. Regardless of the how the results were obtained, the application of biased data has the potential to discredit the entire research industry. As suggested in the marketing research trade press, “DIY research activity is too important to be controlled only by a marketing research department. Paying attention to how clients frame their DIY research projects, tells marketing research agencies how they should be talking to a new, broader field of prospects” (Researcher’s Perspective, 2010).

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Does “Smile” Matter in e-Retailing? The Role of Emoticons in Shaping Customer Service Evaluations

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Kimmy Chan, Hong Kong Polytechnic University
Ricky Chan, Hong Kong Polytechnic University

Keywords: online sales representatives, in-role behavior, extra-role behavior, online smile cues

EXTENDED ABSTRACT

Research Questions
In e-retailing, computer-mediated communication has replaced face-to-face conversation between salesperson and customer. One problem along with this replacement is the loss of facial cues, such as a smile. To rectify this problem and express their friendliness in an e-retailing environment, salespeople usually put an emoticon that looks like a smiley face (e.g., “:)”), or type an onomatopoeia that sounds like a smiling voice (e.g., “haha”) throughout their communication with customers. Although smiles have been proved to work very well within the traditional retailing context, whether a similar conclusion can be derived in the new context of online retailing is yet to be fully examined. Indeed, there may be some differences between the effect of online and offline smiles because the emotion contagion process, the degree of social presence and many other factors appear to differ considerably in these two contexts. These differences may, in turn, prompt customers to exhibit different responses toward the use of smiles. Against this backdrop, we intend to address two research questions related to the impact of online smiles: Whether online smiles (emoticon and onomatopoeia) matter in an e-retailing context? Would online smiles always improve customer service evaluation?

Method and Data
A 3 (online smile: emoticon, onomatopoeia, none) x 2 (role behavior: in-role service, extra-role service) scenario-based, between-subject experiment (N = 300) was conducted to address our research questions. We incorporated the moderator of role behavior (i.e., in-role salesperson services such as introducing the product and solving customers’ puzzles vs. extra-role service such as providing additional information and giving extra help) into our analysis as we believe it would further influence how online customers would interpret a smile cue. The experiment involved randomizing subjects into one of the six groups and asking them to read a conversation (presented in an IM box) between an online salesperson and a customer. In-role service behavior was manipulated as the Q&A procedures, while extra role service was manipulated as the salesperson’s proactive provision of similar information before being asked by the customer. In the scenario, the salesperson would put an emoticon, onomatopoeia or nothing right after each piece of information he/she provided to the customer. After reading the scenario, participants were asked to evaluate the performance of this online salesperson.

Summary of Findings
ANOVA reveals that an online smile cue and role behavior exerted a significant interaction effect on customer service evaluation. Specifically, while the main effect of this cue on customer service evaluation was found to be positive under the condition of extra role behavior service, the same was negative under the condition of in-role behavior service. Further investigation indicates that emoticon and onomatopoeia were indifferent in their influence on online customer service evaluation. They both would improve customer service evaluation when online sales representatives perform extra role behavior; however, they would hamper the evaluation when the representatives just address customer queries reactively (i.e., in-role behavior). This may be attributed to the fact that customers would interpret an
online smile as a genuine expression of friendliness when they receive outstanding services from online service representatives. Conversely, they would interpret the same as only a hypocritical means to induce more sales when the services they receive are only mediocre.

**Key Contributions**
This study sheds new insights into service research about whether “smile” still works in an online context. We bridge the literature in organizational behavior and services marketing by examining how the marketing/promotional effectiveness of an online smile cue would be further conditioned by salespersons’ provision of different types of role behavior.

*References are available on request.*
A Rasch Analysis of Cross-Cultural Service Quality Measures

Gregory J. Brush, University of Western Australia

Keywords: Rasch analysis, service quality, cross-cultural analysis, international services

EXTENDED ABSTRACT

Research Question
This study provides a Rasch measurement analysis of industry-specific measures of service quality to examine measurement properties and invariance across Western and Asian consumer groups. The study addresses recent claims that item response theory (IRT), of which the Rasch model is part, incorporates a number of unique properties accommodating the requirements of measurement and is highly suited to measuring latent variables in marketing.

Method and Data
The data were first analyzed using conventional multi-group SEM confirmatory factor analysis techniques. The data were then analyzed using the Rasch unidimensional measurement model, applying the polytomous Rasch model. The data for this study come from a survey of international airline passengers conducted at a mid-size Australasian international airport over multiple time periods. The questionnaire was distributed to 750 departing airline passengers; 488 returned the survey (65%). The final sample consisted of 212 Western (North American, European, Australian and New Zealand) and 193 Asian (predominately Chinese, Korean and Japanese) consumers, after eliminating questionnaires with missing data.

Summary of Findings
The Rasch model analysis indicates the scales show high reliability, with little disordering of the thresholds and no evidence of non-uniform differential item functioning. There is, however, some concern over a number of items that exhibit misfit, overdiscrimination, underdiscrimination or local dependence. There also is evidence of item redundancy in two of the scales. The multidimensionality tests for many of the scales indicate there may be multiple dimensions in the items and a higher order factor present. Though, the sub-test analyses indicate this did not affect respondent estimates. From a pragmatic perspective this is not a major issue and there is no evidence to suggest that considering a second (or third) dimension in each case would yield a better representation than a unidimensional measure. Finally, and of greater concern, is that a number of the scales appear to not be well-targeted. This may well result from marketing scales that derive from classical test theory (CTT) processes that pay little attention to the intensity of the concept they represent.

Key Contributions
As measurement theories lack any empirical content, they cannot be falsified by data. Hence, the empirical examples illustrated in the paper are not intended to confirm or falsify the Rasch measurement model, but provide an overview of a few of the diagnostic tools that examine critical measurement properties. Application of the Rasch model has enabled a further detailed examination of the structure and operation of the service quality scales. While the objective of the paper was not to directly evaluate the merits of the CTT and IRT approaches, there is at least an argument that these two measurement approaches are complementary, and their use together provides a much enhanced diagnostic platform to investigate scale measurement properties.

References are available on request.
Frontline Employee Climate for Service Innovation, Customer-Perceived Retailer Innovativeness, and Store Financial Performance

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Alexa K. Fox, University of Memphis
Emin Babakus, University of Memphis

Keywords: frontline employees, service innovation, financial performance, services, multilevel modeling

EXTENDED ABSTRACT

Research Question
Semi-autonomous frontline employee (FLE) teams are critical to service organizations’ efforts to generate, test and implement successful innovations. In the present study, we introduce the idea of a retail store’s climate for service innovation (CSI), delineated as the degree of support and encouragement an organization provides its employees to take initiative and explore innovative approaches in an effort to generate improved customer outcomes. As such, it is an indicator of the willingness and ability shown by store employees to implement and improvise service innovations that influence customers’ collective perceptions of the retailer’s innovativeness and improved store financial performance outcomes (Martins & Terblanche, 2003; Mumford & Gustafson, 1988). In addition, we examine the extent to which individual’s psychological climate for service innovation is facilitated through three strategic HRM practices: training, appraisal, and employee voice. Our conceptualization distinguishes store climate for service innovation as a multi-faceted, unidimensional construct comprised by four dimensions: vision, participative safety, task orientation, and support for innovation. We present a conceptual underpinning for this new construct and a theoretical model which links individual and store-level (i.e., organizational) climate(s) for service innovation to key employee, customer and financial performance outcomes.

Method and Data
Confidence in study results are bolstered by use of rich, multi-source database developed in concert with a major North American based auto parts retailer. This data set includes survey responses from 6573 front line employees and more than 17,000 customers. This data was matched to archival data relating to store sales and operations collected from over 1100 stores for five consecutive quarters immediately following the survey data collection phase. A comparison of the sample profile to company records indicated that the sample was representative of the population of frontline employees. There was sufficient employee and customer data from 1133 stores for a 94% between-level response rate. Since between-level components can have a different meaning than the within-components, the same factor structure as seen in L1 cannot automatically be expected at L2. Thus, measurement soundness was assessed following the four-step procedure established by Muthen (1989). Following evaluation of a total, within-only, and between-only CFAs, we conducted a multilevel CFA. As model fit was acceptable in light of accepted standards \( \chi^2(61) = 455.0, p < .01; \) CFI = 0.98; RMSEA = 0.027; SRMR (Within) = 0.016; SRMR (Between) = 0.017, we proceeded with assessing our hypotheses via a multilevel structural model.

Summary of Findings
The paths between each of the three high performance work systems practices and psychological CSI were significant: Training \( \rightarrow \) CSI (\( \beta = .37, p < .001 \)), Appraisal \( \rightarrow \) CSI (\( \beta = .14, p < .001 \)), and Employee Voice \( \rightarrow \) CSI (\( \beta = .17, p < .001 \)). Examination of within level covariate results showed

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employee age ($\beta = 0.119, p < .001$), employee tenure ($\beta = -0.053, p < .001$), and employee gender ($\beta = 0.037, p < .05$) were significantly related to individual psychological CSI.

At the between-store level, we found the path between store-level CSI and customer perceived retailer innovativeness to be significant ($\beta = .06, p < .05$). Customer perceived store innovativeness was positively associated with growth in same store sales ($\beta = .01, p < .05$). However, the path between customer perceived retailer innovativeness and improvement in sales per payroll hour was not significant ($\beta = .03, p = .08$). In examining between store covariates, store competitive intensity was negatively associated with same store sales growth, confirming the notion that the level of possible store sales revenue growth over a given year is constrained by the number of rival stores within close geographic proximity ($\beta = -0.002, p < .01$).

**Key Contributions**

We highlight nature by which service innovation within retail organizations are implemented by individuals and small work teams. Based upon multi-source data from a national retailer, the study validates the relevance of this multilevel CSI construct by linking it to key antecedents as well as customer and financial performance outcomes across both levels. This study contributes to the literature in four ways. First, the study provides a conceptual contribution by integrating literatures relating to service innovation with that pertaining to organizational climates. By adopting a multilevel perspective, the study recognizes the integrated nature of organizations such that individual and organizational characteristics combine to influence and individual and organizational outcomes (Kozlowski and Klein 2000). Second, we link the development of CSI to a program of high performance HR practices; specifically, training, appraisal, and employee voice programs. Third, we demonstrate linkages between store climate for service innovation and important customer and financial performance metrics. Finally, we employ a multilevel SEM (MSEM) framework in testing our hypotheses, enabling us to disentangle variability across organizational levels while still accounting for measurement error. In doing so, we demonstrate many of the advantages of MSEM as a robust and flexible tool for testing complex multilevel theories.

_References are available on request._
Preaching What You Practice: The Role of Internal Brand Dissemination on Frontline Service Employee Beliefs, Behaviors, and Performance

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Adam Rapp, University of Alabama
Tracy Meyer, University of North Carolina Wilmington
Ryan Mullins, Clemson University

Keywords: brand knowledge, brand citizenship behavior, brand value congruence, brand authenticity

EXTENDED ABSTRACT

Research Question
A large body of research demonstrates the use of external brand dissemination efforts to shape customer brand perceptions. However, the role of internal brand dissemination to employees, particularly in service firms, has received scant attention. This is surprising given customer brand perceptions are often shaped during service employee-customer interactions. Service firms must recognize the importance of managing internal brand perceptions as service employees exert a strong branding influence on their customers. With this in mind, the authors set out to answer a theoretically and managerially relevant question: How can internal brand communications help shape service employee attitudes, behaviors, and service performance?

Method and Data
Using data gathered from a business-to-business service firm in the hospitality industry, the authors collected survey responses from multiple sources (employees and managers) and matched these responses with archival firm performance metrics. The data provide a rich context to test theory as employees partner regularly with customers’ to provide service support using the firm’s offerings. The authors model the data using structural equation modeling and hierarchical linear modeling.

Summary of Findings
The authors find that internal brand communication efforts positively influence employees’ brand authenticity and value congruence. Furthermore, a service climate strengthens the relationship between brand communication and brand authenticity. Model findings also demonstrate evidence of the more distal effects of brand communication, showing that brand authenticity positively influences brand citizenship behaviors (BCBs) and employee service ability. Additionally, the authors show that brand value congruence positively influences BCBs. Finally, results show that both BCBs and service ability positively impact service performance.

Key Contributions
The authors’ research represents the first study to explicitly investigate possible intervening variables (i.e., authenticity and value congruence) in the relationship between brand knowledge dissemination and employee behaviors. As such, the authors’ framework builds upon existing theory to yield a robust perspective of the internal branding process that includes attitudes, behaviors, and performance outcomes. This study aids managers in ensuring delivered service is not only consistent with the brand message, but is also delivered reliably. Second, the paper is the first to...
take into account the notion of authenticity in an internal branding context and one of the first to incorporate it in a services context in general. Finally, the authors’ study is the first to explicitly tie BCBs to customer assessments of delivered service. While BCBs have been proposed as having positive external effects, to date no research has provided evidence of this relationship. Beyond that, research has not provided evidence of the complete “chain” from firm actions to employee attitudes to behaviors and customer outcomes.

*References are available on request.*
Goal-Oriented Service Encounter Actions: A Frontline Service Employee–Centric Performance Framework

Hae Kyung Shin, Imperial College London

Keywords: service encounter actions, frontline service employee perspective, goal-oriented service performance, customer satisfaction index, customer rating, customer complaints

EXTENDED ABSTRACT

Research Question
What constitutes service encounter performance under the organizational goal of ‘customer satisfaction’? How do FLEs strategically align actions with the goals of organization, customer, and oneself during critical service encounters?

Method and Data
Conceptualization of behavioural construct: bases on literature review of action and emotion strategies of FLEs during service encounters, relying on Social Cognitive Theory and self-regulation (Bandura, 1991), Control Theory (Carver and Scheier, 1982), and Conservation of Resources (Hobfoll, 1989).

Grounded theory building on the process model of control effect: Interviews with 28 frontline service employees. Informants recruited from 6 organizations, and they identified their organizations with ‘customer satisfaction’ strategy. Average 50 minutes interview data collected through open-ended questions on service encounter decision makings.

Summary of Findings
The paper proposes an integrative service encounter performance framework, termed as Service Encounter Actions (SEA) to the service management domain. SEA takes view that frontline service employees (FLEs) are setting goals and anti-goals in accordance with the organizational goal-pursuing practices, and they approach with goal-related strategies in dealing with the ambivalent values of the actions, consequently, making different decisions across encounter settings. SEA framework presents contextual opportunities and constraints in relation to the FLE’s responsibilities for organization and customers. By cross-tabulating the two responsibility targets with two contextual conditions, SEA formulates 2X2 anticipatory outcome situations: 1) Customer goal consistent with Organizational goal, 2) Customer goal contrast with Organizational anti-goal, 3) Customer anti-goal contrast with Organizational goal and 4) Customer anti-goal consistent with Organizational anti-goal.

To the first question, I answer by theorising FLE action choices in each segments of SEA and associated with the four situations, which was compared with existing behavioural concepts. Next, the qualitative study answered to the second question by providing the process of psychological experience linking the contextual goal drives and SEA. Propositions were formulated in the two linkages 2) the relationship between organizational goal orientation and Customer satisfaction index outcomes are mediated by SEA, 3) SEA as antecedents to emotions and work-related attitudes of FLEs.

Key Contributions
First, it provides a FLEs’ lens on performance, which may balance with the currently dominant trend in conceptualizing behaviours. Past conceptualizations have taken a view on the outcomes, mainly from either organizational effectiveness (e.g., OCB) or customer effectiveness (e.g., CO). Through this approach, literature has created incoherence between behavioural concepts; although intention was positive, outcomes occasionally were produced differently to organization and customers. Problem is, performances are easily categorized as deviant or negative behaviours if the outcomes serve customer interests primarily, at the expenses of organi-
zational interests. By taking FLE view on the values of actions in any given situation, SEA is able to categorise service actions into clearer concepts.

Secondly, SEA presents momentary decision makings driven by coping mechanism, which allow us better understanding of dynamics in encounters, described as adaptive shifting between action choices. Traditional behavioural constructs have relied on stable properties such as cognition-based attitudes, and abilities to express or suppress feelings in certain ways (e.g., Task performance, OCB, Emotional labour, Emotion regulation). Although cognition-based approach explained stable behavioural patterns, these conceptualizations failed to incorporate momentary patterns through which FLEs manage to cope with anticipated stresses in a preventive way.

*References are available on request.*
The Fascination of Limitless Consumption—Investigating Strategies to Enhance the Return on Flat-Rate Bias

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Tobias Krämer, University of Koblenz-Landau
Matthias Gouthier, University of Koblenz-Landau

Keywords: tariff-choice behavior, tariff-choice bias, flat-rate bias, pay-per-use bias

EXTENDED ABSTRACT

Research Question
Empirical studies provide evidence that many consumers prefer a flat-rate, even though their billing rate would be lower on a pay-per-use tariff. When it comes to tariff choices, some consumers thus seem to be subject to a cognitive error, a so-called “flat-rate bias”. Despite strong empirical evidence for the existence of flat-rate biases, findings on the causes for this phenomenon are scarce and not consistent throughout past studies. Moreover, past research suggests using the identified causes for a flat-rate bias as setting levers within advertisements to increase consumers’ tariff-specific willingness-to-pay. However, no study exists yet that empirically examines the effectiveness of such marketing measures to enhance the intensity of flat-rate biases. The article at hand intends to address these previously mentioned gaps within two studies. Study 1 empirically evaluates an integrative model that includes all previously suggested causes of flat-rate biases to determine the individual contribution of each cause simultaneously. For all causes that significantly affected flat-rate biases in study 1, the effectiveness of aligned advertisements that address these causes is then empirically evaluated in study 2.

Method and Data
Based on survey data that was generated within an online experiment, we used structural equation modeling and ANOVAs to analyse causes of a flat-rate bias (n=104) and strategies to enhance its occurrence and intensity within 2 studies (n=416).

Summary of Findings
The results of study 1 point out to five important drivers of flat-rate biases, namely the taximeter, insurance, overestimation, convenience and smart-shopping effect. Our findings from study 2 show that the most effective way to enhance the return on flat-rate bias would be to enhance communication of the fact that consumers can protect themselves from fluctuations in the billing amount through a flat-rate (insurance effect) and that consumers must not worry about costs when using a flat-rate (taximeter effect).

Key Contributions
We contribute to our current understanding by determining (1) the individual contribution of each previously suggested cause of flat-rate biases while accounting for the effect of all other causes, and by evaluating (2) the effectiveness of advertisements that use the identified causes as setting levers to increase consumers’ tariff-specific willingness-to-pay. With an improved understanding of the causes for flat-rate biases and knowledge about the effectiveness of flat-rate bias enhancing advertisements, service providers can provide tariffs and corresponding advertisements in a way that they meet their customers’ needs and, at the same time, increases their contribution margin.

References are available on request.

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Contours of Antecedents and Consequences of Value Co-Creation

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Keywords: value co-creation, situational complexity, extraversion, prosocial, perspective taking, sharing

EXTENDED ABSTRACT

Research Question
Value co-creation (VCC) is the direct or indirect connectedness of the consumer and firm during the production and/or consumption processes to create value (Prahalad and Ramaswamy 2004; Vargo and Lusch 2004). Despite the increasing prominence of VCC, the ‘area of consumer co-creation is in its infancy and many aspects are not well-understood’ (Hoyer et al., 2010, p. 283). This study offers empirical evidence for important yet untested theoretical claims about consumer co-creation to answer the questions of: What consumer characteristics enable co-creation of value and how? And, what are the key marketing consequences of consumer co-creation? Thus, this study specifies the domain of co-creation and clarifies the loci of value; subsequently, it explicates and tests the antecedents and consequences of VCC empirically.

Method and Data
Three studies stimulate co-creation through scenarios, role-plays, and actual co-creation, in the context of both products and services, and provide insight into the drivers and outcomes of VCC. Study 1, uses consumer sample, and tests the central prediction of a positive relationship between VCC and sharing of co-created value, using four vignettes that stimulate co-creation across four different products. Study 2 extends the generalizability of the findings in Study 1 to the co-creation of services (e.g., education, healthcare, and financial service). The role-play in Study 2 uses professional actors posing as service providers, and subsequently examines the effect of VCC on the hypothesized outcomes. Study 3 expands the boundary condition and illustrates the implications of VCC on sharing under the additional effect of task complexity. The participants are dyads comprising consumer and service provider who are invited to co-create banking products of varying complexity.

Summary of Findings
This research tests and re-tests the positive effect of perspective taking and social orientation on the degree of co-creation. The results hold across age, income, education, and across co-creation of products, and services, indicating useful generalizability of the findings. We find a mixed impact of consumer extraversion and involvement on VCC. Extraversion has a positive insignificant effect on co-creation. The results for involvement indicate that all else being the same, involved consumers would tend to interact, participate, experience, and jointly determine the value in the co-creation of products. However, in the case of high involvement services, they would rather rely on the expertise, affect, and suggestions of the service provider. Further, the complexity of the co-creation situation has a significantly negative relationship with the degree of co-creation. All the outcome relationships are strongly supported, and an overall positive effect of VCC on the actor’s tendency-to-share the outcome of co-creation offers strong empirical evidence to the theoretical argument in service logic such as, ‘value is created with each other’.

Key Contributions
An area of theoretical advance lies in the notion of ‘co-creation schemas’. Today’s consumers receive a deluge of information. In order to save cognitive resources, consumers create schemas that short-circuit detailed information processing. Due to the strong evidence for sharing of outcomes, this research offers co-creation as a plausible alternative schema for risk and uncertainty reduction. The micro-foundations of VCC delineate consumers along their state and trait characteristics and offer an alternative ontology to the extant managerial role of maximizing exchange and appropriating consumer value. Further, as co-creation can be resource intensive, managers need to be knowledge-
able about its possible outcomes. From this research, managers can see specific and interesting points of intervention around the drivers and consequences of VCC. Lastly, as this study is aligned with the existing dominance of examining the positive aspects of VCC, in view of the co-creation systems being a re-inventive ecosystem of positive conflict, tensions and dualities such as community versus market, community versus individuals, or authentic versus commercial; future research need to investigate the negative aspects of VCC.

References are available on request.
Generational Differences in Electronic Banking: Understanding What Motivates Older Generations to Adopt

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Keywords: generational differences, electronic banking, service marketing, trust

EXTENDED ABSTRACT

Research Question
The new economies of offering financial services to customers in the offline world are pushing providers and customers to electronic banking. By promoting the adoption of electronic services, financial institutions can reduce the costs of transactions, as well as related labor and operational costs. As the fast growing segment of the general population (Frey 2011) and the online community (Zickuhr and Madden 2012), aging Americans can also benefit from the convenience and saved costs of electronic banking, for the reasons that they are more likely to be on fixed incomes and may face barriers to brick and mortar access due to disabilities and weather conditions.

Surprisingly, little research has examined the electronic banking habits and perceptions of older generations (e.g., Brown et al. 2003; Laforet and Li 2005), or attempted to identify ways to facilitate its adoption. Hence there is a gap in our understanding of how older generations might be motivated to learn and adopt this new and efficient financial service technology.

Using variables in Technology Acceptance Model that are widely used in electronic banking adoption, this study summarizes and proposes three factors: perceived benefits, perceived barriers and trust. The study then uses a generational cohort approach to understand differences in these perceptions and use of electronic banking across three generations in the US.

Method
The three generational cohorts were defined as Millennials (born between 1977 and 1992), Baby Boomers (born between 1946 and 1954), and the Silent/GI generation (born before 1945). We also randomly selected participants who are online banking users, defined as people who use online banking either frequently or infrequently, and non-users, defined as those who have never used or had used but stopped using online banking.

We conducted focus groups to inform the development of the questionnaire used for the quantitative, online survey via Amazon’s Mechanical Turk. The goal was to recruit 200 participants who live in the US (including both users and non-users) within each generational cohort. A final sample of 559 participants was used for analysis.

Summary of Findings
Technological literacy is a major factor in determining adoption of electronic banking by older generations. Online
banking users display relatively similar levels of benefit, barrier and trust perceptions. It is in the sample of non-users where we see why older generations are less eager to adopt. Millennial non-users are somewhat more trusting of electronic banking systems than older generations whose reported levels are below the scale midpoint.

In addition, we see a greater gap in trust perceptions of users and non-users in older generations, suggesting that trust in the system is more salient to older patrons. Similarly for benefits, Millennial non-users view greater benefits (at the scale midpoint) than older non-users (below the scale midpoint), and differences in perceived benefits between users and non-users are greater for the older generations.

Finally, Millennial non-users see fewer barriers (below the scale midpoint) than older generations (above the scale midpoint), but the greater gap in barrier perceptions between older users and non-users suggests that this element is also more salient to older users.

**Key Contributions**
This study finds that perceived benefits, barriers, and trust in electronic banking are key variables that differentiate generations of non-users. The findings from the national survey quantitatively confirm significant generational differences in perceptions and use of electronic banking in the US, and some significant barriers to achieving this transition, associated with users and non-users. The findings of our focus groups offer illustrations of these findings.

The implication for financial institutions is that if they want to attract more of their older customers to electronic banking, they need to address the major barriers viewed by customers. Banks also needs to provide special training and trial experience to older non-users to make the offline to online transition.

Additional research is needed to customize our research and identify the salient benefits and barriers to electronic banking for older generations that will help marketers help older customers make the transition. Future studies could improve the measurements of trust so as to distinguish offline institutional trust and online institutional system integrity. References are available upon request.

**Acknowledgements**
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*References are available on request.*
How the Severity of Service Failure Affects Customer Citizenship Behavior and Customer Dysfunctional Behavior Through Customer Perceived Justice and Emotions: The Moderating Role of Customer Involvement

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ABSTRACT

Despite increasing awareness of the importance of service recovery, understanding the role of emotions and customer involvement in the service recovery process received little attention in the literature. This study extends the research in service recovery by proposing a conceptual model that will attempt to postulate the indirect effect of perceived justice of service recovery on customer extra-role behaviors (i.e. customer citizenship behavior and customer dysfunctional behavior) via positive and negative emotions. It also proposes the effect of service failure severity on perceived justice varies according to the customer involvement in the recovery process. Theoretically, this paper contributes to the existing literature by conceptualizing these constructs and proposing a model that depicts the abovementioned relationships. Additionally, this study sheds some light on the importance of service recovery activities the organization should perform due to its proposed effects on customer extra-role behaviors.

Keywords: service failure, service recovery, perceived justice, emotions, customer citizenship behavior, customer dysfunctional behavior, customer involvement

Introduction

Service encounter is a moment of truth as it represents an interaction between the customer and service provider (Bitner, Brown, & Meuter, 2000). Understanding customers’ expectations and their perception of that encounter is a vital element to deliver a superior service (Riscinto-Kozub, 2008). This is particularly important with the notion that most service organizations attempt to deliver zero defect services (Schoefer & Ennew, 2005). However, the unique characteristics of service, especially those related to concurrent production and consumption and its intangibility, make service failure inevitable (Ha & Jang, 2009; Weun, Beatty, & Jones, 2004). On the other hand, customers who experience service failure often anticipate a rewarding service recovery (Kuo & Wu, 2012). This may indicate the great attention service recovery has received from both academics and practitioners in the last two decades (Santos-Vijande, Díaz-Martín, Suárez-Álvarez, & del Río-Lanza, 2013). Lin (2011) argues that severity of service failure is one of the most important factors that affect how the customer responds to the service recovery process. In a recent study Kunz and Hogreve (2011) concluded that complaint handling and service recovery will continue to be one of the most important topics in service marketing that need more research in the future.

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Therefore, this paper suggests that studying the role of service failure severity will contribute to the service recovery scholarship.

Justice theory is considered as the main theoretical framework in service recovery context (Kuo & Wu, 2012). Justice has three dimensions: distributive, procedural and interactional justice. While distributive justice is related to the recovery outcomes, procedural justice concerns policies and procedures of recovery process and interactional justice is related to the manner the service provider adopts to deal with the customer (Bradley & Sparks, 2012; Ha & Jang, 2009; Holloway, Wang, & Beatty, 2009; Iyer & Muncy, 2008; Prasongsukarn & Patterson, 2012; Qin, Chen, & Wan, 2012). One of the key consequences of perceived justice is customer citizenship behavior (CCB) (Yi and Gong, 2008). CCB is related to the voluntary role played by the customer towards the organization to help it to improve the performance of its activities in the aggregate (Groth, 2005). We argue that investigating the CCB in the service recovery context may contribute to the existing service recovery literature.

Emotion is believed to play a vital role in the service recovery process (e.g., Ellyawati, Purwanto, & Dharmmesta 2012; Schoefer & Ennew, 2005). When customers perceive a fair service recovery, positive emotions are generated toward the organization and vice versa (Ellyawati et al., 2012). Therefore, managing customer’s emotion becomes one of the hot issues in service recovery context (Ozgen & Kurt, 2012). Nevertheless, most research which addressed emotions in service recovery context looked at negative emotions generated from service failure. Little attention has been paid to positive emotions generated from service recovery. Therefore, this research fills this gap by exploring the positive and negative emotions emerged in the service recovery process.

In a similar vein, customer involvement is considered as one of the factors affecting customer’s responsiveness during the recovery process (Dong, Evans, & Zou, 2008; Mattila & Cranage, 2005; Roggeveen, Tsiros, & Grewal, 2012). Nevertheless, little research addresses the role of customer involvement in service recovery process. Consequently, it is expected that investigating the role of customer involvement will contribute to the existing literature. Therefore, the current study addresses the effect of service failure severity on customer citizenship behavior and customer dysfunctional behavior through customer perceived justice and customer’s emotion as mediators as well as investigating the moderating role of customer involvement.

**Theoretical Background**

A review of the literature shows that the justice theory represents the main theoretical framework for service recovery (e.g., Bradley & Sparks, 2012; Ha & Jang, 2009; Prasongsukarn & Patterson, 2012; Qin et al., 2012; Yi & Gong, 2008). Perceived justice is essential in situations where conflict occurs (Konovsky, 2000). Since service failure is considered as a type of conflicts, service recovery actions taken by the organization to remedy a service failure can be assessed based on justice theory (Kuo & Wu, 2012). Customers may also perceive inequality in situations where service failure occurs. Therefore, it is justified to use the justice theory as a theoretical foundation in the service recovery context (Ozgen & Kurt, 2012).

The justice theory is originated from the social exchange theory and the equity theory (Kuo & Wu, 2012). According to the social exchange theory, service failure and service recovery include an exchange process. In this process, the customer feels a loss as a result of the failure; however the service provider attempts to rectify this loss (Qin et al., 2012). However, from equity theory perspective, exchange processes should be balanced (Mattila, 2010). While service failure causes imbalance in the relationship between the customer and organization, service recovery is meant to reestablish this balance (Mattila, 2010; Varela-Neira, Vázquez-Casielles, & Iglesias, 2010).

**Service Failure**

A wealth of literature has attempted to provide definitions for service failure. Based on these definitions, service failure is conceptualized as any real and/or perceived problem related to service encounter as a result of the gap between the actual and expected performance. This gap makes the customer perceives a financial or non-financial loss as a result of the failure occurred by the service provider (Bitner, Booms, & Tetreault, 1990; Ha & Jang, 2009; Lin, Wang, & Chang, 2011; Ozgen & Kurt, 2012; Prasongsukarn & Patterson, 2012). Service failure can be classified into three categories: service delivery system failures, customer needs and requests failures and unprompted employee actions (Bitner et al., 1990). On the other hand, Varela-Neira et al. (2010) and Harrison-Walker (2012) argued that service failure has two types: outcome failure and process failure. The importance of identifying service failures stems from its threat to the survival of organizations. It may lead to destructive consequences such as customer dissatisfaction, negative word of mouth, negative behavioral intentions, customer anger and dysfunctional behavior, lower revenues and increasing costs through costs related to re-performing the service (Ellyawati et al., 2012; Ha & Jang, 2009; Hess, 2008; Prasongsukarn & Patterson, 2012; Varela-Neira et al., 2010). This research will place much emphasis on the severity of service failure. The severity of service failure refers to the magnitude of loss the customer perceives as a result of the service failure (Huang, 2008; Smith, Bolton, & Wagner, 1999). Similarly,
Weun et al. (2004) defined it as the intensity of the perceived problem from the customer’s point of view.

**Service Recovery**

The origin of the term “recovery” can be traced back to ‘Putting the Customer First Campaign’ of British Airway (Abou Aish & Yousef, 2011). Service recovery is considered as a planned process that involves actions and activities taken by the service provider to rectify, remedy and correct a perceived service failure (Kwon & Jang, 2012; Svari, Slåtten, Svensson, & Edvardsson, 2011). Service recovery can be classified into two categories: psychological recovery (e.g., explanation, empathy and apology) and tangible recovery (e.g., compensation and refund) (Miller, Craighead, & Karwan, 2000). Service recovery is a vital component of service management. Therefore, it is considered as a strategy taken by the service provider to achieve some positive outcomes including customer satisfaction, positive word of mouth, customer loyalty, repurchase intentions and customer lifetime value (Ellyawati et al., 2012; Ha & Jang, 2009; Huang, 2011; Kau & Loh, 2006; Mattila, 2010; Michel et al., 2009; Patterson, Cowley, & Prasongsukarn, 2006).

**Perceived Justice**

The justice theory can explain the perceived fairness towards the recovery process through three dimensions including: distributive, procedural and interactional justice (Bradley & Sparks, 2012; del Rio-Lanza, Vázquez-Casielles, & Díaz-Martín, 2009; Ha & Jang, 2009; Holloway et al., 2009; Huang, 2011; Kuo & Wu, 2012; Lin et al., 2011; Morrison & Huppertz, 2010; Nguyen, McColl-Kennedy, & Dagger, 2012; Ozgen & Kurt, 2012; Prasongsukarn & Patterson, 2012; Roggeveen et al., 2012).

Distributive justice is related to the fairness of the recovery outcome (Holloway et al., 2009; Lin et al., 2011; Iyer and Muncy, 2008; Ozgen & Kurt, 2012; Prasongsukarn & Patterson, 2012; Qin et al., 2012; Roggeveen et al., 2012; Yi and Gong, 2008). It focuses on recovery outputs (e.g. compensation and replacement) offset inputs (e.g. effort, money and time) (Michel et al., 2009). It may also include many forms such as: solving the problem, compensation, coupons, discounts, replacement, refund and free samples (Chebat & Slusarczyk, 2005; del Rio-Lanza et al., 2009; Ha & Jang, 2009; Kwon & Jang, 2012; Lin et al., 2011; Prasongsukarn & Patterson, 2012; Wang, Wu, Lin, & Wang, 2011).

Procedural justice refers to the degree to which the customer was treated fairly regarding the procedures, policies, rules and standards taken by the service provider during the recovery process (Ellyawati et al., 2012; Ha & Jang, 2009; Huang, 2011; Kwon & Jang, 2012; Lin et al., 2011; Michel et al., 2009; Qin et al., 2012; Yi & Gong, 2008). It can be measured by some variables such as: speed of recovery, flexibility of procedures and policies, time waiting, simplicity of making complaint, number of the organization levels in the recovery process and policy used to refund (Chebat & Slusarczyk, 2005; Ha & Jang, 2009; Kwon & Jang, 2012; Prasongsukam & Patterson, 2012; Wang et al., 2011).

Finally, interactional justice is related to the way the organization and its employees treat the customer during the service recovery (Ellyawati et al., 2012; Huang, 2011; Kuo & Wu, 2012; Iyer & Muncy, 2008; Magnini & Karande, 2009; Nguyen et al., 2012; Ozgen & Kurt, 2012; Prasongsukarn & Patterson, 2012; Qin et al., 2012). It may include interpersonal justice and informational justice. The former is related to respect, courtesy, sensitivity and empathy. However, the latter is related to the adequacy and quality of information and communication provided during the recovery process (Bradley & Sparks, 2012; Nguyen et al., 2012). Therefore, it can be evaluated by some variables such as: a clear explanation of the problem, apology, courtesy, openness, attention, interest, hospitality and adequate language during handling the complaint (Chebat & Slusarczyk, 2005; del Rio-Lanza et al., 2009; Ha & Jang, 2009; Kwon & Jang, 2012; Lin et al., 2011; Magnini & Karande, 2009; Ozgen & Kurt, 2012; Prasongsukarn & Patterson, 2012; Schoefer & Ennew, 2005; Wang et al., 2011).

**Emotions**

In an attempt to conceptualize emotions, this research adopts Bagozzi, Gopinath, and Nyer’s (1999) definition that is an affective state towards thoughts or events that is escorted by physiological processes affect physically in facial expressions, gestures and posture. Svari et al. (2011) classify emotions into: goal-directed emotions and reactive emotions. The former is achieved when the customer attempts to experience a specific incident, such as: visiting a museum or going to concert. However, the latter results from the previous services experiences that either exceeded customer’s expectations or did not meet his/her expectations, which may lead to the formation of positive or negative feelings. Thus, emotion can be divided into: positive and negative. The former is concerned with happiness, love and pride, however the latter is related to anger, shame, sadness, fear, worry and disappointment (Bagozzi et al., 1999; Ellyawati et al., 2012; Kuo & Wu, 2012; Laros & Steenkamp, 2005; McColl-Kennedy & Smith, 2006; Varela-Neira et al., 2010). Customer anger is considered as one of the most commonly negative emotions that results from the service encounters (McColl-Kennedy & Smith, 2006). For example, Tronvoll (2011) has concluded that whilst anger and frustration are the most frequently experienced negative emotions, shame and guilt are considered the least. This research focuses on the positive and negative emotions resulting from service experience.
**Customer Citizenship Behavior**

Organizational citizenship behavior is defined in the management literature as “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization” (Organ, 1988, p. 4). It is argued that customers may display citizenship behavior like employees (Yi and Gong, 2008). Customer citizenship behavior has been defined as “voluntary and discretionary behaviors that are not required for the successful production and/or delivery of the service but that, in the aggregate, help the service organization overall” (Groth, 2005, P. 11). Many terms in previous research have been used to express customer citizenship behavior such as: customer extra-role behaviors, customer voluntary performance, organizational citizenship on the part of customers, spontaneous performance and customer discretionary behavior (Bettencourt, 1997; Bove, Pervan, Beatty, & Shiu, 2009; Rosenbaum & Massiah, 2007; Yang & Qinhai, 2011; Yi & Gong, 2008). Here customer citizenship behavior exceeds the mere participation in the service production and delivery. Customer participation is an expected and necessary behavior for the successful production and delivery of the service. However, customer citizenship behavior is a discretionary (not expected), voluntary behavior and not necessary for the successful production and delivery of the service (Bove et al., 2009; Groth, 2005; Godwin & Kalpana, 2013; Yang & Qinhai, 2011; Yi & Gong, 2006; Yi, Natarajan, & Gong, 2011).

Service marketing literature suggests many dimensions of customer citizenship behavior. Bettencourt (1997) suggested three dimensions including: participation, cooperation and loyalty. While Keh and Teo (2001) argued that the tolerance of customer of service failure is considered as another dimension of customer citizenship behavior (Yi & Gong, 2008). Additionally, Groth (2005) suggested three dimensions including: providing feedback to the organization, making recommendations to friends and family and helping other customers. Furthermore, Bove et al. (2009) identified eight dimensions: display of affiliation, positive word of mouth, participation, flexibility, benevolent acts, voice, policing of other customers and suggestions for service improvements. Based on Bettencourt’s (1997) conceptualization of CVP, three types of consumer voluntary behaviors are proposed in this study namely cooperation, participation and loyalty.

**Customer Dysfunctional Behavior**

Customer dysfunctional behavior refers to abusive or thoughtless behavior by customers who break the ethics of conduct deliberately in the exchange setting; therefore it may harm the service organization, its employees, and/or other customers (Reynolds & Harris, 2009; Yi & Gong, 2008). Previous studies have used many labels to express customer dysfunctional behavior such as: deviant consumer behavior (Moschis & Cox, 1989), problem customers (Bitner, Booms, & Mohr, 1994), inappropriate behavior (Strutton, Vitell, & Pelton, 1994), unethical consumer behavior (Babakus, Cornwell, Mitchell, & Schlegelmilch, 2004), consumer misbehavior (Fullerton & Punj, 2004; Huang, Lin, & Wen, 2010), and customer dysfunctional behavior (Reynolds & Harris, 2009; Yi & Gong, 2008). Reynolds and Harris (2009) classified the studies of customer dysfunctional behavior into three themes: the different forms of this behavior, the antecedents and consequences of it. Thus, this paper will focus on the second theme and there will be a need to investigate the other themes in future research.

**Customer Involvement**

A considerable body of literature has looked at how to encourage customers to participate in the service delivery process. However, little research has been paid to customer involvement in the service recovery context (Dong et al., 2008). Customer involvement refers to the extent that the customer participates in the recovery process and is able to help the organization in shaping the recovery experience (Dong et al., 2008; Roggeveen et al., 2012). Mattila and Cranage (2005) suggested that customer involvement affects his perception of equity. Therefore, Roggeveen et al. (2012, p. 772) argue that “the better able the company is to meet the customer’s request, the more likely it is that equity is restored to the relationship”. Previous research in customer involvement can be classified into three streams. The first stream focuses on why customers should participate in the service delivery from the firm’s perspective. The second stream addresses the notion of managing customers as partial employees. The third stream tackles customer motivation to participate in co-creating the service (Dong et al., 2008).

**Model Development and Propositions**

**The Effect of the Severity of Service Failure on Perceived Justice**

A number of researchers have examined the effects of service failure on perceived justice from different angles (e.g. Mattila, 2000; Roggeveen et al., 2012). For example the severity of service failure is believed to reduce the degree of customer tolerance with the organization (Lin, 2011). Consequently, the severe service failure may increase customer dissatisfaction and damage the relationship with the organization (McQuilken, 2010). Smith et al. (1999) argue that service failure severity affects the effectiveness of recovery. Therefore, it is expected to find that the severity of service
failure has an impact on the perceived justice of service recovery (Mattila, 2001). Roggeveen et al. (2012) demonstrated that service failure severity negatively affects perceived justice even if the attribution of the failure is out of the organization’s control. Thus, we predict that:

P1. The severity of service failure has a negative effect on customer perceived justice of service recovery.

The Effect of Perceived Justice on Emotions

Chebat and Slusarczyk (2005) found that all dimensions of justice have an effect on emotions. In a similar vein, Schofer and Ennew’s (2005) concluded that the perceived justice of service recovery may elicit an emotional response. On the other hand, del Río-Lanza et al. (2009) argued that only procedural justice affect emotions. Furthermore, McColl-Kennedy and Sparks (2003) suggested that interactional justice has a stronger effect on emotion. Kuo and Wu (2012) found that distributive justice and procedural justice have an effect on positive emotions. The results of Ellyawati et al. (2012) showed that positive emotion plays a mediation role between the three justice dimensions and customer satisfaction, however negative emotion plays a mediation role between only procedural justice and customer satisfaction. Thus we expect:

P2. Perceived justice of service recovery has a positive effect on positive emotions in case the service recovery is considered successful.

P3. Perceived justice of service recovery has a negative effect on negative emotions in case the service recovery is considered unsuccessful.

The Effect of Positive Emotions on Customer Citizenship Behavior

Our model suggests that positive emotions play a mediating role between the perceived justice of service recovery and customer citizenship behavior. Chebat and Slusarczyk (2005) argue that during the service recovery when customers feel that the treatment is fair, they would experience positive emotions that may lead to a particular type of behavior. This behavior is suggested to be one of the forms of customer citizenship behavior (Spector and Fox, 2002; Yi & Gong, 2008).

Thus, this study proposes that:

P4. Positive emotion in response to service recovery has a positive effect on customer citizenship behavior.

The Effect of Negative Emotions on Customer Dysfunctional Behavior

Douglas and Martinko (2001) argued that negative emotion is related to aggression that is a form of dysfunctional behavior. Customers who are not treated fairly would experience negative emotions (Chebat and Slusarczyk, 2005). Prior work argues that these negative emotions may lead customers to engage in dysfunctional behavior (Spector & Fox, 2002; Yi and Gong, 2006, 2008). Thus:

P5. Negative emotion in response to service recovery has a positive effect on customer dysfunctional behavior.

The Moderating Role of Customer Involvement

Studies in services marketing suggests different effects of customer involvement in the service encounter. Bendapudi and Leone (2003) argue that customer involvement in the recovery process positively affects customer satisfaction. Dong et al. (2008) found the same result in a self-service technology. However, Roggeveen et al. (2012) found that customer involvement would not improve post-recovery evaluation if the service failure severity is low. Thus:

P6. The impact of the severity of service failure on the perceived justice of service recovery varies across the levels of customer involvement.

Based on the above discussion, we propose the conceptual model shown in Figure 1.

Discussion

This research has a number of theoretical and practical contributions. First, it bridges the gap in the literature by examining the relationships between the severity of service failure, perceived justice and extra-role behaviors mediated by emotions. Second, incorporating the customer involvement construct would help in examining how consumers vary in their responsiveness to the service recovery process according to their involvement degree. There are also some practical implications of this research for marketers. This research sheds some light on the importance of service recovery activities the organization should have to do. Especially, embracing the activities of service recovery could be very vital for the organization. Additionally, the results of this research may help the organization in managing the customer’s emotions in the service recovery process. Furthermore, through investigating customer involvement, the organization can determine the appropriate level of customer involvement in the service recovery.
Figure 1. Conceptual Model

Source: Developed by the authors based on Kuo and Wu (2012), Lin (2011), Yi and Gong (2008).

References


How Much Should Firms Offer to Their Best Customers? Understanding the Moderation Effect of Relationship Quality on the Nonlinear Effect of Compensation on Satisfaction

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Keywords: compensation, relationship quality, postcomplaint satisfaction, nonlinear curve progression, service recovery

EXTENDED ABSTRACT

Research Question
Service failures entail the risk of damaging customer relationships, and compensation has been identified as a powerful antidote to redress these situations. However, how much compensation should firms offer to their best vs. regular customers? Although research highlights that different compensation levels should be offered to customers with different relationships, predictions about these levels are less than clear. One stream of research—here referred to as the “appreciation” effect—suggests that strong relationship customers always react more favorably to any compensation, given their greater understanding (e.g., Mattila 2001). The other stream—the “love becomes hate” effect—argues that strong relationship customers feel betrayed when they perceive compensation as too low (e.g., Grégoire, Tripp, and Legoux 2009). These contradictory results may be attributed to the limited range of compensation levels examined in past research. Thus, the current research examines a wider compensation range, and argues that both effects coexist as strong vs. weak relationship customers respond differently to different compensation amounts. Because prior research suggests a nonlinear curve progression between compensation and post-complaint satisfaction (Gelbrich and Roschh 2011), this study examines how these curve progressions may vary for strong vs. weak relationship customers.

Method and Data
A scenario-based experiment with a two (relationship quality) by eleven (compensation level) between-subjects design was used to answer the research question. The written scenario described a service failure in the context of a hotel stay. Relationship quality was manipulated at two levels: the customer has never stayed in the hotel before (low) vs. he or she regularly stays at this institution (high). Compensation level was manipulated in steps of 20%, ranging from 0% to 200%. A total of 609 respondents participated in the study. Respondent’s age ranged from 18 to 84 years (M = 45.8), with 50.2% being female. The questionnaire comprised successful manipulation checks for relationship quality and compensation, and it measured post-complaint satisfaction as the dependent variable as well as a series of control variables (failure severity, failure attribution, income, etc.). The measurement model was successfully validated with a CFA model. The validity of the manipulations was assessed using ANOVAs. Multi-step hierarchical regressions served as the main analysis tool to estimate the curve progression between compensation and satisfaction, and the moderation effect of relationship quality.

Summary of Findings
As expected, the curve progression between compensation and satisfaction is concave. Moreover, regression analysis
reveals a curvilinear by linear interaction between compensation and relationship quality, which indicates different shapes for low vs. high relationship quality. In particular, the degree of concavity of the compensation—satisfaction path decreases with increasing relationship quality. The curve is almost linear for high relationship quality, whereas the concavity of the curve is much more pronounced for low relationship quality. Moreover, the curves cross over at two points (30% and 126% compensation), which indicates that high relationship quality customers are more satisfied with initial compensation and overcompensation, and low relationship quality customers are more satisfied with regular compensation.

**Key Contributions**

This research clarifies prior conflicting results on how a firm’s best vs. regular customers respond to compensation after a service failure. The results indicate that strong relationship customers can respond both *more* and *less* favorably to different compensation levels. Three effects across the compensation range can be observed. For initial compensation (0%-30%), there seems to be a “buffering” effect of a strong relationship; strong relationship customers show higher satisfaction than their weak counterparts. Second, for regular compensation (30%-126%), the “love-becomes-hate” effect seems to occur as strong relationship customers are less satisfied than weak relationship customers. Strong relationship customers may perceive the firm’s recovery effort as insufficient given their relationship investments. Third, with increasing overcompensation (>126%), there is a clear “appreciation” effect; strong relationship customers show much higher satisfaction than weak relationship customers at this level. We argue they perceive this remuneration as a reciprocal gesture to their loyalty. In summary, this study expands the understanding of how organizations should adapt their compensation effort based on their customers’ relationship status. Overcompensation appears only suitable for long-term customers. For regular customers, a normal compensation seems to provide the best returns on investment.

*References are available on request.*
An Empirical Examination of the Service Purchase Decision: Understanding the Influence of Word of Mouth

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Keywords: word of mouth, service, tie strength, involvement, risk, influence, consumer

EXTENDED ABSTRACT

Research Questions
This research examines the direct and interaction effects of involvement (with the service purchase) and tie strength (between sender and receiver of word of mouth) on the ultimate endogenous (dependent) variable, influence of word of mouth (WOM). Also, this study investigates how perceived risk, modeled as two constructs: outcome risk (financial, performance, and convenience), and psychosocial risk (psychological harm and social harm), affects involvement. Specifically, the following hypotheses are tested:

H1: The greater the tie strength between the sender and the receiver, the greater the influence of the sender’s WOM on the receiver’s service purchase decision.

H2: The greater the receiver’s involvement with the service purchase, the greater the influence of the sender’s WOM on the receiver’s service purchase decision.

H3: The stronger/weaker the tie strength (between the sender and receiver of WOM), the weaker/stronger the effect of involvement on the influence of WOM.

H4: The higher the outcome risk associated with the service, the higher the level of involvement with the service purchase.

H5: The higher the psychosocial risk associated with the service, the higher the level of involvement with the service purchase.

Method and Data
Survey methodology was used to test the model’s hypotheses. The sample was comprised of “real-life,” non-student, respondents. These participants (N = 165; Female 25.2%, M_age = 35.5 years, SD_age = 7.1) were newly posted military members and their dependents at a major army base in North America. Since military families usually move every two to three years, they must seek new service providers with each posting. WOM is the primary means by which service information is attained. Respondents were asked to recall a recent instance where they had attained service purchase information via WOM, and relate their responses to this instance, using established scales that measured the model’s constructs. Multistage, comprehensive analyses (including exploratory factor analyses, confirmatory factor analyses, and reliability and validity assessments) culminated in analyzing the model to estimate hypothesized paths using structural equation modeling.

Summary of Findings
Findings demonstrated a strong interaction effect between involvement and tie strength; and that perceived risk (modeled as outcome risk and psychosocial risk) was an antecedent of involvement. Path coefficients and corresponding t-statistics were all significant confirming hypothesized relationships (H1 and H5: p < .001; H2 and H3: p < .01; H4: p < .05; all two-tailed tests). The model demonstrated excellent data fit [χ² = 79.18 (df = 61, p = .06), χ²/df = 1.30, AGFI = .90, RNI = .97, CFI = .98, and RMSEA = .04]; and R² = 17% (typical of similar studies). Additionally, the interaction effect was again examined in a post hoc regression analysis using median split data and found to be statistically significant [F(3,153) = 9.88, p < 0.001]. Thus, support for Hypotheses 1, 2, and 3 was confirmed.

Key Contributions
The aforementioned interaction effect is a novel contribution to the service marketing WOM literature as no other known
studies have modeled and tested this effect. Therefore, our theoretical and practical understandings of key concepts (and their relationships) that are important to service marketing have been enhanced. Additionally, this study has reinforced the complexity of the perceived risk construct, suggesting that a multidimensional approach based on outcome and psychosocial aspects is appropriate.

Managerial contributions are also important since results suggest that the positive effect of involvement on WOM influence is dampened by tie strength. Recognizing that as tie strength increases, the impact of involvement on WOM influence is lessened, service marketers can harness the power of WOM by understanding: (1) who their target audience is; (2) how consumers are related to each other (tie strength) and to the service purchase (involvement). The more connected consumers are together, and with the potential service, the more reliance marketers can place on WOM. However, effort should focus on tie strength perceptions (between the sender and the receiver) in the target market. For example, ask-a-friend type of ad campaigns could be appropriately oriented to focus on tie strength. Also, where customers have lower involvement with a service purchase, resulting in less influence of WOM in that context, marketers can leverage the power of tie strengths to diminish the direct effect of involvement.

References are available on request.
Consumer Ethnocentrism Versus Intercultural Competence as Moderators in Intercultural Service Encounters

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Keywords: intercultural competence, perceived cultural distance, satisfaction, service encounter, service outcome, service quality

EXTENDED ABSTRACT

Research Question
Despite growing interest in intercultural service encounters, there are still many unanswered questions and research gaps in this area. For example, Sharma et al. (2012) found a positive effect of perceived cultural distance on interaction comfort instead of the hypothesized negative effect, which is similar to the findings reported by Stauss and Mang (1999), possibly because both these studies tested their models only for service failure and ignored successful service encounters. Sharma et al. (2012) also did not operationalize service quality as a distinct construct and used perceived service level as its proxy, and they did not explore the direct effects of perceived cultural distance on service quality. Moreover, prior research on inter-cultural service encounters includes intercultural competence as a moderator but ignores the role of consumer ethnocentrism, a popular construct and predictor of customer attitudes and behaviors in intercultural interactions (e.g., Sharma, 2005, Thelen et al., 2011). We address all these gaps in this paper with an integrated conceptual framework incorporating perceived cultural distance and service outcome as antecedents, consumer ethnocentrism and intercultural competence as moderators and interaction comfort, service quality and customer satisfaction as outcome variables, in inter-cultural service encounters.

Method and Data
We used a between-subjects 2 x 2 experimental design by manipulating outcome (success vs. failure) and perceived cultural distance (low vs. high) with four versions of an intercultural service encounter scenario in a restaurant similar to prior research (e.g., Sharma et al., 2012). 204 university students in a major Australian city participated in this study and they were told that it was a study of consumer behavior to disguise the real purpose of the study so that they could not guess the hypotheses and to make them participate seriously. We developed many versions of service failures and successes in diverse service categories and pre-tested them with samples drawn from the same undergraduate population used in the main study, asking the participants to rank each scenario on various attributes, including study realism, relevance, credibility and the level of failure or success. We finally chose a restaurant setting with two scenarios (success vs. failure).

Summary of Findings
We found support for all the ten hypotheses. Specifically, service outcome and perceived cultural distance have a significant but contrasting effect on interaction comfort and service quality, which in turn have a positive effect on customer satisfaction. We also show that consumer ethnocentrism negatively moderate the influence of service outcome on interaction comfort and service quality; whereas intercultural competence would positively moderate the influence of perceived cultural distance on interaction comfort and service quality. All these findings help us extend the growing research on intercultural service encounters by addressing some important research gaps.

Key Contributions
In this paper, we introduce a comprehensive framework to extend the growing research on inter-cultural service encounters.
encounters by incorporating the contrasting moderating roles of consume ethnocentrism and intercultural competence. Results from an experimental study support all our hypotheses and help resolve the mixed or inconclusive findings reported in prior research, especially on the impact of perceived cultural distance on customer satisfaction, by delineating the complex socio-psychological process underlying inter-cultural service encounters. Our research also highlights the importance of not just focusing on service failure and recovery but also look closely at successful service encounters because customers with high ethnocentrism or low intercultural competence scores may feel less interaction comfort, perceive poor service quality and experience lower satisfaction even in successful intercultural service encounters. Hence, service managers would be well advised to train their employees in identifying customers with lower levels of intercultural competence and deal with them more effectively. This may require a lot more patience and understanding from the service employees because they would also have to overcome their own ethnocentric and stereotypical attitudes towards customers from different cultural and ethnic backgrounds compared to their own.

References are available on request.
Service Recovery: Eliciting Satisfaction Through Pride or Gratitude

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Keywords: service recovery, gratitude, pride, satisfaction

EXTENDED ABSTRACT

Research Question
The research in this manuscript examines the potential for service providers to generate customer satisfaction following a service failure through the elicitation of positive emotions in customers through the recovery efforts. The two primary research questions addressed in this manuscript are:

Can the specific positive emotions of pride and gratitude be elicited by the interaction of service provider strategies and service conditions following a service failure episode?

Do these two positive emotions impact satisfaction and, more importantly, explain the link between service recovery strategies for types of service failure conditions on overall customer satisfaction?

Method and Data
The overall conceptual model of service provider strategies and service conditions on consumption emotions and satisfaction is largely guided by Roseman’s (1991) appraisal theory of emotions. Three studies, each utilizing 2 x 2 between-subject designs, were employed using scenario-based manipulations of service failure and recovery episodes (featuring restaurants and hotels) to address the two primary research questions above. Data were gathered for each of the studies using student subjects in a dedicated marketing behavioral lab. Results were analyzed using Preacher and Hayes’ (2008) bootstrapping method to test for the direct and indirect conditional effects predicted by our model.

Summary of Findings
Across three studies, we demonstrated consistent findings to support our conceptual model. Our findings indicate that at different stages of service failure and recovery episodes, the positive emotions of pride and gratitude can be elicited when service providers choose the appropriate recovery strategies. Specifically, in both studies 1 and 2 we found support for the mediating role of pride on customer satisfaction when the actions leading to the service recovery were of the self. The results of Study 3 offered further support for our model as gratitude was determined to mediate the relationship between service-provider favors and customer satisfaction in conditions of low solution optimality following a full-blown service failure.

Key Contributions
Previous literature on service recovery has largely ignored the potential role of discrete, positive consumption emotions in contributing to customer satisfaction following service failure and recovery episodes. Rather, previous research has focused largely on the role of negative affect on consumer perceptions of the provider. The purpose of our research was to address this shortcoming in the service recovery literature and demonstrate conditions in which service providers can elicit positive emotions in consumers when an appropriate recovery strategy is employed following a service failure.

References are available on request.
Part O
Social Responsibility and Sustainability

Track Chairs
Lisa Bolton, Pennsylvania State University
Shuilu Du, University of New Hampshire

Effective Design and Implementation of Social Responsibility Programs
Do Defaults Work When They’re Disclosed? Effectiveness and Perceived Ethicality of Disclosed Defaults
Ruth Pogacar, Mary Steffel, Elanor F. Williams, Ana Figueras

The Effectiveness of Cause Marketing
Xueming Luo, Michelle Andrews, Zheng Fang, Jaako Aspara

The Role of Social Responsibility on Event Sponsor Effectiveness
Russell Lacey, Angeline G. Close

One Size Does Not Fit All: Why a High Brand/Cause Fit May Not Always Be Good
Joshua T. Coleman, Daniel L. Sherrell

Looking at Social Responsibility Across Consumers and Cultures
International Consumer Reactions to Product Contamination Risks After Chronic Technological Disasters
Björn Frank, Shane J. Schvaneveldt, Boris Herbas Torrico

Profiling and Contrasting Teenage Poker Gamblers with Other Teenage Gamblers: Analysis and Implications
Sudhir H. Kale

Millennial Money Matters: The Impact of Perceived Knowledge and Perceived Risk on Retirement Investment Decisions
Jacqueline K. Eastman, Dora E. Bock, Lindsay Larson
Structuring decisions so people are nudged to make choices in their own best interests—the notion of libertarian paternalism—can combat such inconsistencies and solve many of society’s problems (Thaler and Sunstein 2008). Defaults are a form of choice architecture designed to nudge people toward a certain choice by automatically enrolling them in a designated option unless an active decision is made to opt-out.

In many cases, nudges like defaults are applied without informing those affected. For example, defaults are often used to gain access to people’s personal information (Johnson, Bellman, and Lohse 2002). Such practices have led to controversy over consumers’ rights. Organizations like the Electronic Privacy Information Center (EPIC) have argued that purposefully and meaningfully designing requests to influence behavior without disclosing the intent of such nudges is unethical. Other organizations, such as Dell Inc., which sets manufacturer recommendations for device defaults, caution that disclosing nudges could make them less effective (Goldstein, Johnson, Herrmann, and Heitmann 2008).

How disclosures about nudges influence their effectiveness, and people’s perceptions of them, remains an open question. The following research explores how disclosing nudges influences their effectiveness, and how ethical people perceive default choice architecture to be.

Method and Data
Experiment 1 explored whether defaults influence people’s choices even when people are made aware of their intent and potential influence. Participants (N = 96) imagined that they were moving into a new “green” apartment complex and could include (opt-in) green amenities for a small addition to the rent, or remove (opt-out) green amenities for a small reduction in the rent. The intent and potential influence of the default was disclosed either before or after choosing amenities. We measured the number of green amenities chosen (opt-in) or retained (opt-out).

Experiment 2 explored people’s perceptions of ethicality when the default was intended to benefit business or society, and whether default effectiveness depended on the beneficiary. As in study 1, participants (N = 193) imagined choosing (opt-in) or retaining (opt-out) a variety of amenities for a new apartment, but the amenities either benefitted society (green amenities; e.g., energy-efficient dishwasher) or business (premium amenities; e.g., brushed aluminum dishwasher). The default’s intent and potential influence was disclosed before participants made their choices in all conditions. We measured the number of green amenities chosen (opt-in) or retained (opt-out) and how ethical or
unethical participants thought it was for landlords to make green (premium) amenities the default.

**Summary of Findings**

In experiment 1, participants retained more green amenities in the opt-out condition than they chose in the opt-in condition \( (M = 11.54 \text{ vs. } 5.42; F(1, 92) = 88.95, p < .001) \). Disclosure had no effect \( (F(1, 92) = .14, p = .71) \), indicating that disclosing defaults does not reduce their effectiveness.

In experiment 2, there was an interaction between choice architecture (opt-in or opt-out) x beneficiary (business or society) on perceived ethicality \( (F(1, 189) = 3.81, p = .05) \), such that people thought the opt-out default was less ethical when the business benefited \( (M = 4.76 \text{ vs. } M = 5.56; t(92) = 2.55, p = .013) \). Conversely, when society benefited, opt-out and opt-in choice architecture was perceived to be equally ethical \( (t(97) = -.25, p = .80) \).

Although participants chose or retained more amenities when society benefited \( (M = 7.67 \text{ vs. } M = 6.68; F(1, 189) = 4.30, p = .04) \), there was no interaction between choice architecture and beneficiary \( (F(4, 188) = .00, p = .98). \) People retained more amenities in the opt-out condition than they chose in the opt-in condition regardless of beneficiary \( (M = 9.86 \text{ vs. } M = 4.50; F(1, 189) = 126.42, p < .001) \).

**Key Contributions**

These findings demonstrate that default choice architecture designed to encourage optimal choices for individuals and society can be disclosed without reducing effectiveness. Thus, disclosing the intent and potential influence of defaults is one solution for addressing criticisms about the manipulativeness of using defaults to nudge people toward desired choices without their awareness. However, despite the fact that defaults are perceived to be less ethical when they benefit business than when they benefit society, defaults remain equally effective regardless of whether the beneficiary is business or society, leaving potentially unsavory uses of choice architecture intact. Therefore, it may be advisable for public policy to address the use of default choice architecture that benefits business at the expense of consumers.

*References are available on request.*
The Effectiveness of Cause Marketing

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EXTENDED ABSTRACT

Although cause-related marketing (CM) is a widely used industry practice of linking product sales with donations to charity, research has rarely quantified the sales impact of CM for firms. Based on large-scale randomized field experiments with over 17,000 consumers, the authors demonstrate that CM significantly increases consumer purchases (Study 1). Moreover, price discounts moderate the sales impact of CM in a nuanced pattern: CM effectiveness is highest with a moderate level of price discounts, rather than deep discounts or no discounts (Study 2). A subsequent lab experiment reveals a moral identity-based mechanism (Study 3). That is, decreases in CM effectiveness from moderate to deep discounts are driven by consumers with high moral identity. These findings provide new insights into the boundary conditions and moral mechanisms of the sales impact of CM for researchers and managers alike.

References are available on request.
The Role of Social Responsibility on Event Sponsor Effectiveness

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Keywords: event social responsibility, experiential marketing

EXTENDED ABSTRACT

Research Question
Sponsors, by nature of exchanging cash or in-kind for association with events, have an inherent component of “giving back to the community.” But what about events? Does the social responsibility of a sports event influence the way consumers perceive the event and its sponsors?

Method and Data
The authors test the posited framework via a field study at a professional cycling event, the Tour of Utah (TOU) during August 7-12 in 2012. Named the Echelon Project, health and wellness education for reduction and prevention of lifestyle-caused childhood and adult obesity served as the social responsibility platform of this large community-based sporting event. Overall, 967 participants completed the survey during this six-day event. Existing scales from the marketing literature are used to measure the constructs of interest. After establishing sound reliability and validity properties, the authors assessed the hypothesized model, including mediator and moderator relationships, using LISREL 8.80. All six posited relationships are confirmed.

Summary of Findings
The tested model illuminates the impact of event social responsibility toward enhancing event word-of-mouth, fan attachment, and sponsor patronage. The study also affirms how event-sponsor fit plays a significant role in moderating the positive association between attendees’ perceptions that the event is socially responsible and their purchases in show of support of the event’s sponsors. Demonstration of how CSR influences attendees’ affinity and evaluation of events brings added focus to help scholars rethink conditions and mechanisms that stimulate event effectiveness to event sponsors.

Key Contributions
A key contribution of this study is the unique focus on a sports event’s (vs. the sponsors’) perceived social responsibility. While it is more common for a company to sponsor a community event as a CSR initiative, it is more innovative for an event to have a focus and desire to measure how members of the local communities perceive the event itself as socially responsible. To the best of the authors’ knowledge, this is the first study that explicitly examines social responsibility as it pertains to the sponsored sports event. To date, CSR and sponsorship research attention has predominately focused on the influence of CSR initiatives on product and corporate evaluation of sponsors.

References are available on request.

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One Size Does Not Fit All: Why a High Brand/Cause Fit May Not Always Be Good

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ABSTRACT
One aspect of cause-related marketing effectiveness is the selection of charitable partners that provide a good “fit” with the firm. We propose that a “good” fit may be categorized as “natural,” “latent,” or “discrete,” and social causes may be classified in terms of their tractability and visibility.

Keywords: cause-related marketing, brand/cause fit, brand alliances, social cause

Introduction
Cause-related marketing (CRM) is an increasingly used strategy by both manufacturer’s brands and retailers to achieve economic as well as non-economic objectives. Cause sponsorship is predicted to reach $1.8 billion in 2014, a projected increase of 3.4% over 2013 (IEG Sponsorship Report, 2014). Varadarajan & Menon (1988) note that CRM campaigns have the potential to expose a firm to risks from adverse consumer interpretations of their motives for engaging in such strategies, whether they be exploitive or altruistic. On the one hand, consumers tend to be skeptical of firm’s motives for engaging in CRM campaigns (Drumwright 1996; Ellen, Mohr, & Webb 2000). On the other, consumers increasingly desire for companies to engage in socially responsible behaviors. One study found that more than 80% of respondents felt as though companies should associate with social initiatives, while 76% believed these initiatives would accrue positive benefits for the firms (Becker-Olsen, Cudmore, & Hill 2006). More recently, a nationwide survey revealed that 89% of respondents would switch to a brand associated with a social cause given comparable price and quality, and 91% desire to see more brands contributing to social issues (Cone 2013).

Marketing managers need some guidance in selecting charitable causes as partners in their CRM efforts beyond the maxim to select the best-liked cause or the charitable activity with the “best” fit. Many times, the most popular causes that would generate the most consumer good will have already negotiated several primary sponsors, and jumping on the bandwagon would not provide a firm with the necessary benefits to justify mounting a CRM campaign. In other situations, the firm may be unsure how its target market customers view the available causes in terms of suitability and importance. In addition, a firm attempting to use a CRM strategy as a lever to help differentiate its brand in consumers’ minds may find that the most popular cause offers no “complementarity” (Hoeffler & Keller 2002) to accomplish their objectives (i.e., the cause embodies the same or similar values as the company/brand and does not lend itself to unique positioning messages). The objective of this paper is to review the available research on how brand/cause fit perceptions influence CRM outcomes and develop a conceptual framework for choosing charitable partners.

What Is Fit and How Does It Work?
In an attempt to better understand how to maximize the potential of CRM strategies, research has frequently focused on the “fit” or level of perceived similarity between the sponsor and a charitable cause to positively influence consumer reactions (e.g., Simmons & Becker-Olsen 2006, Pracejus & Olsen 2004). Fit is defined in the CRM literature as the perceived link between a cause and the sponsor firm’s product line, brand image position, target market, mission, and/or values (Varadajaran & Menon 1988; Becker-Olsen, Cudmore, and Hill 2006). Gwinner (1997) distinguished between functional similarity, wherein the sponsor firm’s products are used by the partner organization, and image similarity, where the sponsor, customer, and partner firm are likely to share core values. Recently, Kim, Sung & Lee...
was more effective than a relational communications strategy in improving fit perceptions. Firms taking the proactive approach to the choice of charitable cause partners do not usually require any education in understanding why a low level of fit affects firms more positively that a low level of fit."

On the other hand, lower levels of perceived fit are more likely to be recognized as inconsistent with prior expectations and actions, causing more cognitive elaboration and more extreme evaluations (Hastie 1984). Becker-Olsen, Cudmore & Hill (2006) found that perceptions of lower fit were associated with lower firm attitudes, more negative thoughts, and lowered purchase intentions. Rifen, et al. (2004) found that the influence of perceived fit on attitudes towards the sponsor was mediated by consumer inferences about firm motives as well as resulting source credibility perceptions. Further research found that the influence of lower fit perceptions on sponsor attitudes was diminished when negative motives (i.e., profit-oriented) and lower cause attitudes were present (Barone, Norman and Miyazaki 2007). Clearly, the consumer evaluative processes underlying reactions to CRM initiatives are more complex than simply assessing the level of fit between a sponsor and their charitable cause for many consumers.

While lower fit perceptions may result in consumers using a different, more complex evaluation process, some research suggests that this reaction can be influenced by “explaining” the reasons for the perceived lack of fit, so that the sponsoring firm benefits from the resulting consumer evaluations (Sohn, Han & Lee 2012; Forehand & Grier 2003). Simmons & Becker-Olsen (2006) developed the idea of “created” fit and suggest that there are alternative solutions in such situations. Sohn, Han & Lee (2013) examined the use of elaboration versus relational communication strategies on CRM ads and found that in low-fit scenarios, an elaboration strategy was more effective than a relational communications strategy in improving fit perceptions. Firms taking the opportunity to explain the reasons for their partnership with a particular cause to customers may influence individuals to think about the firm and brand in new ways that benefit subsequent evaluations and attitudes (Ellen, Mohr, & Webb 2000; Simmons & Becker-Olsen 2006). Consequently, managers developing CRM strategies must be careful in their planning efforts to ensure that such negative impressions by customers do not cause more harm than good. Viewing brand/cause fit opportunities as circumstances that require more or less “explaining” to target markets instead of simply presenting the partnership to the public and allowing them to draw their own conclusions provides managers with a more proactive approach to the choice of charitable cause partners. We next describe a conceptual framework to help organize those thoughts.

**A New Classification of Brand/Cause Fit**

This paper proposes the notion that there is no such thing as a bad fit if brands are intentional about the selection of social causes. That is, the low fits discussed in the literature are the result of unintentional pairings that could occur for a variety of reasons, such as the desire to boost corporate image, the necessity of recouping from brand failures, or even simply jumping on the bandwagon of a popular social issue. Take for instance, McDonald’s, which is well known as a supporter of children’s health. While its Happy Meals may be a key part of the company’s culture, McDonald’s and sick children are not necessarily a natural fit, a concept previous research would regard as a low or bad fit. However, because its partnership with children’s health is so ingrained in the company’s culture, McDonald’s isn’t perceived negatively because of its connection to this cause, calling into question the assumption that a non-natural fit leads to undesirable outcomes. This example gives credence to the proposition that high fits cannot always be determined by the congruence of firm and cause values alone. Sometimes a high fit can be achieved for seemingly no concrete reasons at all. This paper proposes three types of brand/cause fit (Figure 1), all of which can be potentially beneficial if explained properly:

**Natural Fit:** Drawing from Varadarajan & Menon’s (1988) definition of fit, a natural fit is one that simply makes sense. Typically this fit is associated by congruence among the brand and the cause’s industries or markets, and consumers do not usually require any education in understanding why the brand and cause are aligned with one another.

**Latent Fit:** Perhaps the most difficult to successfully achieve, the latent fit is essentially a fit accompanied by an explanation. In other words, it is a brand/cause fit that consumers initially perceive to be incongruent until company messaging informs them otherwise. While this type of fit requires some innovativeness and intentionality, its results could be strikingly positive, especially when a natural fit is unattainable.
Discrete Fit: As was discussed in the example of McDonald’s above, some fits may not be natural, and some brands may not even have a naturally associated social issue. However, these brands are not automatically relegated to the status of low fit and the traditionally negative outcomes that come with it. A discrete fit is one that does not naturally make sense and cannot otherwise be explained. Thus, companies with discrete fits must rely on the positive associations attributable to social contributions to negate any consumer misunderstandings of why the company and cause are working together. If consumers hold a particular cause in high regard, then firms may indeed benefit by simple association and demonstrated commitment to the cause to help convince consumers of their altruistic motives for the support (Lafferty 2009).

A New Classification of Social Causes
Because the variety, complexity, and inconsistency among brands is so vast, the applicability of each type of fit discussed above is contingent largely on situational factors related to the individual brand itself. For example, consumers may perceive the value of Walmart’s contribution to hunger alleviation very differently than that of their local food bank. Both organizations are benefitting the same cause, but both must approach such social efforts in entirely different ways. Our classification distinguishes between two dimensions of a social cause: visibility and tractability (Figure 2).

Visibility: Individual consumer awareness of social causes may not be consistent, but causes can generally be understood as highly visible or underexposed. A cause high in visibility is one that is either associated with many companies or has large enough nonprofit support to elicit marketing efforts similar to that of large corporations, while a cause low in visibility is relatively unknown to the average consumer.

Tractability: The propensity with which a social cause can be solved is another criterion to consider when classifying social causes. A cause low in tractability (e.g., curing Alzheimer’s or breast cancer) may require higher levels of commitment from a firm (i.e., larger contributions of resources, funding or time) to appear sufficiently credible to targeted consumers. A highly tractable cause is one for which limited time and resources are necessary to attain a solution, such as local issues or disaster relief. Most social causes are low in tractability; after all, if a company invests in an easily solvable issue, the pride of “fix-
“...a social problem will only last so long before the company has to reinvest its resources in a new cause.

**Putting It All Together**

To assist managers in understanding the roles different types of brand/cause fits can perform, we next combine the brand/cause fit types with the social cause classification and discuss the general implications of each combination. In addition, an overall assessment of the amount of resources required as well as the benefits accrued is highlighted (Figure 3).

**Conceptual Framework Verification**

In an attempt to help verify these classification characteristics among consumer perceptions, two focus groups were organized to ask about the perceived critical dimensions of social causes and reasons for individual preferences or interest. The focus groups were conducted among two classes of MBA students attending a large American university in the southeast. The conceptual framework previously discussed was first developed, and the focus groups were conducted to ascertain whether or not the classification proposals reflected realistic consumer perceptions.

The first focus group sought to assess effectiveness of the social cause classification. Participants were asked to list their top-of-mind social causes. The group then discussed the reasons these causes were chosen over others to determine what factors led to consumers’ evaluations of social causes. Overall, the group confirmed our notion that low tractability is a cogent aspect of a social cause; that is, even if the issue may not be solved anytime soon, participants indicated that they are still willing to support companies that contribute to it. Visibility was also identified as a key factor in determining social cause perceptions. Many participants mentioned that, even if they were unfamiliar with the cause initially, repeated exposure increased their awareness and empathy towards the social issue.

The second focus group centered on the concept of brand/cause fit. Participants were asked to evaluate the effectiveness of a company’s impact on a variety of social causes to determine what perceptions were elicited by low fit settings. Participants were asked to report the first associations that came to mind when evaluating different examples of organizations and causes. Examples were chosen to span the cells identified in Figure 3 above. One opinion that consistently arose from many respondents was the idea of brand/sponsor motivations. For example, many questioned large, nationally known companies’ intentions for partnering up with small-scale or local issues. When determining the lack of effectiveness companies of this size could have on social causes so low in exposure, several respondents indicated that they did not understand why the brand would choose such an unknown issue. This gives credence to the notion of the natural and latent fits: if an explanation exists as to why the company is partnering with the cause, it must be fully explicated in order to assuage consumer doubt about intentions.

**Discussion**

The basic premise of this paper is to move beyond the traditional notions of high and low brand/cause fits and propose that low perceived brand/cause fit circumstances can be

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**Figure 3. Combining The Fit and Social Cause Classifications**

<table>
<thead>
<tr>
<th>Visibility</th>
<th>Tractability</th>
<th>Natural Fit</th>
<th>Latent Fit</th>
<th>Proposed successful fits:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
<td>Social causes of this type are not well known or easily solved. Consumers must be educated on what the cause is as well as how efforts toward its alleviation are being made.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>High</td>
<td>Arguably the most common social cause today, these issues are well known, and the lack of a foreseeable solution provides long-term benefits to partnering brands.</td>
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<td>Proposeds successful fits:</td>
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<td>Natural Fit</td>
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<td>Proposed successful fit:</td>
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<td>Latent Fit</td>
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<td>A social cause that is well known and easily solved is difficult to identify, since the issue’s short life span makes long-term mass awareness a challenge.</td>
<td></td>
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<tr>
<td>Discrete Fit</td>
<td></td>
<td>Proposed successful fits:</td>
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managed with appropriate consumer communications explaining the basis for the partnership. Three types of brand/cause fits are proposed: natural fit, latent fit, and discrete fit, and a framework is provided that classifies social causes among two dimensions, tractability and visibility. Qualitative discussions with young consumers indicate some validity for the perceptions embodied in this framework.

Managerially, this paper encourages practitioners to evaluate the type of fit their firm is pursuing with brand-cause partnerships as well as the overall match-up between the firm and the types of available charitable causes. Of utmost importance is the necessity for cause choice to be intentional and not merely a “bandwagon” decision.

Theoretically, this paper moves past the debate on what constitutes a high fit as opposed to a low fit and proposes three different types of fit that could each accrue positive results. One potential use of CRM campaigns is to help firms differentiate their brands from the competition by positioning them with unique or distinctive causes (e.g., TOMS shoes efforts to help alleviate podoconiosis). Focusing on image or functional similarity types of brand/cause fit would be ineffective in attempts at brand positioning or differentiation. Our categorization provides managers some method of assessing the suitability of potential brand/cause fits depending upon the visibility and tractability characteristics of the cause, as well as whether or not the brand/cause fit provides an opportunity to influence consumers’ perceptions of the potential pairing. By creating a situation where consumers are asked to cognitively elaborate on reasons why a particular firm would support a specific charitable cause (i.e., latent fit), firms may be able to generate previously unconsidered beliefs and/or evaluations of the sponsoring firm.

Aside from quantitative data collection to ascertain the viability of the conceptual framework proposed herein as well as behavioral impacts different fit and social cause combinations may possess, a promising direction for this research is the development of a multi-faceted theory to explain the cognitive processes consumers are utilizing when evaluating brand/cause fits. While the natural fit may not warrant much cognitive elaboration, the latent and discrete fits lend themselves to an attribution approach to theoretical reasoning. Such insight into this process would necessitate further exploration of external factors, such as company motives and consumer affinity toward certain causes. Furthermore, a more in-depth analysis than this paper’s initial propositions provides for such alternative discussions as the consequences of the natural fit, such as the negative connotations of a bandwagon effect, or a consideration of the social cause’s perspective in partnering with brands. It is our hope that, as more companies are utilizing CRM tactics than ever before, this research will contribute to the growing body of knowledge of effective collaborations between firms and social causes.

References


Advanced product technology can be leveraged to create functional value for customers and financial value for firms. However, technology is inherently different to control, especially under unexpected adverse conditions. Disasters caused by technological failure frequently lead to large-scale environmental pollution, which in turn creates risks of product contamination affecting consumer decision-making. For instance, the 2010 Deepwater Horizon oil spill created uncertainty whether fish from the Gulf of Mexico are safe to eat. Likewise, large-scale chemical accidents create worries about groundwater pollution. Similarly, the 2011 Tohoku earthquake and tsunami damaged the Fukushima Daiichi Nuclear Power Plant and thus led to widespread radioactive contamination of regions supplying food and other products to eastern Japan and the Tokyo metropolitan area. These disasters are characterized as chronic technological disasters because loss of control over technology is the source of long-term contamination and related safety hazards. Moreover, they are characterized as national disasters because their large-scale nature affects many people and draws attention from media and people across the nation.

The marketing literature on chronic technological disasters with consequential product contamination has illuminated consumer purchase reductions, but not purchase increases, as a response to product-related health risks. By contrast, the marketing literature on national disasters has focused on situations not involving any product health risks. For contexts such as the 9/11 attacks, it has highlighted purchase increases in economic support of disaster victims or of regional reconstruction efforts. A recent study by Frank and Schvaneveldt (2014) merged these two streams of literature by investigating effects of the Fukushima nuclear accident in Japan, which was both a national disaster and a chronic technological disaster causing product contamination. Drawing on the psychological trade-off between self-preservation and economic support of disaster-struck regions, they highlighted that not all consumers decreased, but many consumers also increased, their intent to purchase potentially contaminated products. Moreover, they explored the influences of personal characteristics, unrelated with the disaster, on the extent of purchase intent reduction vs. increase. While their research thus explored who engages in purchase reductions vs. increases, this present study is the first to examine what factors cause consumers to reduce or increase purchases of potentially contaminated products after national disasters. Drawing on collective resilience theory (Drury et al. 2009), this study develops hypotheses about direct and indirect effects of contamination risk knowledge, technology risk knowledge, disaster-related information sources, and disaster-related experience on consumer purchase adjustments. As a secondary goal, this study seeks to replicate some of the results of Frank and Schvaneveldt (2014).

In line with Frank and Schvaneveldt (2014), this study focuses on the context of the Fukushima nuclear accident to test its hypotheses. More recent questionnaire-based experimental data on mobile phones and apparel was collected from six countries: Japan (focal disaster location), USA, France (developed economies), Ecuador, Bolivia, and Sri Lanka (developing economies).

Based on hierarchical linear modeling, this study confirms, with more recent data, Frank and Schvaneveldt’s (2014) finding that not all consumers intend to decrease, but many consumers also intend to increase, their purchases of potentially contaminated products after disasters. It tests and confirms a number of original hypotheses with the fol-
Following results. Purchase intent reductions derive from contamination risk knowledge, which depends primarily on other consumers’ observed behavior and secondarily on both objective media information and past opposition to the use of the technology causing contamination. Technology hazard expertise reinforces the effects of consumers’ risk assessments and of past opposition to technology use. By contrast, as predicted based on collective resilience theory, purchase intent increases derive from empathy and salient social identity shared with disaster victims, which are triggered by affect-laden media exposure, past disaster-related experience, and disaster involvement of the social network.

Based on the empirical results, this study informs policy makers and marketing managers on how to more effectively address consumers’ psychological needs in order to avoid exaggerated purchase reductions of objectively harmless products and to garner support for the economic reconstruction of regions affected by large-scale chronic technological disasters.

References
Profiling and Contrasting Teenage Poker Gamblers with Other Teenage Gamblers: Analysis and Implications

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Keywords: teenage gambling, poker, impulsive sensation seeking, gambling-related distortions

EXTENDED ABSTRACT

Research Question
Teenage gambling has become increasingly popular in Western countries with the resurgence of poker as the pastime of choice among many youngsters. The theme of poker seems to be ubiquitous on television, in the movies, and on the Internet. Yet, not much is known about the harmful addictive effects of poker on some teenagers. This study sought to establish the prevalence of gambling in general and poker play in particular among Australian teenagers. It was hypothesized that teenagers who have gambled even once in their life will score higher on the impulsive sensation seeking scale than teenagers who have never gambled in their life. A second hypothesis stated that impulsive sensation seeking, gambling-related cognitive distortions, and the severity of problem gambling will be positively intercorrelated. The final hypothesis was that teenagers who have played poker at least once in their life will score higher on the impulsive sensation-seeking, gambling-related cognitive distortions, and problem gambling scales than those teenagers who have gambled before, but never on poker.

Method and Data
Data collection was carried out in two phases. In the first phase, two focus groups comprising of 13 females and 12 males, aged 17-19 were conducted at a private university in Australia. During the focus groups, students talked about how often they played poker, whether they engaged in other forms of gambling, and the amount of money spent on gambling in a typical session. The focus groups were helpful in understanding youth mentality and context when it comes to gambling in general and gambling on poker in particular. Data from focus groups were very helpful in formulating the final questionnaire.

Using an online questionnaire, data were then collected from 2,000 teenagers, aged 15-19 years, from the Australian State of Victoria. The sample comprised of 1003 females and 997 males. The sample was evenly distributed in the 15-19 year range.

Participant scores on impulsivity and sensation seeking were computed by summing the responses to the 19-item Impulsive Sensation Seeking Scale (ImpSS) adapted from the Zuckerman-Kuhlman Personality Questionnaire (Zuckerman and Kuhlman 2000). The incidence of problem gambling was assessed using the Problem Gambling Severity Index (PGSI), which is a part of the Canadian Problem Gambling Index (CPGI, Ferris and Wynne 2001). The PGSI scale consists of nine items, four of which assess problem gambling behaviors, and five that assess adverse consequences of gambling. Gambling-related distortions were assessed using the Gambling-Related Cognitions Scale (GRCS, Raylu and Oei 2004). This scale is comprised of five dimensions – interpretive control or bias, illusion of control, predictive control, gambling-related expectancies, and inability to stop gambling.

Summary of Findings
All scales used for this research showed good reliability. Reliability coefficient alpha for the three scales was 0.76 for ImpSS, 0.93 for PGSI, and 0.96 for the GRCS. 1,094 individuals in the sample (54.7 percent) had engaged in some form of gambling at least once in their life. Of these, 450 teenagers (or 22.5 percent of the total sample) had played poker for money at least once in their life, and 308 individuals (15.4 percent) had gambled of poker in the past twelve months. Of the 450 respondents who had gambled on poker at least once in their life, 245 were males, and 205 were...
females. This finding negates the stereotype that poker is almost exclusively a male-dominated pursuit.

To test the hypothesis that teenagers who have gambled even once in their life will score higher on the impulsive sensation seeking scale than teenagers who have never gambled in their life, a t-test was carried out. The results reveal a significant difference on the ImpSS score between gamblers ($M=9.92$, $SD=3.88$) and non-gamblers ($M=8.97$, $SD=3.98$), $t(1,1998) = 5.40$, $p<.001$. The first hypothesis was thus supported. Inter-correlations between ImpSS, PGSI, and GRCS revealed a weak but positive correlation between ImpSS and GRCS ($r = 0.13$, $p<0.001$). The PGSI and GRCS were highly correlated ($r=0.66$, $p<.001$), suggesting that gambling-related cognitions explain more than 40 percent of variance in problem gambling scores. These results provide support for the second hypothesis.

The final hypothesis suggested that poker players will score higher on ImpSS, PGSI, and GRCS relative to other teenage gamblers. As expected, the mean scores for poker players on all three scales were significantly higher for poker players than for other gamblers ($p<0.001$), thus providing relatively strong support for the third hypothesis.

**Key Contributions**

This research suggests that gambling on poker could lead to a higher incidence of problem gambling among teenagers relative to other forms of gambling. Given the rising popularity of poker among teenagers, this is indeed a worrisome finding. Counselors and gambling treatment professionals may, in future, want to assess their patients’ main form of gambling as well as their gambling-related cognitions and prescribe treatments accordingly. Policy makers across Western countries may also want to revisit rules and policies on promoting poker in popular media.

*References are available on request.*
Millennial Money Matters: The Impact of Perceived Knowledge and Perceived Risk on Retirement Investment Decisions

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Dora E. Bock, Georgia Southern University
Lindsay Larson, Georgia Southern University

Keywords: retirement investments, perceived knowledge, perceived risk, and millennials

EXTENDED ABSTRACT

Research Questions
Given how important it is for millennials entering the workforce to effectively manage their financial situation set against the increasing complexity in financial products (Lusardi and Mitchell, 2007; Lusardi, 2012), marketers need to gain a clearer picture of how consumers utilize knowledge to make investment choices under risk as this will have a significant impact on their retirement planning. This paper aims to address the issue of retirement planning through focusing on how levels of perceived knowledge and risk impact investment retirement portfolio choices within a college student sample. Thus, in this study, we examine the following hypotheses:

H1: Consumers with lower levels of perceived financial knowledge will select more conservative retirement options than consumers with higher levels of perceived financial knowledge.

H2: Consumers with lower levels of familiarity of financial planning for retirement will select more conservative retirement options than consumers with higher levels of familiarity of financial planning for retirement.

H3: Consumers with lower levels of risk aversion will select less conservative retirement options than consumers with higher levels of risk aversion.

H4: Consumers with a lower level of financial risk tolerance will select more conservative retirement options than consumers with higher levels of financial risk tolerance.

Method and Data
A scenario was presented to all subjects; they have been hired after graduation and their employer has asked them to set up their retirement plan in which 5% of their salary would be contributed towards their retirement plan and that the company would contribute a 5% match. Four choices of investment options were given, ranging from highly conservative (100% guaranteed income annuity with a current 1% return) to highly risky (100% stock fund based on the S&P 500).

Knowledge was tested using Flynn and Goldsmith’s (1999) subjective knowledge scale within the domain of Finance along with an adapted scale of familiarity of financial planning (Jacobs-Lawson and Hershey, 2005). Self-report of risk taking was measured with both a general risk aversion scale (Mandarik and Bao, 2005) and a financial risk tolerance scale (Jacobs-Lawson and Hershey, 2005). Each of the scales were reliable (coefficient alpha above .70) and one-dimensional. Finally, the sample (n = 131) was recruited from upper level college students from both business and non-business majors and participation in the online survey instrument was voluntary.

Summary of Findings
For H1, there was a significant relationship between financial knowledge and retirement choice ($F(3, 120) = 3.57, p < .05, ηp^2 = .08$); individuals with lower (higher) degrees of financial knowledge selected a more conservative (risky) retirement option ($μ_{100\% \text{ annuity}} = 4.41$ vs. $μ_{100\% \text{ stock}} = 6.15$). For H2, there was a significant relationship between financial knowledge and retirement choice ($F(3, 120) = 3.57, p < .05, ηp^2 = .08$); individuals with lower (higher) degrees of financial knowledge selected a more conservative (risky) retirement option ($μ_{100\% \text{ annuity}} = 4.41$ vs. $μ_{100\% \text{ stock}} = 6.15$).
cial planning familiarity and retirement choice ($F(3, 120) = 4.04, p < .01, \eta^2 = .09$); individuals less (more) familiar with financial planning selected a more conservative (risky) retirement options ($\mu_{100\% \text{annuity}} = 3.87$ vs. $\mu_{100\% \text{stock}} = 5.30$).

In partial support for H3, while general risk aversion scores were lowest for individuals selecting the most risky retirement choice ($\mu_{100\% \text{stock}} = 2.96$), there was only a marginally significant effect ($F(3, 120) = 2.32, p = .08, \eta^2 = .06$). For H4, there was a significant relationship between financial risk tolerance and retirement choice, ($F(3, 120) = 5.80, p < .01, \eta^2 = .13$); individuals with higher (lower) levels of financial risk tolerance selected riskier (conservative) retirement options ($\mu_{100\% \text{annuity}} = 3.60$ vs. $\mu_{100\% \text{stock}} = 5.35$).

**Key Contributions**

In light of the recent economic turmoil there is a need to better understand how consumers are impacted by financial knowledge and risk in making investment decisions. The findings support that individuals with lower levels of financial knowledge, financial planning and retirement familiarity, and financial risk tolerance select more conservative retirement options compared to those with higher levels of financial knowledge, familiarity with financial planning, and financial risk tolerance. Additionally, the overly conservative level of diversification selected by the sample suggests that millennials may be financially unprepared for retirement.

The key contributions of this paper are that it illustrates that millennials may be overly conservative in their retirement portfolio due to the financial events this cohort faced with the recent “Great Recession”. Additionally, the results demonstrate the influence of financial knowledge and retirement familiarity on retirement portfolio selection; thus, highlighting the need for and importance of financial literacy programs. Finally, the results suggest that millennials with lower levels of financial risk tolerance will select more conservative retirement options, suggesting that risk and retirement portfolio selection is a more domain specific relationship than that between general risk aversion and retirement portfolio selection.

*References are available on request.*
Part P
Trends in Marketing Education

Track Chairs
Glen Brodowsky, California State University
Susan Cadwallader, California State University

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Students’ Academic Misconduct and Attitude Toward Business Ethics

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Keywords: business ethics, academic misconduct, cheating, plagiarism, fabrication, disrespectful behaviors, slacker behaviors

EXTENDED ABSTRACT

Research Question
This paper expands the current business ethics research area by empirically testing the relationships between students’ misconduct including academic dishonesty and undesirable academic behaviors (i.e., disrespectful behaviors and/or slacker behaviors) and their perception of business ethics.

Method and Data
Series of independent sample t-tests were used with 133 surveys from the students in the northwestern regional business program.

Summary of Findings
This study reveals that students who have reported higher frequencies of engaging in exam cheating, disrespectful behavior, or slacker behaviors have perceived the given questionable, unethical employee practices as more acceptable conducts than the students have reported lower frequencies. Students who have more frequently engaged in plagiarism/fabrication are found to be more accepting both questionable, unethical business operations and employee practices. Gender, age, and cumulative GPA have been additionally explored, and found to have correlations with business ethics perception. For ethically-sensitive future practitioners, this paper calls for college’s support to provide clear guidelines on academic conduct/misconduct along with business ethics education integrated in business curriculum.

References are available on request.

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Mission Group Segments in the U.K. University Market

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Keywords: segmentation, university choice, decision making

EXTENDED ABSTRACT

Research Question
In all other fields of consumer activity marketing academics and practitioners are fully committed to the notion of segments, targeting and market positioning, however, with some exceptions (Angulo, Pergelova, and Rialp 2010) the higher education market is often viewed as a mass market (Pârvu and Ipate 2012) rather than a segmented market. Is the higher education market segmented and what are the key factors and variables that differentiate these groups?

The key objectives for this study are to test whether students from these distinct segments give a different set of choice factors for their decisions, and to identify what these different factors are for each group. Data were collected from 10,723 respondents as part of a national survey of ‘home’ students attending 140 UK higher education institutions through a Youth Sight online panel1 (coded according the four distinct segments, based on the university missions groups). At the time of the data collection for this study (2011) there were four mission groups exclusive to the UK HEI sector: Russell Group, 1994 Group, Mission+ Group and Alliance Group. There are also universities which do not belong to any formal category.

Method and Data
In the online panel database universities were categorized using Mission Groups (Russell Group (n=3075), 1994 Group (n=1875), Million+ Group (n=1679), Alliance Group (n=1967), and non-membership (n=2127). The tests were carried out with Mission Group data coded as dichotomous variables (e.g. Russell Group (n=3075) and not-Russell-Group (n=7648). All other data for this study are self-reported by the respondents during the completion of the online survey. The total number of choice variables measured in the survey is 27 covering the following areas: subject choice, career choice, location, reputation (image etc.) financial, institutional attributes, marketing related (e.g. word of mouth, welcoming, visit), and personal reasons.

Chi Square tests were carried out using all 27 variables, and each of the mission groups. The ranked lists vary for the four different university types. There is more importance placed on subject choice and reputation for students choosing Russell Group and 1994 Group universities. For both Million+ and Alliance Group respondents there is a focus on the importance of a career, fees and location. The results of the Chi Square tests were used to identify the variables for Binary Logistic Regression analysis.

Summary of Findings
Binary Logistic Regression was performed to assess the impact of factors on the likelihood that respondents would choose to attend a Russell Group/1994 Group/Million+ Group/Alliance Group university. The four models (one for each Mission Group) contained 18 variables. The four full models containing all the predictors were statistically significant: Russell Group, \(\chi^2 (18, N= 10,723) = 844.89, p.<.001\); 1994 Group, \(\chi^2 (18, N= 10,723) = 376.74, p.<.001\); Million+ Group, \(\chi^2 (18, N= 10,723) = 653.39, p.<.001\); Alliance Group, \(\chi^2 (18, N= 10,723) = 334.24, p.<.001\) indicating that all four models are able to distinguish between respondents who chose Russell Group and non-Russell Group universities, 1994 Group and non-1994 Group universities, Million+ Group and non-Million+ Group universities, and Alliance Group and non-Alliance Group universities. The models as a whole explain between 7.6% and 11% (Russell Group), 3.5% and 5.7% (1994 Group), 5.9% and 10.2% (Million+ Group), and 3.1% and 5.0% (Alliance Group) [Cox and Snell R Square, and Nagalkerke R Squared

1YouthSight is part of the Opinion Panel community based in England (http://www.youthsight.com/).

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respectively]. For each Mission Group, a different set of independent variables makes a unique statistically significant contribution to each of the models. Therefore, these mission groups can be viewed as different segments, which meet different needs and expectations.

Key Contribution
The findings from this research make a contribution to clearly identifying four different market segments from the student choice perspective, rather than the perspective of the universities. The four university groups are already defined by their missions, and so there is some expectation that they serve different segments. However, the mission group characteristics only partly match the factors students consider important when choosing these universities.

The key strengths and characteristics of a Russell Group university are that these universities are involved in the best research, however, the key differentiating choice factors from this research are: reputation and status. For 1994 Group universities (which are smaller and are more campus-based) the differentiating factors are ‘Accommodation’, ‘Campus and buildings’. For those attending Million+ and Alliance Group universities the picture is very different: these two groups are responsible for teaching about three quarters of UK students, and both groups focus on teaching and learning rather than research. The factors for Million+ students, factors associated with teaching and learning and facilities are important to them in addition to the lower entry qualifications and the lower fees. Finally for students attending Alliance Group universities there is a priority in terms of ‘Location’ and ‘Word of mouth’.

References are available on request.
Use of Role Playing in Sales Education: An Empirical Investigation

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Keywords: role play, sales education, experiential learning, engagement, knowledge improvement

EXTENDED ABSTRACT

Research Question
Considering the advancement of sales education, it is of paramount importance to evaluate the current teaching methods and the content delivered to increase the effectiveness of the learning experience for the students. The challenge sales educators are faced currently is to adapt course delivery methods that fulfill student’s learning expectations and create an interesting and enjoyable class environment that facilitates delivery of high quality and effective course material that meets learning objectives of the course (Inks and Avila 2008). The purpose of this research is to examine the relationship between students’ perception of role play activities such as content relevance, social interaction in class and instructor effectiveness on students’ engagement and knowledge improvement.

Method and Data
Data was collected from undergraduate sales students at six universities in the U.S. Students were required to have taken sales courses where role play exercise were used to teach sales concepts and skills. A total of 213 students completed the questionnaire, of which 11 questionnaires were removed due to high social desirability.

All constructs in this study were assessed by using items from established scales. Five correlation matrixes were constructed and three items were deleted due to high correlations (Field, 2000). The measurement model was first validated with the AMOS 18 program. Using the modification indices from the AMOS output, items were identified which had high cross-loadings. An item was deleted if both modification indices and reliabilities suggested that an item should be removed from the model. A total of 202 respondents were used to test the model, which included 5 constructs and a total of 22 items. Results of the final measurement model suggested good model fit (DOF=181; Chi-Square=348; GFI=.961; NFI=.965; CFI=.98; RMR=.010 and RMSEA=.021). After the measurement model was validated, the structural model was used to evaluate the relationship among the latent variables. The structural model provided sufficient fit on Degrees of Freedom=191; Chi-Square=449; GFI=.92; NFI=.96; CFI=.972; RMR=.024 and RMSEA=.045 (Hair et al. 2009).

Summary of Findings
The results from the analysis found that the relevance of the role play activities, student-student interaction, and instructors’ feedback had a significant positive impact on students’ engagement in the class and students’ knowledge improvement. Students’ engagement in the class and role play activities was found to have a significant positive effect on knowledge improvement.

Key Contributions
The most often used activity based learning method in sales education has been role playing. Although with the increase in expansion of sales curricular and programs in universities and colleges, limited empirical research emphasis has been focused on examining the effectiveness of role plays in sales education. Cummings, Pelier, Erffmeyer, and Whalen (2013) in their article “a critical review of the literature for sales educators” emphasized a timely need of research evidence highlighting the pedagogy on evaluation of exercises, projects, and role play activities in sales education. The findings of the study clearly showed that in order to encourage students to be more engaged in role play activities and increase their knowl-
edge acquisition and retention it is of great importance that sales educators relate the role play activities and content to student career goals and aspirations, encourage student-student interaction through peer evaluations and feedback, and providing constructive, timely, and encouraging feedback to the student regarding their role play performances.

References are available on request.
Student Implicit Theories and Teamwork Success

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Keywords: implicit theory, entity theory, teamwork, group work, cooperation

EXTENDED ABSTRACT

Research Question
Group dynamics in marketing class depend heavily on the cooperation of all group members to achieve the goals set out for them in class. At the extremes, groups that have high numbers of theorists should fare better on most measures than groups that are comprised of mostly entity theorists. The question is how groups that are comprised of varying levels of implicit and entity theorists will fare? This is an important issue for marketing instructors since most groups, especially in basic marketing classes with students from a variety of backgrounds, are likely to be mixed groups of implicit and entity theorists.

Method and Data
The data was collected for this study from four sections of two professor’s classes of a basic marketing course (343 students) at a large public university in the Southwestern United States. Students were given extra credit to fill out an online survey regarding whether they are entity or incremental theorists regarding the ability to work with others and their perceptions of how they handle and react to emotions. Scores were then recorded for each of the students. After data were collected, the respondents were divided into three groups by their scores: high, medium and low levels of incremental theory. Lastly, respondents rated each member of the student group they were in on their ability to cooperate with others.

Summary of Findings
The results of this study found that determining the emotional intelligence outlook of student team work groups can help predict successful cooperating relationships. The findings suggest that when both the student doing the rating and the student being rated have an entity theory or fixed intelligence outlook, there were lower levels of cooperation and higher levels of conflict. These combinations will lead to less successful cooperation because both students will become defensive when their self-image is threatened, leading to them to become frustrated with each other. This also suggests a lower level of emotional intelligence may also be an issue given the lack of ability to work with others.

Key Contributions
This paper is a successful application of implicit theory to teamwork, showing clear behavioral outcomes of these student perspectives. More importantly, it helps instructors and those in corporate education understand a key factor behind the success of teams. Instructors could assess student outlook regarding implicit theory and then work with those students who hold an entity theory outlook to develop skills in working with other members in their groups.

References are available on request.

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Unpacking the Efficacy of Organizational Routines: A Case of Financial Advisory Services

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Keywords: routines, absorptive capacity, agency, governance

EXTENDED ABSTRACT

Research Question
Routines have been an important construct in organizational theory for more than fifty years (March and Simon 1958; Nelson and Winter 1982). However, the conditions and processes through which organizational routines (routines hereafter) shape performance remain as yet under-theorized and difficult to characterize. Despite recognition there are different types of routines (Becker 2004), the question of whether all routines uniformly lead to better performance remains unanswered. And, prior studies have not identified the boundary conditions that amplify or buffer the positive effect of routines. A majority of previous studies explain the positive link between routines and performance through the lens of capabilities: greater routinization improves organizational capabilities, which in turn leads to better performance. But the causal link between specific routine applications and specific performance improvement has not been explicated and tested empirically. We raise two research questions in an effort to address these gaps in the literature:

1. When and how does the efficacy of routines vary?

2. Through what mechanisms do routines improve organizational performance?

We define a financial advisory practice (practice hereafter) as a discrete business entity in a single location that serves a common set of clients. Financial advisors operate in six distinct channels – registered investment advisors (RIA) and independent broker/dealer channels operate more autonomous practices (i.e., market governance), while wirehouses, and regional, insurance and banks broker/dealers tend to be part of proprietary systems (i.e., hierarchy governance).

We completed 41 in-depth interviews with experienced advisors to understand the structure of advisory practices and formulate constructs. We then conducted a survey of 291 advisors using scales to measure two types of routines – adaptive and operational – as well as absorptive capacity, advisor experience, goal priorities, succession readiness and client retention. The scales for routines measure the degree to which advisors use routines in their practice. The scale for absorptive capacity is adapted from Camisón and Forés (2010) and measures both internal and external aspects. We also included measures of advisor experience and tenure with their current practice as controls.

Summary of Findings
We used a two-step hierarchical OLS model to test hypotheses concerning the main effects of routines and the moderating effects of agent experience and governance mode, and a three-step model to test the mediating effect of absorptive capacity on the links between routines and two performance outcomes (client retention and succession readiness). The estimation results indicate absorptive capacity increases as operational routinization ($\beta = .17, p < .05$) or adaptive routinization ($\beta = .20, p < .01$) becomes greater, thereby supporting $H_1$. The tests for moderation indicate the positive effects of routines on performance are amplified under certain conditions.
The positive effect of adaptive routinization on absorptive capacity is magnified under market governance ($\beta = .23, p < .05$) compared to the hierarchy governance, thereby supporting $H_2$. The positive effect of adaptive routinization on absorptive capacity is diminished when advisor experience is greater ($\beta = -.15, p < .05$), thereby supporting $H_3$. We then tested controls, interaction terms and mediation effect and found customer retention ($\beta = .19, p < .01$) and succession readiness ($\beta = .30, p < .001$) improve as absorptive capacity increases, thereby fully supporting $H_4$. The results reveal new characteristics of routines by demonstrating causal links between routines and performance and identifying key amplifying, buffering and mediating relationships.

**Key Contributions**

We highlight three theoretical contributions. First, we enhance the understanding of routines – a key concept in the resource-based view (RBV) of the firm – by linking them to governance mode, a central focus of transaction cost economics (TCE). We show market governance (versus hierarchy governance) enhances the effects of adaptive routinization on absorptive capacity. We also use our empirical analysis to measure the moderating influence of a financial advisor’s experience on routinization. We find greater experience decreases the advisor’s ability to improve performance through the use of adaptive routines. This relationship provides a link between routines and agency theory which generally predicts agent experience should improve performance (Eisenhardt 1988). The connection to experience also defines an important boundary condition for routine efficacy. Finally, we identify absorptive capacity as a mediator between routinization and organizational performance. The positive mediating effect of absorptive capacity helps to define the mechanism through which routinization improves performance. By reducing cognitive loads and improving efficiency, routines enhance the ability of an organization to acquire, assimilate, and apply knowledge. This effect in turn helps the financial advisor do a better job in retaining clients and planning for succession and survival of the practice.

*References are available on request.*
Reconsidering Uncertainty in Preannouncements

Roland Schroll, University of Innsbruck
Reinhard Grohs, University of Innsbruck

Keywords: preannouncements, uncertainty, new product launch, anticipation

EXTENDED ABSTRACT

Research Question
Building on signaling theory, existing preannouncement literature perceives uncertainty as negative and, thus, suggests reducing uncertainty in preannouncements at all times. In contrast, this paper suggests a more nuanced understanding of uncertainty in preannouncements and suggests that firms should strategically manage uncertainty in preannouncements. Some preannouncements aim at triggering decisions or consumer behavior (e.g., pre-order). In these cases, uncertainty should be reduced. Other preannouncements aim at increasing market anticipation through curiosity, excitement, or interest (Lilly and Walters 1997; Schatzel and Calantone 2006). In these cases, the present study argues that uncertainty should be maintained or even increased. Support for this hypothesis stems from recent studies on the positive effect of uncertainty (Laran and Tsirios 2013; Lee and Qiu 2009; Wilson et al. 2005). While much is known about the benefits of certain preannouncements, this paper focuses on the positive effects of uncertain preannouncements and asks: (1) To what extent does uncertainty in preannouncements lead to higher market anticipation than certainty? (2) What mediates the positive effect of uncertainty on market anticipation?

Method and Data
The study uses a one-factor between subjects design with the level of uncertainty (preannouncement content: certain vs. uncertain vs. very uncertain) serving as the manipulated factor. The experiment was conducted in June 2013 with 142 marketing students (57.7% female; mean age: 21.51 years) who indicated that the preannounced event was relevant for them. The study preannounced an internship opportunity at Red Bull. Uncertainty was manipulated via the internship’s location which was either “Washington” (certain), “Boston, Washington, or San Diego” (uncertain), or “a major US city” (very uncertain). A pretest confirmed that the three cities are perceived as equally attractive for the internship. Before reading the preannouncement, participants indicated their overall mood, attitude towards the brand Red Bull, and intention to do an internship. Next, participants read some general information about the internship before they were randomly assigned to one of the three conditions. Participants then indicated their market anticipation (curiosity, excitement, interest), positive mood, and outcome expectancies.

Summary of Findings
Findings demonstrate that adding uncertainty to the content of a preannouncement leads to higher market anticipation than certainty. Participants in the uncertain condition (uncertain = 5.07) showed a more positive mood than participants in the certain (certain = 4.65) and the very uncertain condition (very_uncertain = 4.82). The difference between the certain and uncertain condition was statistically significant (p = .032) while the difference between the certain and the very uncertain condition was not statistically significant (p > .05). Participants in the very uncertain condition (very_uncertain = 5.86) showed higher outcome expectancies than participants in the certain (certain = 5.49) and the uncertain condition (uncertain = 5.72). The difference between the certain and very uncertain condition was statistically significant (p = .024) while the difference between the certain and the uncertain condition was not statistically significant (p > .05). A multi-mediator regression analysis showed that the positive effect of uncertainty on market anticipation is mediated by participants’ positive mood and the favorability of outcome expectancies. The study thus documents the positive effect of uncertainty on market anticipation, but also demonstrates that the optimal amount of uncertainty depends on the cognitive and affec-

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tive processes the preannouncement information evokes for the consumer.

**Key Contribution**

This paper contributes to preannouncement literature by introducing a more nuanced understanding of uncertainty in preannouncements. While existing preannouncement literature (Su and Rao 2010) suggests avoiding uncertainty at all times, the present paper argues that firms should strategically manage uncertainty in their preannouncements. Results indicate that uncertainty should be maintained or even increased if the goal is to increase market anticipation through curiosity, excitement, and interest in the company’s future actions. In doing so, managers need to pay attention to the fact that different levels of uncertainty trigger distinct processing mechanisms of preannouncement information. While moderate uncertainty has a positive influence on mood, high uncertainty has a positive influence on outcome expectancies. Besides, this paper also contributes to preannouncement practice. For managers, uncertainty in preannouncements constitutes a new tool to increase market anticipation, a major goal and benefit of preannouncements (Schatzel and Calantone 2006; Lilly and Walters 1997). In addition, uncertain preannouncements allow firms to preannounce earlier (e.g., in cases where exact details are not yet known) and reduce the threat of information spillover to competitors.

*References are available on request.*
An Application of the Theory of Optimal Experience to the Design of Desirable Human Service: The Case of College Education

Adam Nguyen, Siena College
Joseph Rosetti, Siena College

Keywords: societal marketing, theory of optimal experience, goal conflicts, marketing of higher education, product design

EXTENDED ABSTRACT

Research Question
The societal marketing concept requires organizations to satisfy customers in ways that enhance their long term interests. To help marketers implement this concept, Kotler (1972) provided a societal classification of products. Products are classified according to their degree of immediate consumer satisfaction and long run consumer benefit. Deficient products have neither short- nor long-term benefits. Salutary products have low immediate appeal but high long-term consumer benefit. Pleasing products give high immediate satisfaction but could cause harm in the long term. Desirable products combine high immediate satisfaction with high long run benefit. Kotler suggested that organizations turn all of their products into desirable products.

The desirable product concept is intuitively appealing as an ideal. But to date we know very little about how to design this product. This task represents a considerable challenge because it requires overcoming the conflict between short term pleasure and long term wellbeing. This research examines how a desirable human service can be designed. Human services refer to services directed at people (e.g., performance art and education). Given the crucial co-creation role of the consumer of human service, insights from behavioral sciences can be used to formulate specific design principles.

Methodology and Data
This conceptual research uses the theory of optimal experience to develop a model of desirable human service, using the college educational service as a case study. The college educational service provides a robust test case because the tension between immediate satisfaction and long term benefits is profound: realizing the long term benefits (e.g., learning) of an educational service (a course) necessarily involves immediate sacrifices (e.g., working hard and long hours) on the part of the customers (students); such sacrifices tend to reduce their immediate satisfaction (e.g., make a course less enjoyable).

Summary of Findings
The model posits that in the realm of human service, it is possible to transform the relationship between short term pleasure and long term wellbeing from conflicting to complementary goals. This is achieved by structuring the elements of the service to create the conditions for the optimal experience - manageable challenges coupled with sufficient motivation to cope with the challenges. Specifically, the desirable service provider employs the following principles: (1) set high but achievable standards; (2) provide participants with intrinsically rewarding and appropriately challenging tasks; (3) organize the workflow to encourage participants to work together to overcome the challenges; (4) support participants’ progress through accurate yet encouraging feedbacks and caring but not pampering. To the extent that the service provider implements the above principles effectively, s/he creates an environment in which the participants enjoy the process of attaining new skills and personal complexity as they exert efforts to successfully
overcome challenges. That is, they obtain active enjoyment and growth - the two components of the optimal experience - simultaneously.

**Key Contributions**

The current research adds specificity to Kotler’s societal marketing framework by showing specifically how a desirable product can be effectively designed and by theorizing a link between immediate appeals and long term benefits of this product.

Additionally, the research contributes to research on goal conflicts. Extant research has taken the view that short term pleasure and long term welfare are incompatible goals. It is true that to advance their long term welfare people often have to sacrifice the passive pleasure of gratifying instinctive desires. But we show that under certain conditions such as those of the optimal experience, they may attain a different type of immediate pleasure: the active pleasure acquired in the process of exerting effort to overcome challenges and to grow; that is, they can obtain (active) pleasure and long term wellbeing simultaneously.

The adoption of a customer orientation to human services has been viewed by some as a source of social disorder. We concur with this view, but we differ in the proposed solution. Instead of rejecting a customer orientation, we propose to tame it with a societal orientation. The desirable human service model provides one way to implement this societal orientation.

*References are available on request.*
Benchmarking Publication and Citation Counts for the Marketing Educator

Matt Elbeck, Troy University at Dothan
Arne Baruca, Sacred Heart University

Keywords: faculty scholarship, publications, citations, bibliometrics, impact factor

EXTENDED ABSTRACT

Research Question
What are the values for US marketing faculty publication and citation counts across academic ranks and business school emphasis (teaching, balanced and research intensive)?

Method and Data
A purposive sample of 270 marketing department faculty was limited to cases where the majority of faculty is full-time, doctoral degree qualified and faculty rank is presented. Departments limited to full professors, those with no faculty presented, and cases where faculty rank was not declared, were omitted from the data collection. Using the Publish or Perish software (Harzing, 2007) faculty publications and citations are collected for the most recent five-year period. The most prolific departmental faculty member (in terms of publications and citations) was excluded from the data collection, with one from the remaining group in that rank selected for their scholarly publications and citations. Faculty selection equally represented each of three school types as follows. Teaching schools accredited by the ACBSP (2014). Balanced schools accredited by the AACSB (2014). Research intensive schools as elite research institutions in marketing in Elbeck and Vander Schee (2014).

Summary of Findings
MANOVA results suggest that faculty publications and citations are significantly different between ranks at teaching and research intensive schools.

Key Contributions
Publication and citation counts offer marketing educators and administrators a complementary set of metrics for reappointment, promotion, tenure and post tenure assessment at teaching and research intensive schools.

References are available on request.

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