2015 SUMMER MARKETING EDUCATORS’ CONFERENCE

Improving Business Practice Through Marketing Insight

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Improving Business Practice Through Marketing Insight

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Preface and Acknowledgments

In 1915, at the Associated Advertising Clubs of the World convention in Chicago, a group of educators came together and established what would evolve into the modern-day American Marketing Association. That initial meeting in 1915 was repeated annually and would also eventually grow into today’s Summer Marketing Educators’ Conference—or, as most of us know it, “Summer AMA” or, simply, “AMA.” One hundred years later as we return to Chicago, it is inspiring to stand on the foundation built by numerous generations of scholars who have grown our discipline into the rich landscape of research that is reflected in this year’s conference program.

The theme of 2015 Summer AMA is, “Improving Business Practice Through Marketing Insight.” In this year’s conference program, we are featuring nearly 100 sessions of high-quality scholarship and research. Our conference will kick off with a special preconference on Mobile Strategies and Consumer Insights that examines the rise of mobile technology as an opportunity for new theory and insights. On Friday and early Saturday, the program features a special AMA-GAMMA symposium highlighting research from the Global Alliance of Marketing & Management Associations. This year’s conference also features three “Meet the Editor” sessions, reflective of the critical role publishing plays in the career of an academic, but also of the growth of excellent journals within the discipline.

We must thank all of the individuals for the countless hours spent putting the conference together. We appreciate the trust placed in us by Mike Brady of the Academic Council and for the opportunity to serve the American Marketing Association and the entire Marketing discipline. We had more than 1,125 volunteers who stepped forward to review for the conference, and we are grateful to each one of you who reviewed for the various tracks. We are especially indebted to the team of track chairs who managed the unenviable task of reviewing papers as well as organizing an excellent special session. We would like to thank Xueming Luo for co-chairing a unique preconference as a part of the event as well as the Marketing Science Institute for their financial support. We are also appreciative of the support from AMA staff as they coordinated many of the logistical elements of the program. Please take the time to review the list of track chairs and thank them for their service.

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Best Paper in Conference
Replacing an Exiting Salesperson: Clone, Rookie, or Star?
Huanhuan Shi, Pennsylvania State University
Shrihari Sridhar, Pennsylvania State University
Rajdeep Grewal, University of North Carolina at Chapel Hill
Gary L. Lilien, Pennsylvania State University

Best Paper by Track

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Why More Space Is Not Always Better? The Effect of Empty Space on Persuasion
Canice Man Ching Kwan, Chinese University of Hong Kong
Xianchi Dai, Chinese University of Hong Kong
Robert S. Wyer Jr., Chinese University of Hong Kong

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Tracey A. Swartz, University of South Carolina
Kartik Kalaignanam, University of South Carolina
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James Agarwal, University of Calgary

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Alisha Stein, Curtin University
B. Ramaseshan, Curtin University

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V. Kumar, Georgia State University
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Insights into Television Program Viewing: Free-to-Air Versus Online Streaming

Georgina K. Alcock, University of Technology, Sydney
Paul Z. Wang, University of Technology, Sydney
David S. Waller, University of Technology, Sydney

ABSTRACT
Digital media is altering the way consumers view television content. This paper analyzed the results of a survey of 120 people to discover what programs they prefer to watch on free-to-air and online television. The findings indicate that there are programs and attributes preferred by the different forms of television.

Keywords: television, free-to-air, online streaming

Introduction
The television industry has dramatically transformed over the past fifty years. Advances in technology leading to the introduction of formats such as pay television, catch-up television and streaming television, have divided the audience that was once monopolized audience by television stations (Wells, Waller, and Lanis 2012). Being such a widely used media, there is significant value in understanding consumer preferences regarding television programs and media. Recent studies have analyzed consumer television viewing behavior and have shown there are significant shifts in consumer television viewing behavior and preferences (e.g. Bury and Li 2013; Cha 2013; Cha and Chan-Olmstead 2012; Shin 2009). However, it is important to study behavior of those who use more than one media to watch television programs.

This study aims to compare preferences in program viewing behavior of people in relation to two television formats: free-to-air and streaming television. These are defined as:

Free-to-air Television. Relating to television programs broadcast on standard public or commercial networks, as opposed to satellite, cable, or digital programs available only to fee-paying viewers.

Streaming TV. Online delivery of video direct to the consumer without the Internet service provider being involved in the control or distribution of the content itself.

The research objectives are: (1) To discover consumers’ current viewing behavior, in regards to free-to-air television, and streaming television; and (2) To ascertain what program content is preferred for each platform. To answer these objectives, an online survey of television viewers was undertaken which included a choice model comparing programs and attributes in relation to free-to-air and streaming television. The results indicate differences in preferences for program and attributes by the different forms of television, and this paper provides a unique insight into television program viewing.

Background
Television Trends
Consumers are no longer passive viewers of television programs, content to plan their viewing around the schedules set by the television networks. The increased availability of the Internet and multi-device platforms have altered consumer expectations, creating an audience that expects to watch their chosen content with a much higher degree of flexibility. While the Australian television market is still in the early stages of the online video revolution, Internet enabled television is increasing in popularity and is subsequently playing a larger role within the television industry. Internet television includes a series of different platforms that individuals may use to watch television content, including catch-up television, Internet Protocol television (IPTV) and Over-the-Top providers (OTT) (ACMA 2012). Penetration of IPTV is relatively low, at only five percent of Internet-

For further information contact: David S. Waller, University of Technology, Sydney (david.waller@uts.edu.au).
connected households, however, if Australia was to follow similar trends to the United States, this penetration level is likely to significantly increase in the future. In the more mature streaming television market of the U.S., the television industry is experiencing a cord-cutting trend, whereby households are replacing their pay TV subscriptions with streaming media services (McCarthy 2014). Over-the-top television services were introduced in the United States in 2007 and Netflix is the major player in the OTT market, with penetration levels of 38% in 2013. With the introduction of Netflix, Presto and Stan, an understanding of the possible trends in the Australian television industry is essential (Bingemann and Davidson 2014).

**Television Advertising**

Identifying which television content providers are preferred by consumers will have considerable value for individuals involved in advertising allocation decisions. Television advertising is still the main mode of advertising organizations employ to reach their consumers, comprising 57.6% of global advertising spending (Nielsen 2013). Whilst some OTT services, like Quickflix or Netflix, eliminate advertising altogether, other models, such as Hulu, have included advertising. Hulu revolutionized the traditional television advertising model by giving consumers choice in the ads they view, known as Hulu ‘Ad Swap’ (Colaco 2011). Thus, while new technologies subvert the effectiveness of traditional television advertising, strategies such as those targeted at online users demonstrate the way in which television advertising can be successfully adapted to changes in the industry.

**Methodology**

This is a study of the television viewing behavior using an online questionnaire to compare free-to-air TV and streaming TV services currently available in Australia. Online surveys were chosen as the primary quantitative data collection method for their ability to efficiently collect information from a wide demographic of consumers (Wright 2005). The population for the study included individuals residing in Australia who watch television on free-to-air and streaming television media. As the ages of individuals who regularly watch television are widely varied, there is no target age for the study. The sampling frame consisted of individuals drawn randomly from the QOR (Quality Online Research) consumer panel, of all ages residing nationwide. From this consumer panel, 367 responses were attained over a one-week period. It was a requirement that all respondents watched free-to-air television, and streaming television. The final result was 120 responses for the Streaming TV survey. The analysis of the demographic composition of the sample is split 71% males and 29% females. The sample was more skewed towards the younger age groups. 4% aged between 18-24 years, 21% aged between 25-34 years, 22% aged between 35-44 years, 13% aged between 45-54, 25% aged between 55-64 years, 8% aged between 65-74 years and 7% were over 75 years of age. In relation to employment, 53% of respondents employed full time, 20% part time, 3% unemployed and 23% not in the labor force. In terms of personal income, the most common income was $20,800-$31,999 and $104,000 and more.

**Discrete Choice Experiment**

A discrete choice experiment (DCE) is used to uncover respondents’ actual viewing behavior and preferences. Discrete choice experiments require respondents to make a choice between two real television-viewing alternatives. Individuals are assumed to choose the bundle that provides the highest utility, moreover, utility is assumed to depend on the utilities of its composing attributes and attribute levels (Lancaster 1966). Consequently, DCEs are able to uncover the importance of individual attributes and the degree to which individuals are willing to trade one attribute for another (Drummond et al. 2005). Also due to the repeated sampling approach of choice experiments, there is internal consistency of the experiment (Hanley, Wright & Adamowicz 1998). In this study, the two television product bundles are a combination of four attributes: price, genre, viewing time and age of content. There is one product bundle for each of the television media that are being compared in each survey. The attributes bundles were designed to depict television bundles that are as realistic as possible. In combination with all of the other questions in the survey, 16 choice sets would have been too long for an individual to assess without impairing their cognitive function. Consequently, each of the three choice set designs were split into two blocks, so each respondent would only answer 8 choice sets. Therefore, to allow for the two DCE blocks, two surveys were created for each media and the number of respondents answering each survey was split equally.

**Results**

**Consumers’ Current Viewing Behavior**

Consumer viewing behavior was assessed based on their hours of television consumption, the devices they use to watch television content, genre preferences, and illegal streaming of television content. The users of streaming television actually watch more free-to-air television than streaming television, with most users only watching 1-5 hours of streaming television per week. These findings indicate that streaming television users may only use the new media as a supplement to free-to-air television. In relation to devices, respondents prefer to watch television content on the television, they also enjoy watching television content on other devices, with laptops being the second most preferred device, followed by the desktops, tablets and then mobiles.
These preferences may be indicative of the way that consumers watch TV on each of these platforms. Streaming TV is predominately watched on the television. However, streaming services are also available on other devices, leading to a higher preference for these devices compared to the preferences of pay television users. There are also differences in the genres consumers prefer to watch on each of the television platforms. The users of streaming television watch the news and game shows on free-to-air TV rather than on streaming television. Whereas movies and science fiction programs are more preferred on streaming television than on free-to-air television. Other than these exceptions, consumers’ genre preferences are similar for free-to-air television and streaming television. Of interest is that 21% admitted they regularly illegally stream television content. The most common factors that cause consumers to illegally stream included the higher level of convenience, the greater range of content, the ability to download a series instantly and the fact that it is free and other options are too expensive.

**What Program Content Is Preferred for Each Platform**

The content preferences for each platform were determined using the results from the discrete choice experiment. The discrete choice experiment also reveals the relative importance of the attributes of television for each platform. The results from the discrete choice experiment in Table 1 highlight the most important attributes for consumers in the streaming TV sample for both free-to-air and streaming television. Consumers preferred to watch movies on free-to-air television, and least preferred sports programs. Movies were also found to be highly preferred in the self-reported genre preferences discussed above. None of the streaming television genres were significant in the study. On free-to-air television, consumers preferred to watch first run rather than repeated programming. The only pricing level that was significant from the study was $30/month, which was the least preferred of the pricing options. From the discrete choice experiment it can be concluded that streaming television users prefer watching free-to-air than streaming television. Additionally, for streaming television, pricing was the most important attribute of television, followed by genre and then the recency of the content. For free-to-air television, genre was the most important attribute followed by recency of the content.

**Discussion**

From the findings, free-to-air television is highly preferential for consumers despite the additional features available on other television media. Considering streaming TV, it is clear that price significantly influences respondents’ viewing behavior. Streaming TV users prefer to watch movies, and

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there is a much greater availability of movies on streaming television than free-to-air television. Also, consumers are able to watch all the content on streaming television in their own time rather than at a scheduled time. Despite these additional features, free-to-air television was still preferred over streaming television. As price is the most important attribute for respondents, it may be insinuated that the increased cost of and streaming TV induce users to watch free-to-air television.

This study has value for professionals working at free-to-air television networks as it highlights some of the key improvements consumers’ desire in free-to-air television, such as increased flexibility in the viewing of content, and an increase in the content and channels provided. Some of these desired improvements, such as providing live free-to-air content on devices other than the television, could be a possible future strategy that would provide consumers with a greater degree of flexibility in their content viewing, and thus increase the satisfaction with, and viewership of free-to-air television. Individuals working for free-to-air television stations could also utilize the findings for both strategic and marketing purposes. For example, as the findings indicate that consumers watch free-to-air television for news, live events and some entertainment programs, marketers could promote the news more heavily or introduce more documentaries or news programming on free-to-air television stations.

The findings may also be particularly useful for individuals working in the streaming television industry. As this is a relatively new industry in Australia, and new major players like Netflix, Presto, and Stan have launched new streaming television products, the study revealed that consumers’ intention to watch streaming TV is significantly influenced by the perceived usefulness, facilitating conditions, entertainment and information seeking. This information could be utilized by focusing the initial marketing strategies on the usefulness of the new product, in its ability to increase the flexibility of an individual’s content viewing. The marketing could also emphasize the ability of consumers to access a large range of entertainment content and documentaries, and the significant level of support available for the product. Focusing on these features could increase the adoption of the new streaming television products.

Limitations and Future Research

While conducting this study several limitations were encountered that must be addressed. The samples were skewed towards the older generations, males, and there were a larger proportion of individuals not in the workforce than in the population. Ideally, the sample would have been more representative of the population, particularly for technologies such as streaming television, where it was expected that a large portion of the sample would include individuals under the age of 25. Additionally, some of the attributes in the discrete choice experiment were not significant. This may have been a result of the length of the survey, in that respondents’ cognitive strain may have caused them to employ a simple decision rule. Therefore, as respondents may not have properly assessed all of the choices in the experiment, significant differences were not found between some of the attributes.

Future research could extend this study and provide useful insights into the television industry. An extension of this study would be to conduct the analysis again using a time series survey, examining consumer preferences in six months or one year’s time. The conclusions generated from this study could be particularly interesting considering the changes expected to occur. Also future research could run a discrete choice experiment without the additional components of the survey in order to reduce the cognitive strain caused by an extensive survey. This may increase the utility of the discrete choice experiment by increasing the number of attributes that were found to be significant in the study.

Conclusion

This paper compared preferences in program viewing behavior of people in relation to two television formats: free-to-air and streaming television. Overall, free-to-air television is the preferred provider of news and live events for Australian audiences. Consumers also value free-to-air television for the variety of entertainment programming offered. Furthermore, much of the utility of the service originates from the fact that it is free, and that consumers are not required to purchase additional extensions to use the service. Although the content, with the exception of news and live events, may be inferior to alternate media formats, consumers prefer free-to-air TV to other television media as it provides an easy, risk-free entertainment experience. Consumers value streaming television for the entertainment offerings and the greater flexibility available in the viewing of television content. However, consumers currently believe that streaming TV is a supplement to free-to-air television. Therefore, the findings of the study indicate that free-to-air television does have a viable future. Although it is likely that the competition in the Australian television industry will increase in the near future, the specific utility of free-to-air television makes it probable that free-to-air television will continue to perform strongly.

References


Do Consumers Always Follow “Useful” Reviews? The Interactive Effect of eWOM Valence and Usefulness on Consumers’ Purchase Decisions

Libo Liu, Swinburne University of Technology
Yanli Jia, Xiamen University

Keywords: eWOM valence, eWOM usefulness, consumer purchase decision, a mixed method

EXTENDED ABSTRACT

Research Question
Most of the extant research on eWOM attempted to simplify the effect of review valence by converging on the conclusion that positive eWOMs facilitate consumers’ purchase behavior and negative eWOMs inhibit it (e.g., Amblee and Bui 2011; Zhu and Zhang 2010). Following this line of research, one might expect that marketing practitioners would always achieve a positive outcome on sales by presenting positive eWOMs and hiding negative ones. Nevertheless, recent studies on eWOM acknowledged that review valence might interact with other factors to jointly determine the eWOM effect (Park and Lee 2009; Lee and Youn 2009). These results suggest that eWOM valence is not the sole determinant of consumers’ purchase decisions. Instead, other factors might interact with it to exert a joint influence on purchase decisions, and therefore should be taken into account and empirically examined.

The objective of this paper is to examine the interactive effect of review valence and usefulness on consumers’ purchase decisions. Drawing on loss aversion theory (Kahneman and Tversky 1979), which states that the pain caused by potential loss is experienced far larger than the happiness brought by the gain of equivalent amount, we propose that consumers pay attentions to eWOM valence first, given that it provides one of the most direct signals for potential loss. To this end, consumers might come to a quick decision of not purchasing the product if a negative eWOM is provided (to avoid any potential loss), independently of the usefulness of this review. If they receive a positive one, however, they would continue to monitor it because the positive valence alone could not secure a positive purchase experience. As a result, the positive eWOM would have stronger influence on consumers’ purchase decisions when it is rated high in usefulness than when it is rated as low in usefulness.

Method and Data
A mixed-method approach was used, in which a lab experiment was preceded by a field study with large-scale quantitative panel data. Study 1 employs a 2 (review valence: positive vs. negative) × 2 (information usefulness: high vs. low) between-subject design. Participants first read an online shopping scenario involving the purchase of a transformer laptop. Then, they go to the next page to read one of the four product reviews. After examining the consumer review presented to them, participants report their general attitude towards the product, as well as the extent to which they would be willing to purchase the product. Results showed that when receiving a negative product review, consumers show a negativity bias so that they tend to not make the purchase regardless of whether the review is useful or not for the decision making. However, when receiving a positive product review, they turn to focus on the usefulness information, and demonstrate a higher willingness to purchase if the review is high in usefulness rating than low in usefulness rating. These findings support both H1 and H2.

The data for Study 2 were collected from Zappos (http://www.zappos.com). We collected all reviews on man sandal shoe in Zappos before May 2014.

For further information contact: Yanli Jia, Department of Marketing, Xiamen University (Yanli.xmu@gmail.com).
Summary of Findings
From the perspective of eWOM users, this paper explains how consumers evaluate the product reviews when both valence and usefulness information is provided, and how this evaluation relates to their purchase decision. The results of this research show that consumers do not give equal weights to eWOM valence and usefulness at the time of evaluating the product review. Rather, they depend on valence to make purchase decisions first, and then evaluate usefulness only if evaluation of valence could not fully secure a positive purchase outcome. For negative eWOM, consumers show a negativity bias, whereby they make the decision not to purchase independently of whether the review is rated as useful or not. Conversely, consumers are more willing to adopt the review and to purchase the product recommended by the review when the review is rated as highly useful than when it is rated by lowly useful.

Key Contributions
Prior research is inconclusive regarding the effects of review valence on persuasiveness with both positivity and negative biases reported (e.g., Herr Kardes and Kim 1991; Skowronski and Carlston 1987). Some recent studies examine boundary conditions (e.g., product category, platform category, and perceivers’ regulatory focus) in order to shed light on these equivocal findings (e.g., Park and Lee 2009; Lee and Youn 2009; Zhang Craciun and Shin 2010). The present research adds to this growing body of literature by showing that review usefulness also interacts with valence to explain consumers’ purchase decisions. In particular, our results show that consumers’ negativity bias is so robust that they even choose to believe a negative review that does not make so much sense in the eyes of other people (i.e., low useful). Conversely, they are very conservative to the positive one, and are more likely to accept it and make a purchase when it is rated by others as high in usefulness than when it is rated as low in usefulness.

References are available on request.
The Multidimensionality of Personal Involvement Inventory and Its Relationships with Self-Identity and Customer Loyalty: An Empirical Examination of Sustainable Apparel

Tracie (Tsun-Yin) Tung, Oregon State University
Harold F. Koenig, Oregon State University

Keywords: involvement, dimensionality, self-identity, customer loyalty, sustainable apparel

EXTENDED ABSTRACT

Research Question
While the 10-item Personal Involvement Inventory (PII) is widely used and shows reliability across research studies, the issues regarding its dimensionality and applications still remain unclear. Firstly, Zaichkowsky (1986) has identified two facets that could be captured by the PII and titled them as “cognitive involvement” and “affective involvement.” However, the findings among studies are inconsistent as the items found under each factor vary across studies (Bienstock and Stafford 2006; Flynn and Goldsmith 1993; Wu, Wei, and Chen 2008). Secondly, several researchers have proposed conceptual frameworks of involvement that illustrate involvement’s mediating effect (Andrew, Durvasula, and Akhter 1990; Zaichkowsky 1986). If the PII possesses two facets, questions such as “do the two facets have an equal influence in the conceptual framework?” or “which facet of involvement a more important mediating role between its antecedents and consequences?” have received scant attention and thus stay unanswered. As a result, the purpose of this study is to continue the exploration of the PII’s dimensionality and provide a deeper understanding on the mediating role of its different facets. Sustainable apparel was used as the focus of the study because its promotion has been recognized as a challenge in current market practices.

Method and Data
An online survey was administered through a U.S. national consumer panel. A total of 373 usable responses from consumers aged 18 and older was collected; a quota was used so the sample would represent the current structure of U.S. consumers on age and gender. In this study a conceptual model was developed comparing the mediating effects between the two facets of the PII. This model shows the hypothesized relationships of the three variables, an environmental friendly self-identity (antecedent), two facets of involvement with sustainable apparel (mediators), and customer loyalty to retailers (consequence). The measures of the constructs were adopted from previous studies; model analyses were conducted with the structural equation modeling technique to examine the research questions.

Summary of Findings
The findings show that one’s self-identity and involvement are significant factors that influence customer loyalty to retailers that carry sustainable apparel. Green consumers are more likely to put a higher value and need onto sustainable apparel and show their loyalty to the retailer who carries the products. Furthermore, involvement is an important mediator. We may increase an individual’s involvement by making the connection between consumers’ inherent identity and the product that reflects their values, interests, and needs. The increase in involvement will lead to a higher customer loyalty. However, the involvement measured by the PII exhibits two facets, and the two facets do not function with equal strength as mediators in the proposed model.

For further information contact: Tracie Tung (Tsun-Yin), doctoral student, School of Design and Human Environment, College of Business, Oregon State University (tungt@oregonstate.edu).
Key Contributions
This study provides both theoretical and managerial contributions to the fields of the involvement measurement and sustainable apparel consumption. This study empirically corroborates the importance of identifying the two facets of the PII. Their varying influences found in the models remind researchers of the need for caution while using the PII. The PII possesses two facets and the influence of the two facets are different, thus the level of involvement determined by summing up the scores of the entire set of items may not provide sufficient information to explain consumers’ behavior. Further, this study provides additional understanding of sustainable apparel consumption. Identifying the different roles that the two facets serve in the models in relation with other variables allows marketers to develop more effective communication strategies with their consumers.

References are available on request.
It Ain’t Easy Being Green (or Is It?): The Strength in Green Marketing

Amiee Mellon, University of Montevallo

Keywords: green advertising, green marketing, perceived consumer effectiveness, concern for environment, message framing

EXTENDED ABSTRACT

Research Question

While companies are increasing the amount of green products, few studies have examined the effect of green marketing efforts on consumer purchase behavior. Sustainability attributes can be viewed as a product liability; nonetheless, consumers claim they want to purchase these products. While consumers are increasingly concerned about the environment and corporate sustainability efforts, they still often avoid purchasing green products. What causes this chasm between consumer purchase intentions and purchase behaviors?

Using the information processing theory, this paper examines the relationship between green marketing appeals (e.g., ‘biodegradable’) versus non-green marketing appeals (e.g., ‘odor eliminating’) and two specific personality traits, perceived consumer effectiveness (PCE) and concern for environment (CFE). PCE is the extent to which the consumer believes that his efforts alone can make a difference or contribute to the solution of a problem. CFE is the extent to which an individual fears for the state of the environment and encompasses multiple dimensions, such as concern for conservation, pollution, etc. The purpose of this study is to investigate the relationship between green marketing appeals and personality traits on both trust and perceived performance. This article contributes to the literature by examining how green appeals affect brand trust and perceived product performance.

Method and Data

Research questions were tested using between subjects’ design with green appeal being manipulated, and PCE and CFE being measured. Subjects responded to an advertisement for laundry detergent with different message frames (high versus low green appeals). Questionnaire instructions asked participants to review the ad, then answer the questions. Using undergraduate students from a Mid-Atlantic university, respondents were randomly assigned to the two treatments types. A total of 185 surveys were collected. PCE, CFE, and perceived performance were measured on a five-point Likert scale using previously validated scales. Attitude toward brand was measured using a five-point semantic differential scale.

The degree to which the manipulations worked was measured by asking the respondents their perceptions of the message frame, using four questions: (1) “Packaging claims made on this product are environmentally friendly”; (2) “Based on the packaging claims on the ad, this product is good for the environment”; (3) “Performance claims made on this product are environmentally friendly”; and (4) “Based on the performance claims on the ad, this product is good for the environment.” For participants who were given the green appeal message frame, the mean was significantly greater than those given non-green appeal ($M_{low} = 2.57; M_{high} = 4.56, p < .01$).

Summary of Findings

The research questions were tested using ANOVA. PCE and CFE were grouped into high and low levels using a median split (Median PCE = 3.699 and Median CFE = 2.637). First, this paper proposes an interaction effect between PCE and CFE with the green message frame and trust; this interaction is found to be significant. When a consumer’s PCE and CFE are high, trust will not change when the ad is green. Further, people with high PCE and CFE demonstrate no change in trust between non-green and green ads ($M_{low} = 2.779$ and $M_{high} = 2.858$). However, when a consumer’s PCE and CFE are low, trust increases when the ad is green.

Second, this paper proposes an interaction effect between PCE and CFE with the green message frame and perceived
performance; this interaction is marginally significant. When a consumer’s PCE and CFE are high, perceived performance will not change when the ad is green. Further, people with high PCE and CFE demonstrate no significant increase in perceived performance between the green and non-green ad (\(M_{\text{low}} = 2.603\) and \(M_{\text{high}} = 2.858\)). Surprisingly, results show that people with low PCE and CFE actually demonstrate an increase in perceived performance when the ad is green (\(M_{\text{low}} = 2.180\) and \(M_{\text{high}} = 2.740\), \(p < .01\)).

**Key Contributions**

This study investigates the effects of green advertising messages on both trust and perceived performance, which were found to directly affect purchase intentions (\(F = 35.723, p < .001\)). The study uses green versus non-green appeals to identify the extent to which a consumer evaluates the brand as trustworthy and the product as effective (in terms of performance). This study also shows that when looking at perceived performance and trust, only perceived performance had a direct effect on attitude toward brand (\(\beta_{\text{trust}} = .070, p = .279; \beta_{\text{PP}} = .412, p = .000\)).

Previous research has shown that explicit costs of corporate social responsibility are minimal—or at the least are offset by a reduction in other firm costs—and that firms actually benefit from socially responsible actions in terms of efficiency. According to this study’s findings, green messages may no longer hinder a consumer’s perceived performance of the product. Thus, managers can now label green products accordingly without worrying about a decline in consumer trust or perceived performance.

*References are available on request.*
Threshold Effects of Price Promotion on Internal Reference Price Change: A Period-by-Period Analysis

Daniel A. Sheinin, University of Rhode Island
Albert J. Della Bitta, University of Rhode Island

Keywords: price promotions, reference price, period-by-period analysis

EXTENDED ABSTRACT

Research Question
Reference price is well-established as an important concept in price judgments. One of the factors known to influence reference price formation is price promotion. However, no work that we are aware of has investigated changes in reference price in the context of long-term promotions differing in depth and frequency. This issue is important given long-term promotions do influence choice. Although many marketers use promotions to temporarily enhance the value proposition of a product to encourage trial or purchase volume, they often maintain these promotions due to economic conditions, competitive strategies, or customer price sensitivity. Evidence suggests price promotions can reduce future price expectations, especially if above a certain threshold. Yet, some important issues remain unanswered, and these represent the research questions. First, where is that threshold? Second, what levels of promotion frequency and depth will exceed the threshold? Third, how many exposures to the promotion are needed for the threshold to be surpassed? In this research, we investigate these questions by conducting a period-by-period assessment of long-term promotion effects on consumers’ internal reference price. We find certain levels of promotion frequency and depth do change internal reference price, and in which period these changes occur. We also investigate the durability of changes in reference price.

Method and Data
Study 1 employed a 2 (promotion depth: deep and shallow) x 1 between-subjects design. Both conditions used a high frequency level of every 2 weeks. Deep depth was 40% and shallow 10%. We exposed participants to prices, including promotions, for 16 weekly buying periods for a stimulus brand and two other bands in the same category, and then asked them at the end of each buying period for their price expectations. Some of the periods contained the promoted price, while other listed the regular price. The first and last periods were always at the regular price. We operationalized a “carryover effect” as occurring when consumers expect a lower price in a period without a promotion after at least one period with a promotion, and a “reference price change” as occurring when two or more successive non-promotion periods (including the final period) show carryover effects. Study 2 used a 3 (promotion frequency: low, medium, high) x 3 (promotion depth: shallow, medium, deep) between-subjects design. We used 20 weekly buying cycles. Low level of frequency was every 10 periods (10%), medium every four periods (25%), and high every 2 periods (50%). Shallow depth was at a 10% discount, medium at 25%, and deep at 40%.

Summary of Findings
Manipulation checks confirmed all frequency depth and frequency perceptions were established as intended. In Study 1, these hypotheses were confirmed.

H1: Deep and frequent discounts will exhibit the following versus shallow and frequent discounts:

H1a: Price expectations that change in an earlier period.
H1b: Carryover effects in price expectations.
H1c: Lower price expectations in each promotion period.
H1d: A reference price change.

For further information contact: Daniel A. Sheinin, Professor of Marketing, College of Business Administration, University of Rhode Island (dsheinin@uri.edu).
In Study 2, the following hypotheses were largely confirmed.

H2: High frequency/deep depth promotions will exhibit:

H2a: Price expectations that decline in periods with promotions.
H2b: Carryover effects in price expectations.
H2c: A reference price change.
H2d: Lower price expectations in each period than the other frequency and depth conditions.
H2e: Greater reference price change than the other frequency and depth conditions.

H3: High frequency/moderate depth promotions, medium frequency/deep depth promotions, and medium frequency/moderate depth promotions will exhibit:

H3a: Price expectations that decline in periods with promotions.
H3b: Carryover effects in expected prices.
H3c: A reference price change.
H3d: Lower price expectations in the final period than any of the shallow depth conditions.

H4: Low frequency/deep depth promotions, and low frequency/moderate depth promotions, will exhibit:

H4a: Price expectations that decline in periods with promotions.
H4b: No carryover effects in expected prices.
H4c: No reference price change.

H5: Shallow depth promotions, regardless of frequency, will exhibit:

H5a: Price expectations that do not decline in periods with promotions.
H5b: No carryover effects in expected prices.
H5c: No reference price change.

**Key Contributions**

Study 1 confirmed H1a–H1d. However, only two depth conditions and a constant high promotional frequency were used. Therefore, in Study 2, depth and frequency were disaggregated, and a moderate condition was added for both. This allowed a more granular determination of threshold effects, given the stark differences between deep and shallow promotions in Study 1.

No other work we are aware of has investigated promotion thresholds of reference price change. By gathering weekly price expectations across long-term buying cycles, we obtained unique insights into the effect of price promotions on reference prices by analyzing differences both within-subjects (comparing a particular week to one or more different weeks) and between-subjects (comparing a particular week to that same week in other experimental conditions). The richness of the data allowed us to make conclusions about precisely when changes in reference price occurred (if at all) in the face of price promotions differing in depth and frequency, and which depth and frequency levels produced the most extensive reference-price change. In this manner, the findings contribute to both the reference price and promotion depth/frequency literatures. Moreover, managers can significantly benefit from better understanding when promotions become so significant that changes in reference price occur.

References are available on request.
Internal Marketing Orientation: Its Impact on Employee Performance and Deviant Service Behavior

Mujahid Mohiuddin Babu, University of Manchester
Jikyeong Kang, Asian Institute of Management and University of Manchester

Keywords: internal marketing orientation, employee performance, deviant service behavior, partial least squares structural equation modeling

EXTENDED ABSTRACT

Research Question
Internal marketing orientation (IMO) has been conceptualized as the internal application of a firm’s external marketing orientation (Lings and Greenley 2010). The enactment of a firm’s internal marketing philosophy requires specific managerial behaviors and the building of effective relationships with its employees (Ferdous and Polonsky 2014; Lings and Greenley 2010). Furthermore, a firm’s IMO focus has an impact on several employee-related outcomes and plays a key role in enhancing firms’ customer-based performance. Consequently, IMO revolves around the employees, who play a pivotal role in a firm’s value delivery network while enhancing a firm’s performance, particularly in the service context (Ferdous and Polonsky 2014). In the extant literature there has been little discussion about IMO’s impact on employees’ performance. Thus, the main research question that this study has investigated and approached empirically is the impact of IMO on employee-related outcomes such as commitment and performance. In addition, in this study, we investigated whether a firm’s poor implementation of IMO would encourage employees’ deviant behaviors and explored measures that can reduce such behaviors.

Method and Data
We adopted a mixed method approach, combining in-depth interviews with an online survey. We conducted in-depth interviews in two phases: during the questionnaire development stage with 10 business school faculty members in the UK and after conducting an online survey with 16 senior executives in service industries. Before launching the online survey, we conducted three pilot tests, one with full-time MBA students in an international MBA program (n=63) and two with senior-level managers of different multinational organizations (n=97 and n=91). The final field work was carried out by a marketing agency that collected online survey data from middle to senior managers in carefully chosen UK service industries following a single informant approach. Altogether, 472 managers completed the survey, and after the clean-up of incomplete surveys our final sample consisted of 436 surveys.

All measurements included in this study were adapted from previous studies, and all the items were measured using a 7-point Likert scale anchored with 1 “strongly disagree” to 7 “strongly agree.” We used content analysis to analyze the qualitative interview data. For the analysis of online survey data we adopted the partial least squares structural equation modeling method (PLS-SEM).

Summary of Findings
The analysis of the data indicated that all measurements of the constructs successfully met the requirements of convergent validity and discriminant validity (Hair et al. 2014). We also examined non-response bias and common method variance to ensure the collected data did not carry forward any concerns (Armstrong and Overton 1977). In our study, consistent with previous research, IMO was modeled as a second-order reflective construct comprised of three first-order reflective components. The model explained 52% of customer orientation, 39% of employee commitment, 66% of employee performance, and 8% of employee deviant service behavior. The low level of R² for deviant service behavior may be attributed...
to various issues, such as dependent variables being measured at the firm level rather than at the individual level or usage of cross-sectional data.

Our results indicate that all of the proposed hypotheses in this study are supported with a statistical significance level of 0.01 (two-tailed). We also examined the mediating role of several factors in the existing relationship with the help of the Sobel test. The results indicate that employee commitment partially mediates the relationship between IMO and employee performance. Similarly, the relationship between IMO and deviant service behavior has been mediated by both employee commitment and customer orientation.

**Key Contributions**

In the extant literature, IMO is considered as a strong predictor of employee-level outcomes such as commitment, citizenship behavior and job satisfaction. However, although previous findings imply a possible linkage between IMO and employee performance, to the best of our knowledge, this is the first empirical study to investigate and establish a relationship between IMO and employee performance. This study also extends our knowledge with regard to the extent of supervision in the relationship between IMO and employee performance. The result shows that supervising the employees closely (i.e., narrow span of control) results in a positive and direct relationship between IMO and employee performance, and employee commitment partially mediates the relationship; whereas, in cases of wide supervision, employee commitment fully mediates the relationship between IMO and employee performance.

Another major contribution of this study relates to developing an effective plan for establishing IMO in a firm. Our findings indicate that poor implementation of IMO might result in negative employee consequences such as deviant service behavior. Based on our findings, we suggest that firms, while implementing IMO, adopt a customer-orientated strategy and also actively explore ways of enhancing employees’ commitment. Finally, in this study we clearly established that employees who demonstrate dissonance and deviance during service also register poor job performance.

References are available on request.
The Effect of Beverage Product Placement on Children’s Attitudes and Behavior: An Exploratory Study

Marla B. Royne, University of Memphis
Christine M. Kowalczyk, East Carolina University
Marian C. Levy, University of Memphis
Alexa K. Fox, Ohio University

Keywords: product placement, children, obesity, advertising

EXTENDED ABSTRACT

Research Question
With nearly one-third of American children aged 2-17 considered overweight or obese, childhood obesity is a significant public health concern (Ogden, Carroll and Flegal 2012), and public health officials remain challenged to find effective means to promote healthier eating behavior to children. Some scholars have posited that public health officials should use successful marketing and advertising tactics to encourage healthy eating behaviors (e.g. Royne and Levy 2008), and Story and French (2004) reported that public health experts have documented the targeted use of product placement to promote soft drinks.

With 98% of U.S. households owning at least one television (Parents Television Council 2012), children are increasingly exposed to television programs. Television characters and healthy food placements may prove helpful in the fight against childhood obesity. The current research investigates this popular tactic by assessing the potential positive effects on attitudes and choices in a children’s television show. The following research questions are investigated: (1) Do product placements in a children’s television show affect children’s liking, perceived healthfulness, and choice of the product (a drink) placed in the show? and (2) What role does a child’s favorite drink play in the choice of beverage selection following exposure to a beverage product placement?

Method and Data
To answer the research questions, a one factor between subjects experiment tested four different conditions (milk, juice, cola and no drink) in an episode of SpongeBob Squarepants with generic drink images. Children aged 6-11 were recruited via a local marketing research firm in a major southeastern city. Each child received $5 for participating and entered into a toy drawing; parents were entered into $10 gift card drawings. Just over 59% of the children were 9-years-old and older; more than 42% were female. The sample was comprised of 48.4% Caucasians, 43.8% African-Americans, 3.1% Hispanic and 4.3% Mixed Race.

Children were randomly assigned to one of the four conditions. Once consent was received, the children completed the first page of their questionnaire. Next the 15-minute SpongeBob Squarepants episode was played. After the show ended, the children completed the rest of the questionnaire and received their selected drink and incentive. Children were asked questions about their favorite restaurant, drink and food, and their perceptions of the tested drinks. A manipulation check asked if the characters in the show had anything to eat/drink. Finally, the children were asked to circle which drink they would like to enjoy after the study.

Summary of Findings
To answer the research questions, we utilized ANOVA and chi square analysis. The ANOVA results indicate a significant treatment effect for “likes juice” (F = 4.14, p < .05) and “juice is healthy” (F = 3.39, p < .05) models. Pairwise comparisons indicate that all three treatments resulted in significantly higher means (M_{milk} = 4.5, M_{cola} = 4.48, M_{juice} = 4.16) than the control group (M_{control} = 3.46, all ps < .05).

For further information contact: Marla B. Royne, Professor, University of Memphis (mstaffrd@memphis.edu).
indicating that any type of placement produced higher levels of liking for juice. However, none of the other means were significantly different from each other.

Chi square analysis assessed the effects of the treatment on actual choice behavior. The crosstabs indicate that regardless of the treatment, the most popular choice was the cola. Results suggest that a product placement with multiple insertions does not influence actual choice behavior. In addition, the children’s favorite drink is a significant predictor of actual choice behavior. Interestingly, “other soda” as a favorite drink most significantly affects the choice of cola, indicating that if any soda type was a favorite drink, then it is more likely that the cola would actually be chosen.

**Key Contributions**

With the arguments that public health officials should utilize proven marketing and advertising tactics to influence behaviors, our results are among the first to add insight into the use of alternative advertising approaches, such as product placement, to promote healthier eating behaviors to young children. Because product placement is such a lucrative industry, and children are increasingly exposed to television programs and advertisements, scholars must continue to investigate the effects of product placements on children’s attitudes and behavior, particularly the potential effect on lifestyle choices. Although our results cannot offer support for the use of product placements in children’s behavioral choices, they do suggest that liking of certain beverages may affect choice behaviors.

*References are available on request.*
The Impact of the Use of Religious Symbols in Advertising on Consumer Attitudes

Morris Kalliny, Saint Louis University
Salma Ghanem, DePaul University
Brett Boyle, Saint Louis University
Matthew B. Shaner, George Mason University
Barbara Mueller, San Diego State University

Keywords: advertising, religion, national culture, religious symbols

EXTENDED ABSTRACT

Introduction
The marketing of traditional institutions, including religion, for identity campaigns has a long history, and scholars have long-recognized that sacred institutions are not immune from marketization (McAlexander et al. 2014). Yet religion as a marketing construct is relatively understudied compared to the attention it is given by other disciplines such as sociology and psychology. In particular, religious symbolism in advertising has received relatively little attention, although its use is increasingly ubiquitous in American society (Taylor et al. 2010). In this paper, we explore the effects of both religious symbolism and national culture on individuals’ attitudes toward advertising and the brands advertised when religious symbols are present in an ad.

Our overall objective is to better understand how consumers of different religions in different countries vary in their responses to religious symbolism in advertising. With few notable exceptions (Han and Shavitt 1994; Kalliny and Gentry 2007; Neelankavil and Zhang 1997; Sood and Nasu 1995), the vast majority of religious research in marketing has focused on American consumers and the Christian faith. By investigating the use of both Christian and Islamic symbolism in advertising, we expand the understanding of the impact of religion in across two major world religions.

Research Question
From a theoretical perspective, we explore four specific research questions related to how consumers respond to the use of religious symbolism in ads. First, how does religion and the country of the consumer interact with that individual’s perception of religious symbols in an ad to influence attitudes? Second, how does an individual’s disposition toward his/her own religion interact with their perception of religious symbols in an ad to influence attitudes toward the ad and the brand being advertised? Third, how does the degree of religious symbol explicitness in an ad influence how consumers perceive an advertisement and the advertised brand? And fourth, how do religious minorities in a country react to religious symbols as compared to the religious majority group? This study is the first to investigate the use of religious symbols in advertising in a cross-nation, cross-religion and a cross religious minority research context.

Method and Data
The research design is a $2 \times 2 \times 3$ between-subject experiment: nationality of the participant (American or Egyptian), religion (Christian or Muslim), and three levels of religious symbolism in an ad (implicit, explicit, or none). A participant’s religiosity, gender, income and education are measured as independent covariates. Our sample size included 404 participants (203 in Egypt and 201 in the U.S.). In terms of religion, the sample included 155 Muslims (95 Muslims in Egypt and 60 Muslims in the U.S.) and 249 Christians (108 Christians in Egypt and 141 Christians in the U.S.).

We created three experimental ads in each language, with low, medium, and high symbolism, as well as several dummy ads with versions created in English and Arabic. The...
ads featured a fictitious real estate company to avoid any confounding effects due to participants’ prior brand recognition or associations. The ads were pretest prior to running the main experiment to ensure the level of religious symbolism explicitness was being correctly manipulated. In the main experiment, participants were asked to examine each ad and answer questions about the ad, regarding their attitudes toward the ad itself and their attitudes toward the brand being advertised.

**Summary of Findings**

We predicted Americans would exhibit more positive attitudes toward the ad and the brand than Egyptians when viewing ads containing religious symbols. We found significant differences between Egyptians and Americans on attitude toward the ad, but not toward the brand. Second, we predicted Christians would exhibit more positive attitudes. We found no differences for attitude toward the ad, but Christians had significantly higher attitudes toward the brand. Third, we predicted minority religious groups in Egypt and the U.S. would exhibit more positive attitudes toward the ad and the brand than those in the majority religion. In both countries, we found no differences in attitude toward the ad, but significant differences in attitude toward the brand. Egyptian Christians showed higher attitudes toward the brand. The effect in the U.S. was reversed. American Muslims exhibited lower attitudes toward the brand. Fourth, we predicted respondents with higher levels of religious commitment would exhibit more positive attitudes than those with lower levels. We found no significant effect of religious commitment for either attitudinal outcome. Finally, we predicted the level of symbolism would be positively associated with attitudes toward the ad and the brand. We found a significant effect only for attitude toward the brand.

**Key Contributions**

This study makes several contributions. First, as argued by Taylor et al. (2010), most previous research has been conducted at the macro level whereas this study examined individual reactions to religious symbolism. Second, this study provides support to existing evidence that religion can be an important segmenting variable in marketing.

One of the most interesting findings of this study is the positive attitude of religious minorities (in the case of Egypt) toward the brand that contains religious symbolism congruent with their faith. What is even more interesting is that even in situations where participants did not have a positive attitude toward the ad, they still had a significant positive attitude toward the brand that was associated with their religious belief. There are several possible explanations for this result.

It may well be that the Christian minority’s feelings of marginalization in Egypt and the lack of religious representation in business has resulted in a desire to see a religious symbol reflected in a commercial message, resulting in positive feelings toward the brand. It is also possible that the use of religious symbols congruent with the religious belief of Christians in Egypt may have caused a more positive attitude toward the brand.

*References are available on request.*
Quality of External Communications from the Employee’s Perspective: Scale Development and Its Impact on Employee Brand Behavior

Matthias Holzer, University of Basel
Verena Batt, University of Basel
Manfred Bruhn, University of Basel

Keywords: quality of external communications, employees, employee brand behavior, brand identification, scale development

EXTENDED ABSTRACT

Research Question
There has been a considerable amount of research interest in the relationship between constructs reflecting internal communications activities and brand identification as well as employee brand behavior. However, relatively few studies have focused on external communications and its impact on employees.

Despite the small number of studies that have dealt with the internal effects of external communications, it is known that a company’s external communications, which are primarily directed at consumers, are also meaningful to the company’s employees. For example, empirical research provides strong evidence that an employee’s positive appraisal of the advertising activities positively influences the employee’s organizational attitude or organizational pride.

In our research, we use the quality concept to capture the employee’s perception of external communications. We assume that when employees highly appraise the quality of external communications, this positively influences variables such as brand identification and brand behavior of employees. As research so far has not investigated the exact nature and dimensional structure of the quality of the external communications construct from the employee’s perspective (QEC), the aims of our research are (1) to develop a scale for measuring QEC and (2) to investigate the impact of the QEC construct on brand identification and brand behavior.

Method and Data
Drawing on the quality notion introduced by Parasuraman, Zeithaml, and Berry (1988), we define QEC as being a company’s capability to adequately satisfy its employees’ expectations with regard to external communications.

In order to gain more insights about the dimensionality of QEC, we followed the process of construct development suggested by MacKenzie, Podsakoff, and Podsakoff (2011). We started by scanning marketing literature for relevant quality criteria and by conducting 73 interviews with both ordinary employees and marketing experts. We asked the survey participants about their associations with a high quality of external communications. As a next step, we categorized the 50 collected quality criteria into 13 dimensions and developed an item battery for the 13 dimensions consisting of three items per dimension. Whenever possible, we drew on existing scales.

In order to conduct the scale evaluation and refinement, data were collected by surveying employees of a big company which operates canteens and restaurants in Switzerland. The company deploys a large portfolio of external communications...
tions activities, and is therefore considered to fulfill the requirements for the current study.

Summary of Findings
On the basis of the gathered data, we conducted an exploratory factor analysis of the 39 items using Varimax rotation in SPSS 21 without restricting the number of factors. We eliminated items with low factor loadings and/or high cross loadings. This resulted in the elimination of 21 items. Finally, the analysis revealed a six-factor solution containing the dimensions of timing, target group-specificity, distinguishability, accurate presentation of employees, comprehensibility and appropriate expenses. Confirmatory factor analysis revealed a satisfactory fit to the data. Hence, the six dimensions identified seem to be the crucial parameters that employees associate with a high quality of external communications.

In addition, our results from structural equation analysis confirm that QEC strongly influences the brand identification of employees. In addition to this direct effect, QEC indirectly affects—through brand identification—employee brand behavior.

Key Contributions
To the best of our knowledge, this is the first research that provides a deeper understanding of the QEC construct and its impact on brand identification and employee brand behavior. The findings of the study reveal that QEC consists of six dimensions. Furthermore, the results imply that QEC is an important construct for determining brand identification and brand behavior of employees. As employee brand behavior is an important factor in ensuring customer satisfaction, QEC seems to be a crucial driver of brand success. Therefore, when planning external communications activities, it is highly recommended that managers consider the employee’s perspective of external communications.

References are available on request.
The use of multiple celebrity endorsers to advertise a single brand is becoming increasingly common (Rice et al. 2012). For example, Gillette has enlisted three athletes (Roger Federer, Thierry Henry, and Tiger Woods) to promote its Fusion men’s razor. Marketers have long known that fit or match, or congruence between endorser and brand is important in influencing consumer evaluations of the celebrity endorsements (e.g., Kirmani and Shiv 1998). However, the majority of the research on congruence in celebrity endorsement has focused on the evaluation of the brand in the context of a single endorser. While the idea of using multiple endorsers is not entirely new, research on the topic is scant. Moreover, prior multiple celebrity endorsement studies (e.g., Rice et al. 2012) have continued to assume that fit operates on and influences consumer evaluations in the same fashion as it did in the context of “single celebrity and brand” studies.

When firms use multiple endorsers for promoting a brand, should the endorsers collectively be of good fit with the brand? Is the fit between the “endorsers” and the brand more/less important than the fit between “each endorser in the group” and the brand, in driving consumer evaluations? Current literature does not provide satisfactory answers to these important questions. Consumers who see a Gillette ad may wonder why a famous tennis player (Roger Federer), a soccer hero (Thierry Henry), and a golf champion (Tiger Woods) have come together to promote the brand. Or, the endorsement may make sense because people may see the common thread among the three sport stars of “being the best” in their respective fields. Despite practitioners’ increased use of multiple-celebrity endorsement, investigators have given relatively little attention to the effects of congruence in this strategy of endorsement.

The current research seeks to make two contributions. This research makes an important theoretical contribution to the celebrity endorsement literature by introducing a previously unexplored dimension of source congruence: portfolio–brand fit. This research conceptualizes fit as a multidimensional construct and offers empirical evidence for the impact portfolio–brand fit on consumer brand evaluations. Next our research contributes by providing empirical evidence for the joint effects of portfolio–brand fit and the type of presentation format used in multiple-celebrity endorsement.

**Conceptual Framework**

The conceptual model is based on information processing models and the notion of spillover effects observed in brand research. We adopt a consumer-based conceptualization where fit with the endorsed brand depends on consumer perceptions of appropriateness of the connection or relationship between the celebrity portfolio and the endorsed brand. Specifically, we identify two types of fit consumers might perceive when evaluating a multiple-celebrity endorsement: endorser–brand fit and, celebrity portfolio–brand fit. We predict that when multiple endorsers are used, (a) attitude toward the endorsement and (b) clarity of positioning of the endorsed brand mediate the impact of portfolio–brand fit on attitude toward the endorsed brand and that consumer evaluations would be more favorable in sequential presentation than in simultaneous presentation.

**Method and Data**

The model was tested for a fictitious brand in two experiments using consumer samples. Data were collected using online surveys. Participants were adult consumers. We used a between-subjects design (Type of multiple celebrity endorsement: sequential presentation vs. simultaneous pres-
Endorser–brand fit and, celebrity portfolio–brand fit were measured variables. Participants were randomly assigned to one of the treatment conditions. The experimental tasks were administrated online using the fictitious watch brand. The treatment conditions were administered through fictitious ads professionally designed for the experiments. Stimuli included were developed based on pretesting. Participants completed the online questionnaire after viewing an ad showing two (Experiment 1)/three (Experiment 2) celebrities endorsing the watch brand either simultaneously or in a sequence. Established scales from the literature were used to measure the major constructs of interest (Ohanian 1990; Simmons and Becker-Olsen 2006). All items were measured on seven-point scales. We tested the hypotheses using structural equation modeling.

Summary of Findings
Results show that portfolio-brand fit affects consumer attitudes toward multiple celebrity endorsement positively and attitudes toward the endorsed brand indirectly. In Experiment 1 we find that portfolio–brand fit can favorably influence, consumer attitudes toward the endorsement and brand attitudes. The impact of portfolio–brand fit on clarity of positioning depends on the type of multiple celebrity endorsement. We find that portfolio–brand fit positively affects clarity of positioning when the endorsers are presented sequentially but not when both the endorsers are presented simultaneously. We find further support for the differential impact of portfolio–brand fit on the brand’s clarity of positioning, in different types of multiple celebrity endorsement, even when larger portfolios of three celebrities are used in Experiment 2. Consumers find it harder to process information presented sequentially hence they employ heuristic processing, where portfolio–brand fit serves as a peripheral cue, for inferring “hard to evaluate” concepts such as the brand’s clarity of positioning. Peripheral cues are those that are not central to the true merits of the issue or message (Kirmani and Shiv 1998). We interpret the results of the two experiments as support for the proposed multidimensional nature of fit in the context of multiple celebrity endorsement and for our prediction that consumers evaluate multiple-celebrity endorsements holistically rather than in a piecemeal fashion.

References are available on request.
Is Your Pink Credible? Judging the Sponsor’s Motives

Tracy R. Harmon-Kizer, University of Dayton

Keywords: cause-related marketing, cobranding, brand, congruence

EXTENDED ABSTRACT

Research Question
Sponsorship congruence effects have received a considerable amount of attention in advertising research (for a review, see Cornwell and Maignan, 1998). Despite the considerable attention to sponsorship research, how consumers perceive congruence in breast cancer sponsorships had been largely ignored. In an effort to extend the body of work on sponsorship congruence and consumer attributions of sponsorship motives beyond altruism, the present study looks at brand level sponsorship messaging. In order to modify the brand messaging strategy, brand elements were modified to show support for the cause. The modification of brand elements is a means in which a company can not only show their sponsorship for the cause, but it can also enhance the brand’s image. Ways of modifying the brand’s elements to communicate the partnership, include changing the brand’s packaging to the colors of the cause (e.g., Yoplait pink lids in support of breast cancer, a departure from their traditional red lids). It was predicted that such modifications were likely to influence consumer motive attributions.

Method and Data
One-hundred forty-five undergraduate students at a major Midwestern university participated in the study in exchange for course credit. The study employed a fixed-factor, 2 (degree of congruency: low vs. high) × 2 (brand element: modified vs. unmodified) between subjects pretest/posttest, randomized, experimental design.

A four-factor model was extracted from a principal components factor analysis with varimax rotation of the eight motive items. The four-factor model accounted for 87% of the total variance. The altruism motive comprised 3 items related to the “sponsor’s concern for it customer’s welfare” (p. 34) and had a scale reliability of (α = .93); the profit motive contained 2 items related to the sponsor’s ability to generate sales and it’s concerns for profit (α = .83); public image comprised 2 items addressing the sponsor’s benefit of a positive public image (α = .80), and the last motive featuring only one item, reflected the sponsor’s intention to be morally correct by sponsoring the cause. Multivariate analysis of covariance tests showed significant multivariate effects of congruence and brand element modification, however, the interaction between the two independent variables was not significant.

Summary of Findings
In line with prior congruence research, positive effects of sponsor-cause congruence on consumer attributions of sponsor altruism, sponsor credibility and attitude towards the sponsor were supported. The findings also support the positive influence of brand element modification on sponsor motives. Specifically, participants attributed the sponsor’s motives to altruism and enhancing their brand’s image when brand elements were modified compared to when they were not modified. The profit motive was not influenced by the main effect of brand element change. Mindfully, the magnitude of the profit motive was higher in the brand element modification condition, although it was not statistically different from the absence of brand element modification. Participants attributed the sponsor’s motives to altruism and enhancing their brand’s image when brand elements were modified compared to when they were not modified. The profit motive was not influenced by the main effect of brand element change.

Key Contributions
It appears that the profit motive may a permanent attribution of cause-brand sponsorships. Thus, companies will be encouraged to combine charitable donations in conjunction with sponsorships to alleviate consumer attributions of self-serving motives. Further, causes should only choose brands that are congruent for partnerships, as incongruent sponsors can lead to a backlash for the cause as well.

References are available on request.

For further information contact: Tracy R. Harmon-Kizer, Assistant Professor of Marketing, University of Dayton (tharmon1@udayton.edu).
Diversity in marketing imagery can be analyzed using one of two approaches. The dominant unidimensional approach examines diversity across a single dimension at a time (e.g., first by race, then by sex). By contrast, an emerging intersectional approach considers diversity across multiple dimensions at once (e.g., by race and sex). This article presents unidimensional and intersectional analyses of a single data set to (1) reveal the strengths and weaknesses of each approach, (2) challenge the long-standing dominance of the unidimensional approach, and (3) illuminate the potential benefits of the intersectional approach.

We report four multimodal analyses of our data set, 50 years of GQ covers (1957-2007), in the following sequence: a unidimensional quantitative analysis, an intersectional quantitative analysis, a unidimensional qualitative analysis, and finally, an intersectional qualitative analysis.

This article illuminates the potential benefits of an intersectional approach to analyzing diversity in marketing imagery: (1) Only an intersectional approach considers all intersections of all identities, generating more inclusive conclusions than a unidimensional approach. (2) Only an intersectional approach apprehends the heterogeneity of representations within each identity category, generating more precise conclusions than a unidimensional approach. (3) Only an intersectional approach exposes instances of intersectional invisibility and intersectional travesty, generating more radical conclusions than a unidimensional approach.

Unidimensional research is easier because it requires less coding, less analysis, and less interpretation on average than intersectional research. A study of \( d = 4 \) dimensions with \( c = 3 \) categories per dimension requires \( c \times d = 12 \) qualitative assessments in a unidimensional study but \( c^d = 81 \) qualitative assessments in an intersectional study, if all 81 intersections are actually visible in the data set. Conclusions drawn from unidimensional studies are also relatively easy to communicate and comprehend (e.g., “category x is frequently and favorably represented, while category y is rarely and unfavorably represented”).

However, unidimensional research also has some weaknesses. Unidimensional quantitative headcounts can conceal a lack of intersectional diversity (e.g., the invisibility of 23 of 32 intersections in our study). Unidimensional qualitative comparisons can conceal significant differences within categories (e.g., the differences among different sub-categories of Black coverpersons). Within a category, privileged sub-categories tend to be used as a proxy for everyone in the group (e.g., in American studies, the treatment of young and lean White women is often used as a proxy for the treatment all women). Worst of all, intersections of two or more historically oppressed identities are systematically excluded from research consideration because researchers tend to intentionally or inadvertently control for privileged levels of exogenous dimensions (e.g., the treatment of American men and women is generally contrasted in White-dominated data sets). In a nutshell, unidimensional conclusions are more simplistic, misleading, and repressive.

In contrast to unidimensional research, intersectional research typically considers all possible intersections of all possible identities available in a context (e.g., the current research considers 32 intersections of 10 categories). Accordingly, only an intersectional approach can help...
researchers discern the stark and subtle contours of inequities across intersections of privileged and marginalized identities. Only intersectional analyses apprehend the heterogeneity of representations within each identity category, enabling more accurate conclusions. Only an intersectional approach can expose instances of intersectional invisibility, that is, the low to zero visibility granted to intersections of marginalized identities (e.g., see non-lean persons of color in table 5). Only an intersectional approach can expose instances of intersectional travesty, that is, the ridicule, stereotyping, and generally inferior quality of representation granted to intersections of marginalized identities (e.g., see mature women in table 6). In a nutshell, intersectional research yields conclusions that are more inclusive, precise, and radical.

Of course, intersectional research poses significant challenges as well. Analyzing images along multiple dimensions necessitates more work. Data have to be coded, sorted, and counted in all possible ways and each intersection requires secondary research to generate delicately contextualized interpretations. Depending on one’s research goals, a larger data set may be needed to account for all intersections, because some intersections are so rarely represented. On average, our intersectional analyses required at least twice as much cognitive energy, data analysis, and research time as our unidimensional analyses. Finally, as our comparisons show, intersectional research does not lend itself to pithy conclusions; intersectional claims are inherently more complex.

References are available on request.
The Role of Anger and Activation in the Context of Consumer Reactions to Comparative Advertising Based on Attribute Versus Price Comparisons

Silke Bambauer-Sachse, University of Fribourg
Priska Heinzle, University of Fribourg

Keywords: comparative advertising, anger, activation, price level

EXTENDED ABSTRACT

Research Question
A considerable body of research examines the effectiveness of comparative advertising by comparing it to non-comparative advertising. However, little is known about the anger aroused by comparative advertising as well as the relative effectiveness of different product characteristics such as price or attribute performance that could be used as a basis for comparison.

Therefore, the objective of this paper is to analyze the effects of comparative advertising (based on prices versus attributes) through perceived anger on the one hand and positive effects that occur through activation on the other hand on attitudes toward the ad, the product, and purchase intentions. In addition, we differentiate between high and low price products because information processing might differ for different price levels and therefore lead to different evaluations of comparative advertising.

Method and Data
We develop a two-path model that includes both negative and positive effects of comparative advertising. The first path represents positive effects of comparative advertising through activation on attitudes toward the ad and the product as well as on purchase intentions. The second path mirrors negative effects of price versus attribute comparisons through perceived anger on attitudes toward the ad and the product as well as on purchase intentions. For anger arousal we differentiate between high and low price products.

The sample consists of 535 respondents (53.3% women, average age: 28.8 years). The study is based on a 2 (type of comparative advertising: attributes vs. price) × 2 (price level: high vs. low) × 4 (4 test products for high price and low price products to cover different product categories) between-subjects design. The test ad contained a picture of the product and the comparative message. In the price (attribute) comparison condition, the ad stated that the product was cheaper (performed better on the respective pretested attributes) than competitors’ products. The respondents were shown the ad and asked to fill in the questionnaire.

PLS was used to estimate the path coefficients. The model was estimated separately for high and low price products, but the data were pooled across test products.

Summary of Findings
Price comparisons produce higher levels of activation than attribute comparisons and this effect is independent of the price level.

For high price products, comparative advertising has, on the one hand, positive effects through activation on attitudes toward the ad and the product as well as on purchase intentions. On the other hand, comparative advertising has negative effects on attitudes toward the ad and purchase intentions through perceived anger. In this context, attribute comparisons lead to higher levels of perceived anger than price comparisons, and anger is negatively related to activation.

For further information contact: Silke Bambauer-Sachse, Professor of Marketing, University of Fribourg (silke.bambauer-sachse@unifr.ch).
For low price products, comparative advertising has positive effects through activation on attitudes toward the ad, the product and purchase intentions. In addition, comparative advertising does not directly affect perceived anger, but only indirectly through activation. Anger in turn has negative effects on attitudes toward the ad and the product.

A comparison of the results for high and low price products leads to the conclusion that positive effects of comparative advertising through activation exist in both cases, whereas the negative effect through anger is limited to high price products. In addition, price comparisons lead to more positive effects through activation and to less negative effects through anger than attribute comparisons.

**Key Contributions**

Negative feelings such as anger examined here are important in attitude formation, but have only been theoretically hypothesized in the context of comparative advertising. In addition, a simultaneous analysis of effects of activation and negative feelings cannot be found in previous studies and thus adds to the existing body of research.

For marketers, this study provides practical insights in which type of comparative advertising produces positive attitudes and higher purchase intentions in which price level conditions. While positive effects of comparative advertising are beneficial, marketers should try to avoid negative effects through anger, which increase when attribute comparisons are made. Specifically in the case of high price products, anger has very negative effects on consumer response. Thus comparative advertising should be preferably used for low price products. In this context, comparative advertising should be limited to price comparisons because of their lower potential to trigger anger.

*References are available on request.*
Why More Space Is Not Always Better? 
The Effect of Empty Space on Persuasion

Canice Man Ching Kwan, Chinese University of Hong Kong
Xianchi Dai, Chinese University of Hong Kong
Robert S. Wyer Jr., Chinese University of Hong Kong

Keywords: visual cues, communication effectiveness, white/empty space, inference making

EXTENDED ABSTRACT

Research Question
The present study identifies a quite different factor that can influence the persuasiveness of a verbal message when it is conveyed in an advertisement or on the Internet: the relative amount of unused, empty space that surrounds the text (also known as white space). Although this factor is inherent in all communications that contain both pictures and words, people are usually insensitive to its impact. In a series of field and lab experiments, we show that the empty space in which a message is embedded decreases the message’s persuasiveness and compliance with its implications. We postulate that a statement surrounded by empty space conveys that there is “a lot of room” and this, in turn, activates more general concepts that there is room for doubt as to message validity. Consequently, the message is less persuasive when it is surrounded by empty space than when it is not.

Method and Data
Four studies, conducted in both the laboratory and field settings, provided support for this conjecture. Study 1 was a field experiment in which undergraduate students were recruited to complete an unrelated research. By the end of the session, they encountered an instruction about taking a free pamphlet (printed in same format at the center on an A4 [empty-space] or an A5 [no space] pasteboard stand) and their compliance with the instruction was recorded.

Other studies were online experiments in which US residents were recruited from an online platform (MTurk) with monetary incentive. Each subject completed several independent tasks. In the first task, participants read some statements. These statements are of the same paragraphing and formatting, but were placed either in a box whose the border surrounding the text was substantial (the empty space condition) or limited (the no space condition). When they read the statement, their processing time was recorded. They then answered several questions about the way in which they comprehended the statements and how much they liked about the statements. In a subsequent unrelated task, they reported their attitudes on the issues related to the message they comprehended in the first task.

Summary of Findings
This paper demonstrates that visual space is sometimes taken as information to make inference about message validity. Our findings further reveal that this inference making process is automatic and affects behaviors ubiquitously in both lab and real-life settings. Study 1 shows that an instruction to take a free pamphlet led to less compliance when the instruction was embedded in empty space than when it was not. These findings suggest that spatial cues alter actual behavior in real-life settings.

Laboratory studies clarified the processes that underlie the effects. Study 2 showed that empty space had little impact on the amount of processing of the message content. That is, it had no impact on the time that participants devoted to the messages. Rather, as Studies 3 and 4 indicated, it affects participants’ inference of the communicator’s attitude strength. When the message was resented in the absence of empty space, participants perceived the communicator as conveying a strong attitude and thus became less disposed to counterargue its validity. This in turn enhanced persuasiveness. When the message was embedded in empty space, however,

For further information contact: Canice Man Ching Kwan, Ph.D. Candidate, Department of Marketing, CUHK Business School, Chinese University of Hong Kong (canice@baf.cuhk.edu.hk).
participants inferred that the message was weak and were less persuaded.

**Key Contributions**

This article presents converging evidence that provides the first demonstration of the sequential effect of spatial cues on communication effectiveness. In doing so, we enhance the understanding about space associations and extend the literature on persuasion. First, this research offers insights on a quite different association between space and the feelings of openness. In text communication, empty space sometimes denotes the extent to which the communicator consciously or unconsciously opens room for discussion. On top of identifying a novel space association, this research demonstrates empty space as an input for inference making. This inference is spontaneously formed when people comprehend messages and attributed to source characteristics. It therefore alters the extent to which people perceive the message as being strongly conveyed and the extent to which they make counterarguments. Of significance, present research besides offers many practical insights on advertising and graphic design. Notwithstanding prior research suggests that empty space was something good rather than bad, this research identifies a context in which empty space can sometimes be undesirable.

*References are available on request.*
Do Sexy Mouthwash Ads Leave a Bad Taste Behind? An Exploration of Sexual-Self Schema and Perceived Product-Positioning Fit as Determinants of Female-Targeted Sexual Advertising Efficacy

Mark Mayer, Indiana University
Plamen Peev, Towson University

Keywords: sex in advertising, sexual self-schema, perceived fit, product positioning

EXTENDED ABSTRACT

Research Question
Sexual self-schema, or SSS, (Anderson and Cyranowski 1994) is a self-report measure measuring "the cognitive view of the self with regard to sexuality" (Reichert, La Tour, and Kim 2007). Women with higher (lower) SSS scores tend to appreciate sexual advertising more (less) than those with lower (higher) levels, with more (less) positive attitudes engendered toward the advertisement and brand for a sexual ad than a non-sexual one (Reichert and Fosu 2005).

However, this extant research largely takes as a given that the context of such an ad will be in a setting (for example, a product category) where there is a natural, highly-evident fit between the product and sexual themes (e.g., Reichert and Fosu 2005). Advertisers certainly believe a poor category-sex fit can be overcome with the right brand positioning and advertising execution among men, but how will SSS influence this dynamic amongst a female consumer audience?

Method and Data
Our experimental sample consisted of adult female web participants recruited by Survey Sampling International (SSI). The design for this study was a 2 (imagery: equity-only vs. sexual) × 2 (product positioning fit with sexual themes: high [Close-Up] vs. low [Listerine]) with SSS as a measured variable. After conducting manipulation checks, to conduct hypothesis testing, we performed regression analysis.

In this abstract we report results for attitude-toward-the-ad ($A_{ad}$)—please contact the authors for results for similar analysis on additional dependent variables. The three-way interaction between SSS, type of imagery, and positioning-sex fit was significant. For participants one standard deviation below the mean SSS score there was no conditional interaction effect of fit by imagery type. Introducing sexual imagery to the ad lowered $A_{ad}$ for both Close-Up and Listerine compared to the equity-only versions of brand ads. However, for participants one standard deviation above the mean SSS our analysis revealed a significant conditional effect of fit by imagery type. Specifically, sexual imagery hurt $A_{ad}$ for Listerine, but directionally increased $A_{ad}$ for Close-Up.

Summary of Findings
Our hypothesis regarding low-SSS female consumers is wholly supported—the mere presence of highly sexualized themes, regardless of product fit, makes them penalize the brand. However, our hypotheses regarding high-SSS female consumers is only partially supported, as when product positioning-sexual theme fit is high, the message appears to be very effective, but when that fit is low, the advertisement is largely ineffective. It appeared that, contrary to our hypothesis, females have a similar reaction in the low positioning-sex fit condition (Listerine) regardless of SSS level. Said differently,...

For further information contact: Mark Mayer, Assistant Professor of Marketing, Kelley School of Business, Indiana University (jammayer@iupui.edu).
SSS simply did not matter in a low-positioning-fit setting—negative emotion arose regardless of SSS level in this setting.

**Key Contributions**

We explore females’ reactions to a sexually-themed advertising with regards to a key personality variable—sexual self schema (SSS). In extant research, SSS has largely had a positive impact on females’ reactions to sexual advertisements. We further explore this dynamic by considering the role of female SSS on attitudes and purchase intent for products with brand concepts that differ with regards to fit with sexual themes.

Informed by our study and extant literature, we also offer areas for further SSS-based advertising research, particularly in another unexplored area: the role of SSS in identification and resultant attitude formation in sexual, but less explicit, advertising.

*References are available on request.*
Persuasive Message Effects in Nonprofit Advertising: Using an Integrated Theoretical Model to Better Understand Donor Intentions

Eric Van Steenburg, Montana State University

Keywords: nonprofit, advertisements, donors, ELM, theory of planned behavior

EXTENDED ABSTRACT

Nonprofit organizations (NPOs) not only need to persuade individuals to donate money rather than spend it on consumer goods and leisure activities, but also must persuade individuals to direct their contribution to a specific NPO rather than another one (Strahilevitz 2011). That is why a great deal of time, effort, and money is invested in the creation of public service announcements (Rucker and Petty 2006) and other elements of the marketing mix.

There is much to be learned about consumer behavior in a nonprofit context. Because consumers rarely enter a situation without preexisting attitudes or beliefs, it is expected that individuals exposed to an advertisement by a nonprofit organization will look for ways to compare the messages within the advertisement to their preexisting beliefs and attitudes. Two theories help explain the processing that takes place in relation to attitudes, beliefs, and persuasive communications—elaboration likelihood model (ELM) and the theory of planned behavior (TPB).

Research Question

Research examining ELM and TPB in tandem has demonstrated that individuals approach a specific topic with predetermined beliefs that, when combined with their innate message processing abilities, affect change in behavior (e.g. Reid and Wood 2008; White, Charles, and Nelson 2008), and is particularly effective for social issues (e.g. Boer and Westhoff 2006; Rosen 2000). Yet none have examined the effects of advertising by NPOs to change attitudes and behaviors related to support for the cause.

In combining TPB and ELM into an integrated theoretical model, this research proposes that individuals have preexisting beliefs toward donating (attitude toward the behavior) and assess their ability to comply with the request when confronted with a persuasive message asking for some contribution (perceived behavioral control), while also considering whether or not referent groups important to the behavior would approve or disapprove of the behavior (subjective norms). It is believed the attitude toward a nonprofit organization’s message, along with the preexisting beliefs held by the individual as described in TPB, combine with message processing to shape behavioral intention.

This research examines the role of nonprofit advertisement messages in influencing behavioral intention, measured as intent to donate and donation amount, by asking three questions:

1. How do preexisting attitudes and beliefs toward donating affect an individual’s involvement with a nonprofit advertisement?

2. How do preexisting attitudes and beliefs toward donating affect an individual’s attitude toward a nonprofit advertisement?

3. What effects does the interplay between involvement with the advertisement, persuasive messages, and preexisting attitudes and beliefs have on intent to donate or volunteer?

Method and Data

A pre-test was conducted to determine what messages resonate with potential donors and volunteers. It evaluated normative message manipulations by following the method used by Smith and Louis (2008) when using empirical
efforts to distinguish between conceptualizations of descriptive and injunctive norms. A professional agency, RD&F Advertising (www.rdfadvertising.com), developed four versions of a two-minute advertisement to test each manipulation. Data for the pre-test were collected in an online questionnaire distributed via email and social network sites, resulting in a final sample size of 235 with mean age 49.5 (SD = 16.28, range = 18-82) that was 40.6% male (N = 126). The manipulations were analyzed using a one-way ANOVA, finding a significant difference (F(1, 80) = 5.168, p = .026) between high (M = 4.40) and low (M = 3.68) injunctive normative manipulations, but no significance between high and low descriptive norms (p = .740).

Based on the results of the pre-test, a study was created that manipulated injunctive normative (IN) messages to test a three-way interaction for each of the TPB variables in a 2 × 2 × 2 (IN: high vs. low) × (ATB/SN/PBC: high vs. low) between subjects, full-factorial design.

The outcomes variable donation intention was measured using the 12-item, seven-point semantic differential scale for behavioral intention (Fishbein and Ajzen 2010), while the other variable, donation amount, was measured as a single, open-ended item. Involvement was measured using a scale that captures involvement with an advertisement message (Cox and Cox 2001). A total of 329 individuals participated, from which 274 complete and valid responses (83.3%) were used in final analysis, with age (M = 48.9, SD = 15.5) and gender (52.4% male) similar to the pre-test subjects. A one-way ANOVA was used to evaluate the manipulation, with results (p < .001) indicating it was successful. To test the hypotheses, each model was evaluated for a significant three-way interaction between one of the TPB predictors, involvement with the advertisement (IN_ad), and the manipulation through slope analysis (Aiken and West 1991; Hayes and Matthes 2009).

Attitude toward the behavior proved to be the best predictor of all the independent variables, being in significant three-way interactions with the advertisement type (i.e., the manipulation) and IN_ad for both donation intention (p = .017) and donation amount (p = .043). Because neither subjective norms nor perceived behavioral control were significant as part of a three-way interaction with the advertisement type and IN_ad, neither SN nor PBC were part of the analysis going forward.

Based on these results, and to further test the hypotheses, respondents were divided into groups based on which manipulation they observed. Subjects were analyzed for significant two-way interactions between the TPB predictors and IN_ad for those who saw the high injunctive norm message versus those saw the low injunctive norm message using slope analysis (Aiken and West, 1991) with calculations repeated for both high and low IN message groups.

Results indicate that type of IN message has a significant effect on the interaction of ATB and IN_ad for both donation intention (t = 3.488, p < .001) and donation amount (t = 2.240, p = .027) when individuals view the high IN message, but not when they view the low IN message (ps > .05). That is, individuals high in ATB have a greater response to the high IN messages than those who are low ATB when their involvement is high (M_HIGH = 5.068, M_LOW = 4.044) than when their involvement is low (M_HIGH = 3.526, M_LOW = 3.785) for donation intention. Model 2 reacted similarly to Model 1 for donation amount when comparing high IN_ad (M_HIGH = 57.502, M_LOW = 28.001) versus low IN_ad (M_HIGH = 14.631, M_LOW = 31.890). In addition, a main effect was found for involvement in the low IN condition for donation intention (F(5,125) = 19.707, t = -1.257 p < .10).

Summary of Findings
The research found that one’s involvement with the advertisement combines with one’s attitude toward donating (i.e., ATB) to help determine propensity to donate and the amount of the donation. When messages indicate that others are supportive of the cause, donations increase when one is more involved with the ad and is generally agreeable to donating. But these messages have the opposite effect when one is not involved with the ad—donations decrease when the message indicates others support the cause. This is consistent with previous findings because peripheral cues are typically more persuasive than rational arguments for individuals who have low involvement with the ad (Amichai-Hamburger, Mukulincer, and Zalts 2003).

For individuals who tend to rely on referents for their own actions (i.e., SN), differing messages in advertisements have little effect regardless of their involvement with the ad. Messages indicating amount of support for the cause (i.e., IN) had no effect, as individuals were apparently not given enough of a cue how to act. A lack of involvement may be a case of learned helplessness, cognitive exhaustion, or simply donor fatigue—all of which could be the result of the growth of the nonprofit sector and the accompanying marketing.

Key Contributions
The research helps extend the ELM-TPB integrated theoretical model by discovering that ELM has varying utilities and values from TPB in different contexts. While involvement with the ad has more explanatory power in most
In cases, when considered holistically, the explanatory power varies for one person to another. Future research could identify boundary conditions in which involvement is no longer the primary influence on behavioral intention. It would also be beneficial to examine the ELM-TPB model measuring involvement with the cause.

References are available on request.
Shifting Positions: An Exploration of Young Women’s Interpretation of Sex Appeal in Advertising

Alexandra Rome, University of Edinburgh
Stephanie O’Donohoe, University of Edinburgh
Susan Dunnett, University of Edinburgh

Keywords: advertising, sex in advertising, gender, feminism

EXTENDED ABSTRACT

Research Question
Considering changing and increasing sexual and feminist discourses promoted via mass media outlets, consumer reactions to sexual content in advertising merits renewed research attention. The purpose of this study is to shed insight on the complexity of the meaning-making processes involved in young women’s responses to sex in advertising. In particular, the authors address two pertinent questions: (1) How do young women interpret sexual content in advertising and (2) how, and to what extent, are their interpretations of sexual content in advertising shaped by their personal sexual experiences, by discourses of feminism available to them and by their orientation towards feminism? This paper reports on a study inspired by Mick and Buhl’s (1992) meaning-based model of advertising response and seeks to enhance understanding of how young women interpret ads featuring different types of sexual content, and how such interpretations may be shaped by their romantic/sexual relationships, and their orientation towards feminism.

Method and Data
This paper examines nuanced advertising interpretations among women, by focusing on three women who understand and relate to feminism in different ways. Following Mick and Buhl’s (1992) methodological approach, three young adult women (in their early twenties) in the United States were considered for analysis in this interpretive study. This study deploys rich data through two phenomenological interviews and a projective method (visual collage) used as a way to help autodrive the interviews. The first interview explored advertising interpretations, where participants were asked to discuss a multitude of contemporary ads using sexual imagery. The second interview aimed to uncover the participants’ personal and sexual narratives. Each interview lasted between two and three hours and was analyzed using the hermeneutic part-to-whole approach (Thompson 1997). First, the two interview transcripts for each participant were analyzed and interpreted using the orienting frame-of-reference (contemporary feminism). The second phase of analysis involved a comparison across participants to identify common themes. This paper stems from a larger project, but to offer more depth and detail, draws on interviews with only three participants: two of whom describe themselves as feminists, but interpreted the term idiosyncratically, whereas the third expresses a strong allegiance to traditional gender roles.

Summary of Findings
While broad generalizations are not appropriate on the basis of interpretive research, the young women featured in this study responded to sexual advertising content in diverse ways, depending on their personal experiences and their unique orientations towards feminism. We assessed these participants’ interpretations of three contemporary advertisements (targeted towards women) that employ different types of sex appeal: (1) sexualized men, (2) sexualized women, focusing explicitly on the portrayal of a minority woman, and (3) a sexually explicit, ambiguous scene employing both men and women. Individually, the three young women...
responded to sexual advertising content in diverse ways. They engaged with this from vantage points shaped at least in part by their personal sexual experiences, by cultural discourses surrounding sex and gender, and by their own orientations towards feminism. Due to the shared social (widely circulated sexualized and feminist) discourses, we find that the women were less likely to object advertisers’ use of sexual themes per se, but were more attentive to the gender ideologies underpinning them. The women responded more favourably to sexual themes in advertising when it addressed them as empowered and autonomous, suggesting advertisers’ adherence to a postfeminist neoliberal discourse.

**Key Contributions**

The study highlights the shifting positions that participants adopted in responding to sexual content in advertising, and in their values and lived experience regarding gender relations. It adds to the limited understanding of the consumers’ role of and wider meta-narratives with regards to advertising interpretations. More specifically, it contributes to the sex and advertising literature stream through a unique focus on women’s lived experiences and their relationships with feminism. Practical implications for advertisers include the need to pay special attention to subtle shifts in feminist discourses, to avoid alienating their female audience by offering sexual content that is likely to be read as offensive or derogatory. Different orientations to feminism did not emerge as stable segmentation bases, but rather as a range of positions to adopt and discard depending on the context. Given the range of orientations to feminism that women draw upon in interpreting a single ad, advertisers may also benefit from using strategic ambiguity when using sexual imagery, since this enables marketers to appeal to diverse audience agendas by inviting them to make sense of a message in light of their particular knowledge, values, and interests.

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

Track Chairs
Adam Rapp, University of Alabama
Nick Panagopoulos, University of Alabama

New Perspectives on Channels of Distribution in Dynamic Markets

What Factors Influence a Firm’s Willingness to Continue in an Internet-Based Two-Sided Market? B-3
Argha Sen, Ravi Sohi

Value Appropriation in Dynamic Environments: An Analysis of Digital Marketing Channels B-4
Anthony Asare, Cristian Chelariu, Thomas Brashear, Iddrisu Awudu

Does Market Structure Matter? The Role of Market Competitiveness in Trade Promotions B-5
Joo Hwan Seo, Bumsou Kim

Revisiting Conflict in Hybrid Channels of Distribution: When Conflict Increases Performance B-7
Danny P. Claro, Denys Vojnovskis, Carla Ramos

Innovation and New Product/Service Development in Business Markets

Abdullah M. Aljafari, Tom J. Brown

Impact of New Service Introduction on B2B Manufacturers’ Firm Value B-11
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Chun Zhang, Julie Juan Li, Ying Huang

The Benefits of Cooperation and Coordination Between Buyers and Suppliers: Knowledge and Product Innovation

Jeanine Chang, Julie Juan Li
What Factors Influence a Firm’s Willingness to Continue in an Internet-Based Two-Sided Market?

Argha Sen, University of Nebraska–Lincoln
Ravi Sohi, University of Nebraska–Lincoln

Keywords: fairness, two-sided market, multi-sided platform, Internet, willingness

EXTENDED ABSTRACT

Internet-based two-sided markets are a relatively new phenomenon in Marketing, with scholars and industry practitioners beginning to study their various dimensions. The inherent structure of such markets promises challenging avenues of research. This paper looks at relative dependence of participating firms in two-sided markets affecting the health of business and offers a prescription of actionable for the parties concerned. A theoretical framework concerning two sided platforms is provided. Future research opportunities are also submitted for consideration.

Key Contributions
Our research contributes to the volume of marketing literature by looking at interorganizational constructs in the perspective of two-sided markets. Pertaining to this, we discuss the power and relative dependence factors evident between players of such markets. Such a study provides a much-needed prescription of actionable for managers of both the participating firms and the centralized platform in context.

References are available on request.

For further information contact: Argha Sen, University of Nebraska–Lincoln (argha17@yahoo.com).
Value Appropriation in Dynamic Environments: An Analysis of Digital Marketing Channels

Anthony Asare, Quinnipiac University
Cristian Chelariu, Suffolk University
Thomas Brashear, University of Massachusetts Amherst
Iddrisu Awudu, Quinnipiac University

Keywords: value appropriation, customer appropriation regime, digital marketing channels, reseller lifetime value, innovation premium

EXTENDED ABSTRACT

Research Question
How do firms in digital industries use value appropriation strategies in their marketing channels to maximize rents that they realize from their innovations?

Summary of Findings
The value appropriations literature for the most part relies on equity and equality as appropriation principles. While those principles might be appropriate in certain circumstances, they are for the most part backward looking. This paper argues that since dynamic industries tend to go through frequent radical changes and innovations, backward looking value appropriation principles are inadequate in those industries. There is therefore the need to develop more forward looking value appropriation principles and approaches.

Key Contributions
This paper introduces Reseller Lifetime Value (RLV), an approach that incorporates forward looking principles. It utilizes the principles associated with Customer Lifetime Value (CLV) and also includes other forms of value such as relational, operational and strategic value. RLV also incorporates an innovation premium that rewards innovative channel members for their innovative contributions to the channel and also for their potential to develop future innovations that will benefit the channel and strengthen their value appropriation regime.

References are available on request.

For further information contact: Anthony Asare, Associate Professor of Marketing, Quinnipiac University (Anthony.asare@quinnipiac.edu).
Does Market Structure Matter? The Role of Market Competitiveness in Trade Promotions

Joo Hwan Seo, Dong-A University
Bumsoo Kim, Sogang University

Keywords: trade promotions, market competitiveness, functional coefficient method

EXTENDED ABSTRACT

Research Question
Trade promotions directed to retailers rather than consumers in the distribution channel are a fast growing and increasingly important part of manufacturers’ marketing strategy. By allowing manufacturers to gain access to distribution channels and secure favorable store positioning in the channel, trade promotions effectively help support retailers’ selling activity and hence promote manufacturers’ goods to end users. This allowed for the first time a measurement of the dollar amounts paid by manufacturers as slotting type payments.

To account for these differences—and in contrast to previous research, which assumes homogeneity within the CPG manufacturing industry—this study compares the various CPG manufacturing sub-markets by their market concentration, using the Herfindahl-Hirschman Index (HHI). To be more specific, the heterogeneity of firm-specific variables is associated with market competitiveness (HHI), and their impact on trade promotions differs with the given level of HHI.

H1: Heterogeneity of the firm-specific variables associated with market competitiveness (HHI), and their impact on trade promotions will differ with the given level of HHI.

Manufacturers and retailers have access to different information. Asymmetric information affects not only manufacturers and other channel members, but it also results in variations in their behavior under many different circumstances. For instance, retailers consider the price of an item based on their knowledge of analogous categories in the market and their knowledge of current conditions, but manufacturers have information about similar items, as well as in-depth information about demand. Based on this information asymmetry, CPG manufacturers inform channel members about their products to convince retailers to take on those products that best serve both the retailer’s and the manufacturer’s interests.

H2: The effect of advertising expenditures on trade promotions is different for competitive and for highly-concentrated markets within the CPG manufacturing industry.

H3: The effect of R&D expenditures on trade promotions is greater in highly concentrated markets within the CPG manufacturing industry.

H4: The effect of the interaction between advertising and R&D expenditures on trade promotions is different for competitive and for highly-concentrated markets within the CPG manufacturing industry.

This study is based on an economic view of trade promotions as a form of risk aversion. This explains differences in the trade promotions of large and small manufacturers: small manufacturers are likely to pay up-front for trade promotions to keep products from failing and disrupting their business (Sudhir and Rao 2006), whereas large manufacturers negotiate more favorable contracts and hence, are likely to pay smaller fees.

H5: Firm size differentially affects trade promotions for competitive and highly-concentrated markets within the CPG manufacturing industry.

For further information contact: Joo Hwan Seo, College of Business, Dong-A University (joohwans@dau.ac.kr).
H6: Market share differentially affects trade promotions in competitive and monopolistic markets in the CPG manufacturing industry.

Method and Data
Data for the years 1997-2003 were collected from SEC 10-K filings and COMPUSAT for CPG firms, for advertising (Adv), Trade Promotions (TP) and Research and Development (RD) expenditures. The difference in previous and re-stated Net Sales gives the dollar value of slotting payments as defined by FASB. The dataset consists of 110 manufacturers, which we divide into 20 different sub-groups using the 3-digit SIC code. We collect data over a four-year period, between 1998 and 2001, and the final balanced panel data contains a total of 440 observations. Market concentration—as measured by HHI—for the 20 different sub-groups in the CPG manufacturing industry indicates both competitive to monopolistic Sub-groups. We use control variables such as the firm’s age and year dummies. Firm age, measured by the number of months since its founding date, is included to control for firm fixed effects, such as older firms having a larger marketing budget. The model also examines the presence of market environment-related fixed effects by including year-specific indicator variables for the years 1999, 2000, and 2001.

Summary of Findings
The functional coefficient regression results suggest that H1 is supported, and they confirm that a simple OLS is inadequate in capturing the firm-specific heterogeneity. One could not see this relationship using OLS methods and that highlights the importance of the functional coefficient regression method. Thus, the results support H2. The results partially support H3 in the sense that the different effects are between moderately competitive markets and other types of markets. It was found that the relationships between R&D and trade promotions are similar between competitive and monopolistic markets, but they are significantly different from that of moderately competitive markets. Based on our interpretation of these results, we view them as supportive for H3.

That the greatest substitution effect between R&D, advertising, and trade promotions can be found among these types of firms is reason to accept H4. However, in highly concentrated markets, firms are competing primarily with other firms already established in the market, and larger firms spend more on trade promotions not only because they can afford it, but because it enables them to achieve a competitive edge. Thus, from these results, H5 is supported for the highly concentrated markets but not competitive markets. The results fully support H6 in monopolistic markets, but there is less support for H6 in moderate and competitive markets, which show similar characteristics.

Key Contributions
This study uses an advanced methodology that allows us to measure firm-specific heterogeneity in the variables associated with differences in market concentration within the CPG manufacturing industry. In contrast to the current literature, our empirical results indicate that market concentration is important in understanding the underlying relationship between these variables and trade promotions. Based on the results, we make a few observations. First, this study’s results can help other researchers capture firm-specific variables more accurately than previous studies, and can help firms allocate trade promotions budgets efficiently. Second, managerial considerations and strategic tradeoffs are important in determining trade promotions. The allocation of resources to advertising and R&D is associated with different market circumstances, from competitive to highly concentrated. Third, market signal, power, and channel phenomena considerations are intermixed in the CPG manufacturing industry environment. We find that the negative effect of market share and firm age on trade promotions becomes greater as market concentration increases.

References are available on request.
Revisiting Conflict in Hybrid Channels of Distribution: When Conflict Increases Performance

Danny P. Claro, Insper Education and Research Institute
Denys Vojnovskis, Verint Systems Inc.
Carla Ramos, Insper Education and Research Institute

Keywords: conflict management, marketing channels, functional conflict, channel performance

EXTENDED ABSTRACT

Research Question
Channel conflict is a widely researched topic in business-to-business marketing. Despite extensive, the extant literature is dispersed and lacking systematization. This paper develops a comprehensive mediating model that integrates conflict management practices with channel conflict of diverse nature in hybrid channels (resellers and direct sales), and assesses the effects of conflict on channel performance. We therefore aim to provide a full picture of the challenges related to conflicts in hybrid marketing channels, and to show the importance of adopting an integrated view of conflict related variables. The central research question relies in assessing whether it makes sense to integrate the conflict related dimensions mentioned above and the interconnections between them, in order to better understand hybrid-channel performance.

Method and Data
We begin by theoretically deriving a comprehensive mediating model with four hypotheses that addressed conflict management, conflict and impact on channel performance. The suggested model is then tested with partial least squares with a representative sample of B2B suppliers in the information and communication technology (ICT) industry in Brazil. The sample accounted for around 60% of ICT suppliers with the aggregated revenue of about 80% of total industry sales, and consisted of hybrid marketing channels (suppliers deal with internal sales teams as well as reseller channels). Data were collected through self-administered questionnaires, and respondents were asked to focus their responses on their relationships with the reseller that at that time accounted for the largest sales volume in his/her account portfolio. We collected responses from 66 suppliers with one unique response per supplier firm, and the time trends method was employed to test for non-response bias. Descriptive statistics showed the suitability of our sample to hypothesis testing. The measures of main constructs of the theoretical model contained seven-point Likert scales and were operationalized on the basis of previous existing scales. We computed Cronbach’s alpha and a factor analysis to assess the internal validity of the measurement instruments, which was sustained.

Summary of Findings
The empirical test shows that although an increase in functional conflict improves channel performance (direct effect), an excessive increase may also amplify the dysfunctional conflict, thereby damaging channel performance (indirect effect). The negative interplay between the two natures of conflicts is counterbalanced with conflict management: conflict management improves channel performance by decreasing the harmful effects of dysfunctional conflict, causing in turn a positive impact on performance.

In summary, we found that to get a more comprehensive picture of hybrid-channel performance, it is fundamental to consider an integrated model of relevant conflict variables. By including both categories of conflict in the same model, we were able to show the interplay between functional and dysfunctional conflict and the corresponding direct and indirect impact on performance. Whilst our study proposed considering the integrated view of direct effects or non-linear effects on performance, as well as the...
impact of conflict management on the most salient category of conflict (i.e., dysfunctional conflict), previous studies concentrated on the isolated effects of functional and dysfunctional conflict.

**Key Contributions**

The contribution of our study is twofold. First, we develop a comprehensive and integrative mediating model with key constructs of hybrid marketing-channels’ conflict and channel performance. We incorporate the causal relationships between functional and dysfunctional conflict, conflict management and channel performance into a single conceptual framework. This paper therefore contributes to theory by deepening our understanding of conflict and its management, critical challenge underlying supplier-reseller relationships in marketing channels. Second, we provide managers with a broad understanding of conflict management implications to hybrid marketing-channels, and of how some types and levels of conflict (i.e., functional conflict) can actually be beneficial for channel performance. However, managers must understand that functional conflict may indirectly damage channel performance, result of the strong positive effect that functional conflict has over dysfunctional conflict. This spillover effect should be closely examined and controlled for by managers, given that functional conflict also has positive aspects. To improve channel performance, both forms of conflict must therefore be managed jointly so that the functional effects are valued and dysfunctional effects minimized. Moreover, managers can recognize the importance of employing conflict management techniques to minimize the destructive effects of dysfunctional conflict, and consequently improve channel performance.

*References are available on request.*

Abdullah M. Aljafari, Qatar University
Tom J. Brown, Oklahoma State University

Keywords: ingredient branding, component branding, differentiation ability, entrepreneurial orientation

EXTENDED ABSTRACT

Research Question
Ingredient/Component branding refers to a strategy carried out by some suppliers in which they communicate the value of their ingredients/components to end customers bypassing other channel members. Through such activity, they hope to build preference for their ingredient/component (hereafter, IC) brands among end customers so that OEMs will believe incorporating these ICs in their final products will enhance their value to end customers. Intel (i.e., “Intel Inside”) and NutraSweet are among the most famous IC brands. A key problem for suppliers, however, is that there is currently little or no guidance about when an IC branding strategy is more likely to be successful. Thus, this paper investigates why and when do some suppliers implement an IC branding strategy and others do not. More specifically, the paper poses and attempts to answer the following research questions:

1. Does entrepreneurial orientation exert a positive influence on IC differentiation ability?

2. Does IC differentiation ability exert a positive influence on the IC supplier’s plan to implement an IC branding strategy? If so, does the influence vary at different levels of supplier substitutability?

Method and Data
A mail survey directed to upper level management (i.e., CEOs or CMOs) explaining the study and inviting participation was sent. The population of interest and unit of analysis for this study is the IC supplier firm. To develop a sample of (potential) IC suppliers we purchased a list of 5254 manufacturers and screened them by reviewing their websites to identify suppliers who manufacture ICs that become part of a finished product directed to end consumers. The screening process ended up with 746 IC suppliers. We received a total of 80 surveys; after removing four surveys with excessive missing data, our sample consisted of 76 IC suppliers. Structural hypotheses were tested using path analysis. Bootstrapping was utilized to test a meditational model (2 mediators) as well as to test the moderating role of supplier substitutability.

Summary of Findings
Results show that that entrepreneurial orientation (EO) has a positive direct effect on functional differentiation ability (FDA) but not reputational differentiation ability (RDA). Also, the results show that RDA (and not FDA) has a positive direct effect on the supplier’s plan to brand the IC (DV). Further analysis revealed that FDA mediates the relationship between EO and RDA. Moreover, the results indicated that RDA mediates the relationship between FDA and the DV. Finally, the results supported a fully-mediated model with two consequent mediators (EO → FDA → RDA → DV). The moderation analysis also reveals that supplier substitutability (SS) moderates the relationship between FDA and RDA on IC branding. The results show that for high levels of FDA or RDA, the supplier’s willingness to initiate IC branding is stronger when SS is high. However, when SS is low, the sup-
plier is more willing to initiate IC branding when FDA or RDA is low.

Key Contributions:
This study has several contributions. First, it represents the first empirical investigation that address the phenomenon of IC branding from the supplier’s perspective highlighting the complexity involved in implementing such a strategy. Second, it extends existing theory by distinguishing between functional and reputational differentiation abilities and highlighting their roles as mediators in implementing IC branding. Third, it examines the moderating role of SS on the link between FDA or RDA and IC branding. Fourth, The paper contributes to the entrepreneurship literature by highlighting the role of entrepreneurial orientation in driving IC branding. Finally, the study provides some guidance for IC suppliers who contemplate implementing an IC branding strategy. Implementing such a strategy involves a complex process with specific steps that needs to be taken in a specific order.

References are available on request.
Impact of New Service Introduction on B2B Manufacturers’ Firm Value

Mehdi Nezami, HEC Paris
Stefan Worm, HEC Paris
Robert W. Palmatier, University of Washington

Keywords: service, innovation, industrial market, abnormal return

EXTENDED ABSTRACT

Research Question
In the face of growing competition, many B2B manufacturers, ranging from Cisco to Boeing, have been emphasizing enhancing their revenue from selling services in addition to their tangible products. This growing emphasis of managers on transitioning toward services raises questions regarding both the reasons behind the increased relevance of services and whether or not such strategies are truly beneficial for firms in industrial markets over the long term.

There are two important gaps in the literature on services. First, among existing studies, only few of them have explored the role of service innovation on performance of manufacturing firms in B2B markets (e.g. Eggert et al. 2014). Consequently, the nature of the relationship between service innovation and firm value is still illusive. Second, a better undressing of the impact of service innovation requires taking characteristics of services into account. Overall, the present study contributes to the theory and practice of B2B service innovation by answering two research questions:

1. How does the Stock Market react to service innovation in B2B industrial markets?
2. Which factors moderate the relationship between service innovation and firm value?

Method and Data
Using a unique data set on new services offered by B2B manufacturer firms listed on S&P 500 during a period of 15 years from 2000 to 2014, we explore how the Stock Market rewards service innovation in industrial markets. To measure the reaction of the Stock Market we use event study methodology. Event study is widely used in marketing to assess how a firm’s stock price is affected by firm-specific events. The basic assumption underlying the method is the efficient market hypothesis, which assumes that a stock price at a particular point in time fully reflects all available information up to that point. We use market return to an event to measure the overall reaction of the Stock Market. To test our hypotheses on the variables that impact this reaction, we will use a cross-sectional regression model. The dependent variable in this model is cumulative abnormal return obtained from event study.

Summary of Findings
The results of the event study reveal that, on average, the Stock Market reacts positively toward introduction of new services by B2B manufacturers. The average cumulative abnormal return associated with such announcements is 0.78%. However, the size of the abnormal return is contingent on firm and industry factors. Innovating new services is less appreciated when the firm is at its early stages of service transition. The reason is that such firms have not built the necessary competencies and skills yet. Moreover, among all the services, those which are targeted toward customers’ process and promise an outcome lead to highest abnormal return. This occurs because these services create rare and valuable competitive advantage and not all the competitors can imitate them. Finally, buyer power in the market positively moderates the effect of service innovation on abnormal return. In markets characterized with high buyer power, customers can negotiate over prices and put downward margin pressure. Yet, providing new services enables firms to differentiate their products and lower substitutability, resulting in higher willingness to pay and higher margins.
Key Contributions
This research adds to the literature of services in B2B markets by linking service innovation to the firm performance. Regarding the mixed outcomes reported by managers about effectiveness of service innovation in B2B markets, we try to shed light on overall effect of such offerings. This is the first study which links service innovation in industrial markets to firm value. Service innovation may activate different mechanisms with different (and even conflicting) outcomes. Developing a comprehensive framework which sheds light on all these potential outcomes is difficult, if not impossible.

To overcome this limitation, we rely on evaluation of the Stock Market which is forward looking and risk adjusted. In other words, cumulative abnormal return associated with introducing a new service is an appropriate proxy for capturing the overall long run effect of service innovation. Moreover, by incorporating the heterogeneity of services in our model, we allow different services to have different effects on performance. This is important because not all types of service lead to same outcome.

References are available on request.

Tracey A. Swartz, University of South Carolina  
Kartik Kalaignanam, University of South Carolina  
Tarun Kushwaha, University of North Carolina at Chapel Hill

Keywords: new product development, make or buy, product quality, product recalls, capabilities

EXTENDED ABSTRACT

Research Question
While outsourcing standardized processes has existed for a long time, outsourcing NPD of complex product systems is relatively new. However, as recurrently noted in the business press and lamented by an Alliance for American Manufacturing spokesperson, increased outsourcing reduces product quality and is fueling increased product recalls (Paul 2007). So, does NPD outsourcing influence product performance? Transaction cost economics (TCE) proponents assert that outsourcing can hurt quality because firms may not be able to adapt to unexpected contingencies and experience governance problems (e.g., vendor opportunism). But the decision to buy NPD can improve quality as firms access specialized knowledge from vendors. Empirical tests of performance effects of alternate NPD modes (i.e., make or buy) are challenging because while make or buy decisions are observable, transactional level performance outcomes are rarely observable (Masten 1993). Limited evidence exists on whether deviations from TCE prescriptions adversely impact performance (see Geyskens, Steenkamp and Kumar 2006 for reviews). Given this unsatisfactory knowledge, our goal is to empirically test a conceptual framework delineating conditions under which NPD outsourcing impacts product performance by examining the interaction of NPD capabilities with transactional hazards. We provide insights on why firms with similar transaction hazards experience different product performance outcomes.

Method and Data
We assemble an unbalanced panel, comprised of 787 NPD mode choices for transmission systems for 25 makes and 184 models of the 10 largest automobile manufacturers in North America between 2007 and 2012. Using Dutta, Narasimhan and Rajiv (1999) NPD transformation function, we specify technological output that firms seek to maximize as a function of R&D expenditures, base of technological output and marketing capability. To estimate marketing capability, we specify sales as the output that firms seek to maximize with investment in marketing and customer relationships as inputs.

We model the determinants of NPD mode including the inverse Mills ratio from the NPD choice stage as a selection control term in subsequent stages to account for NPD mode choice endogeneity. We estimate a conditional model, linking hypothesized variables to product quality to test the product quality consequences of NPD outsourcing. Product recall incidence is modeled conditional on the fact that NPD has been outsourced. This is consistent with our goal of investigating variation in product performance outcomes firms outsourcing NPD. We test the impact of NPD outsourcing on product quality using the feasible generalized least square estimator (Hanssens, Parsons, and Schultz 2003), accounting for autocorrelation, cross-sectional dependence and heteroskedasticity.

For further information contact: Kartik Kalaignanam, Associate Professor, University of South Carolina (Kartik.Kalaignanam@moore.sc.edu).
Summary of Findings
We find that volume uncertainty is negatively related to likelihood of NPD outsourcing choice. Sunk costs are negatively related to the NPD buy choice. We find that production cost advantage is negatively associated with NPD outsourcing choice. Both product line breadth and R&D intensity are negatively related to NPD outsourcing choice.

The results indicate that technological uncertainty is negatively related to product quality and positively related to product recall incidence. The main effect of NPD capability on product quality is positive and on product recall incidence is negative. Product performance of firms outsourcing NPD is stronger when firms possess greater NPD capabilities (vs. lower capabilities). This challenges popular wisdom which suggests that NPD outsourcing benefits firms that are small and lack capabilities. The interaction effect of technological uncertainty and NPD capability is positive for subsequent product quality and negative for product recall incidence. Thus, the negative effect of technological uncertainty on product performance is weaker when firms possess greater NPD capabilities.

The results suggest the interaction effect of supplier autonomy and NPD capability is positive for product quality and negative for product recall incidence. We find that product quality is negatively related to the incidence of product recalls.

Key Contributions
Our study attempts to gain a deeper understanding of NPD outsourcing by adopting a contingency perspective and combining insights from TCE and RBV. To the best of our knowledge, our study is the first to a) test a contingency model that combines insights from TCE and RBV and b) examine determinants and consequences of NPD outsourcing in the same framework.

Of particular interest in our findings is that while technological uncertainty is positively related to the NPD outsourcing choice, its direct impact on product performance is negative. The interaction effect of technological uncertainty and NPD capability on product performance is positive. The logic is that by sourcing internally and externally, the firm’s knowledge base becomes more diverse and problems of observability are diminished. Our study finds that a technically competent customer is more likely to benefit from supplier autonomy. In sum, our study points to interesting interactions between technological uncertainty, supplier autonomy and NPD capability. The implication is that future research explaining the performance outcomes of NPD outsourcing needs to consider the role of NPD capability in governing transactions in addition to the oft-explored formal and informal governance mechanisms.

References are available on request.
Thinking Beyond the Black Box: A Network View on Out-Group Organizational Learning and Innovation

Zhenning Xu, University of Texas at El Paso

Keywords: networks, interorganizational relationship, brokerage-to-density ratio, innovation performance, network theory

EXTENDED ABSTRACT

Innovation is one of the most important strategic activities for firm survival, it has received substantial attention in both academia and practice. However, most studies tend to focus on innovation in the boundary of a firm or financial constraints like R&D investment, while ignoring social relation factors that could affect innovation in the long run. Additionally, organizational network studies mainly use brokerage, centrality, and density as key measurements to capture network effects on performance. This study highlights the initiative of thinking beyond the black-box, and the benefits of bridging capacity with alien ties out of the native network to achieve optimal innovation performance. Therefore, the current research not only overcomes the disadvantage of over-reliance on financial or R&D investment measures, but also advances both the inter-organization relationship literature and the network theory by considering the role of dynamic inter-organizational network effects measured by a new variable, the brokerage-to-density ratio.

In terms of network properties as important inter-organizational determinants, previous studies have mainly focused on either density or brokerage. Density increases a firm’s ability to get others to provide support while high density may inhibit innovation. Usually, small firms are likely to have lower group density values since these firms tend to have less cooperation with large firms located in the higher density group. A small firm may have higher brokerage values represented by scarce resources and subsequent ties with its network partners due to less redundant ties. However, as the number of brokers varies, a tradeoff exists between the speed of transmission and the available paths for individual nodes. To deal with this paradox, this study proposes a brokerage-to-density ratio to capture the relative advantages of each measurement brokerage and density.

This study contributes to the inter-organization and innovation research by investigating the role of out-group network relationships and network structures. Our study suggests that firms with better out-group innovation dynamics (having (1) more university partners, (2) more university researchers, and (3) more cross-industry partners) are more likely to have better innovation performance: more exploratory innovation vs. exploitative innovation. In addition, we have also investigated the role of network characteristics on the relationship between out-group connections and firm innovation performance. We propose that the positive relationship between firms’ out-group innovation dynamics (i.e., having more university partners, more university researchers, and more cross-industry partners) and innovation performance (more exploratory innovation vs. exploitative innovation) is enhanced as brokerage-to-density ratio increases in the network.

References are available on request.

For further information contact: Zhenning Xu, University of Texas at El Paso (zxu@utep.edu).
Applying Status Theory to Foreign–Local Partner Relationships in China: *Guanxi* Signals, Opportunism, and Economic and Social Governance Systems

A. Noel Gould, University of Wisconsin–Eau Claire  
Annie H. Liu, Texas State University  
Yang Yu, Victoria University of Wellington

**Keywords:** partner selection, guanxi signals, status, economic governance, social governance

EXTENDED ABSTRACT

**Research Question**

New directions in global trade, FDI and growth suggest some market entry maps from first two decades of the Big Emerging Markets era need to be redrawn. The original one-way commercial highways of West-to-Asia, North-to-South and Developed-to-Developing markets are now multi-directional. Emerging market growth is now double the rate of developed countries, South-to-South trade is flourishing, and more than a third of emerging market FDIs are in other emerging markets. The strategic and economic counter-pull of China’s new Asia Infrastructure Investment Bank is a recent example. The increasing strength and sophistication of rapidly maturing emerging markets may mean that the local application of status theory and its signaling are becoming relevant guides for partner selection by foreign firms. Hence, the current study investigated the role of B2B local partner status and its impact on the performance of foreign-local B2B dyads. Central to this inquiry, we examined how economic and social governance systems might mitigate high status partners’ potential for opportunism. As such, our research questions are:

“Can foreign firms attain better partnership performance with high-status local partners in Chinese markets?” and

“Can TSIs and socialization with such partners deliver the desired business relationship outcomes despite the contingent opportunism their high status allows?”

**Method and Data**

Using hierarchical regression and moderation analysis, hypotheses were tested with 96 foreign B2B firms in Shanghai. Both Western and regional Asian firms were included in the sample. To ascertain internal reliability, two informants were interviewed from each firm. Results show no significant difference in sales revenues, firm size, or industry type. Except for partner status, the current study adopted established scales for partnership performance, TSIs, and socialization. The scale for partner status was developed for the current study.

**Summary of Findings**

Results support all hypotheses and show that high status local partner can enhance foreign-local success. While unilateral TSIs likely decrease the positive link, socialization usually enhances it. Combined, TSIs with socialization may achieve even greater performance results.

**Key Contributions**

Because of the growing capacity building between high performance domestic firms in emerging markets, our findings suggest that social-economic ordering and signaling in these economies described by status theory is increasingly relevant. Adding to new research on the importance of network centrality for local partner selection in emerging markets, this research showed that the
selection of high status local B2B partners in China may increase performance outcomes for foreign firms. Mindful of the opportunism high status sometimes leads to, we also showed that the separate and combined roles of economic and social governance systems in managing this potential frustration.

References are available on request.
A Negative Consequence of Good Connections with Rivals: Empirical Evidence from China

Jin Won Lee, Xiamen University
Xina Yuan, Xiamen University
Zhaoyang Guo, Xiamen University
Lulu Zeng, Xiamen University

Keywords: coopetition, collusive behavior, conflict avoidance, competition, innovative performance

EXTENDED ABSTRACT

Research Question
Coopetition—the collaboration with competitors—has an inseparable relation to collusion. However, despite the frequent warnings against such an association, the effect of coopetition on a firm’s collusive behavior lacks empirical evidence. The present study fills this research gap by demonstrating a negative consequence of coopetitive relationship in China, a society very different from individualistic Western societies which the extant studies on coopetition mostly have as their research setting. In China, where collectivist tradition and conflict avoidance prevail, coopetitive relationship can constrict the firm’s competitive behavior. In order to demonstrate this, the authors examine the following hypotheses:

H1: Coopetitive relationship has a negative relationship with innovative performance through its negative relationship with market orientation.

H2: Institutional ties positively moderate the coopetitive relationship–market orientation link: the negative link between a coopetitive relationship and market orientation is more negative when the firm has strong institutional ties.

H3: The moderating effect of institutional ties on the market orientation link–innovative performance link will not be significantly negative.

Method and Data
The present study adopted a survey approach for data collection, using responses from 205 manufacturing firms in China; in the analyses, the study utilized a series of regressions to investigate its proposed mediation and moderation effects.

The authors developed the measurement items for a firm’s coopetitive relationship and institutional ties; they adopted the existing items for a firm’s market orientation and innovative performance. The items for coopetitive relationship measure the degree to which the firm’s collaborative relationship with its competitors is based on mutual trust and benefit and is helpful to provide support from its competitors; the items for institutional ties capture the extent to which the firm utilizes business associations or government institutions as the source or the channel of the inter-firm relationship.

The authors separated the sources of the independent and mediator/dependent variables, in order to reduce the potential threat of common method bias: a respondent answered the questions on the firm’s coopetitive relationship with its competitor firms, while another respondent in the same firm answered the questions pertaining to the firm’s market orientation and innovative firm performance. Reliability tests, exploratory factor analyses, and confirmatory factor analyses confirmed the statistical validity of the constructs.

For further information contact: Jin Won Lee, Xiamen University (nevermean@empas.com).
Summary of Findings
First, coopetitive relationship negatively relates to innovative performance, through its negative relationship with market orientation. Coopetitive relationship negatively relates to market orientation, confirming the authors’ prediction that a strong coopetitive relationship in China works in a manner that weakens a firm’s competitive behavior—market orientation practice. Then, market orientation positively relates to innovative performance. Overall, a firm with a higher level of coopetitive relationship tends to have a lesser level of innovative performance.

Second, institutional ties positively moderate the coopetitive relationship–market orientation link: the negative link between coopetitive relationship and market orientation is more negative when institutional ties are stronger. This accords with the authors’ prediction that firms with an intimate coopetitive relationship with their competitors tend to reduce their practice of market orientation when they have strong institutional ties, viewing institutional ties as a substitute for market orientation practice.

Third, however, unlike the coopetitive relationship–market orientation link, the market orientation–innovative performance link is not moderated by the level of institutional ties. This represents that utilizing institutional ties do not actually substitute for the effect of market orientation practice on innovative performance.

Key Contributions
First, the present study is a pioneer empirical work providing evidence for the effect of coopetition on collusive behavior. In spite of the conceptual, theoretical cautions against the probable link between coopetition and collusion, so far it has been extremely difficult to find an empirical support for those cautions.

Second, the present study also provides empirical evidence pertaining to the negative effect of guanxi practice. Compared with the empirical evidence on the positive consequences of guanxi practice in terms of firm performance, arguments for its negative consequences have been mainly on the basis of illustrative description or normative reasoning. However, the present study empirically demonstrates a negative consequence of guanxi practice—poorer innovative performance due to stronger coopetitive relationship.

Third, the present study is an exceptional one that clarifies the intermediating variable in the coopetition–innovative performance link. The extant empirical studies on the effect of coopetition on innovative performance mostly have not provided with statistical evidence for their proposed underlying mechanisms—a specific intermediating variable.

References are available on request.
How Manufacturer Satisfaction with Supplier Performance Is Influenced by Upstream and Horizontal Relationships: Solidarity, Openness, and Conflict

Hyungoo Ko, Sungkyunkwan University  
Sungmin Ryu, Sungkyunkwan University  
Minhye Park, Sungkyunkwan University

ABSTRACT
This study examines how a supplier’s governance and relational strategy with its upstream suppliers affect downstream buyers’ satisfaction. The author reveals that the first-tier supplier’s solidarity norm as a governance mechanism and openness as a relational strategy positively affect downstream manufacturers’ satisfaction. However, a supplier’s horizontal conflict negatively affects its performance, which makes it difficult to satisfy a manufacturer because conflict is opponent-oriented behavior that distracts the supplier. By analyzing interaction between a supplier’s solidarity norm and the level of structural holes, the author demonstrates that structural holes strengthen the relationship between a supplier’s solidarity and manufacturer satisfaction. Also, a high level of structural holes dampens the negative relationship between horizontal conflict and manufacturer satisfaction. From a practical viewpoint, these findings show that a supplier in a channel network should focus on upstream relationships to maximize downstream client satisfaction, as well as maintain positive individual relationships with clients.

Keywords: solidarity, openness, horizontal conflict, interfirm relationship, structural holes

Introduction
A wide variety of research on governance mechanisms has been conducted since Williamson (1996) pointed out opportunism among channel parties. One of the control mechanisms is social norms, the informal factors in relationships. Social norms can be an ideal governance mechanism because they promote relationships in which it is possible to reach mutual understanding quickly (Bradach and Eccles 1989; Kumar, Heide, and Wathne 2011).

In this study, the author focuses on how a first-tier supplier uses social norms as a control mechanism with second-tier suppliers to enhance its performance. Specifically, based on solidarity as a social norm, the author will demonstrate whether stronger solidarity between first- and second-tier suppliers affects manufacturer satisfaction. In addition, this study investigates whether a first-tier supplier’s willingness to accept new upstream suppliers affects the first-tier supplier’s performance quality.

In this multiple supply chain context, horizontal relationships with competitors can influence manufacturer satisfaction. To test this, the author identifies how opponent-centered conflict affects a first-tier supplier’s performance. If suppliers focus on their relationships with competitors to manage conflict instead of concentrating on their performance, manufacturers might become dissatisfied with them.

The first-tier supplier’s level of structural holes could moderate the main effects. In network theory, structural holes are significant positions firms want to acquire for new resources, information, and technology (Burt 1992). The author demonstrates how the first-tier supplier’s level of structural holes affects the relationship between solidarity

For further information contact: Hyungoo Ko, Sungkyunkwan University (kowork@me.com).
with second-tier suppliers and manufacturer satisfaction. In addition, the relationship between the first-tier supplier’s horizontal relationships and manufacturer satisfaction could be influenced by the level of structural holes.

The author tests the hypotheses by analyzing an empirical study of the multiple relationships in plant engineering and its first- and second-tier suppliers. This research has several contributions. First, with an empirical study of multiple relationships, the author demonstrates how a first-tier supplier’s solidarity and openness as strategic mechanisms affect downstream manufacturer satisfaction. Second, the author identifies how horizontal relationships affect the performance of a first-tier supplier. Third, each first-tier supplier’s level of structural holes is considered to determine how this difference affects the network.

**Theoretical Background and Hypotheses**

Figure 1 shows the relationships among a manufacturer (e.g., plant engineering company), first-tier suppliers (e.g., electric cable supplier), and second-tier suppliers (e.g., major part supplier for the first-tier supplier). The author focuses on the three relationships, centered on the first-tier suppliers. In this supply chain, the first-tier suppliers ship directly to the manufacturer, and the second-tier suppliers provide key components to the first-tier suppliers without sending anything directly to the manufacturer. To focus on the manufacturer’s satisfaction with the first-tier supplier’s performance, the author adopted a range of performance benchmarks, such as product outputs, delivery quality, cycle time, and order accuracy (Bucklin 1966). A first-tier supplier’s performance is evaluated by a manufacturer; thus the manufacturer’s satisfaction depends on the first-tier supplier’s performance.

First-tier suppliers must focus not only on upstream suppliers but also on competitors in horizontal relationships. Although competition with horizontal parties can enhance overall performance in some cases (Thomas 1976), first-tier suppliers should consider the negative effects of conflict against competitors (Boulding, 1964; Webb and Didow 1997). As Figure 1 shows, the author accounts for how horizontal conflict influences a first-tier supplier’s performance.

**First- and Second-Tier Supplier Relationship: Solidarity and Openness**

Research in channel relationships (e.g., Granovetter 2005; Uzzi 1997) illustrates a “homo sociologicus” whose behavior is “pushed from behind” by social norms. In a supply chain context (Figure 1), a relationship between a first-tier supplier and a second-tier supplier includes solidarity norms, defined as bilateral expectations that a high value is set on the relationship itself (Heide and John 1992). A high value of solidarity means that channel members regard the relationship as of most importance, so that the relationship becomes a single maximizing unit (Macneil 1980).

Decisions made considering solidarity include product design, quality, and delivery. For instance, when market conditions require adaptation to a supplier’s delivery cycle, soli-
darity enhances performance between two parties because their informal quality generates cooperation even when the terms of exchange are incomplete (Kumar, Heide, and Wathne 2011). In addition, Kumar, Heide, and Wathne (2011) argue that adjustments can be made without detailed documentation of each role and task; even short-term inequities can be tolerated in the interest of the relationship with informal social-norm control mechanisms.

As Figure 1 illustrates, a first-tier supplier’s solidarity with a second-tier supplier can influence the first-tier supplier’s performance for a manufacturer. With this informal social norm, channel parties such as the first- and second-tier suppliers can reach mutual understandings and make decisions because they understand themselves to be on the same boat (Uzzi 1997). The stronger the solidarity between first- and second-tier suppliers, the greater is the first-tier supplier’s performance (Kumar, Heide, and Wathne 2011). In general, promoting a first-tier supplier’s performance positively affects manufacturer satisfaction. Figure 2 illustrates all the hypotheses graphically. Thus:

H1: As the level of a first-tier supplier’s solidarity toward a second-tier supplier increases, manufacturer satisfaction also increases.

The author defines openness as a willingness to accept new members (Romanelli and Khessina 2005; Zaheer and George 2004). A channel member characterized by high openness has the advantage of being able to acquire better members to promote product development and build market knowledge (Breschi and Malerba 2001). In contrast, concentrated levels of exchange with only a few partners can form a barrier to innovation and preclude access to key information and new opportunities (Coleman 1988; McFadyen and Cennalla 2004).

There are diverse findings for this position. For instance, firms with access to various sources of information could obtain a competitive advantage over firms with less inclusive networks (McEvily and Zaheer 1999). Rodan and Galunic (2004) assert that networks characterized by knowledge heterogeneity have a greater level of innovation than those characterized by knowledge homogeneity. Openness to new channel members with insights, skills, and technologies from various fields is also beneficial for economic development (Porter 1998).

A manufacturer in this conceptual model (Figure 1) might be sensitive to its suppliers’ openness toward second-tier suppliers because a first-tier supplier unwilling to accept new second-tier suppliers might be vulnerable to opportunism from its partners (Williamson 2005). By contrast, because openness to a range of new members supports successful channel relationships, the manufacturer might prefer a first-tier supplier with high openness (Bresnahan, Gambardella, and Saxenian 2001). Eisingerich, Bell, and Tracey (2010) find that increased network openness is associated with increased overall network performance. Thus:

H2: As the level of a first-tier supplier’s openness toward second-tier suppliers increases, manufacturer satisfaction also increases.

First-Tier Supplier and Horizontal Competitor: Conflict

Horizontal conflict can be negative because conflict itself can restrict or preclude effective performance by channel members (Boulding 1964; Webb and Didow 1997). A manufacturer can be particularly concerned by suppliers’ horizontal conflicts because they can damage supplier performance (Webb and Didow 1997). The more a supplier concentrates on dealing with horizontal conflict, the less it concentrates on its proper performance.

Some scholars assert that conflict in horizontal relations could benefit a company because conflict can promote better production and enhance problem solving abilities (Thomas 1976). However, as Webb and Didow (1997) point out, conflict is distinguished from competition, which is goal or object-centered behavior. Conflict is opponent-centered behavior and creates enormous problems. Horizontal conflict, therefore, should be managed and reduced. For example, horizontal conflicts can occur when channel partners reduce product prices. Specifically, a large supplier could significantly reduce prices to attract a larger sales volume. The large supplier can survive the price cut via sales volume. However, a small supplier must deal with this disadvantage. In this case, a small supplier might have to reduce production costs to make the same margin as the large supplier, which could lead to deterioration of the products and performance. Therefore, suppliers in a high level of conflict with competitors are distracted from their overall performance. Thus:

H3: As the level of a first-tier supplier’s conflict with its horizontal competitors increases, manufacturer satisfaction decreases.

Moderating Effect: Structural Holes

In the context of a channel network, each party provides beneficial information, opportunities, and perspectives to others. Most social structures are characterized as clusters with strong connections (Burt 2004). However, Burt (1992) asserts that information within clusters is inclined to be rather homogeneous and redundant because obtaining new,
non-redundant information seems difficult. Non-redundant information can be obtained from another cluster. Burt suggests that clusters can share non-redundant information through a ‘hole’ between them. Thus, structural holes provide access to different clusters.

Burt (1992) proposed the structural holes theory based on the important assumption of strong and weak ties (Granovetter 1973). In various social relations, tie indicates the intensity and frequency of interaction (Wuyts and Geyskens 2005). Relatively frequent and close interaction between two channel parties is called a strong tie; otherwise, it is a weak tie. Weak ties can be more effective and important overall because channel parties within a strong tie (a cluster) might share similar knowledge, experience, and background (Burt 1992). The parties in a cluster often have redundant information and resources. Thus parties with relations to otherwise disengaged social clusters are located for entrepreneurial action, building bridges between clusters to obtain original information and resource.

Burt (1997) asserts that a channel party with abundant structural holes can benefit from speed-of-information flow and better evaluation because it can guarantee additive values and effects. Ahuja (2000) concentrates on this brokerage effect, which can be an advantage of structural holes.

A high level of structural holes in a channel party indicates that the party has few redundant resources; channel members can obtain new information from this party (Burt 1992). Thus, if a manufacturer establishes a relationship with a supplier who has a high level of structural holes, the manufacturer might be able to access new information, rather than adding overlapped resources. By contrast, a supplier with a low level of structural holes may have redundant information for the channel parties. In that case, the manufacturer does not have to use that supplier as part of an information chain because it cannot provide non-redundant information.

According to Hypothesis 1, as the level of a first-tier supplier’s solidarity with a second-tier supplier increases, manufacturer satisfaction with the first-tier supplier’s performance also increases. This main effect might be influenced by the supplier’s level of structural holes. As mentioned above, a manufacturer can use a first-tier supplier with a high level of structural holes as a bridge to obtain information, resources, and technology from its second-tier suppliers (Burt 1997). In this case, the first-tier supplier’s solidarity with a second-tier supplier might affect the manufacturer because when the level of the supplier’s structural holes is high, the manufacturer might consider not only its basic performance, such as product output, delivery quality, cycle time, and order accuracy, but also its role as a resource and information bridge. Thus, it becomes significant for the manufacturer to see a first-tier supplier’s solidarity with a second-tier supplier the manufacturer does not contact directly because it allows the first-tier supplier to satisfy the manufacturer’s expectation.

On the other hand, if a first-tier supplier has a low level of structural holes, the manufacturer has no need to use it as the only means to obtain resources from the second-tier supplier; instead, other indirect relationships can be used. In other words, resources from a first-tier supplier with a low level of structural holes are likely to be redundant and overlapped (Burt 1992). In that case, the strength of solidarity between first- and second-tier suppliers would not influence the first-tier supplier’s performance because the manufacturer would not expect the first-tier supplier to function as an information bridge. Therefore, solidarity between first- and second-tier suppliers does not affect manufacturer satisfaction when the first-tier supplier’s level of structural holes is relatively low. Thus:

H4-1: Structural holes moderate the positive relationship between the first-tier supplier’s solidarity with its second-tier supplier and manufacturer satisfaction: A high level of structural holes in the first-tier supplier strengthens the effect.

The author next considers the effect of the first-tier supplier’s horizontal conflict on manufacturer satisfaction and predicts that as the level of conflict between the first-tier supplier and its horizontal competitors increases, manufacturer satisfaction decreases. This hypothesis can also be affected by a moderation variable. If a first-tier supplier’s level of structural holes is high, the manufacturer can approach new information and resources through this supplier. Assume that a first-tier supplier is dealing with a high level of horizontal conflict but has a high level of structural holes. In this case, the supplier might have to address its conflicts, negatively affecting its performance. However, because the supplier’s level of structural holes is high and the manufacturer regards it as a resource bridge, the level of structural holes can compensate even if the supplier’s performance is damaged by horizontal conflict. Consequently, the level of structural holes dampens the negative relationship between horizontal conflict and manufacturer satisfaction. On the other hand, if a supplier’s level of structural holes is relatively low and it has high horizontal conflict, the manufacturer might consider it a redundant bridge with defective performance caused by conflict. Thus:

H4-2: Structural holes moderate the negative relationship between a first-tier supplier’s horizontal conflict and manufacturer satisfaction: A high level of structural
holes dampens the negative relationship between horizontal conflict and manufacturer satisfaction.

Research Method

Research Context

The research context for this study is the Korean plant engineering industry. To test the hypotheses of the research model, the author selected a plant engineering firm’s supply chain, which includes its suppliers (first-tier suppliers). The key subject of the model is the first-tier suppliers’ vertical relationships with second-tier suppliers and horizontal relationships with their competitors. This empirical context is suitable for the research model with respect to focusing on a single manufacturer’s suppliers. Because the author concentrates on manufacturer satisfaction with supplier performance, diverse manufacturers would make it impossible to compare satisfaction among suppliers. In addition, the first-tier suppliers rely on their relationships with both second-tier suppliers and competitors, which reflect the research model.

Analytical Procedure and Results

Structural equation analysis. The author tested the main effects from three independent variables (Solidarity, Openness, and Horizontal Conflict) on the dependent variable (Manufacturer Satisfaction) using SEM. Model fit for the research model was good ($\chi^2 = 136.97$, d.f. = 69, $p < .01$; CFI = .94; GFI = .88, TLI = .92, and RMSEA = .08).

Based on the SEM results, a first-tier supplier’s solidarity with a second-tier supplier positively affects manufacturer satisfaction (t-value = 3.25, $p < .01$). First-tier supplier openness also positively affects manufacturer satisfaction (t-value = 4.56, $p < .01$). Lastly, the negative relationship between first-tier supplier horizontal conflict and manufacturer satisfaction is supported (t-value = -3.03, $p < .01$). Consequently, all the main effects of the model are significantly supported.

Moderation tests. As mentioned previously, the author tested the moderation effects of the first-tier suppliers’ level of structural holes. Because the construct of structural holes is a continuous variable rather than a categorical variable, the author adapted it to use interaction moderation. Interactions enable a more precise explanation of the effects by providing a method to explain not only how solidarity affects manufacturer satisfaction, but also under what circumstances the effect of solidarity changes depending on the moderating variable of structural holes.

Interaction terms can be highly collinear with constituent independent variables (Edwards 2009). To fix multicollinearity issues inherent in the use of interaction terms, the author standardized the variables by simply replacing the variable values with their corresponding z-scores.

As the author predicted, the results support hypothesis 4-1. Structural holes positively moderate the effect of solidarity on manufacturer satisfaction (Figure 3a). This demonstrates the moderation effect of structural holes on the relationship between solidarity and manufacturer satisfaction (t-value = 2.09, $p < .01$). In addition, the level of structural holes in first-tier suppliers moderates the effect of horizontal conflict.

Figure 2. Research Hypotheses
on manufacturer satisfaction. Figure 3b shows that the interaction between horizontal conflict and structural holes is significant (t-value = 1.97, p < .05).

Discussion
The findings the author has presented lead to four conclusions. First, manufacturers pay attention to triadic and wider network perspectives as well as to channel dyads. Some recent research has involved the triadic network as the research framework (e.g., Wuyts et al., 2004; Kumar, Heide, and Wathne 2011). In practical circumstances, the relationship between buyer and supplier consists of not just a dyad but a broader network. Therefore, adopting more than three channel parties is important for network research.

Second, the supplier’s upstream vertical and horizontal relationships affect the downstream buyer’s (manufacturer) satisfaction. Wuyts and other researchers (2004) assert that buyers prefer suppliers who have many cooperative ties. This paper focused on the supplier’s negative circumstances in horizontal relationships and revealed its negative impact on manufacturer satisfaction. Additionally, vertical relationships between first- and second-tier suppliers affect manufacturer satisfaction. Thus, first-tier suppliers somehow have to develop close relationships with upstream suppliers to satisfy their downstream manufacturers.

Third, when a supplier is highly willing to accept new upstream suppliers, downstream buyers are more satisfied.
One point in question is what happens when solidarity between first- and second-tier suppliers is strong. To examine this point, the author investigated the first-tier supplier’s openness to accepting new upstream suppliers. When the channel party is exclusive and rarely accepts new partners, manufacturers consider it an adverse sign. Based on the research results, the best condition for a first-tier supplier is a high level of willingness to accept new suppliers and strong solidarity in existing partnerships.

Fourth, the level of structural holes amplifies the effect of a first-tier supplier’s solidarity on manufacturer satisfaction. In a channel network, the concept of structural holes is quite significant for building relationships because obtaining new information and resources gives channel parties a competitive advantage. As discussed above, suppliers with a high level of structural holes require that other channel parties go through them to acquire non-redundant resources. Manufacturers regard these suppliers as bridges by which to obtain original information. Therefore, the level of structural holes in suppliers magnifies a manufacturer’s valuation of the solidarity between first- and second-tier suppliers. In addition, because the manufacturer gives more value to suppliers with a high level of structural holes, the negative effect of horizontal conflict on manufacturer satisfaction can be dampened by structural holes.

References


Vertical Restraints and Channel Relationship Dissolution in Franchise Systems

Kersi D. Antia, University of Western Ontario
Erik A. Mooi, University of Melbourne
Vishal Kashyap, University of Graz
Gary L. Frazier, University of Southern California

Keywords: franchising, vertical restraints, exclusive territories, tying, relationship dissolution

EXTENDED ABSTRACT

Many contractual channel relationships entail one or more vertical restraints (VR), restrictions imposed by a firm on its downstream channel partner. Within franchise relationships in particular, territory restrictions—whereby franchisees are ceded exclusivity to varying extent over a particular geographic area and/or class of customers, and tying—the requirement that franchisees obtain required inputs from franchisor-approved sources, are the two most commonly observed vertical restraints (Lafontaine and Slade 2008). Little is known, however, about how each party to the contractual agreement responds to the restrictions imposed by VR.

Research Question

We consider how territory exclusivity and tying restrictions, two specific vertical constraints, impact franchisee- and franchisor initiated relationship dissolution. The present study represents an effort to build on and extend our understanding of vertical restraints in several important ways. The joint consideration of both restraints addresses the longstanding yet hitherto unexplored notion as to how these restraints may work together. Ours is the first attempt, to the best of our knowledge, to assess both parties’ actual behaviors in response to their individual and joint deployment alike. In doing so, we shed light on the repercussions of the joint usage of VR (cf. Anderson and Weitz 1992; Fein and Anderson 1997). Our study also emphasizes the intuitive yet hitherto unexplored notion that relationships might be terminated by either the franchisor or the franchisee. We assess each possibility and its incidence as separate albeit related manifestations of relationship dissolution. In doing so, we are able to identify the differential impact of each (and both) VR on relationship termination decisions made by either party.

Method and Data

We integrate data from Bond’s Annual Franchise Listings and franchise disclosure documents to create a unique dataset comprising 75 franchise firms’ reliance on exclusive territories and tying restrictions, observed up to three times over a 7-year window. The unit of analysis is the individual franchise system. The dependent variables are franchisee initiated-relationship dissolution and franchisor initiated-relationship dissolution, whose incidence is explained using territory exclusivity and tying restrictions and its multiplicative interaction (plus a set of control variables).

Summary of Findings

Using a Conditional Mixed Process estimator we find higher levels of territory restrictions to be associated negatively with franchisee-initiated relationship dissolution and positively with franchisor-initiated relationship dissolution. Tying restrictions display a similar pattern of associations—the greater the tying restrictions, the lower the incidence of franchisee-initiated relationship dissolution and the higher the observed franchisor-initiated relationship dissolution. The combination of high levels of exclusivity and tying restrictions is observed to significantly temper the direct
effects of each restriction operating singly. Specifically, franchise systems relying on high levels of both vertical restraints are characterized by a higher incidence of franchisee-initiated relationship dissolution and lower franchisor-initiated dissolution behavior than would be observed if either VR were solely relied on.

**Key Contributions**

Our finding that the impact of these VR to have opposite effects on each party’s incentive to remain in the contractual relationship appears a function of (1) the unique perspective of each contractual party, and (2) whether the VR are deployed singly or in combination. Consistent with prior research, we find evidence suggesting that franchisees consider exclusivity and tying restrictions to be reflections of their franchisors’ commitment to the wellbeing of the franchise system, tempering franchisee initiated exists. A similar appreciation for the franchisor’s demonstrated commitment to their well-being is observed when tying restrictions impose constraints on franchisees’ sourcing practices. Such a positive response, however, is significantly tempered downward when both VR are deployed. Under such circumstances, franchisees are more likely to see the VR deployment as an exchange (and therefore, more transactional rather than relational) whereby the conferral of an exclusive territory is accompanied by a requirement to limit their supplier consideration set. In contrast to the earlier observed forbearance, franchisees are now more likely to take steps to dissolve their relationships with the franchisor.

We thus demonstrate how not differentiating between franchisor- and franchisee-initiated relationship dissolution provides an altogether different and misleading picture of the impact of VR.

*References are available on request.*
Market Knowledge, Specific Assets, and the Magnitude of Formal Contracting in International Buyer-Supplier Relationships

Umar Burki, Buskerud and Vestfold University College

Keywords: market knowledge, specific assets, formal contracting, international buyer-supplier relationships

EXTENDED ABSTRACT

Research Question
The lack of host market knowledge augments the degree of uncertainty in international exchanges (Johanson & Vahlen, 2009). Market knowledge expresses the insight about foreign markets by means of the cognitive, normative, and regularity domain of their local institutions (Zaheer & Zaheer, 2006). Consistent with transaction cost perspective, lack of market knowledge will generate transactional uncertainty and likelihood of opportunism (Williamson, 1985). Proper market knowledge lowers marketing costs, facilitate smoother negotiations, and better adaptation to local market regulations (Calantone et al., 2006). Moreover, business firms should choose an effective governance mechanism that provide them protection against any exchange hazards susceptibilities (Jap & Ganesan, 2000). However, the settings of exchange context determine the choice of governance forms. Firms in Western countries demonstrate a strong reliance on formal contracts to govern inter-firm exchanges, while firms located in Asia and Latin America rely on social and informal contracts (Peng & Heath, 1996). In the presence of substantial specific assets (physical investments made by a firm in a focal relationship), a comprehensive knowledge about markets is likely to mitigate opportunistic tendencies. This research focuses on the interplay of specific assets and market knowledge, and explore whether this interaction effect is decisive for establishing governance modes between Western purchasing firms and Asian suppliers.

Method and Data
The unit of analysis is the relationship between the Pakistani exporters and their most important Western customers. The textile-exporting firms of Pakistan provided a suitable empirical setting to test our research model. After designing the questionnaire, the key informant approach (Heide & John, 1992) was used to collect primary data. The items for the dependent and independent variables were selected from previous studies. To check the robustness of our theoretical model, annual sales volume and manufacturing firms are incorporated as control variables. Confirmatory factor analysis (CFA) was performed to check the reliability of our model. Composite reliability (CR) and average variance extracted (AVE) for all the constructs where within the acceptable limits. Out of the selected 198 textile units, 131 responding units completed the questionnaire. This gives an approximately response rate of 66%. The proposed hypotheses were tested by using an OLS-regression model.

Summary of Findings
The results show that in the presence of low or moderate market knowledge, there is a positive association between specific assets and formal contracting between Western purchasing firms and Asian suppliers. More confidence on comprehensive formalized contracting between Western purchasing firms and Asian suppliers underlines the need to diminish the problem of perceived opportunism and uncertainty in cross-cultural business relationships. When market knowledge becomes substantial, the findings demonstrate that the association between specific assets and formal contracting is significantly weakened. This demonstrate that when business firms start operating in foreign markets, better experience and more familiarity with the host’s market governance environment increases market knowledge. As a result, Western business firms build stronger relationships with their local Asian partners and personal trust replaces contractual governance.

For further information contact: Umar Burki, Associate Professor, School of Business and Faculty of Social Sciences, Buskerud and Vestfold University College (Umar.Burki@hbv.no).
Key Contributions
Theoretically, the study highlights the role of market knowledge in lowering transactional costs and mitigating exchange hazards in international business relationships. The findings contribute to the choice of governance in international buyer-supplier relationships by accentuating the role of institutional structures in the selection of governance mechanisms. Further, the results highlight the substitution option (Poppo & Zenger, 2002) between the use of formal and informal governance mechanism in Asian-Western buyer-supplier relationships. On the managerial front, the study accentuate the role of trust and close ties between international transacting partners in solving pointless conflicts caused by uncertainty.

References are available on request.
Sustaining Relationships After Exchange Noncooperation: Matching Ex Post Governance Mechanism to Noncooperation

Chun Zhang, University of Vermont  
Julie Juan Li, City University of Hong Kong  
Ying Huang, University of Massachusetts Lowell

Keywords: ex post governance mechanism, formalization, noncooperation, relationship continuity, socialization

EXTENDED ABSTRACT

Research Question
Do the effectiveness of formal and social governance mechanisms differ with respect to renewing relationships after exchange noncooperative incidents (NCIs)?

Method and Data
Data are collected from 308 manufacturing firms in China. Confirmatory factor analysis and two-stage least squares are used to analyze the data.

Summary of Findings
The findings show that the efficacies of formalization and socialization on relationship continuity are contingent on the type of NCI. Socialization is more effective than formalization in reviving relationships when the NCI is due to partner opportunism while formalization is more effective when the NCI is caused by misunderstanding.

Key Contributions
This study contributes to interfirm governance research by examining ex post governance after a NCI. We advance this line of inquiry by comparing the effectiveness of formalization and socialization mechanisms on relationship continuity. By probing two different types of NCIs induced by opportunism and misunderstanding, our study provides guidance on dealing with NCIs.

References are available on request.

For further information contact: Chun Zhang, Associate Professor, University of Vermont (chun.zhang@uvm.edu).
The Benefits of Cooperation and Coordination Between Buyers and Suppliers: Knowledge and Product Innovation

Jeanine Chang, City University of Hong Kong
Julie Juan Li, City University of Hong Kong

Keywords: channel cooperation and coordination, supplier participation, joint planning, product knowledge, customer knowledge, product innovation

EXTENDED ABSTRACT

Research Questions
1. How do two different kinds of supplier integration mechanisms, namely the cooperation mechanism and the coordination mechanism influence manufacturer’s knowledge acquisition and innovation?

2. How do product and customer knowledge acquire from suppliers help with manufacturer’s innovation outcomes?

Method and Data
We collected survey data from manufacturing firms in China. Our survey questionnaire was developed in English and then translated into Chinese. It was checked for accuracy using a conventional back-translation process. The final questionnaire used in the survey was in Chinese. A market research company collected data for us through face-to-face onsite interviews. They successfully interviewed 320 firms out of a sample of 800 manufacturing firms in China. After eliminating responses with extensive missing values, we obtained 311 usable questionnaires, a response rate of 38.9%. After the fieldwork, one of the authors randomly called thirty respondents to confirm that the interviews had been conducted and found no evidence of cheating in the fieldwork.

Summary of Findings
This study investigates the influence of two channel integration mechanisms on knowledge acquisition and innovation. The results lend support to all our hypotheses. Importantly, we found that supplier participation (the cooperation mechanism) has a stronger effect on acquiring both product and customer knowledge than supplier joint planning (the coordination mechanism). Even though both integration mechanisms are important for inter-firm collaboration, the cooperation mechanism (i.e., involving suppliers to actively participate in the new product development process) brings more benefits than the coordination mechanism. Moreover, we empirically test and compare the effects of product and customer knowledge on product innovation. Even though product knowledge is critical for innovation, the influence of customer knowledge is significantly stronger on innovation.

Key Contributions
First, we identify two important supplier integration mechanisms that can help manufacturers acquire knowledge from their suppliers. Integrating suppliers into product development processes may provide manufacturers with important knowledge transfer, such as product knowledge and customer knowledge. Second, we compare the effects of coordination and cooperation mechanisms on product and customer knowledge acquisition. Our study offers empirical evidence on the differing effects of these two integration mechanisms on knowledge acquisition. Third, we empirically test and compare the effects of product knowledge and customer knowledge on new product innovation performance.

References are available on request.

For further information contact: Jeanine Chang, doctoral candidate, City University of Hong Kong (mkjeanine@cityu.edu.hk).
Part C
Branding and Brand Management

Track Chairs
Eric Yorkston, Texas Christian University
Son Lam, University of Georgia

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Melika Kordrostami, Elika Kordrostami, Vahid Rahmani

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How Shapes Can Bring a Brand Extension Closer to Its Parent Brand
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Consumers’ Reactions to Brand Failures, Role of Attachment Styles

Melika Kordrostami, Iowa State University
Elika Kordrostami, Old Dominion University
Vahid Rahmani, Old Dominion University

Keywords: brand relationships, attachment theory, attachment styles, brand failure, communal and exchange relationship

EXTENDED ABSTRACT

Research Question
The main research question that we are trying to study in this paper is: What is the impact of attachment style of individuals in their relationships with brands, particularly in times of brand failure?

Method and Data
This is a nonempirical paper.

Summary of Findings
We propose that attachment styles impact brand relationships and individuals’ reactions the brand failures. When a brand doesn’t meet the expectation of individual, individuals who have different internal working models act in different ways: (1) Secure people will not change their attitude toward the brand and will stay in the brand relationship. (2) Preoccupied people will change their attitude toward the brand negatively but they will stay in the relationship. (3) Dismissing people will not change their attitude toward the brand and they will quit the relationship. (4) Fearful people will change their attitude toward the brand negatively and will quit the relationship.

In addition, when the relationship is communal, in time of brand failure attitude toward brands for secure individuals will drop more compared to anxious and avoidant individuals. However when the relationship is exchange, in time of brand failure attitude toward brands for avoidant and anxious individuals will drop more compared to secure individuals.

Key Contributions
This research contributes to theory advancement and it also has important managerial implications. It is important to understand how brand relationships form and dissolve over time. Attachment styles of consumers could play an important role in understanding why some people tend to stay in brand relationships although they are not satisfied with that relationship or they don’t have a positive attitude toward it.

If the results of the two studies confirms our hypotheses, then we would know that in times of brand failure, people with different attachment styles will have different changes in attitudes toward it, also they will differ in whether they will keep the brand relationships. In addition, if the interaction of attachment styles and relationship types is significant, then secure people will be more sensitive to brand failure compared to high in avoidance and high in anxiety people in communal relationships; but high in avoidance and high in anxiety people will be more sensitive in times of brand failure compared to secure people in exchange relationships.

References are available on request.

For further information contact: Melika Kordrostami, Iowa State University (melika@iastate.edu).

2015 AMA Summer Educators’ Proceedings
“Touch Me to Attach Me”: The Dark and the Bright Side of Brand Attachment

Sascha Hendrik Langner, Leibniz University of Hanover
Steffen Schmidt, Leibniz University of Hanover
Nadine Hennigs, Leibniz University of Hanover
Sebastian Fritz, Leibniz University of Hanover
Michael Schiessl, Eye Square GmbH Berlin

Keywords: customer-brand relationships, explicit and implicit measurement, brand touchpoints, experimental study SC-IAT

EXTENDED ABSTRACT

Research Question
Brand research usually focusses on the positive side of brand attachment: satisfaction, trust, loyalty, and brand love. Nevertheless, in contrast to this bright side, there also is a negative pole of customer attitudes to a brand—in fact negative brand relationships are even more common than positive ones. However the majority of brand research has tended to widely ignore negative attitudes towards a brand, although a holistic understanding of customer-brand relationships requires the integration of negative attitudes, processes and outcomes. The question is: How can both the bright side and the dark side of customers’ brand attachment be combined in one integrated framework?

Method and Data
Two experimental studies were conducted to check the assumed brand-related touchpoint contact effects on attitudinal explicit and implicit brand attachment, respectively brand aversion. In both studies, a self-report questionnaire and a reaction time measurement (SC-IAT) were used. In summer 2013 over 150 consumers participated in the two studies. In order to test the main hypotheses mean and group comparisons were applied.

Key Contributions
In an attempt to cover both the bright and the dark side of customer-brand relationships, our paper presents a unique approach to combine implicit and explicit measures of brand attitude in order to determine the degree of attachment (positive attitude) and aversion (negative attitude), respectively, with regard to two major brands (Coca-Cola and Adidas) and two different customer-brand touchpoints.

Summary of Findings
Our results show that implicit and explicit brand attitudes significantly differ regarding the analyzed brands and the analyzed brand touchpoints. Furthermore, our results indicate that the implicit side of brand attitude can show a totally different picture of the brand depending on the analyzed brand touchpoint, enabling marketing managers to better understand not only brand related attitude change, but also the very basis for the extreme positive (brand love) and negative (brand hate) pole of a customer-brand relationship development.

References are available on request.

For further information contact: Sascha Hendrik Langner, Leibniz University of Hanover (langner@m2.uni-hannover.de).
Understanding Belonging Uncertainty and Ambiguity in Marketing to the Skateboarding Subculture

Garth Harris, Saint Cloud State University
Peter A. Dacin, Queen’s University

Keywords: belonging, skateboarding subculture, branding, marketing to subcultures, brand tactics

EXTENDED ABSTRACT

Research Question
Recent discussions about an individual’s sense of belonging suggest that it can be a dynamic, contextual, complex and ambiguous phenomenon, even for committed, well-established members (Harris 2011; Ellemers and Jetten 2013). While the focus of the discussion is on understanding belonging from an individual consumer perspective, little, if any, of it addresses the question of how practitioners view and incorporate their understanding of belonging into their offerings and retail strategies. In our research, we address this question by undertaking a phenomenological exploration of consumers’ sense of belonging from the practicing marketer’s perspective, focusing on what marketers know about belonging and how they act on this understanding.

We situate our research question in the context of an action sport consumption subculture. The skateboarding subculture provides a fertile environment for exploring this phenomenon because previous research on skateboarding (Harris 2011), suggests that ambiguities of belonging are particularly prevalent even among well-established and highly skilled members, and the consumption of branded symbols and associations with a sponsored teams are particularly important for addressing these ambiguities.

Method and Data
We conducted 6 existential-phenomenological interviews (Thompson, Locander and Pollio 1989) of individuals involved in marketing in the skateboard industry ranging from photographers and videographers to boutique owners and distributors of skateboard equipment. The interviews began with a set of grand “tour” questions (McCranken 1988) about the personal histories and experiences within the industry. The focus of each interview was their understanding of belonging in skateboarding, and the marketing of brands within this subculture.

We also observed, photographed and recorded various activities including the use of brand symbols by the respondents and retailers. As part of this data gathering, we also examined secondary sources including online forums, company websites, skateboard magazines, skateboard reference books, videos and visited a wide array of skateboard shops from local boutiques to national chains like Zumiez, Vans and West 49.

Summary of Findings
Analysis of the interviews suggests that while our respondents understand that individualism and self-expression is at the core of the subculture’s ethos, the importance of bringing stability to a skater’s sense of belonging means they must also focus on the collective aspect of skateboarding. Respondents do so by being involved, visible and active participants in the lifestyle at the grass roots level as well as by strategically using brand-sponsored teams to encourage a sense of belonging. Sponsored teams are carefully created to portray high group entitativity around a general style of skating and an outlook on skateboarding consistent with the original image, history and outlook of the brand.

Marketers also play on a skater’s sense of belonging through enacting another aspect of the subculture’s ethos, the need to demonstrate progression in ability. Marketers do this by promoting competitions focused on skating tricks, demonstra-
tions of knowledge and highlighting new locations to skate. Videos too play an important role by allowing skaters to incorporate aspects of the brand image and ethos into their own lifestyles while establishing and verifying their own sense of belonging within the subculture. This use of symbolic resources helps reduce any experienced belonging ambiguity and uncertainty of skaters.

Key Contributions
This research contributes to the literature by examining how marketing practitioners in an action sport subculture embrace a sense of belonging among skaters that is a dynamic, contextual, complex and ambiguous phenomenon, even for committed, well-established members. Our respondents shared a common understanding about the precarious balance between promoting an individual, self-expressive offering that provided choice for individuals and establishing the entitativity of a cohesive community ethos that members, even well-established members sought when experiencing the uncertainties and ambiguities of belonging to the subculture.

Our respondents believed it critical to establish and maintain a unique yet highly cohesive brand image and ethos that provided skaters the freedom to address and verify their own sense of belonging. Our research, however, also sheds light on how marketers worked within these strategies to influence individual lifestyles and adherence to a brand-related ethos that eventually would lock a skater into that brand. It is clear that the marketing strategies and tactics in the skateboarding industry are intentionally designed to address and capitalize on the ambiguities and uncertainties of belonging that pervade this subculture, not just among beginners and casual members, but more importantly, among well-established and accomplished members of the subculture.

References are available on request.
Targeting Applicants Through Social Media Marketing: Evidence from Employer Evaluation Platforms

Daniel W.E. Hein, University of Bamberg
Philipp A. Rauschnabel, University of Michigan–Dearborn
Isabelle Hillebrandt, University of Bamberg
Björn S. Ivens, University of Bamberg

Keywords: employer evaluations, employer attractiveness, experimental research, employer branding, social media marketing

EXTENDED ABSTRACT

Research Question
As social media marketing has shown to be an effective strategy to manage multiple stakeholders we focus on the under-researched target group of applicants and investigate specific employer evaluation platforms such as Glassdoor.com or Kununu.de. These employer evaluation platforms are largely non-regulated online forums that employees can use to provide public feedback about their employer, using open texts and/or preset scoring models. These share various items with academically validated employer branding scales and thus allow deduction of important insights. In a series of studies, we tackle the following research questions:

1. Are employer evaluation platforms effective tools to monitor employer brands?

2. Do employer evaluations in Social Media affect potential applicants?

Method and Data
In study 1, we combined two sources of secondary data in a correlational model. Particularly, we used employer attractiveness evaluations of brands from the YouGov BrandIndex and matched it on a brand level with employer brand ratings from Kununu.de. We used Kendall’s Tau correlation analysis to assess the congruence between the internal and the external employer perception ratings.

In study 2, respondents of an online survey were randomly assigned to one of three (negative, neutral, or positive) job evaluations of Deutsche Bahn, the well-known German railway company. Stimuli between groups only differed with respect to the evaluations. The employer evaluations were shown to the respondents followed by items adapted from the scales on the likability of advertisements and employer brand attitudes.

In Study 3, we replicated and extended the findings from Study 2 by focusing on a different industry and by taking employers into account that are generally more (versus) less favored in public. Moreover, we used a more comprehensive employer brand measure as dependent variable and also increased the external validity by using a real stimulus based on Kununu.de.

Summary of Findings
For Study 1, we found that employer evaluation platforms do not per se reflect “real” public employer brand images, and thus, using them as alternative employer brand tracking tools in public is associated with several limitations. For Study 2, we found that employer evaluation platforms influence applicants’ employer brand image in a certain way, that is, good evaluations increase perceived employer attractiveness whereas negative ones do not decrease it. Building on this notion, we performed an extended replication study. This study furthermore revealed effect size of positive evaluations to be depend-

For further information contact: Daniel W.E. Hein, University of Bamberg (daniel.hein@uni-bamberg.de).
ent on the already established employer attractiveness. Generally, the effect size of positive evaluations became smaller as already established employer attractiveness rose. Suspected moderating variables of age and gender of respondents did not reveal any significant impact on the results.

**Key Contributions**

To the best of our knowledge, this is the first study that investigates employer evaluation platforms, particularly through the lens of marketers. First, we showed that employer evaluation platforms do not always reflect “real” public employer brand images, but still hold valuable information regarding what actual and former employees think of a company. Questions implied by this finding are twofold: If employer evaluations do not reflect, do they alter employer attractiveness? What does the impact of an evaluation depend on? Through answering these questions of how processed employer evaluations alter established employer attractiveness, we provided knowledge that holds various implications for practitioners looking to improve their employer brand. We showed that especially for those brands who are generally perceived as having poor employer attractiveness, encouragement of employees to express positive evaluations can have beneficial effects on recipients of online employer platforms. Therefore, as suggested by Monga and John (2008), we regard employer evaluation platforms as an important tool in the broader kit of means used for building a strong employer brand.

*References are available on request.*
The Relationships Between Organizational Personality and Brand Personality, and Its Impact on Business Performance

Melika Kordrostami, Iowa State University
Elika Kordrostami, Old Dominion University
Vahid Rahmani, Old Dominion University

Keywords: brand personality, organizational personality, business performance, brand extensions

EXTENDED ABSTRACT

Research Question
The question is what is the impact of brand personality on organizational personality and vice versa? In addition, we would like to explore that under what condition should companies promote their organizational personality, also under what conditions the company should promote the brands or brand personality. The other important question is regarding which companies can be more successful in the market; the companies with brands that have different or conflicting personalities with the organizational personality, or the companies with brands that have the same personality as the organization? What is the impact of number of brands that company owns in this equation? What is the optimal combination of brand personality and organizational personality to be successful in the market?

Method and Data
This is a nonempirical paper.

Summary of Findings
In our proposed framework, brand personality and organizational personality impact each other. Furthermore, when the majority of the brands of a company have a consistent brand personality with the organizational personality, the company will perform better in the market.

Information load has an impact on the consumers’ perception of brand personality and organizational personality. Consequently, the impact of match/mismatch between organization personality and brand personality on market performance is higher for companies with fewer brands compared to the companies with more brands.

Companies that have an organizational personality of Boy Scout with majority of brand personality of sincerity would hurt more in case of failure in the market compared to companies that have organizational personality of innovativeness, and majority of brand personality of excitement.

In summary, brand personality and organizational personality have an impact on each other. Match or mismatch between these two constructs influence business performance. “Number of brands” and “bundle of brand personality and organizational personality” are moderators of this relationship.

Key Contributions
In this research we are connecting two research streams which are very relevant but they have been studied in separate areas (Marketing and Management). The findings will be important in extending theories of brand and organizational personalities; also it has important managerial contributions. This research will guide managers about planning and implementing branding actions and organizational image management in order to be successful in the marketplace.

References are available on request.

For further information contact: Melika Kordrostami, Iowa State University (melika@iastate.edu).
Employee Brand Understanding, Brand Commitment, and Brand Citizenship Behavior: A Closer Look at the Relationships Between the Constructs’ Dimensions

Rico Piehler, University of Bremen
Christoph Burmann, University of Bremen

Keywords: internal brand management, internal branding, brand understanding, brand commitment, brand citizenship behavior

EXTENDED ABSTRACT

Research Question
In pursuit of brand-consistent employee behavior like brand citizenship behavior (BCB), cognitive antecedents such as brand understanding (BU) and affective antecedents such as brand commitment (BC) have been promoted in the literature. Nevertheless, there is no study investigating the effect of BU and BC on specific dimensions of BCB such as brand compliance, brand development, and brand endorsement. In addition, there is only limited examination of the effect of specific BU dimensions such as brand relevance, behavior relevance, and brand knowledge on BC and on BCB dimensions. Therefore, this study’s first aim is to investigate the effect of BU and BC on specific BCB dimensions. The second aim is to examine the effect of specific BU dimensions on BC and on BCB dimensions.

Method and Data
To empirically validate the hypotheses regarding the relationships between the dimensions of BU, BC, and the BCB dimensions, four structural equation models were generated. To analyze the models, variance-based partial least squares was chosen because (1) the research goal is to predict BC and BCB, (2) the research is exploratory in nature, (3) the data are non-normal and (4) the type II second-order constructs of BU and BCB are formative constructs. IBM SPSS Statistics 22 and SmartPLS 2.0 (M3) Beta were used for data analysis.

The administration of the survey was conducted via an online self-completed approach. 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.

Summary of Findings
There were significant positive effects of BC and BU on BCB. In addition, there was also a significant positive relationship between BU and BC.

Regarding the dimensions of BCB, all dimensions were affected significantly positive by BC and BU. The latter had a larger effect on the BCB dimensions of brand compliance and brand development than BC. In contrast, BC had a larger effect on the BCB dimension of brand endorsement than BU. Therefore, the perception that the employees are responsible for the brand’s perception and success is important for extra-role behavior of brand endorsement.

Concerning BU dimensions, except for the non-significant effect of the BU dimension of brand relevance on BC, all other effects of the BU dimensions on BC and BCB were
significantly positive. One possible explanation for the non-significant effect is that employees’ general perception that the brand is important for the organization’s success is not sufficient to build an emotional attachment with the brand because it is not linked to employees themselves. In support of this explanation, the BU dimension of behavior relevance, which creates the link between the brand and employees, had the largest effect on BC and BCB.

Regarding the relationships between the BU and BCB dimensions, all BU dimensions had significant positive effects on the BCB dimensions of brand compliance and brand endorsement. In contrast, the BU dimensions of brand relevance and brand knowledge had no significant effects on the BCB dimension of brand development. Therefore, the employees’ perception that the brand is important for the organization’s success does not result in employee behaviors to actively develop themselves and the brand. One possible explanation for the non-significant effect of the BU dimension of brand knowledge on the BCB dimension of brand development is the fact that employees who perceive they already have sufficient brand knowledge do not engage in behaviors to develop themselves and the brand. The only BU dimension with a significant positive effect on the BCB dimension of brand development was behavior relevance. In addition, this BU dimension had the largest effect on all three BCB dimensions compared to the other BU dimensions. The dimensions of brand relevance and brand knowledge mainly affected in-role behavior of brand compliance.

Key Contributions
The first key contribution is the consideration of BU as cognitive internal brand management outcome which is only rarely investigated in internal brand management research. The results show that cognitive BU is a key internal brand management outcome which has an effect on affective BC and behavioral BCB.

The second key contribution is the consideration of specific dimensions of BCB such as brand compliance, brand development, and brand endorsement. The study answers the question which dimension of BCB is affected by cognitive BU and affective BC. The study reveals that BU especially affects the brand citizenship behaviors of brand compliance and brand development, while affective BC is more important for the extra-role brand citizenship behaviors of brand endorsement.

The third key contribution is the consideration of specific dimensions of BU such as brand relevance, behavior relevance, and brand knowledge with their effect on BC, BCB, and specific dimensions of BCB. Regarding the BU dimensions, the empirical results show that the BU dimension of behavior relevance has the largest effect on BC and BCB followed by brand knowledge and brand relevance. Furthermore, the BU dimension of behavior relevance has the largest effect on all three BCB dimensions. The BU dimensions of brand relevance and brand knowledge mainly affected the in-role behavior of brand compliance.

Overall, to date no study had such a close look at the relationships between the dimensions of BU, BC, and the dimensions of BCB.

References are available on request.
Who Are You, Alma Mater? Positioning Universities on Brand Personality Dimensions

Philipp A. Rauschnabel, University of Michigan–Dearborn
Nina Krey, Louisiana Tech University
Barry Babin, Louisiana Tech University

Keywords: scale development, brand personality, marketing for higher education

EXTENDED ABSTRACT

Research Question
Increasing competition among universities heightens the need to understand, manage, and leverage a strong brand position. As a result, many universities make use of symbolic brand attributes, such as brand personality, to differentiate them from competition. Yet, little is known about the conceptualization and role of university brand personality in targeting students. The current research addresses this deficiency by developing a theoretically based model specific to the higher education marketing context, by applying established scale development procedures. The main objective is the development of a new scale—the University Brand Personality Scale (UBPS).

Method and Data
In line with prior brand personality research, data from a series of qualitative and quantitative research studies conducted in Germany and the USA are utilized to conceptualize and operationalize university brand personality. The new construct University Brand Personality is defined as human associations stakeholders have with a particular university and serves as a foundation for the scale development process. Upon developing a comprehensive item pool through various qualitative studies, the dimensional structure is examined applying exploratory factor analysis. Collecting additional samples, the factorial structure is validated via confirmatory factor analysis among German and American students. The final result is a valid and reliable six-dimensional University Brand Personality Scale (UBPS). To further assess the scales influence on common outcome variables in higher education marketing, brand love, positive word-of-mouth, and students’ intention to support their university as alumni are included in the final study of this research. Results provide support for the managerial importance of UBPS.

Key Contributions
Based on the aforementioned approach, we identify a personality structure that is aligned with yet differs from any established brand personality scale. While some dimensions share similarities with prior brand personality scales, additional dimensions are identified. The current study provides a first step in identifying the ideal brand positioning of universities and can be extended to investigate marketing techniques that are likely to influence particular brand personality dimensions.

References are available on request.
Consumer-Based Brand Equity: A Meta-Analysis

Mohammad Farrokhi, University of Calgary
James Agarwal, University of Calgary

Keywords: consumer-based brand equity, antecedents, consequences, meta-analysis

EXTENDED ABSTRACT

Research Question
There is no single definition for brand equity. However, there is an agreement among scholars that brand equity represents the added value that a brand gives to a product. Despite the numerous researches on brand equity, a comprehensive review of the antecedents and consequences of brand equity does not currently exist. The overall goal of this study was to run the first meta-analysis on the antecedents and consequences of consumer-based brand equity (CBBE) based on all available empirical studies that had been conducted on CBBE.

Method and Data
Meta-analysis is a statistical method for putting all the empirical studies’ effect sizes in one basket and taking out the overall correlation coefficient between each independent variable and the dependent variable. By employing this method, the researcher is able to summarize all previous empirical studies on a specific topic, to consolidate the results of various studies, and to enhance the power by combining different studies’ samples. A vast literature review yielded 71 scholarly articles including published journal articles, dissertations, conference article, unpublished articles and discussion paper that resulted in 92 samples with the total sample size of 29,710 and 414 effect sizes.

Summary of Findings
We reached statistically significant and generalizable results for 12 factors (7 antecedents and 5 consequences): (1) Brand experience (ρ=0.679, K=5), (2) Customer-brand relationship (ρ=0.611, K=7), (3) Trust (ρ=0.69, K=10), (4) Brand attachment (ρ=0.558, K=5), (5) Satisfaction (ρ=0.603, K=12), (6) Brand personality (ρ=0.655, K=655), (7) Brand image (ρ=0.658, K=26), (8) Brand preference (ρ=0.791, K=3), (9) Perceived risk (ρ=-0.302, K=3), (10) Perceived value (ρ=0.692, K=21) (11) (re)Purchase intention (ρ=0.805, K=18), and (12) Brand performance (ρ=0.704, K=7). Among the antecedents, brand experience, and trust have the strongest effects on CBBE. Regarding the consequences, CBBE has stronger relationships with (re)purchase intention and brand preference.

Key Contributions
This study has three main contributions to the field. First, it provides an assessment of the antecedents of consumer-based brand equity and their effect sizes regarding consumer-based brand equity. Second, it provides an analysis of the consequences of consumer-based brand equity and their effect sizes regarding consumer-based brand equity. Finally, this study proposes a framework for consumer-based brand equity and its related factors.

References are available on request.

1ρ is the weighted mean correlation coefficient after correcting for reliability.

For further information contact: Mohammad Farrokhi, Ph.D. student, University of Calgary (Mohammad.Farrokhi@Haskayne.Ucalgary.Ca).
Measuring Consumer (Fan)-Based Brand Equity in a Sport League: A Study of Turkish Soccer League

Musa Pinar, Valparaiso University
Tulay Girard, Penn State Altoona
Sinan Nardali, Izmir Katip Celebi University
Sanem Alkibay, Gazi University

EXTENDED ABSTRACT

In response to recent trends in the sports industry, managing a team as a brand is a growing paradigm in the sport marketplace (Ross, 2006). Because sport performances are uncontrollable, unpredictable and unstructured (Gladden, Milne, & Sutton 1998), sports management requires a long-term perspective that focuses on the sports experience and a sustainable relationship with the fans to build a brand rather than just winning (Kunkel et al. 2009). Because of recently increased competition for fans across different sports (James, Kolbe, and Trail 2002), and the proliferation of sport franchises and new media options to reach the sport fans, professional sports have required a more business approach to sports management. As a result, it has become crucial to build a strong brand, and distinguish the teams and leagues from competitors (Kaynak, Salman, & Tatoglu, 2008).

In the sports industry, teams must have, or be part of, a league that serves as a platform, which offers the teams a structure to compete against each other to provide their product or game. The brand architecture of the master-brand–sub-brand approach is the most applicable to sport league and teams, where the league is considered as a master brand and teams as sub brands. Because sub-brands need strong master-brand, this suggests that a successful and strong league brand is indispensable for a successful team brand (Kunkel et al. 2013).

Given the importance of the sports league for the sports teams’ success and their branding, understanding the effects and roles of these league brand equity dimensions could help the league and team managers to develop effective strategies to build a strong league and team brands. Because of the lack of prior research in literature in measuring brand equity of sports leagues, this study uses the multidimensional nature of brand equity framework of Aaker and Keller: (1) to examine the consumer-based brand equity of soccer league, (2) to develop a measurement scale and tests the relationships among the brand equity dimension and their impact on soccer league brand equity, and (3) to determine the importance of these brand equity dimensions in creating league brand equity.

To accomplish the study objectives, multiple-item scales were developed from the prior brand equity research for each CBBE dimension—perceived quality, brand image/associations, brand loyalty and overall brand equity. Because this study measures consumer (fan) perceptions of sport league brand equity, the brand equity dimension questions were adapted to reflect the sports (soccer) league fans’ perspectives. After conducting a series of rigorous pretests to purify the measurement, the final survey included a total of 29 items. The final survey was administered to soccer fans in Turkey to collect data, which resulted in a sample of 233 soccer fans.

Using PLS path modeling in SmartPLS, the researchers tested the relationships among the brand equity dimensions and determined the importance of the brand equity dimensions in creating fan-based soccer league brand equity. The PLS path model with the influential significant directional relationships among the five brand equity constructs. The findings of this study indicate that brand awareness is a significantly influential construct that contributes to perceived quality, brand associations, and brand loyalty. Perceived
quality significantly improves brand associations, which in turn, increases brand loyalty and overall brand equity. Perceived quality appears to mediate the relationship between brand awareness and brand associations. Similarly, brand loyalty appears to mediate the relationship between brand associations and overall brand equity. Lastly, brand loyalty has also direct significant effect on building overall brand equity. The PLS-SEM model indicated that perceived quality and brand loyalty had significant mediating roles. Perceived quality had a significant mediating role between brand awareness and brand associations. Also, brand loyalty had a partial mediation role in the relationship between brand associations and overall brand equity.

The implications of the master brand–sub brand architecture suggest that a strong and valuable league brand is critical for a successful team brand (Kunkel et al. 2014); therefore, league and teams should have a joint interest in developing a strong league brand and team brands that could bring better benefits for them (Kunkel et al. 2014). Other implications of the findings of this study are that the perceived quality of the soccer players and games (the most important construct), plays a significant role in soccer league’s brand associations in fans’ eyes. Overall brand equity was highly influenced by brand loyalty (fans recommending the league to others and attending soccer games as a priority and first choice), and brand associations (league having known sponsors, contributing to country’s image, players are in demand by other leagues, and providing opportunity to get away from daily problems).

This study used a convenience but purposefully selected target sample from the Turkish soccer fan population. Because this is the first study measuring fan-based brand equity in a soccer league using multiple brand equity factors described in the branding and sports marketing literature, future studies may benefit from including and comparing other soccer or sport league to cross-validate the findings. Because the researchers used a purposeful convenience sample for this exploratory study, it is recommended that the measurement scale be tested with a larger sample in future studies. Although this is the first study that developed the measurements for the brand equity constructs for a sports league, the researchers feel that this exploratory study is an important step for understanding the soccer league brand equity and its dimensions.

References are available on request.
In this study, we investigate the impact of corporate brand (brand equity) and electronic word of mouth on financial analyst recommendation, coverage of firms and stock price. Initially, we examine whether there is a relationship between consumer-based brand equity and analyst coverage and recommendations. Next, we study the impact of electronic word of mouth on analyst coverage and recommendations. Finally, we look for possible interaction effects of consumer-based brand equity and online word of mouth on analyst behaviors.

We selected to study consumer-based brand equity for two reasons. Our first reason is rather obvious due to the undeniable importance of brand equity to the marketing field. However, our second reason follows the evidence that brand equity stands out as a highly overlooked market-based asset by financial community due to its absence on balance sheet.

Admittedly, study of online word of mouth is vital for the firms of 21st century. More than ever, firms are challenged by the power of internet in disseminating positive and negative news about their actions, products, services, etc. Hereafter, further research in analyzing consumers’ conversations and investigating the impact of such conversations on financial performance of firms can be of interest for both managers and academic researchers.

Our rational to propose a relationship between electronic word of mouth and analyst recommendation lies in the very basic logic that consumers directly and indirectly influence a firm’s bottom line performance now, then and in the future by buying and recommending its products or services, and by disseminating news about those products and services. Henceforth, it is of high importance to study what consumers think about a corporate brand since consumers’ future actions remain a function of their current thoughts. Both consumer-based brand equity and online word of mouth provide an opportunity to study the change in consumers’ feelings and actions.

We collected data on 183 publicly traded corporations from multiple industries. After careful merging of multiple sources of data and due cleaning process, 1830 observations for 10 quarters (from 2008Q1 to 2010Q2) were analyzed. Data was collected for each corporate brand. We used Y&R’s BAV data for brand equity and a web crawler to obtain electronic word of mouth data. Our financial data was obtained from CRSP and I/B/E/S. We performed two-stage least squares estimation, Iterative three-stage least squares estimation and RSREG procedure using SAS 9.4.

Primarily, we analyzed our data by two-stage least squares estimation in SAS 9.4. We designed three dynamic models with our quarterly data. Our R-square (dependent variable is analyst recommendation) is 5.5% for model 1; for model 2 (dependent variable is stock price), R-square is 84.87% and for model 3 (dependent variable is change in stock price) is 34.82%. Results obtained from model 1 showed that the total count of online posts (online word of mouth) about a corporate brand indicating sentiment (recognized by our web crawler) was significantly associated with mean recommendation of analysts. Brand loyalty also significantly affected the recommendations. Our results in model 2 demonstrated that the relationship between average passion score (online word of mouth) and change in stock price was statistically significant. Moreover, brand loyalty, brand personality, energized differentiation, and relevance significantly affected change in the stock price. Finally, results of
Model 3 confirmed that the relationship between brand personality and brand loyalty was statistically significant.

Additionally, we performed an iterative three-stage least squares estimation SAS 9.4. Our overall fit for the three dependent variables was acceptable; R-square was 73.47%. Our results were similar to those of two stage least squares estimation.

Lastly, we executed a RSREG procedure in SAS 9.4 to investigate the lack of fit and possible quadratic relationships. For model 1 (dependent variable is analyst recommendation), our overall model R-square was 5.2% with dedicated quadratic R-square of .06%; for model 2 (dependent variable is stock price), our R-square was 23.33% with dedicated quadratic R-square of 6% and for model 3 (dependent variable is change in stock price), we had R-square of 23.54% and dedicated quadratic R-square of 8%. The most interesting quadratic results were obtained in model 2. The relationship between stock price and average passion score was curvilinear. Furthermore, brand personality and stock price demonstrated a curvilinear relationship.

**Summary of Our Findings**

Firstly, all else being equal, firms with higher positive online word of mouth attract greater analyst attention and more analyst recommendations. Secondly, all else being equal, firms with higher negative online word of mouth attract less analyst attention and fewer analyst recommendations. Thirdly, at the firm level, higher positive online word of mouth covaries with higher brand equity. Fourthly, average passion score (online word of mouth) and energized differentiation of brand equity indicated significant interaction in response to changes in stock price. And lastly, our results suggest that the relationship between average passion score and change in stock price is curvilinear.

*References are available on request.*
To Pay or Not to Pay: An Investigation of Consumers’ Willingness to Pay for Genuine Brands Versus Triple A Counterfeits in China

Ling Jiang, Beijing International Studies University
Juan Shan, Shanghai University

Keywords: counterfeits, luxury genuine brands, quality perception, willingness to pay

EXTENDED ABSTRACT

Research Question
The growing sales of counterfeits pose significant crisis for luxury brands industry around the world. Even more alarming is the fact that counterfeiters become more and more professional, and many of the highest-quality fakes are even sold with forged certificates called triple A counterfeits (TACs) by local sellers. Although current literature has provided useful insights in counterfeiting research, several gaps in our understanding have not yet to be addressed. First, there is a lack of research regarding whether and in which condition the consumers continue to be willing to pay a price premium for genuine brands (GBs) over TACs in the context that counterfeit became more and more sophisticated. Second, the existence of concurrent consumers for both kinds of products leaves counterfeiting research another unanswered question: how do consumers of both counterfeit and genuine product perceive them? Third, despite a lot of research has been devoted to the factors that drive counterfeit consumption from consumer behavioral aspect, supply-side factor, in particular marketing and manufacturing, has received far less attention.

Accordingly, the purpose of this paper is to advance the understanding of what drives consumers to pay a price premium for GBs over TACs from supply-side perspective. To do so, we specify effects of marketing and manufacturing factors on the price premium a consumer is willing to pay for GBs over TACs and propose that the effect of these factors on WTP is mediated by quality gap perception between GBs and TACs. Furthermore, we expect that the effect of the quality gap on WTP is systematically moderated by two consumer factors: brand knowledge and involvement with the brand.

Method and Data
The questionnaire survey approach was used to collect data for testing the conceptual model and hypotheses. Respondents were people who at least owned one luxury products and/or counterfeit. We used web survey to launch the questionnaire. The link of the survey was sent to the potential respondents through Taobao (one of the Alibaba e-shops), which is the largest online shopping site in terms of all types of counterfeited products and many others. A total of 1,302 respondents completed questionnaires, while 1,289 valid responses were obtained.

To test our research hypotheses, we first performed a four-step hierarchical regression using the procedures of Baron and Kenny (1986), then verified the indirect mediation effect using the Sobel Test (Preacher & Hayes, 2004), finally the moderated mediation effect was further confirmed following the procedure outlined by Edward et al. (2007).

Summary of Findings
The data shows that the most buying/owned luxury brand in China are Chanel (23.75%), Dior (16.53%) and LV (15.32%), while the most buying/owed luxury counterfeit brand are LV (21.56%), Chanel (18.12%) and Gucci (15.42%). The large majority of consumers (62.31%)
reported that they have owned both authentic and counterfeit luxury products either for the same brand or different ones. In terms of category, 65% respondents chose fashion items, while 35% respondents chose watch and jewelry.

The average quality gap between GBs and TACs is 1.04, with 60% of the respondents claiming a quality advantage for GBs. 28% of the respondents see no quality gap between GBs and TACs, while 12% of consumers perceive TACs of better quality than GBs. This provides evidence that the quality gap between TACs and GBs in the Chinese market is reducing.

The results of the multiple regression analysis show that: (1) product innovation has a positive effect on consumers’ perceived quality gap between GBs and TACs; (2) price promotion has a negative effect on consumers’ perceived quality gap between GBs and TACs; (3) sales environment has a positive effect on consumers’ perceived quality gap between GBs and TACs; (4) country of origin has a positive effect on consumers’ perceived quality gap between GBs and TACs; (5) difficulty of producing the product has a positive effect on consumers’ perceived quality gap between GBs and TACs; (6) perceived quality gap fully mediates the effects of product innovation and country of origin on WTP, partially mediates the association between price promotion, sales environment, difficulty of producing and WTP. This implies that marketing factors (product, price, place) and manufacturing factors (made in the country of brand origin and difficulty of producing the product) is significantly related to consumers’ WTP for GBs over TACs directly and indirectly via perceived quality gap. Second, the pathway mediating the relationship between different marketing/manufacturing factors and WTP via perceived quality gap is moderated by the level of consumer’s involvement with the brand. More specifically, high brand involvement enhances the relationship between the marketing/manufacturing factors and WTP via perceived quality gap.

References are available on request.

Key Contributions
This study attempt to advance the understanding of what drives consumers to pay a price premium for GBs over TACs, more specifically to understand the effect of marketing factors and manufacturing factors on consumers’ quality gap between GBs and TACs, as well as WTP a price premium for GBs over TACs. To our knowledge, this study is the first to systematically investigate how consumers perceived different versions (counterfeit or genuine) of a brand, and specify effects of supply side factors on consumers’ willing to pay.

The proposed moderated mediation model was estimated on a data set of 1,289 respondents from Alibaba e-shop users in China. This study has two key findings. First, perceived quality gap fully mediates the effects of product innovation and country of origin on WTP, partially mediates the association between price promotion, sales environment, difficulty of producing and WTP. This implies that marketing factors (product, price, place) and manufacturing factors (made in the country of brand origin and difficulty of producing the product) is significantly related to consumers’ WTP for GBs over TACs directly and indirectly via perceived quality gap. Second, the pathway mediating the relationship between different marketing/manufacturing factors and WTP via perceived quality gap is moderated by the level of consumer’s involvement with the brand. More specifically, high brand involvement enhances the relationship between the marketing/manufacturing factors and WTP via perceived quality gap.

References are available on request.
Developing a Brand Personality Scale for Business Media

Abhishek Kumar, Bharathidasan Institute of Management
Ramakrishnan Venkatesakumar, Pondicherry University

ABSTRACT
A literature review of brand personality indicates meager availability of research studies that measure brand personality of media brands that cater to specific needs of the audience. This research work creates a brand personality scale to measure business-media brands and applies the scale to two popular business dailies of India to validate the measure.

Keywords: business media, brand personality, financial journalism, media brand

Introduction
Today media houses are run like any other profit-making corporation that create and own brands. The media industry is likely to move to 1.9 trillion USD by 2019 from 1.4 trillion USD in 2014 (McKinsey Global Media Report 2014). Media brands cater to general entertainment along with the specific needs of the audience. This trend has led to proliferation of media brands dedicated to specific fields like business, sports, music etc apart from general entertainment. An interesting example is Wolff Olins, advertisement agency that created logos of USA Today and NDTV creating several brand extensions catering to different needs of the audience.

Figure 1. Redesigned Logo of USA Today

Source: archive.wolffolins.com

Figure 2. NDTV Brands for Different Segments

For further information contact: Abhishek Kumar, Bharathidasan Institute of Management (kabhish@bim.edu).
Business media has seen maximum growth apart from general entertainment and news in terms of number of brands and revenues. Business media which is devoted to news and views from business and economics area has attracted several large media houses to own or to create brands catering to this need of the audience.

The circulation figures indicate that 5 dailies of the top 20 English dailies are business dailies and 5 magazines among top 20 are business magazines. A similar competition is seen among the television channels dedicated to business journalism.

Evidently audience prefers business television channels for the news related to business and economy. Business media is a growing category within media and therefore requires customized theoretical tools for its study, development and maturation. One of the useful and simple theoretical construct that aids this process of understanding the consumer and his needs is Brand Personality. It pivots itself on the human tendency to assign human traits to non-human objects so as to make sense of the world. This tendency makes the concept of brand personality a critical success factor for media. The research output however in this field is meager. This paper studies various approaches to construct and measure brand personality in media industry, develops a brand personality scale for business-media brands and generalizes the scale by applying it to two business newspaper brands of renown in India.

### Table 1. Business Media Brands in India Across Technology Platforms

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<tr>
<th>Category</th>
<th>Brands</th>
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<tbody>
<tr>
<td>Television</td>
<td>CNBC TV 18, ET Now, Bloomberg UTV, NDTV Profit, CNBC Awaaz</td>
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<tr>
<td>Magazines</td>
<td>Business Today, Business World, Business India, Fortune, Forbes</td>
</tr>
<tr>
<td>Newswire</td>
<td>Tickerplant, Cogencis Information Systems, Bloomberg</td>
</tr>
</tbody>
</table>

### Table 2. News Media Market Share on Budget Day in India

**Figure 3. Brand Personality Framework of J.L. Aaker**

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Brand Personality Dimensions</th>
</tr>
</thead>
</table>
Literature Review

The pioneering brand personality scale of J.L. Aaker (1997) used the Big-Five human personality model to construct the scale. Brand personality was defined as a set of human traits associated to a brand. A summary of the generic brand personality scales subsequently developed appears in Table 3.

The scales that sought to measure brand personality of media brands were also developed; however, they remained few in number. A summary of the extant scales appears in Table 4.

Brand Personality Scales in Media Industry

Three scales out of above four scales have focused on one mode of delivery of content i.e. television, print and website. The fourth scale that measures news media brand personality scale is the only one which straddles all delivery platforms. These scales ignore the technological development of convergence and the development of content-focused media platforms like business media, sports media et al. The print media brand personality scale by (Valette-Florence 2013) has considered only one business media brand, the scale for news brands and television brands do not include business media brands either. The scale for TV news media brands has considered considers only one i.e. Wall Street Journal. Business media dwells upon reporting business and economic activity and related policy developments. This research fills the gap arising out of the inadequacy of the research output on business media as a media product category. The study seeks to find answers to the following three research questions:

1. Explore various approaches of creating brand personality scales and identify an appropriate approach to create a brand personality scale for business media.

2. What is the scale suitable to measure a business-media brand personality?

3. What is the procedure to generalize the scale for wider usability?

Research Methodology

The research uses both qualitative research methods like scanning of relevant brand personality literature, focus group discussions, in-depth interviews and expert-opinion survey with experts, free word association method and quantitative research by analyzing data collected from field study through Exploratory Factor Analysis, Confirmatory Factor Analysis, and multi-dimensional scaling. As there are few research studies carried out that exclusively focus on business media brand, this research uses mixed approach of both exploratory and descriptive designs for generation of items from a sample of people who have high-involvement with the brand for validation of the measure.

Table 3. Generic Brand Personality Scales

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Brand Personality Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keller and Richey (2006)</td>
<td>Passionate and Compassionate (Heart), Creative and Disciplined, (Mind) and Agile and Collaborative (Body)</td>
</tr>
<tr>
<td>Geuens et al. (2009)</td>
<td>Responsible, Active, Aggressive, Simple and Emotional</td>
</tr>
<tr>
<td>Ambroise (2006)</td>
<td>Introversion, Agreeableness, Congeniality, Seduction, Creativity, Conscientiousness, Sophistication, Originality, Precociousness, Disingenuousness, Deceitfulness, Dominance</td>
</tr>
</tbody>
</table>

Table 4. Media Brand Personality Scales

<table>
<thead>
<tr>
<th>Name</th>
<th>News Media Brand Personality Scale</th>
<th>Brand Personality Scale for TV News Brands</th>
<th>Brand Personality Scale for Print Media Brands</th>
<th>Website Personality Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Trustworthiness, Dynamism, Sincerity, Sophistication and Toughness</td>
<td>Competence, Timeliness, Dynamism</td>
<td>Respectability, Wisdom, Conventional Character, Misleading Character, Welcoming Character, Natural, Agreeable, Assertive Character, Charm, Seduction, Elegance</td>
<td>Intellectual, Fun, Organized, Candid, Sincere</td>
</tr>
</tbody>
</table>
**Focus Group Discussions and Classification of Items**

Five focus group discussions were conducted to identify personality traits that describe business media brands. They were conducted for 3 categories of respondents: business-management students, business executives and business academicians. These focus group discussions yielded 168 items which were reduced to 105 unique items after content analyses. A panel of experts from media and brand related fields categorized these 105 items in three categories: of utmost importance, of moderate importance and of minor importance. The panel classified 86 items has items of utmost and moderate importance and 19 items of minor importance which were discarded.

A multiple-item five-point Likert scale was created across 86 items and administered to assess the degree of agreement of the respondent with the item. The instrument had 1 representing Extremely Descriptive of a Business Media Brand and 5 representing Not at All Descriptive of a Business Media Brand. 311 responses were obtained through this exercise. An exploratory factor analyses using SPSS was conducted which yielded 16 dimensions across 58 items with total variance explained of 64.22%. The 16 factors extracted through the factor analysis were given a name by a panel of experts that encapsulates the essence of all the comprising items in letter and in spirit and is applicable and relevant to business media. The Confirmatory Factor Analysis was done with the help of Visual PLS, which yielded 14 dimensions explained by 39 items. Items with factor loading of 0.7 and above are retained. The final scale has 14 dimensions with each dimension having 0.8 or higher Composite Reliability or internal consistency measure and Cronbach’s Alpha of more than 0.6. The Business-Media Brand Personality Scale appears in Figure 4.

Reliability and Validity of Brand personality Dimensions were ensured through various validity and reliability measures.

In order to get a sense of general perception about business media, word association test was conducted on 120 management graduates which generated nearly 1500 words with which word cloud was formed. A closer look at the word clouds indicate that the projective technique resulted in words that are similar to the 14 dimensions of the scale.

**Generalization of Business-Media Brand Personality Scale**

The scale was generalized by applying it to two popular business newspaper brands in India, The Economic Times and Business Line. A multiple-item five-point Likert scale was created with 39 items with options ranging from Most Representative of a Business Media Brand as 1 and Not at All Representative of a Business Media Brand as 5. This scale was administered to readers who are familiar with The Economic Times and/or Business Line.

**Statistical Analyses**

The t-test analysis was conducted of the data from 350 respondents of which 339 were usable to arrive at the differ-
<table>
<thead>
<tr>
<th>Table 5. 86 Items Classified as Items of Utmost and Moderate Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contextual</td>
</tr>
<tr>
<td>Delivery on Time</td>
</tr>
<tr>
<td>Business Language</td>
</tr>
<tr>
<td>Comic strips for better understanding</td>
</tr>
<tr>
<td>Credibility of the editors</td>
</tr>
<tr>
<td>Multiplicity of Perspectives</td>
</tr>
<tr>
<td>Availability when demanded</td>
</tr>
<tr>
<td>Political affiliation</td>
</tr>
<tr>
<td>Importance given to Big Picture</td>
</tr>
<tr>
<td>Feedback from readers</td>
</tr>
<tr>
<td>Market forecast</td>
</tr>
<tr>
<td>Creative advertisements</td>
</tr>
<tr>
<td>Encouraging readers to contribute to the magazine</td>
</tr>
<tr>
<td>Appearance</td>
</tr>
<tr>
<td>Catchy headlines</td>
</tr>
<tr>
<td>Advertisement of High-End products</td>
</tr>
<tr>
<td>Number of years since its establishment</td>
</tr>
<tr>
<td>Glossary of basic business terminologies</td>
</tr>
<tr>
<td>Separate sections for targeting different groups of people</td>
</tr>
<tr>
<td>Interviews and articles of eminent economists and entrepreneurs</td>
</tr>
<tr>
<td>Letter to editors</td>
</tr>
<tr>
<td>Quizzes on current business scenario</td>
</tr>
<tr>
<td>Number of readers including online</td>
</tr>
<tr>
<td>Free Samples</td>
</tr>
<tr>
<td>Discounts on bulk subscription</td>
</tr>
<tr>
<td>Presence on Social Networking Sites</td>
</tr>
<tr>
<td>Unique Logo</td>
</tr>
<tr>
<td>Graphical representation of data</td>
</tr>
<tr>
<td>Gateway between firms, markets and investors</td>
</tr>
<tr>
<td>Reliable</td>
</tr>
<tr>
<td>Fame of the Magazine</td>
</tr>
<tr>
<td>Pointing out mistakes of the companies</td>
</tr>
<tr>
<td>Transparency</td>
</tr>
<tr>
<td>Grammatically Correct language</td>
</tr>
<tr>
<td>Stock Price Listing</td>
</tr>
<tr>
<td>Easy to understand editorial</td>
</tr>
<tr>
<td>Relate the unrelated</td>
</tr>
<tr>
<td>Policy evaluation</td>
</tr>
<tr>
<td>Short Articles</td>
</tr>
<tr>
<td>Use of Jargons</td>
</tr>
<tr>
<td>Created for professionals</td>
</tr>
<tr>
<td>Use of distinctive color</td>
</tr>
<tr>
<td>Policy on unsold</td>
</tr>
</tbody>
</table>
ences in the brand personality of the two brands. Table 7 shows the results of the t-test in the form of paired-samples across 14 dimensions of the business-media brand personality scale.

Scores of The Economic Times are consistently lower than Business Line scores on most parameters though the difference is minimal which indicates that the two brands belong to the same product category. The dimension, Youthful, where Business Line received lower score that Economic Times attests to the general perception of Economic Times being generally perceived to be more colorful and exciting. These scores of both the brands were subsequently arranged in an ascending order of their means to arrive at the dimension that affect the brand personality the most and the least, we obtain the following tables which indicate a comparison between the two brands.

As is evident from the first four dimensions that are found to be most descriptive of both the brands, three dimensions are common and the differentiating dimension is Intellectual for Business Line and Organized for The Economic Times. This finding justifies the researcher’s proposition that business media indeed is developing as a product category as two most prominent brands share 3 out of 4 top dimensions that describe them. Obtaining one different dimension out of top 4 also indicates a sharp brand positioning of the two brands. The dimension of Intellectual for Business Line and Organized for The Economic Times is also in conformity to the widely held perception of the two newspapers. Multi-dimensional scaling was conducted for the summed items of the dimensions; two dimensional Euclidian Distance Model. The resultant diagram is given in Figure 6.

As the graphs show that the dimensions of Business Line are scattered in the space compared to the dimensions of The Economic Times that have clustered around a smaller space indicating sharper brand positioning of The Economic Times. This finding too conforms to the generally held perception of the two brands.

Managerial Implications and Conclusion

The scale when tested with two business newspaper brands was able to distinguish and differentiate between the two brands and at the same time asserted the fact that they belong to the same product category. The distinguishing elements as highlighted by the scale are in conformity with the general perception of the two brands. This scale also offers enormous scope to brand managers in formulating their marketing plan; by applying it to a brand, the highest contributing dimensions and items that explain those dimensions can act as the pivot around which marketing plan and campaigns may be built. The scale therefore can act as a tactical and strategic tool for brand management, advertising & sales promotion, strategic interventions and product innovation functions.

<table>
<thead>
<tr>
<th>S.No</th>
<th>Name of the Dimension</th>
<th>Comprising Items</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Analytical</td>
<td>Analyses of issues, Coverage of Business Strategy, International Perspective, Coverage of Business Events, Provides Financial &amp; Economic History</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Trustworthy</td>
<td>Reliable, Accurate, Factual, Quality of Presentation, Veracity of Information</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Canonical</td>
<td>Credibility of Editors, Articles of eminent Economists and Industry Leaders, Graphical Representation of Data</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Innovative</td>
<td>Pedigree, Interesting Supplements, Leveraging Technological Convergence</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Youthful</td>
<td>B-School Rankings, Fairs &amp; Exhibitions, Sales Promotion</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Focused</td>
<td>Sticks to Core Competence, Corporate Focused</td>
<td>2</td>
</tr>
<tr>
<td>7</td>
<td>Organized</td>
<td>Glossary of Business Terms, Separate segments to appeal to different sections of readers</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>Engaging</td>
<td>Letters to Editors, Quiz on Current Business</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Reputational</td>
<td>Interview with regulators, Personality of Editor</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Ambitious</td>
<td>Seeks higher engagement with Readers, Aids Decision Makers, Points out Mistakes of Companies</td>
<td>3</td>
</tr>
<tr>
<td>11</td>
<td>Responsive</td>
<td>Reader Feedback, Readers’ Contribution</td>
<td>2</td>
</tr>
<tr>
<td>12</td>
<td>Rigorous</td>
<td>Business Language, Business-Like Approach</td>
<td>2</td>
</tr>
<tr>
<td>13</td>
<td>Intellectual</td>
<td>Comfortable Line Spacing, Appeal to Academia</td>
<td>2</td>
</tr>
<tr>
<td>14</td>
<td>Precise</td>
<td>Grammatically Correct Language, Policy Evaluation, Relate the Unrelated</td>
<td>3</td>
</tr>
</tbody>
</table>
Table 7. Paired Sample Statistics

<table>
<thead>
<tr>
<th>Pair</th>
<th>Brand</th>
<th>Mean</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
<th>t-value (Sig.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair 1</td>
<td>EA</td>
<td>2.3501</td>
<td>339</td>
<td>.65668</td>
<td>.03567</td>
<td>3.442 (0.001)</td>
</tr>
<tr>
<td></td>
<td>BA</td>
<td>2.2025</td>
<td>339</td>
<td>.61349</td>
<td>.03332</td>
<td></td>
</tr>
<tr>
<td>Pair 2</td>
<td>ETRUS</td>
<td>2.2601</td>
<td>339</td>
<td>.72813</td>
<td>.03955</td>
<td>6.182 (0.000)</td>
</tr>
<tr>
<td></td>
<td>BTRUS</td>
<td>1.9822</td>
<td>339</td>
<td>.61571</td>
<td>.03344</td>
<td></td>
</tr>
<tr>
<td>Pair 3</td>
<td>ECANO</td>
<td>2.3623</td>
<td>339</td>
<td>.72258</td>
<td>.03925</td>
<td>3.471 (0.001)</td>
</tr>
<tr>
<td></td>
<td>BCANO</td>
<td>2.2226</td>
<td>339</td>
<td>.64365</td>
<td>.03496</td>
<td></td>
</tr>
<tr>
<td>Pair 4</td>
<td>EINNO</td>
<td>2.3885</td>
<td>339</td>
<td>.72821</td>
<td>.03955</td>
<td>.677 (.499)</td>
</tr>
<tr>
<td></td>
<td>BINNO</td>
<td>2.3594</td>
<td>339</td>
<td>.63647</td>
<td>.03457</td>
<td></td>
</tr>
<tr>
<td>Pair 5</td>
<td>EYOUTH</td>
<td>2.4012</td>
<td>339</td>
<td>.79290</td>
<td>.04036</td>
<td>–3.559 (0.000)</td>
</tr>
<tr>
<td></td>
<td>BYOUTH</td>
<td>2.5817</td>
<td>339</td>
<td>.73857</td>
<td>.04011</td>
<td></td>
</tr>
<tr>
<td>Pair 6</td>
<td>EFOC</td>
<td>2.2333</td>
<td>339</td>
<td>.74801</td>
<td>.04063</td>
<td>2.875 (0.004)</td>
</tr>
<tr>
<td></td>
<td>BFOC</td>
<td>2.1014</td>
<td>339</td>
<td>.65974</td>
<td>.03583</td>
<td></td>
</tr>
<tr>
<td>Pair 7</td>
<td>EORG A</td>
<td>2.3482</td>
<td>339</td>
<td>.78929</td>
<td>.04287</td>
<td>2.479 (0.014)</td>
</tr>
<tr>
<td></td>
<td>BORG A</td>
<td>2.2324</td>
<td>339</td>
<td>.71881</td>
<td>.03904</td>
<td></td>
</tr>
<tr>
<td>Pair 8</td>
<td>ENGAGE</td>
<td>2.5985</td>
<td>339</td>
<td>.79789</td>
<td>.04334</td>
<td>3.447 (0.001)</td>
</tr>
<tr>
<td></td>
<td>BEN GAGE</td>
<td>2.4485</td>
<td>339</td>
<td>.75702</td>
<td>.04112</td>
<td></td>
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<tr>
<td>Pair 9</td>
<td>EREPUT</td>
<td>2.4483</td>
<td>339</td>
<td>.75912</td>
<td>.04123</td>
<td>3.507 (0.001)</td>
</tr>
<tr>
<td></td>
<td>BREPUT</td>
<td>2.2926</td>
<td>339</td>
<td>.74251</td>
<td>.04033</td>
<td></td>
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<tr>
<td>Pair 10</td>
<td>EAMBI</td>
<td>2.4553</td>
<td>339</td>
<td>.70886</td>
<td>.03850</td>
<td>3.343 (0.001)</td>
</tr>
<tr>
<td></td>
<td>BAMBI</td>
<td>2.2912</td>
<td>339</td>
<td>.71535</td>
<td>.03885</td>
<td></td>
</tr>
<tr>
<td>Pair 11</td>
<td>ERESP</td>
<td>2.5586</td>
<td>339</td>
<td>.85731</td>
<td>.04656</td>
<td>4.700 (0.001)</td>
</tr>
<tr>
<td></td>
<td>BRESP</td>
<td>2.3228</td>
<td>339</td>
<td>.80860</td>
<td>.04392</td>
<td></td>
</tr>
<tr>
<td>Pair 12</td>
<td>ERIGOR</td>
<td>2.2054</td>
<td>339</td>
<td>.79863</td>
<td>.04338</td>
<td>5.097 (0.000)</td>
</tr>
<tr>
<td></td>
<td>BRIG OR</td>
<td>1.9390</td>
<td>339</td>
<td>.75070</td>
<td>.04077</td>
<td></td>
</tr>
<tr>
<td>Pair 13</td>
<td>EINTEL</td>
<td>2.4027</td>
<td>339</td>
<td>.82345</td>
<td>.04472</td>
<td>5.096 (0.000)</td>
</tr>
<tr>
<td></td>
<td>BINTEL</td>
<td>2.1415</td>
<td>339</td>
<td>.72647</td>
<td>.03946</td>
<td></td>
</tr>
<tr>
<td>Pair 14</td>
<td>EPREC</td>
<td>2.3984</td>
<td>339</td>
<td>.69863</td>
<td>.03794</td>
<td>3.904 (0.000)</td>
</tr>
<tr>
<td></td>
<td>BPREC</td>
<td>2.2381</td>
<td>339</td>
<td>.67025</td>
<td>.03640</td>
<td></td>
</tr>
</tbody>
</table>

Table 8. Top Four Brand Personality Dimensions of Business Line and The Economic Times

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Rigorous (1.938986)</th>
<th>Trustworthy (1.982226)</th>
<th>Focused (2.101373)</th>
<th>Intellectual (2.141506)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Economic Times</td>
<td>Rigorous (2.2054)</td>
<td>Focused (2.233314)</td>
<td>Trustworthy (2.260145)</td>
<td>Organized (2.348246)</td>
</tr>
</tbody>
</table>

Figure 6. Multidimensional Scaling
Bibliography
Geuens M, Weijters B and Wulf K D (2009), “A New Measure of Brand Personality,”
Kim, Jooyoung, Baek; Tae Hyun; Martin, Hugh J, (2010), Dimensions of News Media Brand Personality, Journalism and Mass Communication Quarterly, 87.1: 117-134
The Power of Politics with Brands

Geraldo Matos, Roger Williams University
Gema Vinuales, Towson University
Daniel A. Sheinin, University of Rhode Island

Keywords: politicization of brands, self-brand connection, consumer-brand relationships

EXTENDED ABSTRACT

Research Question
If a person supports marriage equality and gun control, she would be quickly categorized as a liberal who supports Democratic candidates and causes, possibly leading to disdain, and a negative attitude from someone with opposing views. However, it is unknown what would occur if a brand becomes associated with political causes. Companies have recently been politically active in the public domain. For example, brands as diverse as Chevrolet (Buss 2014), Barilla (Bissell 2013), Honey Maid (Schultz 2014), Chick-Fil-A (Lobosco 2013) and Hobby Lobby (Liptak 2013) have all been linked with the marriage equality issue.

The objective of this research is to understand the implications of brands becoming linked with political causes. We seek to determine (1) whether by aligning with a political or social cause, a brand will come to take on the characteristics of that cause—meaning will a brand that supports a Democratic (Republican) oriented cause come to be perceived as having Democratic (Republican) leanings. And if in fact this does occur, (2) would the perceived political leanings of the brand impact preference behavior in anyway. And if so, (3) how would the alignment (or misalignment) between an individual’s political leanings and the brand’s perceived political leanings impact preference behaviors?

Method and Data
Both studies use a 3 (Brand message: Republican, Democratic, Control) × 3 (Political affiliation: Republican, Democrat, Independent) between-subjects design. Participants stemmed from an online panel (Study 1: n = 164; Study 2: n = 315). For both studies, we sought a stimulus brand that was not known for being linked with any political stances. Nike fit the selection criteria. It was highly familiar (M = 5.92 on a 7-point Likert scale), and considered neutral in brand political affiliation (M = 4.26 on a 7-point Likert scale).

Brand message was manipulated with a fictitious article quoting Nike’s CEO urging customers to join the company’s support for the legal definition of marriage as being between one man and one woman (Republican) or lesbian/gay/transsexual/bisexual rights in all aspects of life, including full marriage equality (Democratic). Study 2 involved support for (Democratic) or opposition to (Republican) ObamaCare. Political affiliation was a measured variable. The dependent measure was self-brand connection (Escalas & Bettman 2003). Participants first read one of the two versions of the announcement (except in the control condition), which was positioned as sourcing from “a major international news website with a global reputation for total accuracy.” Afterwards, they completed the dependent measures, covariates, and manipulation checks, and provided demographic information.

Summary of Findings
For study 1, a one-way ANOVA with brand political affiliation as the DV was significant (F(2, 161) = 30.06; p < .001). Those reading the Republican announcement perceived Nike as more conservative (M = 5.69) than the control condition (M = 4.26; p < .001), and the Democratic condition (M = 3.34; p < .001), indicating brand support for political or social causes can result in the politicization of the brand. In study 2, a one-way ANOVA with brand political affiliation as the dependent variable was significant (F(2, 312) = 104.24; p < .001), replicating these results.

In study 1, a 2 (Brand message: Republican and Democratic) × 2 (Political affiliation: Republican and Democrat) ANOVA on self-brand connection revealed a predicted crossover interaction (F(3, 55) = 9.77; p < .005; η² = .15) with no sig-
significant main effects (each p > .50). Republicans indicated stronger self-brand connection with the traditional family values announcement (M = 5.11) than the marriage equality version (M = 3.43; t(20) = 2.46; p < .05), while the reverse was true for Democrats.

In study 2, a 2 (Brand message: Republican and Democratic) × 2 (Political affiliation: Republican and Democrat) ANOVA on self-brand connection again revealed a predicted crossover interaction (F(3, 137) = 16.07; p < .0001; η² = .11) with no significant main effects (each p > .30). Therefore, in both studies, self-brand connection was greater when brand message and personal affiliation were aligned than when it was not.

**Key Contributions**

In two studies, we show brands can be influenced by political stances, whereby a politically neutral brand takes on liberal or conservative values with a corresponding political stance. Moreover, a misalignment between the stance and a consumer’s political affiliation has negative consequences on self-brand connection.

This research continues to extend the ever-increasing complexity of the connections between brands and consumers. Brands are heavily emotional and often entwined with consumers’ personalities and senses of self. Marketers, therefore, imbue brands with human characteristics in order to promote this practice and drive preference (Torelli et al. 2012). The incorporation of political stances by brands deepens this notion because stances are not in any way related to one of the dimensions of brand equity. Politics have invaded an every growing part of the lives of Americans (Carney et al. 2008; Abramowitz & Saunders 2005; Jost 2006), influencing how people: behave toward others, travel, and decorate their homes (Carney et al. 2008). Given the importance of passion of politics across the U.S., it is predictable that brands would try to ride this wave to strengthen the relationship and self-connection of their customers. Yet, the results of our studies indicate that doing so is not without peril.

*References are available on request.*
Research Question
Communicating attributes of environmental products is challenging as benefits of these products are typically vague (Kronrod, Grinstein and Wathieu 2012). We suggest sound symbolism may be an effective way to convey environmental attributes of brands.

Sounds can convey product attributes and influence consumers’ attitudes. For example, silent consonants convey sharpness whereas voiced consonants convey bluntness, of the products (Klink 2001). However literature is limited to the ability of sounds to convey literal product attributes. But “environmental friendliness” of brands is relatively complex.

The question then arises as in the lack of a direct referent to the attribute “environmentally friendliness”; can marketers use sounds to convey indirect, metaphorical meaning of environmental friendliness? Metaphor processing literature suggests that, metaphorical meanings inherently exist in our minds and that we naturally associate these meanings with literal meaning to understand the world around us (Lakoff and Johnson 1980). Similarly, based on their existing concrete links to the literal meanings, sounds may automatically evoke the parallel metaphorical meanings of environmental friendliness.

In sum we hypothesize: Brand names containing silent consonants (k/p/t) (vs. voiced consonants, g/b/d), are perceived more environmentally friendly. And this effect is mediated by metaphorical associations of environmental friendliness (e.g. good heartedness, honesty, etc.).

Method and Data
Study 1 was designed to find the metaphorical associations of environmental friendliness. 50 participants listed human characteristics they associate with environmental friendliness. The most frequently listed 29 associations were then rated by a separate sample of 37 participants on a 7-point scale of their suitability to an environmental product. The 6 final adjectives (Humble, Patient, Affectionate, Good-Hearted, Honest, and Smart) are used in further experiments.

In Study 2, participants (N=37) rated each of 24 fictitious brand names half voiced (e.g. Dijabee) and half silent (Tichapee), on a 7-point scale of environmental friendliness.

In Study 3, 164 MTurkers rated 4 voiced and 4 silent fictitious brand names on the 7-point scale of environmental friendliness. They also associated the names with metaphorical attributes relevant (Honest, Affectionate, Humble, Patient, and Good-Hearted) and irrelevant (Humorous, Good-Looking, Brave, Enthusiastic, Musical) to environmental friendliness.

In Study 4, eight new fictitious names were created. Each of the 4 silent names contained 67% silent consonants and 33% voiced consonants (e.g. Pasofid). The pattern was reversed for creating voiced consonants (e.g. Bazovit). 571 MTurkers rated these names on the 7-point scale of environmental friendliness and on the scale of association with metaphorical attributes relevant and irrelevant to environmental friendliness.

Summary of Findings:
In every study the silent consonant brand names were rated significantly higher on the scale of environmental friendliness than voiced consonant brand names. In Study 2, the aggregate environmental friendliness rating for silent brand names ($M=3.92$) was significantly higher than voiced brand names ($M=3.75$ $F(1, 36)=5.70, p=.023$). Similar pattern was
observed in Study 3, (silent brand names $[M=4.26,]$, vs. voiced brand names $[M=3.52, F(1.163)=48.050, p<.001]$) and Study 4 (silent brand names $[M = 3.98]$ vs. voiced brand names $[M=3.86, F (1.570)= 8.58, p < .005])$.

In Study 3 and 4, Participants associated the human characteristics relevant to environmental friendliness more with silent brand names ($M=4.45$) than with voiced names ($M=4.38, F(1.570)=26.41, p<.000$). However, the irrelevant human characteristics were not clearly associated with either silent or voiced names.

Mediation analysis (Hayes 2014) in Study 4 supports the partial mediation. It shows that the use of silent sounds over the voiced sounds caused significantly higher ratings for relevant human characteristics ($b=0.0918, p=.001$), and consequently environmental friendliness ratings ($b=0.2985, p=.000$). The direct effect of sound on environmental friendliness ratings was also significant ($b=0.1632, p=.007$), but its coefficient was lower than it was when the mediator was not included in the analysis.

**Key Contributions**

The findings of these three studies consistently indicate that brand names consisting of silent consonants (k/p/t) are perceived to be more environmentally friendly than brand names containing voiced consonants (b/g/d). The discovery that sounds can convey not only literal meanings but also metaphorical meanings is a novel contribution to the study of branding and consumer behavior.

Revealing the underlying mechanism for this effect, we also show that this effect is mediated through metaphorical meanings associated with ‘environmental friendliness’. The present work suggests that subtle differences in sounds can be highly influential in communicating second level metaphorical meanings, in addition to direct product attributes.

This tool can be especially effective for low involvement products, where heuristics such as brand name sounds, play a higher role than cognition in product purchase decisions. Additionally this strategy can be highly useful for global brands, as the meaning of sounds is the same universally (Klink 2000, Lowrey and Shrum 2007).

In summary, this work provides a very innovative approach to marketers as well as improved understanding of theory of sound symbolism. Further empirical investigation is needed to test ability of sounds to convey metaphorical associations of products, other than environmentally friendly.

*References are available on request.*
How Shapes Can Bring a Brand Extension Closer to Its Parent Brand

Hosei Hemat, University of Sydney
Ulku Yuksel, University of Sydney

Keywords: brand extension fit, geometric shapes, rounded and angular shapes, angular shapes, brand type

EXTENDED ABSTRACT

Research Question
Consumer perception of a connection between a brand extension and its parent brand has been considered the most important factor for brand extension success. Existing research has revealed a variety of factors that affect brand extension fit evaluations. Extending this research, we suggest that visual stimuli can have a significant effect on consumers’ brand extension fit perceptions. We focus on geometric shapes (i.e., rounded vs. angular), which commonly appear in brand extension advertisements, brand logos, product packaging, and product design. Using experiments, our present research proposes that specific geometric shapes (i.e., squares vs. circles) can affect consumer perceptions for dissimilar brand extensions.

Aesthetics research suggests that different shapes create different responses in individuals. Circular shapes have been demonstrated to be associated with connectedness, agreement, harmony, and friendliness and are viewed as a compromise between a stimulus and its environment. However, angular shapes have been related to disagreement, aggression, separation, and toughness and signify incongruity and confrontation between a stimulus and its environment. Moreover, product design research suggests that individuals generally prefer rounded over angular product design. Further, research finds that round shapes induce relational processing of information, while angular shapes induce item-specific processing. Accordingly, we propose that round (square) shapes induce an agreement (disagreement) mindset, which in turn increases (decreases) brand fit perceptions. Additionally, we propose that brand type (i.e., functional vs. luxury) acts as a moderator. Those exposed to round shapes will perceive more brand extension fit for luxury than for functional brands, while those exposed to square shapes will perceive more brand extension fit for functional than luxury brands.

Method and Data
Using experiments to test our hypotheses, we recruit participants from an undergraduate and postgraduate student pool. Participants receive 2% course credit in exchange for their participation. Experiment 1 used a single factor (shapes: circles vs. squares) design to test whether shapes create an agreement/disagreement mindset. Participants were told that we were interested in their opinions about a new product. They were asked for their opinion on the parent brand. Then, participants viewed pictures of either circles or squares in different sizes. Following this, they were asked to indicate their current level of perceived agreement/disagreement. Experiment 2 used a single factor (shapes: circles vs. squares) design to test the effect of exposure to shapes on brand fit evaluations. Similar to experiment 1, participants were shown pictures of squares or circles. Next, participants were told about the brand extension and evaluated it on favourability and fit despite never having tried it. Experiment 3 tested whether the effect of exposure to shapes on brand fit evaluations was mediated by an agreement/disagreement mindset. Future experiments will be run to test the moderating effect of brand type and to replicate our results using different operationalisation of the use of shapes such as in form of brand logos or through the use of shapes in the design of advertising for brand extensions.

Summary of Findings
Using several experiments, this research shows that specific geometric shapes (i.e, circles vs. squares) can induce an agreement mindset in individuals, which in turn increases fit perceptions for dissimilar brand extensions.

For further information contact: Hosei Hemat, University of Sydney (hhem3223@uni.sydney.edu.au).
We find that those exposed to round shapes perceived more brand extension fit than those exposed to square shapes. We establish that this effect is mediated by an agreement/disagreement mindset. Specifically, we find that round shapes such as circles prime an agreement mindset, while angular shapes such as squares prime a disagreement mindset.

Future experiments will test whether parent brand type (luxury vs. functional brand) moderates the effect shape exposure on brand fit perceptions. Further, we plan to replicate our findings by using different operationalisations of the use of shapes. We aim to demonstrate that changes in the shape of brand logos (rounded vs. angular) can lead to different brand fit evaluations similar to results from our experiments 1-3. Further, we will also investigate whether our findings apply when using angular versus rounded shapes in the design of various forms of advertising (e.g., print, online, billboard, TV) for brand extensions.

**Key Contributions**

Our work provides new insights to the brand extension, sensory marketing, and aesthetics literature. Our study is the first to consider the effect of exposure of geometrical shapes on brand extension fit perceptions. We empirically demonstrate that brand extension fit perceptions are higher when consumers are exposed to round shapes than when exposed to square shapes. Further, we establish that round shapes create an agreement mindset, while square shapes create a disagreement mindset.

We equip managers with specific insights that help increase brand fit evaluations for dissimilar brand extensions by using geometrical shapes as a tool. For example, managers can use circular/rounded shapes in their product packaging, product design, brand logo design, or advertising for brand extensions to increase fit perceptions.

*References are available on request.*
Part D
Consumer Behavior

Track Chairs
Kelly Tian, University of Wyoming
Stephanie Oneto, University of Wyoming

Consumer Preferences and Decision Making

Olfactory and Tactile Cues in Purchase Decision Making
Monika Koller, Thomas Salzberger, Arne Floh, Alexander Zauner, Maria Sääksjärvi, Hendrik Schifferstein

Forgo or Go for One? The Unavailable Effect on Consumer Decision in Nonalignable Choice Sets
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A Typology of Consumer Preference Parabolas
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A Consumer-Sensory Model of Flavor: Toward New Ways of Combining Sensory and Marketing Data
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Olfactory and Tactile Cues in Purchase Decision Making

Monika Koller, WU Vienna
Thomas Salzberger, WU Vienna
Arne Floh, University of Surrey
Alexander Zauner, marketmind GmbH
Maria Sääksjärvi, Delft University of Technology
Hendrik Schifferstein, Delft University of Technology

Keywords: olfaction, need for touch, segmentation, scale development, need for smell

EXTENDED ABSTRACT

As regards the individual importance of the sense of touch, Peck and Childers (2003) developed a measurement instrument that assesses a consumer’s need for touch (NFT). In an analogous manner, it is the question whether the need for smell (NFS) can be conceptualized as an individual’s propensity for obtaining olfactory information in decision-making? Having a sound measurement instrument is key for further studies into the individual role of the sense of smell in a consumption context. In contrast to the well-established NFT-scale, the NFS-scale is still in its developmental phase. In the present paper, we contribute to the further development of the proposed NFS-scale by answering the following additional three research questions: What are the psychometric properties of a short 3 × 5-item NFS-scale? What about its applicability in a field setting in terms of external and predictive validity? What are underlying reasons for the smelling behavior observed? Are there common NFT and NFS patterns and if so how can they be described in order to be applied for segmentation purposes?

The paper comprises six studies, in which a mix of methods is applied. Field applications provide insights into the NFS-scale’s external and predictive validity. Qualitative investigations such as observation and interviews disclose the underlying reasons of the observed smelling behavior. The psychometric assessment of the NFS-instrument was based on the Rasch model for measurement. Survey data was collected via representative online panels in Europe and the US. In-store observations were combined with paper and pencil surveys. The current paper contributes to the further development of the need for smell measurement instrument. The NFS-scale is a multidimensional tool, developed based on six studies, in which a mix of methods is applied. Field applications provide insights into the scale’s external and predictive validity. Qualitative investigations disclose the underlying reasons of the observed smelling behavior. Moreover, common patterns of need for touch and need for smell are identified serving segmentation purposes and providing implications for applied marketing.

The proposed NFS-instrument consists of three dimensions with five items each. The number of items was deliberately kept small in order to encourage the scales’ use in academic research but also in applied corporate market research. The results of our six studies show that a considerable proportion of consumers is indeed relying on their olfactory sense. In the light of these findings it seems that a huge potential to stimulate consumers remains unutilized. In terms of using NFS and NFT for segmentation, our results show that there are indeed segments of varying sensory perceptual needs, which share also further common purchase-related characteristics like the general need to evaluate, the faith in intuition, shopping enjoyment and buying impulsiveness. In terms of the three dimensions of NFS in the nomological network, as expected, for taking a smell at a new book, we find a significant correlation with the autotelic dimension only. Taking a smell at a new book is a purely hedonic experience, there is no instrumental or quality-judgement involved. By contrast when it

For further information contact: Monika Koller, WU Vienna (monika.koller@wu.ac.at).
comes to shopping for garments, all three dimensions of NFS play a significant role. As expected, the impact of the product evaluation dimension is the strongest. Moreover, as predicted, consumers scoring higher on NFS also tend to have a higher intention to buy organic products. In terms of external validity of the instrument, the group of consumers having been observed taking a smell at products at the grocery store score significantly higher on all three dimensions of NFS, confirming our hypothesis and providing evidence for the external validity of NFS and the 15-item measurement instrument. In terms of internal triggers of smelling behavior at the point of sale, the main reasons for smelling at fruits and vegetables prior to purchase mentioned were: to check whether the product is ripe; to get a feeling for its quality; to get a valid indicator how it would taste like. On the contrary, reasons mentioned for not smelling were: packaging hinders smelling; previous experience with the product category makes smelling unnecessary; the products origin is mentioned to be a far more important indicator for its quality than its smell; smelling at products in a grocery store is unhygienic and not desirable from a social perspective. Some non-smellers also mentioned a lack of “smelling-expertise.”

References are available on request.
Forgo or Go for One? The Unavailable Effect on Consumer Decision in Nonalignable Choice Sets

Jing Tian, Tsinghua University  
Rong Chen, Tsinghua University

Keywords: unavailable effect, nonalignable choice set, mindset, construal level

EXTENDED ABSTRACT

Consumers often face the situations that certain options are sold out but still presented in some way, e.g., in the Internet purchasing contexts especially when some big deals are going, as stocks disappearing sellers can mark an unavailable option by an out-of-stock stamp conveniently. The unavailable option or incomplete information effect on consumer decision has recently aroused some research interests, however, the contexts above are all focused on the alignable attributes of products, which can be ranked with certain rules. But what if the options are equally in alignable attributes, like quality and price, but only different in some non-alignable features (e.g., design or taste)? For example, there are several color options for a series of coats, which are identical same in price and quality or several tastes of chewing gums of one brand at the same price and volume. Little is known about how an unavailable option influences decision in a common nonalignable choice set. The phenomena are more popular in daily consumption sector and their effects are more concerned by individual companies.

We examine the questions based on goal-related mindsets theory, and posit that the type of mindset determines a goal-related purchase decision. When consumers face the unavailable option in a nonalignable choice set, if the which-to-buy mindset is activated, they may focus on comparing the features of different options. Since the features are nonalignable, we expect the likelihood of purchasing the remained options be increased. If they are primed the whether-to-buy mindset, they may pay attention to the incomplete structure of the choice set. While being forced to choose induces higher depletion than making autonomy choice. The higher self-depletion may increase the forgo intention, and postpone the purchase or switch to other choice set. In general shopping, consumers maintain a script in memory consisting of series of sub-goals, the first sub-goal allows for more abstract, global processing and high-level construal, whereas the second sub-goal allows more detail, local processing and low-level construal. The consumers activated which to buy mindset may induce a lower construal level, to keep an eye on the specific residual options, which performs equally in the functional and alignable attributes. However, those activated whether to buy mindset are likely to construe unavailable information in a high level, paying more attention to the whole structure of the choice set. Thus construal level is supposed to be a mediator in the relationship between mindset and purchase intention.

Guided by this basic rationale of goal related behavior, we further propose two factors that activate the different mindsets. Firstly, since initial purchase would activate consumers’ mindset from deliberative to implementation, and increase the intention of later purchase, we expect that shopping cart state represents different purchase stage and primes different type of mindsets. The consumers with empty shopping cart show lower purchase intention comparing with who have bought something. Secondly, payment modes may also perform as a moderator. Gift card recipients appear to confront a concrete task comparing with the gifted cash recipients. We infer that consumers paying by gift cards (vs. gifted cash) would show higher purchase intention of remained options since it activates the which-to-buy mindset (vs. whether-to-buy mindset).

Four studies provided converging support of the hypotheses. The first study tested the main prediction that con-
consumers activated which-to-buy mindset show higher purchase intention of remained options, relative to those who are activated whether-to-buy mindset ($M_{\text{which to buy}} = 4.73$, $M_{\text{whether to buy}} = 3.78$; $p < 0.05$). Participants received information about two kinds of products. In one condition, participants first decided whether they would choose one of the two kinds or would rather not choose any kind at all, where they were activated whether-to-buy mindset. Then, after making a decision, they had to consider the second decision in a non-alignable choice set. In the other condition, participants first indicated which of the two kinds of products they preferred, with which they were activated which-to-buy mindset. Having done so, they were indicated whether they would purchase an option in a non-alignable choice set. Study 2 used the similar situation and measured the construal level through BIF scale. Supporting evidence for the construal level explanation arose, that is, consumers activated which-to-buy mindset tends to construe lower level than those activated whether-to-buy mindset. Study 3 demonstrated that initial goods in shopping cart easily activate which-to-buy mindset, and increase sequential purchase intention of remained options. Study 4 found that gift card recipients think more concretely comparing to gifted cash recipients, thus increase purchase intention of remained options.

This paper is one of the first articles focus on the unavailable effect in the non-alignable choice set, in which the decision principle is different from the comparable choice set. We also examined the relationship between theory of goal related behavior and construal level. What is more, we further found two factors that activate the different mindsets during purchasing process, shopping cart status and payment type. From a managerial perspective, these results helped improving the efficiency of shop guides and online recommendation systems, faced with unavailable options in a common non-alignable choice set, thus increase consumers’ purchase intention of residual products. This research was supported by the National Natural Science Foundation of China (Grant No.71172011, 71472104).

References are available on request.
A Typology of Consumer Preference Parabolas

Jie Sun, Siena College
Ronald W. Niedrich, Louisiana State University

Keywords: single-peaked preference, ideal point, cost-benefit, prototype

EXTENDED ABSTRACT

Research Question
In this conceptual paper, we propose a typology of non-linear preference functions. We consider scenarios where we observe a quadratic relationship between consumer preference and the values of determinant product attributes. For example, in contrast to the notion that more is better, consumers prefer a moderate amount of cheese to serve at a dinner party (Cooke, et al., 2004) and faces of people with intermediate values of eye gap and nose width (Wedell and Pettibone, 1999). This phenomenon has been given various names in the literature, including ideal points and single-peaked preference (Cooke et al., 2004; Coombs and Avrunin, 1977; Wedell and Pettibone, 1999). Explanations in the literature can be assigned to one of two theoretical domains, the prototype model (Coombs, 1964; Wedell and Pettibone, 1999) or the cost-benefit model (Cooke et al., 2004; Coombs and Avrunin, 1977). In order to account for a wider range of phenomenon, we refer to these two processes more generally as target-attribute matching and attribute trade-off. Although these explanations have been viewed as competing theories, we propose a typology as a unifying framework that identifies the conditions under which each model is operative.

Summary of Findings
Based on a review of the literature and our conceptualization, two dimensions appear useful in classifying quadratic preference functions, the number of determinate attributes (single or multi-attribute) and the preference mechanism (target-attribute matching or attribute trade-off). This classification results in four categories of quadratic preference functions, which we refer to as single-target matching, multi-target matching, single attribute trade-off, and multi-attribute trade-off.

In single-target matching, the product whose determinant attribute is most similar to the target will be the most preferred option. Targets can be generated by a number of processes, such as goals, norms, and expectations. Examples from prior research include t-shirt size preference (Prelec et al., 1997) and the amount of sugar in tea (Best, 1976). The matching process can be extended to multi-target matching, where each determinate attribute is compared to a target. Preference can be estimated using an additive difference model, which is highest for the option with the minimum weighted difference.

In single attribute trade-off, consumers integrate the positive and negative inferences of a single attribute to determine the optimal attribute level. Examples from prior research include preference for the number of children (Goldberg & Coombs, 1962) and the duration of a vacation (Coombs and Avrunin, 1977). The quadratic preference function can be estimated using a weighted additive model. In low values of the attribute, more weight is given to the positive inferences. In high values of the attribute, more weight is assigned to the negative inferences. This process can be extended to multi-attribute trade-off, where consumers integrate inversely related positive and negative attributes to determine the optimal attribute combination.

Key Contributions
Although quadratic preference functions appear ubiquitous, there is limited research on the nature of the phenomenon. Our typology provides a conceptual framework that is useful in generating a number of propositions. A central proposition is that target-attribute matching and attribute tradeoff are distinct mechanisms. In constructing preference, consumers may employ either or both mechanisms, depending on the specific conditions. The focus of future research is to investigate the conditions that determine the selected mechanism.

References are available on request.
A Consumer-Sensory Model of Flavor: Toward New Ways of Combining Sensory and Marketing Data

Usha L. Pappu, University of Queensland
Heather Smyth, University of Queensland
Leonard V. Coote, University of Queensland

Keywords: sensory analysis, flavor, aroma, taste, texture

EXTENDED ABSTRACT

Comprehending the motivations that drive consumer choices is a major challenge for marketing and sensory practitioners. The paper integrates two major fields: sensory science and marketing by linking the recent work in sensory analysis to the theories of consumer research and extending to combining the methods of sensor evaluation with models for estimating consumer willingness to pay (WTP) for attributes including flavors that can be described from a sensory perspective. The article presents an integrated model of sensory and marketing perspectives, a consumer-sensory model of flavor. Intrinsic sensory properties (colour, aroma, taste, texture and trigeminal sensations) of a product are the focus and the emphasis of sensory for product acceptability. Marketing concentrates on product extrinsic sensory characteristics (branding, labelling, pricing, size, packaging and country of origin) for product preferability. Hence, the focus of attributes (intrinsic or extrinsic) and methods used (sensory analysis or choice modelling) are different for sensory and marketing but the goal is the same that is obtaining “consumer’s acceptability for a given product.”

The paper provides a holistic approach that unites sensory analysis with marketing techniques, consolidates and assimilates sensory knowledge and presents an inclusive model to evaluate intrinsic and extrinsic sensory data for industry purposes in addition to presenting an overview research of consumer-sensory direction of flavor giving all aspects their comparative importance. The article offers an objective assessment of how consumers perceive the attractiveness of desirable qualities based on non-observable sensory cues (intangible attributes that are inherent) and observable sensory cues (tangible attributes that are acquired) of flavor products. Our aim is to demonstrate how linking intrinsic and extrinsic sensory data affects our overall understanding of the physiological, psychological and actual mechanisms underlying how consumers evaluate sensory information, particularly in the context of making consumption choices. This illustration can be used to set up the appropriate sensory expectations in the mind of the consumer which in turn can increase the consumers’ multisensory experience of products and their intentions to purchase.

Marketing literature is limited to evaluating the effects of observable sensory parameters such as branding, labelling and other information cues of products on consumer sensation, perception and behavior. Consequently, marketing has overlooked to extend its “effect of sensation” analysis to the broader perspective and to include the conventional sensory evaluation that evokes and measures the consumer responses as perceived through human senses (that is the physiological and anatomical aspects of sensation and an understanding of how these systems work in humans to stimulate sensation) as it not only relates and affects the psychological outcome of consumer choice but also integrates empirical findings of biological (sensory) and behavioral aspects of sensory evaluation. Thus, marketing has discounted the antecedents that stimulate sensation and affects consumer behavior. This means “source component of sensation,” that is the cause of sensory effect on consumer perception and behavior is disregarded.

Sensory studies expound perception of flavor and taste of food is believed to be food-internal stimuli (Jiang, King &
Prinyawiwatkul, 2014). This perception is influenced by overall appearance, aroma, texture, sound and temperature of the food which in turn have an effect on liking of a food item. This relationship to liking is either innate or formed later through experiences with foods. However, it is unclear whether the concept of overall acceptability or hedonic liking is a sufficient benchmark for sale prediction or product success. Since people change their preferences and choices over time, it is also questionable that a single measurement of overall acceptability has limited predictive value for future liking especially when the emotions of boredom and aversion take place as time goes by or due to changes in personal circumstances (Köster, 2003).

From a sensory perspective, consumer flavor choice or decision making journey starts from plant genetics, flavor chemistry and perceptions of internal sensory experiences. From a marketing view external sensory cues signal the flavor quality. From a consumer point of view all of the above work. For this reason, consumer-sensory model of flavor combines all of these analyses, makes a firm distinction of the sensory aspects and the utility (or marketable) aspects of a flavor product and distinguishes different flavors leading to positive or negative emotions resulting in product liking/disliking. This in turn will determine the drivers of consumer flavor choices and actual consumption via WTP estimations.

An Integrated Conceptual Model
The model addresses consumer sensations, emotions, benefits and trade-offs of choices and their underlying processes as they relate to flavor preferences thus, validating the essential qualities of flavor taking into account of both intrinsic and extrinsic aspects. The model has three aspects: physiological, psychological and rational, thus is designed to measure both inherent (intrinsic) and acquired (extrinsic) sensory data. This framework differs to other general information processing models due to its unique focus on (1) the internal multisensory stimulations of flavor and flavor-evoked emotions (intrinsic sensory data), and (2) consumer perceptions of evaluations conveyed through extrinsic sensory data and their overall impact on flavor choices and consumer WTPs. The structure of the model (two levels of data, three levels of consumer engagements and five flavor-related acceptability stages) reflects an understanding that consumers consider different levels of attributes of flavor, involve in different levels of engagement while tasting because of their different needs, motives and goals. Primarily, these levels of engagement are represented in the model via five acceptability stages: flavor (physiological), emotion (psychological), utility, choice and WTP (rational). The physiological and psychological levels (intrinsic sensory attributes) represent consumers’ self-interested engagement; that is the flavor is viewed as personally relevant to the consumer. These two levels essentially establish emotional and sentimental value of a given flavor or a flavor product in consumers’ mind. The inherent attributes of flavor and flavor-evoked emotion are interrelated and empirically tested sensory concepts that have high correlations with each other. The rational level (extrinsic sensory attributes) represents object-oriented, functionally-driven engagement. The rational level primarily establishes economic value of a given flavor or a flavor product in consumers’ mind.

Utility, choice and WTP steps are interconnected and empirically well-known choice modelling concepts. Their underlying mechanisms and their strong correlations with each other and with consumer choice behavior are the base for selecting them for this model. As the consumer moves from physiological and psychological stages to the rational stage, the flavor becomes increasingly meaningful and important to them and shapes their choice whether to consume or not. The model differentiates clearly between two intrinsic sensory (inherent) and three extrinsic sensory (rational) concepts to indicate different approaches of connecting with flavor that vary in strength and affect the consumers’ interaction and association in terms of attitude (resulting from concrete engagements with flavors), attachment (resulting from self-interested and emotional engagements with flavors), and community (resulting from social and cultural engagements with flavors via sharing its sensory and participatory experiences with others).

Conclusion
The core of the consumer-sensory model is consumer choice behavior. The common thread of sensory and marketing literature is a search for a better theory and methods for individual and aggregate choice behavior and to predict behavioral responses to changing conditions. Thus, the theoretical foundation of the model approach is consumer choice. However, the model focuses on utility derived from the characteristics (both intrinsic and extrinsic) which flavor products possess. The model uses random utility theory (RUT) (a systematic approach for quantifying an individual’s preferences) to study consumer choice behavior. In general, RUT is used to evaluate stability, consistency and generality of preferences. Therefore, the test results of the model will not be driven by the products or names of products, the results will be driven by the underlying consumer choice behavior such as consistency and generality in framing the choices based on the utility. The central concept underlying relative flavor preferences is Luce’s choice axiom (LCA). LCA states the ratio of probabilities remain the same, regardless of what is in the choice set. Accordingly, the model is aimed to use stated preferences to analyze WTP choices.
The existing sensory and marketing models are stand-alone models and do not connect or correspond with each other. Moving beyond the discipline-specific limitations, the model presented here has accomplished an inclusive, yet parsimonious, blueprint (Keller, 2003) of modelling inherent and acquired sensory data using a single model while joining sensory and marketing techniques amicably. The model developed in this paper is for industry as well as for academic audiences.

References are available on request.
The Aura of Luxury Brands: Young Consumers’ Susceptibility to the Bandwagon Effect

Shayan Shaikh, Lahore School of Economics

Keywords: bandwagon luxury consumption, status consumption, need for uniqueness, susceptibility to normative influence, interdependent/independent self-concept

EXTENDED ABSTRACT

Research Question
This paper investigates the underlying motivations for bandwagon luxury consumption among young consumers of an emergent market. This research is conducted in Pakistan, a highly collectivistic society (Hofstede, 2001), to see whether there are different motivations for indulging in bandwagon luxury consumption and whether culture has a role to play in this context. Kastanakis & Balabanis (2012) have developed a framework of the antecedents of attitude towards luxury consumption of the masses. The current research builds on this framework and aims at further analyzing the concepts of susceptibility to normative influence, need for uniqueness, and status consumption as mediators between the interdependent self and bandwagon luxury consumption and also between the independent self and bandwagon luxury consumption. This research also provides significant information for brand houses by evaluating the reasons for bandwagon luxury consumption in a highly collectivistic emergent market and discussing what marketing and branding strategies can be employed to further boost sales and increase their respective market share.

Method and Data
This research focuses on luxury watches to assess luxury consumption. All the items in the scale have been adapted from the literature and are measured using four items. The items of independent and interdependent self have been adapted from Singelis’ (1994) scale. Status consumption, susceptibility to normative influence and need for uniqueness have been measured using scales developed by Eastman et al. (1999), Bearden et al. (1989) and Tian et al. (2001), respectively. Bandwagon luxury consumption has been measured using the scale developed by Kastanakis and Balabanis (2012). The sample comprises of 450 university students of Pakistan coming from Socio Economic Class A. The data has been collected with the help of paper and pen based survey method. 430 questionnaires were returned with a response rate of 96%, out of these 397 have been used for the data analysis. 50.3% of the total sample comprises of women and 49.7% are men with 98.5% of the sample ranging between 18 to 28 years of age. Structural equation modeling, using two-step approach as proposed by Anderson & Gerbing (1988), has been used to assess the causal relationships in a conceptual model.

Summary of Findings
Structural equation modeling results show that susceptibility to normative influence, status consumption and the need of uniqueness significantly affect consumers’ bandwagon luxury consumption. Further, the results suggest that the relationship between individuals’ independent and interdependent self-concept and bandwagon luxury consumption is mediated by their personality traits.

The standardized path coefficients for all the direct paths are significant except for the relationship between interdependent self and need for uniqueness. The relationship between need for uniqueness and bandwagon luxury consumption which was hypothesized to be negative is actually significantly positive. Moreover, the relationship between independent self and status consumption turned out to be positive while it was hypothesized to be negative.

It can also be observed that the indirect effect of independent self-concept as well as the interdependent self-concept on

For further information contact: Shayan Shaikh, Visiting Faculty Lecturer, Lahore School of Economics (shayan_ahsan@hotmail.com).
bandwagon luxury consumption through each of the mediators (need for uniqueness, status consumption & susceptibility to normative influence) is significant.

**Key Contributions**

This research expands the work of bandwagon luxury consumption in the context of a collectivistic emergent society leading to a deeper understanding of consumer motivations.

The results highlight that bandwagon luxury consumption is primarily generated from the interdependent self and is strengthened by a consumer’s nature to conform along with the need for status especially in a collectivistic society. Luxury brand managers should focus on associating connotations of status, popularity and creativity for greater sales revenue and market share in such markets. This is especially relevant to the consumers of collectivistic societies where societal acceptance and status are the prime goals for consumption of these luxury brands in comparison to people of the Western countries who are individualistic and purchase luxury brands for self-expression and uniqueness.

The marketing should center on promoting the brand as a style statement that holds prestige and quality along with utility. It is important to understand that in order to tap on to the bandwagon consumers, the marketers need to focus on being creative within defined parameters since something that is novel is not generally consumed by the bandwagon luxury consumers.

*References are available on request.*
Factors Affecting Attitude and Purchase Intentions Toward Luxury Brands Among Qatari Youth

Dalia Abdelrahman Farrag, Qatar University and Arab Academy for Science, Technology & Maritime Transport

Keywords: luxury brands, Qatari youth, attitude, purchase intentions

EXTENDED ABSTRACT

This study examined the factors influencing Qatari youth’s attitude towards luxury brands and intentions to purchase luxury brands.

Research Question
Mixed methods have been utilized in order to propose and test a conceptual model for understanding the relationship between the most important factors that influence attitude towards luxury brands and consequently purchase intentions for luxury brands.

Method and Data
In-depth interviews have been initially conducted to identify important factors influencing attitude towards fashion. Four in-depth interviews were conducted with store managers from Burberry, Rolex, Armani and the premier department store Fifty One East located at Villaggio Mall in Doha. Store managers stressed on the importance of brand consciousness, social comparison, fashion involvement (which encompasses fashion innovativeness) and experiential needs. Materialism has been eliminated as store managers described how Qataris buy goods to show their wealth publicly and specifically amongst their tribes and families and materialism focuses on individual hedonic meanings through the happiness of possession which is less relevant to the Qatari society.

This study focuses on the youth segment as it constitutes around 20% of the total Qatari population and is the most educated according to the Labor Force Survey, 2012, hence considered the most profitable segment for luxury marketers. A total of 230 questionnaires were surveyed using face-to-face interviews on campus and via email. The final sample size was 186 after excluding invalid incomplete questionnaires. AMOS statistical software has been utilized to test the research hypotheses.

Summary of Findings
The results indicated the good fit of the measurement model by different indices (CMIN/DF = 1.346, p < 0.001, CFI = 0.965, TLI = 0.93, RMSEA = 0.043, PClose = 0.718 (Hair et al. 2006). After running the measurement model, some items were excluded from the variables under study. All hypotheses were supported except H3 which indicated that the relation/association between social comparison and attitude towards fashion is not significant. This is not very consistent with previous studies (Zhang and Kim, 2013; Wang et al., 2011). This may be due to the fact that luxury is very much related to wealth gaps (Husic and Cicic, 2009), and there is no significant wealth discrepancies between Qataris.

The most significant factor influencing attitude towards fashion was experiential needs (β = 0.569, p < 0.01), followed by fashion involvement (β = 0.316, p < 0.01) and brand consciousness (β = 0.174, p < 0.01). Furthermore, there is a strong significant relationship between attitude towards fashion and purchase intentions for luxury brands (β = 1.096, p < 0.01). Experiential needs are considered the most important factor that influences Qatari youth’s attitude towards luxury brands. Upon observing the lifestyle and outlook of Qatari youth, you would realize how they are well-educated and aware about luxury and luxury brands. They have been introduced to luxury...
since birth, and they, in spite of the social norms and traditions, are seeking self-gratification, emotional expression and new experiences through consuming luxury brands.

Fashion involvement is the second most important factor that has a positive influence on Qatari youth’s attitude towards luxury. This finding is very consistent with a variety of previous studies (Kim et al., 2012; Zhang and Kim, 2013 and Belleau et al., 2005) and indicating that young consumers are an important consumer market for luxury fashion brands. Finally brand consciousness has also demonstrated a significant positive relationship with attitude towards luxury amongst Qatari Youth. Qatari youth believe that brands represent their status and prestige. This finding is also consistent with some previous studies (Liao and Wang, 2009; Zhang and Kim, 2013 and Deeter-Schmelz et al., 2000).

Key Contributions
The study sheds the light on a significantly important and emerging phenomenon; the increasing consumption of luxury in the gulf region and specifically in Qatar in an attempt to understand the main drivers to their attitude towards luxury brands in general. The findings of this study provide both practical and empirical insights to luxury brand firms currently operating in Qatar or plan to expand their business in Qatar. Given that this research focuses on the young consumers that represent a potentially lucrative market segment for luxury brands, it is important for luxury brand marketers to understand and identify the key determinants that shape Qatari consumer’s behavior towards luxury brands.

References are available on request.
Research Question
With the increasing sales of counterfeits worldwide today, a more comprehensive understanding of the psychological processes concerning counterfeits consumption is required. Any insights into these important but largely overlooked underlying mechanisms of counterfeit consumption propensities will significantly contribute to the literature and may help marketers set up more refined and more effective counter strategies. To achieve this end, this research addresses the following research questions which are yet to be fully addressed by extant research:

1. Are there any other motivational factors (for example intrinsic motivations) not comprehensively described by previous research?
2. Are there any psychological concerns (negative outcomes) associated with consuming luxury (high involvement) brand counterfeits?
3. How do consumers rationalize or justify their behavior?

Method and Data
For the purposes of this study, we chose the Chinese marketplace as our context. China is both the largest producer (International Anti-Counterfeiting Coalition, 2010) and consumer of counterfeit products (Cheung and Prendergast, 2006), while it is estimated that 20% of domestic sales in China are counterfeits (Swike et al., 2008). We conducted sixteen one-to-one in depth interviews with Chinese consumers, aged 18 to 30 years old, and of varied socio-economic backgrounds who had experience with counterfeits.

Summary of Findings
The analysis led to the generation of three primary themes relating to the psychological aspects of counterfeit consumption and purchase: (1) Cognitive elements, namely the interplay between motivation and rationalization/neutralization of the behavior; (2) Consumer expertise and confusion; and (3) Risk avoidance, pursuing rewards and self-conscious emotions.

Key Contributions
This research advances of our theoretical understanding of consumer motivations underpinning counterfeit consumption. Building on previous research, for example Wilcox et al. (2009), this research identifies new consumer motivations (self-image enhancement and intrinsic hedonic outputs ["thrill of the hunt"] and a sense of interest) for counterfeit consumption. The findings suggest that counterfeit consumption, on becoming a norm in a society, seems to be legitimized but still carries risks (i.e. being found out). In addition, this article contributes to the understanding of consumers’ cognitive processes by providing, apparently for the first time, empirical evidence for distinct rationalization functions underlying counterfeit consumption. This research reveals that consumers tend to adopt neutralization techniques (denial of responsibility and appealing to higher loyalties) to cope with cognitive dissonance. This research also adds to the understanding of counterfeit consumption by revealing the possible impact of consumer expertise and product quality ambiguity on counterfeit choice.

References are available on request.
Validating and Adapting the Materialism Scale on Indian Adolescents

Arpita Srivastava, XLRI-Xavier School of Management

Keywords: materialism, Indian, adolescents, validating scale, emerging markets

EXTENDED ABSTRACT

Materialism, as a belief, an ideology, a philosophy, or a way of life, has been of interest to a variety of fields such as philosophy, theology, sociology, political science, and marketing. In fact, in the field of philosophy, the interest in materialism can be traced to the time of Aristotle in the fourth century B.C. (Rorty 1985). The interest continues to this day. Materialism is an important indicator of the consumer society. Materialism may influence consumers’ attitudes toward spending, credit card use and debts. In a consumerist culture, people’s self-identities are almost exclusively formed and maintained by consumption, that is, people are defined by what they buy and own (Richins, 1994; Sirgy, 1998; Tanner & Roberts, 2000; Wang & Wallendorf, 2006). In the past three decade there has been multiple calls to validate marketing measures across nations (Davis, Douglas, & Silk, 1981; Parameswaran & Yaprak, 1987). Despite materialism being such a prominent concept in marketing, not many cross-national validations of the scales has occurred. This paper attempts to test whether Richins and Dawson’s material value scale (1992) can be applied to Indian context and can it be compared to other nations where this scale has been previously validated.

When Griffin et al., (2004) tried to test the same scale on Danish, French and Russian respondents, they found it does not exhibit adequate fit with either the French or Russian data. It has been suggested in the literature that Richins and Dawson’s (1992) Material Value Scale (MVS) needs to be validated in different nations and a new materialism scale may be required in cross-cultural context (Griffin et al., 2004; Tobacyk et al., 2011). India being a unique country because of its diversity in socio-economic status, burgeoning middle class and changing social structure from joint families to nuclear families, would be interesting to see how Indian’s score on materialism.

Out of all the studies that have tested materialism majority of them have focused on adults rather than adolescents (Bottomley, et al; 2010). Brands drive the huge consumerism wave in India today, which is primarily led by adolescents as they constitute more than 40% of its total population. According to the RI-TRU (India Teen Study 2009) study, the chocolate and confectionary market is estimated at $290mn, the apparel market at $110mn and kids footwear at $220mn and the total annual spending of US$4.12 billion across 12–19 year-olds, belonging to middle class, in all 500,000 plus towns. Thus research was conducted to examine the Indian urban middle-class adolescent world in a bid to understand the manifestations of materialism as a value and examine the levels and manifestations of materialism in the adolescent mind.

In this study the original MVS scale was initially tested on the school going kids between the ages of 13–17 to see if the scale is reliable. The reliability score for all three measures of materialism; Centrality, Happiness and Success was less than 0.5. An exploratory study was carried out to generate the items and adapt the materialism scale to Indian adolescents. The items thus generated were refined with the help of experts and further exploratory factor analysis was done using the principal component analysis method with vari-max rotation. The final step in the scale development was Confirmatory factor analysis conducted to determine if the number of factors obtained and loadings of indicator variables on them conform to what is expected on the basis of the findings of the exploratory phase.

The results suggested in the case of adolescents in India, materialism has two dimensions instead of three dimensions as captured by the Richins and Dawson scale. Although 2 different factors emerged in materialism as compared to the earlier scale wherein there were 3 factors, closer examination of the underlying items revealed largely the same mean

For further information contact: Arpita Srivastava, XLRI-Xavier School of Management (arpita@xlri.ac.in).
ings and contexts. Therefore this leads to the conclusion that the basic meaning of materialism does not change in the context of Indian adolescents; just a different dimension and manifestation emerges. Among Indian adolescents, materialism is manifested in behavior with regards to self and in behavior with regards to peers.

References are available on request.
Brands’ Social Currency: A Key Source of Transformational Benefits

Sabrina Trudeau-Hamidi, Université de Sherbrooke
Saeed Shobeiri, Université de Sherbrooke

Keywords: branding, customer–brand relationships, consumer behavior, social currency, transformation

EXTENDED ABSTRACT

Research Question
The speed and extent of customer-to-customer interactions have largely increased over the past few years due to the popularity of digital communication and social media (Lobschat et al., 2013). Through these interactions, customers are able to conjointly shape the image and perceptions of the brand over time. To better capture this social value of brand consumption, Lobschat et al. (2013) recently introduced the concept of social currency. Brands social currency represents the sum of all social interactions especially in online platforms and communities as well as the social benefits inherent in those interactions. The brand-related social interactions would result in a number of benefits for customers such as information acquisition, knowledge exchange, achievement of status, and recognition within a group of brand users. This study aims to shed some more light on this widely unexplored domain by exploring the potential links between social currency and the emerging paradigms of transformational marketing that follows today’s popular perspective of experiential marketing. Our study compares the potential impacts of social currency and transformational benefits (i.e. self-esteem and self-expression) on the strength of brand attachment. We further examine if certain dimensions of social currency could have a greater impact on transformational benefits in the context of cosmetic consumption.

Method and Data
We used a structural equation modeling (SEM) method to analyse our data. The sample consisted mostly of undergraduates and graduate students from a large North Eastern university that offers courses in both English and French. In total, 373 participants took part in our study. Self-administered questionnaires were distributed at the end of class time. In exchange for their participation, subjects were entered into a draw for one of five $50 gift cards. Social Currency was measured using the formative measurement construct from Lobschat et al. (2013), self-esteem was measured using the measurement construct developed by Heatherton and Polivy (1991), and self-expression was measured using the measurement construct suggested by Waterman (1993). Finally, the attachment-aversion model of customer-brand relationships was measured using Park et al.’s (2013) construct.

Summary of Findings
Results showed that social currency positively impacts all two dimensions of transformation. Whereas the original study of social currency finds that Conversation, Advocacy and Identity are the three significant dimensions of social currency in the context of automobiles, our findings suggest that Advocacy, Affiliation and Identity are the three dominant dimensions of social currency in the context of cosmetic consumption. Indeed, social benefits directly inherent to one’s self-concept—such as Affiliation and Identity—play a more solid role in our model. Findings further demonstrate that self-esteem and self-expression both lead to greater attachment towards the brand.

Key Contributions
This study demonstrates the importance of the newly developed concept of social currency as an antecedent of transformational benefits, and greater attachment in the context of cosmetic consumption. To the best of our knowledge, this research is the first to explore the links between the two newly developed constructs of social currency and attachment-aversion model of customer-brand relationships. Our study reveals how perceived transformational benefits could explain the role of social currency in enhancement of cus-
Customer–brand relationships, and further contributes to the establishment of higher levels of validity for the newly developed concept of social currency and the attachment-aversion model of customer–brand relationships. There are certain limitations to our study. The quality of the obtained data depends on the richness of information retrieved from respondents’ memories, and also, we used self-administered questionnaires, which allow for little correction of possible misinterpretations and confusions. Future research could thus replicate our study in other contexts, and also, the possible links between each separate dimension of social currency and the two transformational benefits could be examined.

References are available on request.
Research Question
The sharing economy or collaborative consumption describes an emerging phenomenon that offers consumers access to products and services by means of sharing, swapping, trading, or renting (Botsman and Rogers 2010). Although these modes of exchange have existed throughout history, only recently has it come to the attention of scholars. Research about commercial sharing or access-based systems (e.g., Bardhi and Eckhardt 2012; Lamberton and Rose 2012) have shown mixed and counterintuitive findings. We address the controversies in the literature by taking a different approach from others.

Unlike previous research that study non-ownership (e.g., Bardhi and Eckhardt 2012; Chen 2009), this is the first research that conceptually and empirically compares and contrasts different consumption practices within one mode of consumption, non-ownership. We use Belk’s (2010) prototypical framework of sharing and commodity exchange characteristics and create a continuum from pure sharing to pure exchange within non-ownership consumption based contexts. Then, we position, compare, and contrast the different practices within this continuum. This approach was suggested by Belk (2010) but has not been implemented in any research.

Method and Data
In the first phase of the research, we conducted 7 exploratory interviews with individuals participating in access-based systems (i.e. short term car rentals), ridesharing (peer to peer rides offered by individuals) or an online donation group (individuals share unwanted goods used or new). The interviews helped guide our understanding of the phenomenon and the creation of the interview protocol for phase 2 of the study.

In the second phase of the study, we conducted 14 semi-structured interviews with individuals participating in one of three non ownership contexts including short term car rentals, collaborative consumption house/apartment rentals (i.e. Airbnb) and peer to peer house sharing (i.e. CouchSurfing).

Based on findings from phase 1 of the explanatory interviews, we placed the 3 contexts approximately on a continuum. More specifically, we placed peer-to-peer sharing closer to the sharing side of the continuum (CouchSurfing), collaborative consumption at the midpoint of sharing and commodity-exchange (Airbnb) and access-based systems on the commodity-exchange end of the continuum (Short term car rentals). Based on the placement of each context on the continuum, we formulated semi-structured questions to better understand how context influenced consumer motivations and to identify how each context differed in terms of sharing or commodity exchange characteristics (Belk 2010).

Summary of Findings
Our analysis of interview data highlighted some similarities and differences across the three non-ownership based contexts.
We found economic savings played a key role in explaining individual initial interest to participate and ongoing use of the service. We also found that political consumerism did not play a role in participating in such systems. Consumers who participated even in the closest practices to sharing did not hold any particular environmental, social or anti-corporation based values. For example in the case of short-term car rentals, respondents indicated that environmental motives ranked lowest to using such services relative to other factors such as as convenience and price of the services.

Surprisingly, we found that users in all three contexts engaged in care behaviors, which Belk (2010) referred to as “de facto joint possession” of the shared resource. Though the finding made intuitive sense for CouchSurfing and Airbnb contexts given that these contexts were often based in social relations, and a two way rating systems, the result was less clear for short-term car rentals. We posit one potential reason for the finding may be because users expressed a high sense of obligation towards the company for providing impressive levels of customer service.

One of the key differences we observed as we moved from left of the continuum to the right (sharing to commodity exchange) was that socialization, a characteristic offered by Belk’s (2010) sharing prototype, played a less dominant role as we moved along the continuum. For example in short term car rental contexts, we found that socialization was the least important and in fact in many cases users appreciated anonymity. This is in line with views that short term car rentals are closer to commodity exchange and explains why Lamberton and Rose (2012) and Bardhi and Eckhardt (2012) surprisingly did not find social values as important factors in their studies.

**Key Contributions**

Unlike other research (e.g., Bardhi and Eckhardt 2012; Chen 2009; Lamberton and Rose 2012), this is the first research to distinguish non-ownership contexts based on Belk’s (2010) prototypical account of sharing and commodity exchange. Given that the term “sharing” is loosely defined and often confounded, we provide a more precise definition of non-ownership contexts based on dimensions that define and distinguish contexts resembling “sharing” and/or “commodity exchange.” By identifying a continuum of non-ownership contexts, we can more precisely identify consumer motivations to participate in these different models. Lastly, the paper shows that a subtle change in the prototypical characteristics of consumption practices can result in different implications for marketing and consumer behavior. For managers and practitioners this may provide a more accurate way of positioning a brand based on attributes that more precisely define different contexts and consumption experiences.

*References are available on request.*
The Moderating Role of Social Trust on Materialism and Philanthropic Behavior

Huimin Xu, The Sage Colleges
Ada Leung, Penn State Berks

Keywords: philanthropic behavior, materialism, social trust, gender identity, self-respect

EXTENDED ABSTRACT

Research Question
Many studies have found that people with high materialistic value are less likely to give or volunteer, however, few studies have explored some plausible means that mitigate the negative relationships between materialism and philanthropy. In this study, we examine the moderating role of social trust on the negative relationship between materialism and philanthropic behavior. We also investigate other contingent conditions of the negative relationship, such as gender identity and the mediating role of self-respect.

Method and Data
There are two studies in this research. Study 1 collected survey data from 139 undergraduates at two northeast public universities (75 male; \( M_{\text{age}} = 20.2, SD = 4.2 \)).

The encouraging finding in study 1, due to its purely correlational nature, is subject to the risk of spurious relationship. In order to examine the relationship between trust, materialism, and philanthropy intention in a way that maximizes internal validity, we experimentally manipulated levels of trust and salience of materialism in Study 2. To generalize the effect, different measures of philanthropy intention are used. We collected experimental data from 207 adults from Amazon Mechanical Turk, using a \( 2 \times 2 \) between-subjects experimental design (95 male, \( M_{\text{age}} = 34.5 \)).

Summary of Findings
The findings in study 1 suggest that at lower level of social trust, the relationship between materialism and philanthropic behavior is negative, but such relationship becomes positive when materialistic people have a high level of social trust. This complex moderating effect is probably the reason why we did not observe materialism’s statistically significant main effect that is predicted by extant literature.

The results in study 2 largely replicated the findings in study 1. Nevertheless, we further show that social trust increases philanthropic behavior among males with salient materialistic thoughts. We conducted mediated moderation analysis to determine the extent to which self-respect mediated the effect of materialism, moderated by trust and gender, on philanthropic behavior. The significant three-way interaction term suggests that self-respect negatively mediates the effect of materialism on philanthropic behavior for females at trust condition.

Key Contributions
We extend the literature on materialism by examining several contingent conditions of materialism’s negative consequences. The extant literature often depicts the toxic effects of materialism on society, our research, however, is able to identify the redeeming power of social trust and possibly gender identity in holding materialism in check. At a high level of social trust, materialism does not necessarily lead to a low level of philanthropic behavior. In fact, if social trust is high enough, even people with high materialistic values exhibit a high intention to engage in philanthropy. Moreover, our research suggests that materialistic people may engage in philanthropy to garner self-respect, especially among the males. Lastly, the foundation that underly the social trust may be the trust towards charitable organizations in using donations and volunteers’ time effectively and honestly. By understanding how the negative association between materialism and philanthropy can be mitigated, we open the possibilities to investigate other promising moderators that keep materialism in check and promote other prosocial behaviors.

References are available on request.

For further information contact: Ada Leung, Assistant Professor of Marketing, Penn State Berks (cxl51@psu.edu).
Doing Good to Do Better? Consumer Persuasion Knowledge Responses to Corporate Social Responsibility Brand Campaigns

Monika Kadam, Waterford Institute of Technology

ABSTRACT

The present research focuses on analyzing the use of consumer persuasion knowledge to evaluate CSR campaigns. The research suggests that while the evaluations of CSR campaigns are mediated by consumer persuasion knowledge, they are also moderated by many other contextual factors.

Keywords: persuasion knowledge, corporate social responsibility, consumer skepticism, consumer perceptions

Introduction

Corporate social responsibility is a hard-edged business decision. Not because it is a nice thing to do or because people are forcing us to do it, but because it is good for our business.

– Niall FitzGerald, Former CEO, Unilever

Corporate social responsibility (CSR) is an essential element of almost every major corporation in the world. Today, information about socially irresponsible practices of firms is easily accessible through mass media, internet and social media. Firms provide information about the social causes that are supported by their CSR campaigns which has made the consumer more sensitive towards CSR being an important part of firm practices. CSR has thus become a desirable, if not indispensable, quality for brands and associated firms. Academic research on CSR till date has focused on the impact of CSR activities of firms on their financial performance. So far, there is no strong evidence proving positive financial implications of CSR activities carried out by firms. However, recent studies have proved the impact of CSR on positive stakeholders perceptions, consumer evaluation of firms, increasing the market value of firms, and reducing the firm idiosyncratic risk (Sen and Bhattacharya, 2001; Leichtenstein et al, 2004; Luo and Bhattacharya, 2006; Sen et al, 2006; and Luo and Bhattacharya, 2009). These studies have revealed consumer perceptions of firms as one of the key mediators to evaluate CSR campaigns.

This research proposes that the evaluations of CSR campaigns are mediated by consumer persuasion knowledge and are moderated by many other contextual factors such as perception of firm reputation and type of motive of the campaign. Persuasion Knowledge is a set of beliefs that an individual has about how and why someone or something is trying to influence them. The Persuasion Knowledge Model was introduced by Friestad and Wright in 1994 to explain the persuasion process between a persuasion agent and the consumer. When this model is integrated to explain the reactions of consumers to CSR campaigns, it provides interesting insights into the understanding of how and why the consumer evaluates a campaign and the associated company in a positive or negative manner.

Objectives of the Research

The objective of the proposed research is to investigate why and when CSR campaigns are more or less favorably perceived by consumers, and the implications of such evaluations for firm performance. This research will integrate two frontier issues that go beyond the current interface of the reputation, CSR and emerging PK fields. First, the research investigates the interactive role of moderators such as firm

For further information contact: Monika Kadam, Research Student in Marketing, Waterford Institute of Technology (Kadam.monika@yahoo.co.in).
reputation, motive type (ulterior or appropriate) and motive intensity in determining consumer responses to CSR campaigns. Second, the research aims to examine how consumer responses to CSR are determined by investigating the mediating role of PK process mechanisms.

**Contribution of the Research**

The study of the impact of CSR campaigns on consumers is a relatively new and unexplored field and there is a wide scope to explore this field much further. Bhattacharya et al. (2009) state that there is a need to develop a more precise understanding of the underlying processes driving such responses, particularly the mediating mechanisms and prediction of the outcomes of CSR activity with any degree of certainty. Similarly, Du et al. (2007) ask for additional research on alternative explanations for the relationship between CSR beliefs and consumer advocacy. The present research focuses on analyzing the use of consumer persuasion knowledge to evaluate CSR campaigns. This means understanding the extent to which consumers use their knowledge about how companies try to influence them while evaluating CSR campaigns by firms. This study addresses an important gap in the CSR literature in considering persuasion knowledge as a possible mediator for CSR evaluation. The research on CSR has earlier focused on consumer reactions and consumer perceptions of the firm to evaluate CSR activities. The proposed research investigates the consumer psychology and consumer knowledge about persuasion tactics while making these evaluations. This puts the focus on the consumer rather than the firm or CSR campaign to understand consumer behavior which is generic across all firms and CSR activities.

**Corporate Social Responsibility and Consumers**

Research to understand the role of consumers in the evaluation of CSR activities of firms has started mainly in the last decade. Research by Brown and Dacin (1997) was one of the first to indicate that CSR helps consumers in making associations with the firm leading to customer firm identification. They suggested that CSR serves as a background when consumers make a company evaluation and product evaluation. The pivotal study by Sen and Bhattacharya (2001) reinstated the findings of Brown and Dacin (1997) that CSR builds a distinctive and fundamental company character which is evaluated by the consumers while making a company or product evaluation. Another study by Lichtenstein et al (2004) supported C-C identification as a mediator for positive corporate evaluations as a consequence of CSR. They showed that third parties associated with the firm like non-profit organizations also benefit through CSR activities. Robinson et al (2012) suggests that the act of choosing (the choice of charity or the cause) enhances consumers’ personal role in helping the cause. The study done by Robinson et al. (2012) demonstrates that this mediation of increased perceived personal role in consumers is enhanced by the perceived fit between the cause and the company. Creyer (1997) revealed that consumers were interested in CSR activities of firms and considered it as a purchase criterion. They found that consumers were willing to pay premium price for products produced under ethical circumstances. Mohr et al (2001) argue similar case of resulting positive consumer attitudes towards firms CSR activities. Du et al (2007)’s research shows the extent to which CSR is a part of the brand values determines the success of CSR initiatives taken by the brand relative to its competitors. They found that consumers are more sensitive and responsive to the CSR campaigns and react more favorably towards a brand when CSR has been a part of the brand’s integral values. Besides the non-tangible benefits of CSR activities on corporate evaluation, brand evaluation and purchase intention through consumer’s reactions, studies have also revealed a potential financial benefit that can be derived from CSR activities (Luo and Bhattacharya, 2006; Luo and Bhattacharya, 2009).

There is an emerging understanding about the complex process when a consumer is exposed to a CSR initiative by a firm. Besides the identification that the consumer develops with the firm’s CSR aspect, there is also an underlying skepticism about why the firm in initiating such campaigns. Klein and Dawar (2004) study that in situations of product harm crisis, consumers construct attributions regarding the firm. These attributions in turn affect consumers’ brand evaluation and purchase criterion (Klein & Dawar, 2004). Ellen et al (2006) also identify consumer attributions as a mediator when consumers evaluate firms’ CSR initiatives. The research explores what consumers perceive must be the motives of the firms to carry out CSR activities. This means that consumers understand the motives of CSR strategies and appreciate their value for society as well as for firm performance. Research by Yoon et al (2006) supports this conclusion by pointing out that consumers are aware of firms trying to enhance their public image through CSR activities. In their study, consumers take this motive for granted and want to learn about the sincerity of the company about the cause. Becker Olsen et al (2006) observe that due to consumer skepticism, companies with CSR initiatives which have a low fit to the firm’s products and image are perceived negatively by consumers affecting the corporate credibility, corporate position, and purchase intention. Wagner et al (2009) introduced the concept of perceived corporate hypocrisy as a consequence of inconsistent CSR information received by the consumer. Depending on the order of the conflicting information received, perceived corporate hypocrisy functions as a mediator which affects consumer’s
beliefs and attitude towards the firm. Torelli et al (2012) discuss consumers’ experience of disfluency when exposed to a CSR information by a brand which offers values of self enhancement (like luxury brands) resulting in less favorable evaluation of the brand.

Table 1 lists the different outcomes that have been observed in previous research on consumers and CSR. It also lists the mediating factors that were observed to achieve these outcomes. While “outcomes” represent the final result of CSR activities on the firm and the consumer, “mediators” determine the process followed to reach the result. The consumer elicits positive as well as negative reactions. C-C identification, perceived personal role and customer satisfaction are mediators that support the firm by relating with the CSR actions and with the firm resulting in an increased sense of satisfaction. Simultaneously, the consumers interpret a contradictory response by doubting and questioning the earnestness of the firm for CSR. The mediators of attribution, perceived sincerity, perceived hypocrisy and disfluency oppose the firm and their CSR activities.

Besides the mediators, moderator is another variable that determines consumers’ reaction to a CSR campaign. Moderators used in previous research studies are given in Table 2. The most common moderators that have been studied in previous research are the level of fit between the company and the cause, support of the CSR domain by the consumer and whether the campaign is proactive or reactive in nature.

**Persuasion Knowledge**

Having understood the consumers’ understanding of CSR campaigns that has been studied in the literature so far, this section explains the concept of persuasion knowledge in detail and how this relates to consumers reactions to CSR campaigns. The Persuasion Knowledge Model by Friestad and Wright (1994) was a key study that examined persuasion process in detail from both the marketer and the consumer’s

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<th>S.No.</th>
<th>Outcomes</th>
<th>Mediators</th>
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<tbody>
<tr>
<td>1</td>
<td>Consumer Firm Identification</td>
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<td>Brown and Dacin, 1997</td>
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<td></td>
<td>Company Evaluation</td>
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<td>Product Evaluation</td>
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<td>2</td>
<td>Consumer Attitude</td>
<td>—</td>
<td>Murray and Vogel, 1997</td>
</tr>
<tr>
<td>3</td>
<td>Purchase Criterion</td>
<td>—</td>
<td>Creyer, 1997</td>
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<td></td>
<td>Payment of Premium Price</td>
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<td>4</td>
<td>Corporate Evaluation</td>
<td>C-C Identification</td>
<td>Sen and Bhattacharya, 2001</td>
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<td></td>
<td>Purchase Intention</td>
<td></td>
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<tr>
<td>5</td>
<td>Non-profit benefits</td>
<td>C-C Identification</td>
<td>Lichtenstein, Drumwright and</td>
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<td>Perceptual corporate benefits</td>
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<td>Braig, 2004</td>
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<td>Behavioral corporate benefits</td>
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<td></td>
<td>Purchase Intention</td>
<td>Perceived personal role</td>
<td>Robinson et al, 2006</td>
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<td>7</td>
<td>Market value</td>
<td>Customer Satisfaction</td>
<td>Luo and Bhattacharya, 2006</td>
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<td>8</td>
<td>Company Blame</td>
<td>Attribution</td>
<td>Klein and Dawar, 2004</td>
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<td></td>
<td>Brand Evaluation</td>
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<tr>
<td></td>
<td>Purchase Intention</td>
<td>Attribution</td>
<td>Ellen, Webb and Mohr, 2006</td>
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<td>9</td>
<td>Purchase Intention</td>
<td></td>
<td>Yoon et al, 2006</td>
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<td>10</td>
<td>Perceived Suspicion</td>
<td>Perceived sincerity of motives</td>
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<td>Company Evaluation</td>
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<td>11</td>
<td>Corporate Credibility</td>
<td></td>
<td>Becker Olsen, 2006</td>
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<td></td>
<td>Corporate position</td>
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<td></td>
<td>Purchase Intention</td>
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<td>12</td>
<td>Consumer Attitude</td>
<td>Perceived corporate hypocrisy</td>
<td>Wagner et al, 2007</td>
</tr>
<tr>
<td>13</td>
<td>Consumer Firm Identification</td>
<td></td>
<td>Du, Sen and Bhattacharya, 2007</td>
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<td></td>
<td>Consumer Loyalty and advocacy</td>
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<td></td>
<td>Evaluation of other products of the brand</td>
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<tr>
<td>14</td>
<td>Brand Evaluation</td>
<td>Disfluency</td>
<td>Torelli et al, 2012</td>
</tr>
<tr>
<td>15</td>
<td>Firm idiosyncratic Risk</td>
<td>—</td>
<td>Luo and Bhattacharya, 2009</td>
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<tr>
<td>16</td>
<td>Positive Word of Mouth</td>
<td>Feeling of Gratitude</td>
<td>Romani et al, 2013</td>
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<td>Advocacy Behaviors</td>
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point of view. The model refers to the persuader as the “agent” and the person(s) who are being persuaded as the “target.” When the target perceives certain actions or tactics as being used for persuasion, it is called a “persuasion attempt.” Out of these behaviors, the directly apparent actions constitute the “persuasion episode.” The response of the target to the persuading attempts is termed as their “coping behavior.” Coping mechanisms of the target do not necessarily imply resistance of persuasion. Instead, Friestad & Wright (1994) suggest that coping behaviors are a means to exercise control over the situation and divert the outcome to achieve goals best suited to the target. If the PKM model is applied to CSR campaigns, CSR activities are used as a means to persuade the stakeholders to achieve goals such as sales, investment, better job performance, brand awareness, brand identity and company reputation. This means that the corporate organization that has launched the CSR campaign is the agent and the consumers, shareholders, employees and the society are the targets. The CSR campaign can be communicated in the form of advertisements, packaging, direct marketing, public relations, word of mouth, social media etc. and each of the marketing channels are persuasion tactics.

When the target is exposed to persuasion, they often consider the motive of the marketer for the persuasion attempt. Consideration of motives is considered to be the indicator of the activation of persuasion knowledge in a person (Campbell & Kirmani, 2000). This is the first factor that is considered by the target when they recognize that they are being persuaded. If the target does not perceive a persuasion motive, the access of persuasion knowledge is shut down and the interaction continues normally. Campbell & Kirmani (2000) studied the importance of cognitive capacity of an individual in a persuasion attempt. They found that in an interpersonal sales setting, access to persuasion knowledge depends on the accessibility of ulterior motives of the agent and the cognitive resources of the target. When ulterior motives are accessible, or when consumers have unconstrained resources, they use their persuasion knowledge to infer these motives. When the target identifies a marketer’s actions as a tactic in a persuasion attempt and activate their persuasion knowledge, they start to consider the appropriate-ness of the marketing tactic. This means that consumers reflect on whether the marketing tactic was morally right or wrong to use for persuasion. In case the consumer perceives

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<tr>
<th>S.No.</th>
<th>Outcomes</th>
<th>Mediators</th>
<th>Source</th>
</tr>
</thead>
</table>
| 1     | Corporate Evaluation  
Purchase Intention | Support of CSR domain  
Fit between company & cause | Sen and Bhattacharya, 2001 |
| 2     | Purchase Intention | Feeling of Collectivism  
Proximity to goal of campaign | Robinson et al, 2006 |
| 3     | Market value | Corporate Ability | Luo and Bhattacharya, 2006 |
| 4     | Company Blame  
Brand Evaluation  
Purchase Intention | Previous CSR record of firm  
Support of CSR domain | Klein and Dawar, 2004 |
| 5     | Purchase Intention | Fit between company & cause  
Firm commitment to cause | Ellen, Webb and Mohr, 2006 |
| 6     | Perceived Suspicion  
Company Evaluation | Benefit salience of cause  
Source of CSR information  
Relative spent on donations and advertising | Yoon et al, 2006 |
| 7     | Corporate Credibility  
Corporate position  
Purchase Intention | Fit between company & cause  
Motivation of firm  
Proactive vs. reactive actions | Becker Olsen, 2006 |
| 8     | Consumer Attitude  
Abstract vs. concrete communication | Proactive vs. reactive actions  
Abstract vs. concrete communication | Wagner et al, 2007 |
| 9     | Consumer Firm Identification  
Consumer Loyalty and advocacy  
Evaluation of other products of the brand | CSR Brand positioning | Da, Sen and Bhattacharya, 2007 |
| 10    | Consumer Attitude | Fit between cause and company | Nan and Heo, 2007 |
| 11    | Brand Evaluation  
Abstract vs. Concrete CSR Information  
Accessible mindset | Brand Concept  
Consumer altruistic values | Torelli et al, 2012 |
| 12    | Positive Word of Mouth  
Advocacy behavior | | Romani et al, 2013 |
goals through the persuasion episode. This means that the advertiser is attempting to persuade by inappropriate, unfair and manipulative means” (Campbell, 1995, p.228).

A major assumption of the Persuasion Knowledge Model by Friestad & Wright (1994) is that it assumes that both the persuasion agent and the target are trying to achieve their own goals through the persuasion episode. This means that the consumers will not necessarily resist persuasion by the agent and may be willing to get persuaded if it achieves their goals. In context of CSR campaigns, the coping mechanism of the person depends on their goals and if they have been persuaded by the company. If a consumer is persuaded by the campaign, he or she may want to support the cause and/or the company to elevate their self-image and/or their reputation in the society. On the other hand, if a person is not be persuaded by the campaign, they may still want to achieve the goal of setting a better image in the society and for the self by supporting the campaign. If a person is not persuaded and offended by the campaign because of any reason such as inappropriateness of marketing tactic, they may react by complaining against the company and spreading negative word of mouth. In this case, the goal of the person is to protest against the unfair means used by the company.

**Theoretical Model for the Research**

After studying the concept of CSR and the perception of CSR campaigns from consumers and employees’ point of view, we came up with a list of outcomes, mediators and moderators that have been used in consumer research. We also examined the persuasion knowledge model in detail and discussed the role of persuasion knowledge in CSR campaigns. This research proposes that when a person is

<table>
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<tr>
<th>Antecedents of PK</th>
<th>Identified Potential Moderators</th>
<th>Source</th>
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<tr>
<td>Agent Knowledge</td>
<td></td>
<td>Torelli et al, 2012; Du et al, 2007</td>
</tr>
<tr>
<td></td>
<td>Brand Concept</td>
<td>Luo &amp; Bhattacharya, 2006</td>
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<td></td>
<td>Corporate Ability</td>
<td>Campbell &amp; Keller, 2003</td>
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<td></td>
<td>Corporate Familiarity</td>
<td>Friestad &amp; Wright, 1994; Campbell &amp; Keller, 1999</td>
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<td></td>
<td>Corporate Reputation</td>
<td>Klein &amp; Dawar, 2004; Becker-Olsen, 2006; Wagner et al 2007; Du et al, 2007</td>
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<td></td>
<td>Prior CSR information on the company</td>
<td>Friestad &amp; Wright (1994)</td>
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<tr>
<td>Topic Knowledge</td>
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<tr>
<td>Consideration of Motive</td>
<td>Support of CSR domain</td>
<td>Sen &amp; Bhattacharya, 2001; Klein &amp; Dawar, 2004</td>
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<td></td>
<td>Consideration of motive</td>
<td>Campbell, 1995; Campbell &amp; Kirmani, 2000; Becker Olsen, 2006; Menon &amp; Kahn, 2003; Szykman, Bloom &amp; Blazing, 2004</td>
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<td></td>
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<td>Cotte et al, 1995; Romani et al, 2013</td>
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<td></td>
<td>Number of claims</td>
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<td></td>
<td>Source of CSR information</td>
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<tr>
<td>Hindrance to access of cognitive resources to consider motive</td>
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<td></td>
<td>Cognitively busy environment</td>
<td>Campbell &amp; Kirmani, 2000</td>
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<tr>
<td></td>
<td>Use of emotions like fear or guilt</td>
<td></td>
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<tr>
<td></td>
<td>Consumer altruistic values</td>
<td>Cotte et al, 1995; Romani et al, 2013</td>
</tr>
<tr>
<td>Persuasion Expertise</td>
<td>Age of person</td>
<td>Bousch et al, 1994; Friestad &amp; Wright, 1994</td>
</tr>
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<td></td>
<td>Prior knowledge about PKM</td>
<td>Williams et al, 2004</td>
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<td></td>
<td>Person vigilant/ non vigilant against manipulation</td>
<td>Kirmani &amp; Zhu, 2007</td>
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<tr>
<td>Consequences of PK</td>
<td>Identified potential moderators</td>
<td></td>
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<tr>
<td>Appropriateness of tactics</td>
<td>Fit between company and cause</td>
<td>Becker-Olsen, 2006; Ellen et al, 2006; Robinson et al, 2006; Nan &amp; Heo, 2007</td>
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<td>Relative spent on donations and advertising</td>
<td>Yoon et al, 2006</td>
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<td>Proximity to goal of campaign</td>
<td>Robinson et al, 2006</td>
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<td>Abstract vs. Concrete communication</td>
<td>Torrelli et al, 2012</td>
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<td>Firm Commitment to the cause</td>
<td>Ellen et al, 2006</td>
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<td>Benefit Salience of the cause</td>
<td>Yoon et al, 2006</td>
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<td>Ad repetition</td>
<td>Campbell &amp; Keler, 2003</td>
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<td>Effectiveness of the ad</td>
<td>Ad credibility</td>
<td>Cotte et al, 1995</td>
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<td>Goals of the consumer</td>
<td>Feeling of collectivism</td>
<td>Robinson et al, 2006</td>
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<td>Self-image/ Conscience</td>
<td>Friestad &amp; Wright, 1994</td>
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<td>Perceptions in society</td>
<td>Friestad &amp; Wright, 1994</td>
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exposed to a CSR campaign, persuasion knowledge acts as a mediating factor for consumer’s reaction to the campaign. This means that when a person is shown a CSR advertisement, they would access their persuasion knowledge to evaluate the persuasion attempt and would respond to fulfill their own goals. This process mechanism is shown in the following figure.

While discussing the persuasion knowledge model, we explored the process of a persuasion episode by considering the antecedents and consequences of the activation of persuasion knowledge. In order to understand the potential moderators of the process mechanism of consumer reactions to CSR, we will divide the identified moderators that are considered before and after the activation of persuasion knowledge. Table 1 provides a comprehensive list of moderators that can potentially affect the process mechanism of consumer reactions to CSR campaigns.

Amongst the consequences of PK, goals of consumers are considered to influence the consumer reactions to the CSR campaigns. Based on these goals and the process of persuasion, the consumers may give various kinds of reactions.

**Conclusion and Future Research**

The relationship between CSR and consumers has been researched in the past decade to reveal the various factors that are involved in the process mechanism and influence of consumer evaluations of CSR campaigns. This paper conceptualizes the role of persuasion knowledge as a possible mediator in the consumer evaluations of CSR campaigns while exploring the role of moderating factors that could influence this process mechanism. The possible moderators are identified that could potentially influence consumer evaluations. The present research is an ongoing work and is currently at the stage of data collection. The research takes an experimental approach to understanding consumer evaluations.

**References**


Anthropomorphic Frame Effects of Sustainability Communication on Implicit and Explicit Attitudes

Steffen Schmidt, Leibniz University of Hanover
Evmorfia Karampournioti, Leibniz University of Hanover
Nadine Hennigs, Leibniz University of Hanover
Sascha Hendrik Langner, Leibniz University of Hanover
Michael Schiessl, Eye Square GmbH Berlin

Keywords: sustainability communication, anthropomorphism, implicit attitude, attitude change, reaction time measurement

EXTENDED ABSTRACT

Research Question
Previous research has demonstrated the significance regarding a high level of environmental awareness as a necessary condition of pro-environmental intentions, such as attitude-related behavior. Moreover, studies have shown the immediate activation of associated evaluations like attitudes when exposed to anthropomorphized objects. Specifically, anthropomorphism is the perception of human characteristics attributed to a non-human entity like an animal.

In the light of the indicated high perceptual and behavioral impact of anthropomorphism and the widely employed sustainability communication, especially of nonprofit organizations such as Greenpeace’s current campaign “Save the Bees” (Greenpeace, 2015), it is surprising that no studies exist, to the best of our knowledge, which have investigated the frame effect of anthropomorphizing such communication campaigns in order to enhance environmental awareness and guide future environmental-related behavior, e.g., by addressing (changing) the underlying attitudes towards the environment.

Filling this research gap in a first step, we introduce an integrated approach that incorporates a model of dual attitudes, concretely implicit and explicit attitudes, with reference to environmental concerns and the leveraging effects when the sustainability communication receives an anthropomorphic frame. In addition, we take into account people’s individual value orientation towards the environment as a mediating variable.

Method and Data
A web-based survey including a snowball sampling method was used in Germany. In sum, a total sample of 631 questionnaires were received. Moreover, a self-report questionnaire and a basic reaction time measurement were used to capture explicit and implicit attitudes.

Specifically, an experimental study was conducted online to investigate the proposed hypotheses. Three experimental conditions were developed: High, low and no anthropomorphic frame condition.

To evaluate the targeted effect on explicit and implicit attitude change evoked by sustainability communication that uses an anthropomorphic frame, the mean attitude score of the “anthropomorphized” subjects, here high and low anthropomorphic frame condition, was compared to subjects from the no anthropomorphic frame condition. Therefore, $3 \times 2$ (targeted frame × individual value orientation) ANOVA was run.

Key Contributions
In line with previous studies, the presented insights provide a better understanding about the mental representation of

For further information contact: Steffen Schmidt, Leibniz University of Hanover (schmidt@m2.uni-hannover.de).
anthropomorphized objects in people’s head and further evidence for the implicit, automatic activation of specific associations (here: attitude-related associations) provoked by nonhuman entities. Furthermore, the present study extends previous research on sustainability communication into the domain of (a) anthropomorphism and (b) dual information processing.

**Summary of Findings**
The current research provides further findings for the mechanism and significance of automatic behavioral responses, concretely attitude change. In sum, the presented findings demonstrate the relevance of using anthropomorphism to enhance the effectiveness of sustainability communication in order to address environmental issues. That said, anthropomorphism is a powerful means to enhance people’s environmental awareness triggered by the underlying humans’ very own and elementary processes; “We are people. We know a lot about ourselves. And we often make sense of other things by viewing them as people too.” (Turner, 1987, p. 21).

*References are available on request.*
Consumer Evaluation of Cobranded Product: Perspective of Construal-Level Theory

Nai-Hwa Lien, National Taiwan University
Chien-Wei Chen, National Chengchi University

Keywords: brand alliance, cobranding evaluation, brand fit, construal level

EXTENDED ABSTRACT

Research Questions
The crucial requirements for a successful cobranded product are category fit and brand fit. Rooted in the Construal Level Theory, this research proposes that the relative importance of brand fit and category fit in cobranding evaluation varies with construal level. The following three research questions are addressed: (1) How does the relative important of brand fit and category fit in brand alliance evaluations varies with construal level? (2) What are the effects of matching fit cues with consumer mindset (i.e., construal levels) on brand alliance evaluations and post-alliance attitude of the allying brands? (3) What is the underlying mechanism of the matching effects?

Method and Data
We examine our hypotheses in three experiments. In study 1, we examine consumer mindset as an individual difference variable. We compare cobranding evaluations of consumers with a chronic tendency to construe environment in an abstract way with those having a chronic tendency to construe in a concrete way. In study 2, we activate mindset by varying temporal distance, and observe how consumers make a trade-off between category fit and brand fit in a choice context. Study 3 investigates the mediating role of processing fluency in an advertising context in which the ads highlight either brand fit or category fit of the brand alliance.

Summary of Findings
We find consumers using an abstract mindset to make cobranding evaluations tend to put more weight on the consistency of brand images of the allying brands, compared to those using a concrete mindset. In contrast, consumers using a concrete mindset to make cobranding evaluations focus more on the category fit. As such, consumers using an abstract mindset prefer brand alliance possessing high brand fit/low category over the low brand fit/high category fit combination, whereas the preference pattern reverses for consumers using a concrete mindset. For brand alliance available in the far future, ad messages highlighting brand fit cue produce greater advertising effectiveness than message highlight category fit cue. The effects of matching temporal distance with message orientation are mediated by processing fluency.

Key Contributions
This paper contributes to the literature in several ways. First, we resolve the inconsistent findings regarding whether category fit or brand fit is more important in forming cobranding evaluations by demonstrating the moderating role of whether a more abstract or concrete consumer mindset is activated. In doing so, we extend cobranding literature to show how cue utilization interacts with consumer mindsets in cobranding evaluation process. Second, we apply construal level theory to the domain of alliance and confirm that brand fit is high-level construal and category fit a low-level construal. In doing so, we advance the knowledge about the abstractness and hierarchy relationships of the concepts of brand images and category perception. Third, we identify the mechanism underlying the effects of matching construal level (i.e., mindset) with message orientation by showing processing fluency as the mediator. We help to understand the attitude formation process of cobranded products, as well as multiple cue utilization in cobranding evaluations.

References are available on request.
Share It Forward: The Effect of Social Couponing on Purchase Intentions

Sara Hanson, University of Oregon
Hong Yuan, University of Oregon

Keywords: social couponing, sharing, promotions, empowerment, intimacy

EXTENDED ABSTRACT

Research Question
Existing research provides few insights into how consumers feel about sharing coupons and the consequences of those perceptions for the company. Traditionally, company-generated targeted promotions involve the company pursuing new or switching consumers with custom offers, sometimes to the dismay of existing customers. For example, Feinberg and colleagues (2002) find that targeted promotions can create a betrayal effect amongst loyal customers. On the other hand, social couponing is a special type of targeted promotion that allows existing customers to identify the consumer target, whether it is a friend, a neighbor, a group of acquaintances in one’s online social network, or a collective of strangers in an online forum. Can social couponing generate positive outcomes that overcome the negative consequences of targeted promotions? To study this, we investigate experiences of social couponing from the perspective of the consumer who shares the coupon (i.e., “coupon sharer”), and examine the psychological consequences that occur when a company provides an existing customer with the opportunity to share the firm’s sales promotion. We argue that social couponing generates a sense of empowerment and show that empowerment via social couponing enhances the purchase intentions of the coupon sharer. This effect holds regardless of coupon redemption behavior.

Method and Data
In a pilot study, we demonstrate the positive impact of social couponing with purchase intentions with real consumers by manipulating the act of sharing and proposing a hypothetical social couponing scenario as the stimuli. In Study 1, participants were told that they received an email from a hypothetical company called MeTees that included two coupons—one for you and one to share. In Studies 1–3, sharing behavior was volitional and we measured participants’ purchase intentions and feelings of impacting others. Study 2 was a two-stage field study in which participants reported their baseline brand attitudes and relationship stage with a local coffee shop at Time 1, then received a social coupon to share, and returned to report purchase intentions and sense of empowerment at Time 2. In Study 3, participants were told that when they checked out at a grocery store, the cashier provided a $2 off coupon for the product they just purchased—one for the recipient and one to share. The product was manipulated to be high intimacy (toilet paper) or neutral (napkins). The coupon to share could be shared online or in-person, which was included as the recipient between-subjects variable.

Summary of Findings
Three studies show that social couponing—when a company distributes coupons via existing consumers’ social networks in order to acquire new customers—increases purchase intentions regardless of redemption behavior. Feeling like one has an impact on others, a component of empowerment, underlies the relationship between sharing a coupon and purchase intentions. Additionally, we explore how the product category (degree of product intimacy) and consumer-brand relationship (degree of brand intimacy) moderate the impact of social couponing on purchase intention. First, using real social couponing behavior in a field study, social couponing is particularly effective at driving purchase intentions when the consumer does not have a close relationship with the brand (low brand intimacy), but not for consumers who are already close to the brand (high brand intimacy). Second, we demonstrate that the effect of social couponing on purchase intentions can be enhanced when coupons for certain types of products depending on who the coupon is shared with (i.e., friend or neighbor).
stranger). Specifically, we show that purchase intentions are greatest when a coupon for a neutral product (low product intimacy) is shared with a stranger and a coupon for an embarrassing product (high product intimacy) is shared with a friend.

**Key Contributions**

From a theoretical perspective, the results of this research contribute to the literature on the social context of promotions, consumer empowerment, and intimacy. To date, research related to the interaction between coupons and the social context has focused primarily on factors that impact coupon redemption behavior such as low value coupons and stigmatization (e.g., Argo and Main 2008; Ashworth et al. 2005). Our research demonstrates that social couponing can generate positive psychological benefits for the consumer—feelings of impacting others—and the firm—purchase intentions, regardless of redemption. Virtually no research has considered how customers can be empowered in a more social way as they share promotions with their fellow customers—the *empowerment-to-distribute* coupons. In the sales promotion context, we propose and offer evidence that consumers can create value by providing their fellow customers with coupons. We show that the act of sharing a coupon with another provides psychological benefits to the coupon sharer. This win-win approach allow firms to acquire new customers, while the consumer connects with others and feels empowered. We also contribute to the sizeable literature on intimacy constructs in marketing, specifically how brand intimacy and product intimacy perform differently in the social couponing context.

*References are available on request.*
Exploring the Effects of Cognitive Effort and Product Category Exposure on Brand Switching

Omar P. Woodham, North Carolina Agricultural & Technical State University
Mitchell L. Hamilton, Loyola Marymount University
Roland L. Leak, North Carolina Agricultural & Technical State University

Keywords: brand switching, elaboration likelihood model, product category experience, need for cognition, utilitarian products

EXTENDED ABSTRACT

Research Question
The authors introduce the idea of segmenting consumers based on their history of experience with brands. The two segments of interest are (1) “single-brand consumers,” defined as consumers who have used only one brand in a particular product category and have settled on that brand, and (2) “multiple-brand consumers,” or consumers who have switched brands in a product category at least once prior to settling on a brand.

The research questions we attempt to address are as follows: (1) When confronting a utilitarian purchase, do these single-brand and multiple-brand segments tend to use different levels of elaboration during brand selection? and (2) How does need for cognition affect the likelihood of brand switching for these two segments?

Several recent studies have examined brand loyalty with regard to the affective response consumers develop when making psychological connections with brands, such as brand attachment or variety-seeking behavior. However, these theories are not as applicable with products that do not stimulate the level of passion typically triggered by hedonic products. Therefore, answering the research problem required the framework of a cognition-based theory—the Elaboration Likelihood Model (ELM).

Method and Data
The study was conducted as a quasi-experiment where respondents’ history with the product category (cell phone carriers), determined their respective group. Respondents reported if they switched carriers at least once, the details as far as they remembered about their current cellphone carrier, and how much effort they put into making the decision. Subsequently, they read about an attractive offer for a fictitious cellphone carrier, with better rates and coverage than their current carrier. Respondents then indicated their likelihood of switching to take advantage of the offer.

To analyze the data, we used logistic regression and regression using the Johnson–Neyman technique via the MODPROBE macro (Hayes and Matthes 2009). The latter was useful for probing interactions between continuous variables (elaboration and need for cognition) and a categorical variable (segment).

Summary of Findings
Single-brand consumers are more likely to have used the peripheral route processing, whereas multiple-brand consumers are more likely to have used central route processing to arrive at their current brand decision. Further elaboration appears to strengthen single-brand consumers’ resolve to stay with their current brand, whereas it seems to have less of an effect on multiple-brand consumers. Also, as need for cognition increases, it is less likely that a single-brand consumer will switch compared to a multiple-brand consumer.

Key Contributions
We explore the causes of brand switching from a cognitive perspective as opposed to the more common affective perspective.
found in theories such as brand attachment and variety-seeking. There are fewer, less intense emotions involved in shopping for utilitarian products compared to hedonic products. Therefore, our results are more instructive in those situations. We have also highlighted the possibility that the traditional definition of loyalty may be limited. Knowing if the consumer has switched at least once may be more instructive than their claim of loyalty to their current brand.

This study can help managers to create more targeted messages based on consumers’ respective segments. Overall, our results suggest that persuading a single-brand consumer is more effective with peripheral cues, whereas persuading multiple-brand consumers is more effective with activating elaborative thinking.

*References are available on request.*
Gender, Persuasion Knowledge, and Price-Quality Perception

Vahid Rahmani, Old Dominion University
Elika Kordrostami, Old Dominion University
Melika Kordrostami, Iowa State University

Keywords: pricing, persuasion knowledge, consumer behavior, gender

EXTENDED ABSTRACT

Research Question
How does gender affect price-quality judgments? What is the role of persuasion knowledge as an underlying mechanism that influences and changes price-quality perceptions?

Method and Data
We recruited three samples of adult U.S. residents from Amazon MTurk (Study 1: n = 84, 49% female, M_age = 34.06; pre-test: n = 50, 44% female, M_age = 33.16; Study 2: n = 86, 57% female, M_age = 35.18). In order to test our hypotheses we used ANOVA, GLM, and regression analysis.

Summary of Findings
The findings showed that (1) general-price-quality perception is stronger in men than in women, (2) compared to men, women are more capable to correctly identify correlational relationships and have more accurate price-quality perceptions, and (3) the activation of persuasion knowledge increases the accuracy of price-quality perceptions.

Key Contributions
Our studies make a number of theoretical and practical contributions. First, to our knowledge, this study is the first study to illustrate the moderating role of gender on consumers’ price-quality perceptions. Second, our findings provide further support for selectivity model by showing that women indeed process the information more accurately than men. Third, to our knowledge, this study is the first study that investigates the effect of the activation of persuasion knowledge on price-quality judgments. Our finding that persuasion knowledge increases the accuracy of price-quality perceptions contributes to both persuasion knowledge and pricing literatures. Finally, our findings have particularly important practical implications.

References are available on request.

For further information contact: Vahid Rahmani, Ph.D. candidate, Old Dominion University (vrahmani@odu.edu).

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A Comprehensive Framework for Persuasion Knowledge

Vahid Rahmani, Old Dominion University
Elika Kordrostami, Old Dominion University
Melika Kordrostami, Iowa State University

Keywords: persuasion knowledge, consumer behavior, decision making, emotions

EXTENDED ABSTRACT

Research Question
How do consumers develop, activate, and use their persuasion knowledge? What are the situational, psychological, and sociocultural factors that affect the development and activation of persuasion knowledge?

Summary of Findings
This article begins to answer these questions by developing a framework that synthesizes the extant literature in multiple streams of research including dual models of persuasion and attitude change, and persuasion knowledge; neuromarketing and neuroscience; decision science, and information processing theories; learning and cognitive models of working memory; and three main streams of research in emotion literature. The cornerstone of our framework is a process view of persuasion knowledge which includes three parts of development, activation, and influence of persuasion knowledge and the interactions and linkages among these three processes.

Key Contributions
First, our comprehensive framework distinguishes the development, activation, and effects of persuasion knowledge, and delineates the important linkages between these three processes. Second, building on dual models of persuasion and selective information processing paradigms, this study proposes novel hypotheses regarding the development and activation processes of persuasion knowledge. These include (1) the effect of depth (versus direction) of processing of the information on consumers’ ability (versus motivation) to learn and identify persuasion tactics, and (2) examining the influence of different situational, behavioral, and sociocultural factors on depth and direction of processing of the information. Third, based on recent evidence in evolutionary psychology and emotion literature, this study examines the complex and multifaceted role of integral and incidental emotions on development and activation of persuasion knowledge.

References are available on request.
Imagine a person watching a commercial on her home TV. When she notices that the commercial intends to amuse viewers in order to induce brand liking, she may become skeptical and consequently try to resist the persuasive attempt by, for example, counter arguing the message or engaging in source derogation (Zuwerink & Cameron, 2003). In the present research, we propose that consumers can also resist persuasion through the use of emotion regulation. For instance, when trying to resist a message, consumers may attempt to control the thoughts and emotions elicited by the ad (i.e., antecedent-focused emotion regulation), or, alternatively, to restrain their emotional expression (i.e., response-focused emotion regulation). We expect that both types of emotion regulation strategies may affect the facial expression of emotions, which subsequently affects consumer responses. In a recent special issue, Krishna and Schwarz (2014) reviewed evidence that consumers’ attitudes, intentions, and behavior are often embodied. From an emotion regulation paradigm (Gross & Thompson, 2007), we add support to the idea that bodily states serve as a source of information (Herbert & Pollatos, 2012). We expect that different emotion regulation strategies affect facial expressions of emotion, which subsequently affects consumer attitudes and intentions.

Research Question
Experiments 1–4 compare the effects of response-focused and antecedent-focused emotion regulation strategies on facial expression of happiness and disgust and subsequently on attitude towards the ad for amusing vs. disgusting persuasive video ads. Experiments 5–7 narrow our focus to comparing the effects of two variations of antecedent-focused emotion regulation strategies, i.e., cognitive reappraisal, on appetitive attitudes toward the brand and buying intentions. Not only facial expression is tested for its’ mediating role but also self-reported effort spent, or success obtained in emotion regulation, are added as a second mediator. Across all seven experiments, we applied a bootstrap method that estimates the path coefficients in a mediator model and generates 95% bootstrap confidence intervals for total and specific indirect effects (Preacher & Hayes, 2008) of emotion regulation on attitude towards the ad through facial expression of happiness. Participants, U.S. residents, accepted the MTurk task and were redirected to an external platform, FaceReader Online, for the complete experiment. The facial expression of large numbers of participants can be analyzed and interpreted using recordings from their own webcams. Recordings were coupled with online questionnaire inputs using Qualtrics. For further processing of data and export to SPSS, FaceReader (2013) software was used.

Method and Data
Having accessed the platform, participants agreed to participation and to being video-recorded. Automated checks of participants’ computer, camera, and flash plugin were performed. After responding to some demographic and control
questions, participants were randomly assigned to either the experimental or control conditions. Next, a 30-second video commercial was presented while participants were videotaped. Finally, attitudes were measured. Participants were debriefed and provided access to MTurk’s payment system.

FaceReader system continuously tracks and analyzes input faces classifying emotional expressions according to discrete basic emotion categories (Ekman, et al., 1969). For details, van Kuilenburg et al. (2005). Validation research accuracy of 88% (Lewinski et al., 2014a). The system has proven useful in a variety of contexts, e.g., in emotion research and advertising research (Lewinski et al., 2014b).

The system assigned to each video recording of facial reactions an estimation of the intensity and probability of facial expression of emotion from 0 to 1 at each frame. We took the average score of the top 10% peak values of facial expression of emotions to perform all the calculations. The average represents each participant’s most prominent facial expression while taking into account the frequency of his or her occurrence (see Lewinski et al., 2014b).

Summary of Findings

Experiment 1 (n = 95) demonstrated that the response-focused emotion regulation strategy of expressive inhibition/amplification resulted in less/more intense facial expressions of happiness \( (b = -0.20, p = .025) \) during exposure to an amusing commercial (FMCG). This negatively/positively affected attitudes toward the advertisement (AAD) \( (b = 1.12, p = .005) \), which contributed to a significant negative indirect effect \( (IE = -.23, SE = .12, 95\% BCACI [-.55, -.05], K^2 = .11) \). Experiment 2 (n = 44) showed that, when exposed to an amusing commercial, antecedent-focused emotion regulation negatively affected facial expression of happiness \( (b = -.20, p = .066) \) and subsequently AAD \( (b = .89, p = .01) \), contributing to a significant IE \( (IE = -.21, SE = .12, 95\% BCACI [-.46, -.01], K^2 = .12) \). In Experiments 3–4 (n = 93; n = 45), we aimed at replicating these findings by using an disgusting commercial. Although we did not find the hypothesized mediation model, we observed an effect of emotion regulation on facial expression of disgust. Experiment 5 (n = 73), Experiment 6 (n = 140) and Experiment 7 (n = 68) replicated our model with two different antecedent-focused emotion regulation manipulations, ads (ad about service and cars), second mediator (effort and success in regulating emotions) and dependent variables (brand attitudes and buying intention).

Key Contributions

Our studies show that they can either suppress or amplify happiness, and this will affect appetitive attitudes to ads, brands or the product. The effects occur independent of the particular induced regulation strategy, that is, antecedent- or response-focused, or variations of antecedent emotion regulation inductions. This finding can be explained by the assumption that facial expression as an emotional response system is privileged over other emotional response systems as to (1) its accessibility to regulation input and (2) output connections to other response systems. Among the emotional response systems, facial expression pairs action orientation with accessibility to voluntary modulation.

To conclude, our findings contribute to the evidence that consumers’ bodily feedback has powerful regulatory outcomes on consumers behavior. More in particular, they highlight the role of bodily feedback in consumer resistance to ads. The downplaying of one’s emotional reactivity, by either suppression or reappraisal, empowers consumers subsequently helping them to resist the persuasive messages. Our studies open up a new avenue for consumer research by showing that bodily emotion regulation mediated through facial behavior influences attitudes. This means that what we bodily express influences not only how we feel and think but also whether or not we are persuaded.

References are available on request.
Opinion Leadership and Susceptibility to Social Influence in New Product Adoption: Does Tie Strength Matter?

Honghong Zhang, Victoria University of Wellington
Tiong-Thye Goh, Victoria University of Wellington
Kim-Shyan Fam, Victoria University of Wellington

Keywords: new product adoption, opinion leadership, social influence, social networks, tie strength

EXTENDED ABSTRACT

Research Question
Social influence has been recognized as one of the significant determinants of individuals' behavior in sociology, social psychology, economics and consumer research (Bearden, Netemeyer, & Teel, 1989; Deutsch & Gerard, 1955). Recent research has started to investigate the effect of opinion leadership on the degree to which an individual is susceptible to social influence in new product adoption (Aral & Walker, 2012; Iyengar, Van den Bulte, & Valente, 2011), but have not been related much to different influence mechanisms emanating from information transfer or from normative pressures. Whether an individual is susceptible to social influence may largely depend on what kinds of influence they experience (Iyengar, Van den Bulte, & Jeonghye, 2012).

In addition, the structural condition of networks may accentuate or dampen consumer susceptibility to social influence in the adoption of new product (Aral & Walker, 2014; Ghose, Han, & Iyengar, 2012; Lee, Cotte, & Noseworthy, 2010), while few studies have investigated the network characteristics under which influence is strongest. This research empirically investigates two research questions:

1. Does opinion leadership affect the degree to which an individual is susceptible to different types of social influence?

2. Does the relationship between opinion leadership and the susceptibility to social influence vary with tie strength in social networks?

Method and Data
We collected data by distributing sociometric survey questionnaires to 598 business undergraduates at a large university in China. This research focused on the advisory network and required students to nominate peers they consider advisers with regard to new consumer electronics. A total of 557 respondents completed the survey, representing a 93.14% valid response rate. 44.8% were male and 55.2% were female. Respondents ranged in age from 19 to 25 years (M = 21.59, SD = .88).

We adapted measures from existing literature and adapted them to suit the context of our study. The main constructs are measured using five-point Likert scales, ranging from “strongly disagree” to “strongly agree.” Self-reported opinion leadership was measured by a six-item scale developed by Childers (1986). Sociometric opinion leadership was measured with Indegree Centrality by counting the number of nominations that a student was indicated as an adviser by others (Coleman, Katz, & Menzel, 1966; Iyengar et al., 2011). Measures of social influence were adapted from scales developed by Bearden et al. (1989). Tie strength was measured by a scale adapted from Frenzen and Davis (1990).

We used hierarchical multiple regression analyses to test our hypotheses (Aiken & West, 1991; Cohen, Cohen, West, & Aiken, 2003; Janssen, 2001).

Summary of Findings
This study investigates the relationship between individual influence and susceptibility in new product adoption and how...
this relationship varies with tie strength in social networks. Our study provides three main findings: First, this study demonstrates that self-reported opinion leaders who are high in leadership in their own eyes and sociometric opinion leaders who are high in leadership in others’ eyes are both less susceptible to informational social influence. Second, this paper documents an inverted-U relation between opinion leadership and the susceptibility to normative social influence. Individuals with moderate levels of opinion leadership are more susceptible to normative social influence than individuals with high and low levels of opinion leadership. Third, the above relationships between opinion leadership and the susceptibility to social influence are contingent upon ties strength. Opinion leaders are less sensitive to informational social influence from weak-tie peers, whereas they are as responsive to that from strong-tie peers as others are. The inverted U-shaped relation between opinion leadership and the susceptibility to normative social influence holds for strong ties with regard to the self-reported measure, whereas it holds for weak ties as to the sociometric measure.

Key Contributions
Our study makes contributions to diffusion research as well as for network marketing practices.

First, our study provides explanations for previous inconsistent findings on the weak or negative relationships between opinion leadership and consumer susceptibility to social influence (Aral & Walker, 2012; Iyengar et al., 2011). This study suggests that the inconsistency may be because these studies did not distinguish different social influence mechanisms, or because the true relations were not linear.

Second, this study extends recent insights into how tie strength affect individual influence and susceptibility (Hu & Van den Bulte, 2014; Iyengar, Van den Bulte, & Lee, 2015; Lee et al., 2010). We document that the inverted U-shaped relationship between sociometric opinion leadership (i.e., Degree Centrality) and the susceptibility to normative social influence presents in weak-tie networks, not in strong-tie networks.

Third, our research provides marketers with further insights that sociometric opinion leaders are equally susceptible to social influence from strong-tie peers, whereas self-reported opinion leaders are as responsive to informational influence from strong-tie peers and normative influence from weak-tie peers as non-leaders. Marketers may do well to understand these special reactions and take the opportunities that network groups present in network marketing.

References are available on request.
Evaluating Arts Consumers’ Positive Word of Mouth

Steve Oakes, University of Liverpool
Helen Oakes, Sheffield University

Keywords: word of mouth, recommendations, mixed methods, arts organizations

EXTENDED ABSTRACT

Research Question
Arts organizations seek to provide consumers with a rich cultural experience in order to nurture passion for the arts, gain visitor loyalty and attract new visitors through positive word of mouth (WOM). In recent years, arts organizations have been under pressure to demonstrate their beneficial impact on arts consumers’ quality of life. Consequently, consumer advocacy of the benefits gained through experience of an arts organization is vital. Recommendations and positive comments posted online are important sources of evidence for arts organizations to demonstrate the positive impact they have had on consumers’ lives.

Study 1 conducts in-depth interviews with arts organization managers to gather data regarding their perceptions of key themes that involve arts consumers’ spoken and online word of mouth. Qualitative data gathered from arts organization managers provides a valuable context and is used to validate a questionnaire designed in collaboration with these managers. The questionnaire (study 2) gathers quantitative data regarding potential drivers of arts consumers’ positive (e)WOM (embracing spoken and online recommendations). Consequently, the current research focuses upon a broadly defined research question regarding identification of key themes and drivers of positive consumer (e)WOM.

Method and Data
Studies 1 and 2 employ sequential data collection, firstly involving the collection and analysis of interview data, followed by the gathering and analysis of questionnaire data. This type of mixed methods design typically involves instrument development where qualitative findings provide contextual understanding and help to develop scale items for a quantitative survey, as well as theory development, where unanswered questions from qualitative findings are used to develop hypotheses to be tested in the quantitative phase. Managers were chosen for in-depth interviews from 8 organizations that represent key types of arts sector organization.

After further discussion with managers of one of the organizations (a regional art gallery), permission was granted for questionnaire data to be collected from arts consumers attending events hosted within their organisation. Drawing upon the previously discussed interview data, the subsequent development of hypotheses highlights the possible influence upon positive (e)WOM of emotional, cognitive, behavioral, social, and three perceptual variables. After further discussion with managers of the regional art gallery, an additional hypothesis considers the value of active (versus passive) arts participation in enhancing positive (e)WOM. The researchers distributed questionnaires to a convenience sample of participants who had just attended an arts event. In total, 134 completed questionnaires were collected.

Summary of Findings
In study 1, managerial interviews identify 6 key themes associated with consumers’ word of mouth recommendations. Various emotional, cognitive, behavioral, social, and perceptual drivers of (e)WOM are discussed. Data from this themed section is drawn upon extensively for hypothesis development in designing the questionnaire for study 2. Findings arising from questionnaires administered to arts consumers reveal various significant findings.

Results reveal how positive emotional responses elicited by the staging of memorable arts experiences are capable of generating enhanced positive (e)WOM recommendations.

For further information contact: Steve Oakes, University of Liverpool Management School, University of Liverpool (soakes@liverpool.ac.uk).
Staging an inspirationally memorable and cognitively challenging arts experience increases recommendations of arts organization events. Results reveal that intention to recommend the arts organization’s events is greater for repeat visitors compared to first time visitors. Likelihood of recommending the arts organization’s events is greater for those indicating that they made new friends during an arts event. Recommendation levels are higher when there is perceived congruity between the style of art provided (contemporary versus traditional) and participant preference. Furthermore, belief that experiencing an arts event would improve the quality of arts consumers’ lives in the long-term increases likelihood of recommending the arts organization’s events. Enhanced perception of well-being following the experience of an arts event also increases likelihood of recommendation.

**Key Contributions**

In addition to positive emotional appeals, arts organizations need to stimulate the cognitive, rational processing of arts events in order to create a rich experience for consumers. Findings also reveal a virtuous circle regarding the link between positive (e)WOM recommendations and repeat patronage. Results suggest the importance for recommendation generation of leveraging increased social interaction (face to face and online) to encourage consumer bonding and friendship. In terms of positive (e)WOM, results also highlight the importance of a close match between the style of artistic product offering and the demographic target segment preference.

Several of the arts organization managers interviewed highlight the importance of using arts events to provide a transformational improvement to the quality of consumers’ lives and contribute meaningfully to their well-being. Perceived long-term quality of life and more short-term well-being enhancement through the arts are key objectives for arts organizations, and in the context of study 2, such objectives are revealed as significant drivers of positive (e)WOM. Regarding managerial implications, it is clear that design of a holistic arts experience (encouraging repeat visits, offering emotional and cognitive stimulation underpinned by increased social interaction, and enhanced by various perceived benefits) is likely to lead to positive (e)WOM.

*References are available on request.*
The Impact of Hedonic and Utilitarian Usage Benefits on Dealership Satisfaction and Word-of-Mouth Intentions

Jean Boisvert, American University of Sharjah
M. Sajid Khan, American University of Sharjah

Keywords: hedonic benefits, utilitarian benefits, satisfaction, word of mouth

EXTENDED ABSTRACT

Research Question
Research suggests that overall hedonic and utilitarian values can affect satisfaction with the retailer and key retail outcomes (Jones, Reynolds and Arnold, 2006). However, little is known regarding the extent to which hedonic and utilitarian leisure product benefits may have on dealership satisfaction and word-of-mouth intentions within the same product category. In terms of its contribution, this paper breaks new ground in the understanding of hedonic and utilitarian benefit because of its focus on the ownership and use of a category of consumer durables such as leisure motorized products and its strategic impact on retail outcomes.

The goal of this paper is to investigate the extent to which hedonic and utilitarian usage benefits impact retail outcomes such as dealer satisfaction and word of mouth intentions. The remainder of the paper is organized as follows. First, we discuss relevant literature and hypotheses, followed by a description of the method used and results. Finally, we conclude with a general discussion of the findings, limitations of the research, and avenues for future research.

Method and Data
The study was based on a mail survey conducted in conjunction with a North American manufacturer of leisure motorized products (the name is kept secret due to a confidentiality agreement). The target population was users of leisure motorized living in the United States. The sample frame was leisure vehicle registrations. As a result, a sample of 5,544 American subjects practicing a leisure motorized sport returned usable questionnaires.

The final factorial structure, the validity of the typology and items were assessed using confirmatory factor analysis (EQS 6.2). Initially, the study was conducted on the North American level resulting in 5,544 usable questionnaires spread across the USA and Canada. The initial assumption was based on possible cross-cultural differences. The group comparisons did not result in any significant CFA differences. We therefore use the USA sample to conduct the final model analysis.

We ran the final measurement model for the eight dimensions identified in the exploratory factor analysis (USA group). This resulted in 4 hedonic and 4 utilitarian dimensions. The chi-square ($\chi^2 = 1490.88$) for this factorial structure is statistically significant ($p < .000$) with 181 degrees of freedom. The CFA indices show a reasonable model fit (Coker et al. Hope 2011). The values obtained for these diagnostics (NFI = 0.96, CFI = 0.96, IFI = 0.97, GFI = 0.97, RMRR = 0.029, SRMR = 0.033, and RMSEA = 0.038) suggest a strong model fit (Coker et al., 2011; Hair et al. 2009; Sharma et al. 2005).

Summary of Findings
In most leisure activities, consumers are driven by either hedonic or utilitarian motives, or a combination of both. However, little is known regarding the extent to which hedonic and utilitarian product usage benefits have on dealership satisfaction and word-of-mouth intentions within the tested category. The authors generate a series of hedonic and utilitarian benefits specific to leisure motorized products based on a sample of American users before validating the dual benefit structure with confirmatory factor analysis (CFA).
Regression analyses further reveal that hedonic benefits do not impact dealer satisfaction compared to utilitarian benefits. In terms of word of mouth intentions, both hedonic and utilitarian benefits have a significant effect. The findings are crucial for both academic researchers and managers as it describes a detailed procedure on how to develop a custom-made typology of hedonic and utilitarian benefits for a specific category. It also provide a better understanding regarding the extent to which hedonic and utilitarian benefits affect strategic planning at the retail level, and on how customers turn into advocate of their products and brands.

**Key Contributions**

The current study’s contribution is significant as it provides new insight into the complex interrelationship between usage benefits and key retail outcome variables, showing the differential effects that hedonic and utilitarian usage benefits can have on these outcomes. Our findings clearly show that hedonic and utilitarian usage benefits impact retail satisfaction in a much different way than hedonic and utilitarian shopping values.

*References are available on request.*
Momentary Pain for a Lifetime of Enjoyment: Me, Tattoo-Self, and I

Ilgim Dara, University of Massachusetts Amherst  
Ceren Ekebas-Turedi, Purdue University North Central

Keywords: tattoo, Meaning Transfer Model, actual and ideal-self, theory of self discrepancy

EXTENDED ABSTRACT

Research Question
Marketing researchers mostly focus on product categories that are socially acceptable and widely consumed. However, there are some product categories that do not stand out as mainstream; yet still appeal to alternative cultures which are on the rise. The tattoo sector is one of those. Extant literature is scant on tattooing, as it was long perceived as a category of social deviance (Atkinson 2003). Yet, today, 40% of 26–40-year-olds, 36% of 18–25-year-olds have tattoos in the U.S. (Faw 2011). Such a tremendous increase in tattoo consumption calls for understanding consumers’ motivations for getting tattoos. By using the Meaning Transfer Model and theory of self-discrepancy, in this qualitative study we aim to answer why tattoo consumers prefer tattoos as products to purchase rather than more traditional products such as clothes and what the lifetime enjoyment for those customers is. In the light of these questions, we conducted in-depth interviews with nine tattooed individuals with different backgrounds. With the analysis of transcribed interviews, we identified some unique features of tattoos that distinguished it from traditional products.

Method and Data
We conducted a qualitative investigation of tattoo consumption with a multi-method approach. Since our goal was to understand both the changing cultural meaning for tattooing and motivations of consumers behind getting a tattoo, we used an interpretive approach. Data collection was executed in two main stages. In the first stage, we followed the participant observation method in a local tattoo shop to understand the nature of the business. That tattoo shop was chosen in particular since it has been in business since 1999, being the first tattoo shop in Massachusetts and also received many awards from the community. We spent between 1 to 2 hour(s), 3 or 4 times per week, for 5 weeks in the tattoo shop. Meanwhile, secondary data resources such as the website and social media sites of the tattoo shop, and local newspapers were also observed. The output of the observations, participation and casual conversations with the employees is a set of field notes that served as raw data and for interpretation. In the second stage, we conducted in-depth interviews with six tattooed individuals and three tattoo artists. While the interviews were unstructured, in-depth interviews, a guideline was used to draw the frame of the discussion regarding the motivation of getting a tattoo.

Summary of Findings
Tattoos have the unique power to allow the individual to tailor the meanings he/she wants to transfer to himself/herself in a well-organized and integrated way, letting the person to express himself better with a few tattoo(s) rather than purchasing a set of traditional products. Interviewee Linda (female, 27 years old) states that she knows herself and/or who she wants to be at this age. Therefore, she gets to express herself permanently. Matt (male, 31 years old) states that a tattoo is valuable in a way that you can have it permanently and that a single tattoo can have all those meanings a traditional product or set of product cannot have.

Actual-self is the way an individual sees himself/herself, while ideal-self is how he/she would like to be (Ross 1971). Tattoos are the ultimate and continuous experience that can help someone to be the closest to their ideal-self while also providing immediate representation of the actual-self. Marie (female, 30 years old) believes that a tattoo has such power that it can reflect both ideal-self and actual-self. Sarah (female, 27 years old) believes her tattoos are doing a better job at expressing her whole-self. When Ryan (male, 35 years...
old) compared tattoos with clothes, he believes that while buying clothes can seem to be an option, such a traditional product can never be enough to express the self to a full degree.

**Key Contributions**

According to the results of in depth interviews, we can clearly state that tattoos symbolize associations with regards to self-concepts (ideal-self, actual-self). Tattoos help individuals reflect those meanings and decrease the gap between ideal and actual selves. For traditional products, it is the marketer deciding the associations/meanings to transfer to the product. However, with tattoos, individuals have the power to get the product and hence meanings customized per their self-concepts. This bestows power to the individual to choose and transfer all associations about his ideal and actual-self in an integrated and organized way, while also reconciling the gap between the ideal and actual-self. This way tattoos do not require a wide variety of purchases like traditional products. Our findings also show that tattoos are very concrete way to express the actual and/or ideal ‘selves’ because they are permanent unlike traditional products with transitory nature. Due to these unique features, while getting tattoo is a painful experience for the moment, it is in an exchange for a lifetime of enjoyment of expressing one’s whole-self.

*References are available on request.*
Cake or Fruit? How Consumers’ Automatic and Advertisers’ Instructed Mental Simulation Interact to Influence Healthy Choice

Jeffrey Hu Xie, University of Oregon  
Elizabeth A. Minton, University of Wyoming  
Lynn R. Kahle, University of Oregon

Keywords: mental simulation, embodied simulation, process and outcome, grounded cognition, health consumption

EXTENDED ABSTRACT

Research Question
Mental simulation invokes consumers to elaborate on advertising and thereby create a greater desire for a product. The benefits associated with mental simulation vary based on the emphasis on either the process of using a product or the outcomes associated with a product. Prior research in this area relies on specific thinking instructions given to consumers to think either process-focused or outcome-focused thoughts. Research in neuroscience and grounded cognition, however, has advanced the understanding of a spontaneous form of mental simulation. Elder and Krishna (2012) examined automatic forms of mental imagery that are initiated by visual representations of objects. They show that the visual stimuli of a product engage consumers in automatic mental simulation of motor process and, consequently, alter consumer attitudes. Expanding this research, we explore different types of automatic mental simulation (AMS) and how they interact with advertiser-instructed mental simulation (IMS) to influence consumer healthy consumption choices. We test whether process and outcome AMS can occur (H1), whether past experience influences the amount of AMS (H2), and whether visual stimuli of healthy food facilitate more outcome AMS than visual stimuli of unhealthy food (H3). We expect the match between IMS and AMS types leads to positive attitudes (H4).

Method and Data
We design four experimental studies where participants from the university lab or Amazon mTurk are randomly assigned into conditions. Study 1 tests the existence and the extent of process and outcome AMS initiated by a visual image. Participants evaluate either a picture of a cake or fruit salad by a six-item process AMS scale and a six-item outcome AMS scale developed in a pretest. We split the dataset and conduct exploratory factor analysis (EFA) and confirmatory factor analysis (CFA), respectively, to validate these AMS scales. Study 2 examines how past experience moderates the amount of AMS initiated by product visual presentations. Participants evaluate process and outcome AMS of a product with familiar (or unfamiliar) names (or images). Studies 3 and 4 establish and verify the pattern of how consumer AMS interacts with advertisement IMS to influence consumer food choices. Study 3 uses an ad with either matching or mismatching IMS (by ad copy) with AMS (by a food visual) to examine whether a match leads to greater product attitudes. Study 4 features a 2 (IMS: process, outcome) x 2 (AMS: process—unhealthy cake, outcome—healthy fruit salad) to further examine interactive effects from IMS and AMS.

Summary of Findings
The EFA in Study 1 revealed two factors (process AMS and outcome AMS) which were then confirmed by CFA, supporting H1. Further, Study 1 showed that a healthy food visual led to more outcome AMS than an unhealthy food (p = .01), supporting H3. In Study 2, conditions with a familiar visual and familiar name reported significantly greater
process AMS ($p < .001$) and outcome AMS ($p < .05$) than all other conditions, supporting H2 that AMS is driven by prior exposure and experience with products. Further, Study 2 showed that visuals cued this prior experience greater than names ($p < .01$). Study 3 tested one matching situation (process AMS/IMS) and revealed that participants in process AMS/IMS match conditions reported higher purchase intentions ($p < .05$) and higher overall attitudes ($p < .05$) than those in process AMS/outcome IMS not-match conditions, supporting H4. Study 4 examined both process and outcome AMS/IMS matches. We found significant two-way interactions between IMS and AMS ($p < .05$). Planned contrasts revealed that outcome IMS produced the highest attitudes ($p < .01$), and purchase intentions ($p < .01$) for healthy products (outcome AMS) but lower consumer evaluations for unhealthy products (process AMS); however, for unhealthy food, the effects were reversed, supporting H4.

**Key Contributions**

The results from four studies show that advertisers can use IMS to encourage consumers to make healthier food choices. However, the success of such IMS cues varies depending on the amount of AMS already produced by the food visuals and a consumer’s prior experience with the product. This research contributes to theory in mental simulation by examining two types of AMS and their impact on product evaluations. Our studies confirm that AMS can be process- or outcome-focused, and the healthiness of a food item can affect the extent of process and outcome AMS. In addition, our research establishes and verifies the pattern of how AMS interacts with an advertisement’s IMS to influence attitudes and intentions. Advertisers of novel products in particular should take note of these findings where AMS is likely to be low. Numerous new health foods on the market, such as kombucha drinks, quinoa, and chia seeds, could benefit from advertisements instructing mental simulation, specifically focused on product outcomes. Further, our research offers marketers and public policy-makers ways to influence product evaluations and healthy consumption. For example, policy could regulate the use of food visual images as well as simulation instructions for unhealthy foods.

*References are available on request.*
Relational Products and the Emergent Adult Identity

Derek Hassay, University of Calgary
Scott K. Radford, University of Calgary
Edmund Gee, University of Calgary

Keywords: emerging adults, relational goods, nonprofit marketing, performing arts

EXTENDED ABSTRACT

Research Question
The current research examines the role of relational goods (Gui and Stanca 2010) upon identity development of emerging adults, specifically in the domain of aesthetic experiences. Relational goods are “simultaneously created and consumed by interacting parties” (Gui and Stanca 2010, p.109) and are most likely to be produced in exchanges and contexts characterized as intimate and genuine, and between parties with strong social ties. The current study examines emerging adulthood as a liminal stage of development that exists between adolescence and adulthood, where today’s youth are choosing to postpone traditional markers of adulthood. Emergent adulthood is ultimately characterized by foregone or not fully acquired independence and, as such, this group exists in a state of extended role exploration. These emerging adults value two “qualities of character” — independence in decision-making and responsibility for oneself — in the transition into adulthood. Of particular interest in the current study is how the consumption of relational products, such as the performing arts, is involved in the identity formation process of emerging adults.

Method and Data
A two-stage, multi-method qualitative approach was employed. In the first stage, depth interviews were conducted that were augmented with the autodriving projective technique (Heisley & Levy, 1991) to assist participants with elicitations specific to the performing arts. Specific visual probes were used to both stimulate conversation, but also to enable the informants to more freely associate with the topic of leisure, entertainment, and the performing arts. Key informants, from a large North American Urban Centre, were selected to represent the emerging adult population of interest (those 18–25). Informants were selected such that they self-identified as either a student or as someone not yet “settled” in a career, none were married and none had children. Interviews were conducted over a 6-week period, with a typical duration of 45–75 minutes. The final sample of 21 key informants ranged in age from 19–26, with 11 males and 10 employed full-time.

In the second stage, select participants from the depth interview phase invited three to five of their friends to participate in a focus group. Four focus groups composed of 18 people were conducted over a four-week period with focus groups lasting 60–90 minutes. Sixteen of the eighteen participants indicated that they had attended at least one arts performance in their lifetime.

Summary of Findings
As expected the emerging adult informants reflected the kind of subjective ambiguity and exploration suggestive of the both the theory of emerging adulthood (Arnett 2000) and Erikson’s (1968) moratorium element of identity development. Indeed, for many of the informants the process of realization (discovering the genuine self), assimilation (uniting aspects of adolescent and adult selves), transition (from adolescence to adulthood), and ultimately self-expression (being comfortable living the genuine self) was often socio-emotionally difficult. Consequently, we found considerable evidence of identity conflict and contradiction. Similarly, we observed that emerging adults held equally ambiguous and often times conflicting views of the performing arts that we identify as arts naivety. Finally we observed how emerging adults use groups of friends, what we define as consuming friends, to help them manage and...
cope with the competing and contradictory aspects of their developing identity.

**Key Contributions**

The current research provides some preliminary insights into a complex consuming group and to some of aspects of their subjectively experienced and highly ambiguous life stage. A by-product of this extended period of exploration is a large consumer group. As a result, research on the role that consumption plays in identity formation within this group, and how specific goods, services, and experiences support or detract from identity formation is increasingly important. Because the focus of this study on entertainment consumption with an emphasis on the performing arts, much less is known about other leisure pursuits such as travel, sports, and hobbies. That said, the breadth and depth of insight into the emerging adult group was overwhelming and we are confident that the ambiguities witnessed, the challenges and the coping mechanisms are likely present in these other consumption contexts.

The current research adds to the extant literature on consumer behavior and arts marketing in a number of ways. First, it illustrates both the complexities and difficulties that exist as emerging adults seek to transition from adolescence to adulthood and how they use different sets of “consuming friends” to cope with the competing elements of their identities. In addition, we find evidence to suggest that adolescent consumption is often neither fulfilling nor desirable but rather a product of peer influence. If this is true, then one wonders what impacts this has on measure of service and quality satisfaction. Future research might also look to extend the study of emerging adults by focusing on specific consumption behaviors and how these influence relationships, family decision-making, and consumer or societal well-being. For instance, what is the influence of decreased driving rates amongst teens and emerging adults, or how will the increasing number of emerging adults living at home with parents change consumption behavior.

*References are available on request.*
How the Fit of Numbers in Brand Names with Product Category Affect Consumer Reactions

Kunter Gunasti, University of Connecticut
Timucin Ozcan, Southern Illinois University Edwardsville

Keywords: numerical processing, numerical cognition, product category fit, brand names, alphanumeric

EXTENDED ABSTRACT

Research Question
Which numbers are best suited for use in brand names in different product categories and would be ideal to use in new brand extensions? Research in number cognition has shown that repeated exposure, usage frequency, cultural familiarity, personal dispositions, and semantic associations can all increase the liking of numbers. Accordingly, the more we use a certain number, the more familiar it becomes and the higher number of contexts it gets associated with—and not necessarily in this order. So, which numbers are used most often and are associate with multiple contexts? Our review of the most commonly adopted numeral systems in history and studies in numerical processing literature enabled us to compile a set of mathematical formulas for number usage frequencies. We identified a set of numbers called Multi-Context Numbers (MCN) due to their high associability with multiple contexts and frequent use in many languages. We examined how the use of MCN in brand names for different products compare against use of other numbers such as those highly associated with specific categories or parent brands. Our research contributes to numerical processing literature and the wide literature on fit of brand extensions by introducing the role of numbers in brand names.

Method and Data
We conducted four empirical studies to investigate our research questions. Our findings overall show that the use of MCN in brand names lead to positive perceptions of product quality and overall product preferences in multiple contexts and numerous product categories both in comparative and individual product evaluations. Specifically, Study 1 examined the relative frequency of the numbers ranging from 10 to 1,000 in books published in English within a year. Study 2 explored how inclusion of MCN in brand names in multiple unrelated product categories affects consumer attitudes. We compared the favorability of MCN-brands to Non-MCN-brands that had clear associations with particular products in specific contexts. Study 3 investigated the preferences of MCN in the absence of a fit between brand names and product categories. Accordingly, we contrasted the use of numbers associated with product categories and brand names in a choice context. Study 4 compared the attitudes toward brand names with MCN and Non-MCN in both non-comparative, singular evaluation contexts and in comparative choice contexts. Study 1 used secondary data, Study 2 and 4 employed student participants and Study 3 participants were recruited through Amazon Mechanical Turk.

Summary of Findings
Study 1 examined the frequency of numbers in thousands of books published within a year. The results showed that MCN were used more frequently than all other numbers in a diverse set of domains. Study 2 showed that for over a dozen product types, brand names including MCN were favored more than other brand names including any other numbers and brand names including MCN could even compete against brand names including non-MCN that were highly associated with the specific product categories. Using a direct comparison of brand names with and without MCN, Study 3 further showed that brand names including MCN achieve relatively higher choice shares than brand names including other numbers. Using a between-subject design, Study 4 compared consumer attitudes toward various brand extensions whose brand names included MCN, non-MCN...
associated with the brand extension category and non-MCN associated with the parent brand name. We found that brand names including MCN were more likely to be preferred over those including non-MCN highly associated with the product domain or the parent brand name. A mediation analysis showed that the product-number associations were the main mediator of the effects of numbers in brand names on consumer preferences.

**Key Contributions**

Drawing on past literature, we identified a set of frequently used and inherently meaningful Multi-Context Numbers (MCN) that originate from common numeral systems and follow a combination of scientifically established formulations in the numerical processing literature. We demonstrated that MCN induce favorable responses independent of context both as raw numbers and as brand names. Our research contributes to growing literature on numerical cognition and numbers in brand names by introducing MCN. Because numbers in brand names are assigned at the discretion of firms, the use of MCN-brands can be an effective approach in many product categories. Importantly, due to the inconspicuous nature of brands compared to other marketing communications (e.g., product attributes, prices), the effects of MCN will not be easily detectable by consumers. Another important contribution of our research is to the broad literature on brand extensions. While the concept of brand fit has been widely studied, past studies have solely focused on the match between the brand and the extension category. Our study was one of the first to consider how the fit of numbers included in brand names with the product category affects consumer responses to potential brand extensions.

*References are available on request.*
Perception Patterns of Bilingual Indian Students and Implications in Developing Ad Layouts

Olga Shabalina, South Ural State University

Keywords: perception patterns, language, ad layout

EXTENDED ABSTRACT

Research Question
One of the challenges facing global advertising agencies is whether or not global advertising messages should be standardized or localized. Simple observation allows us to state two different approaches to ad layouts in local markets: the one, which is based on Western advertising practice with a focus on the product and its attributes; the other, based on local advertising practice with its multi-foci and dominance of emotions. Additional complexities exist for multinational companies (MNC) in promoting their brands in the Indian market because of its language diversity. Multilingualism of country population explains a large number of studies devoted to importance of language choice in developing advertising. Yet, little empirical research was conducted on language influence on perception patterns of Indian consumers manifested in ad layouts. The author expands on the findings of the previous cross-cultural study that proved significant differences between perception patterns of Russian, Chinese, and American monolingual students and further investigates perception patterns of bilingual Indian students and the implications in developing ad layouts. Under perception patterns we understand relatively steady modes of perceiving information, characterized by specific gaze direction and focus of perception. Gaze direction and focus of perception are two dependent variables that we investigated.

Method and Data
To prove an impact of mother tongue (Hindi) on perception patterns of bilingual Indian students we used pre-experimental between-subject design with two comparison groups that were exposed to similar treatment. One group comprised bilingual Indian students of Deenbandhu Chhotu Ram University of Science and Technology, located in rural part of Haryana state. They described pictures in Hindi. Another group consisted of bilingual Indian students of the Delhi School of Communication, which is in urban part of India. They described pictures in English.

Verbal protocols were used for data collection, followed by a questionnaire to test whether the target groups met the criteria for bilingualism. The analysis of absolute (each picture) and mean values of every observed event (gaze direction and focus of perception) was conducted. We also used nonparametric Pearson Chi-Square test to check statistical significance of differences in perception patterns, as observed categories had quality type and were measured in nominal scales. Observed and critical values of Chi-Square test were compared for pairs of Indian students from rural vs. urban area, and bilingual Indian students vs. monolingual American students, describing pictures in English. The information on American students’ perception patterns was taken from the previous experiment.

Summary of Findings
In summary, the results of the experiment supported our hypotheses. Mother tongue has a crucial impact on perception patterns of individuals. Both comparison groups of Indian students demonstrated similar perception patterns though describing pictures in English and Hindi. The majority of Indian students tend to be focused on the field ($\mu = 177.25$) and demonstrate holistic gaze direction ($\mu = 101.1$). Still the perception patterns of Indian students are quite different from perception patterns of American students. The latter tend to be focused on discrete objects ($\mu = 121.7$) and demonstrate linear vertical gaze direction ($\mu = 83.2$). The differences in perception patterns are explained by...
differences in mother tongues—Hindi in the case of Indian students, and English in the case of American students.

The experiment results partly explain persistency of local advertising agencies in developing multi foci ads with landscape page orientation. On the other hand, they do not project well onto ads with portrait page orientation and a focus on the product, practiced by MNCs in India. Future manipulation experiment investigating processing fluency and likeability of ads with different layouts will help MNCs make the right choice.

**Key Contributions**

As evidenced from literature review, language impact on perception patterns manifested in ad layouts is fairly unexplored field and the present study partly fills in this gap. It takes the monolingual results obtained in the previous research and expands them to provide more knowledge about perception patterns of bilingual students. In fact, it is the first study that explores language influence on perception patterns of bilingual Indian students. It also contributes to the ongoing dialogue in the literature devoted to the role of language in cognitive processes of individuals with different cultural background. On the practical side, the study makes MNCs consider perception patterns of bilingual Indian consumers in developing ad layouts and help decide on expediency of using local vs. Western type in the Indian market.

*References are available on request.*
The Dominance of Moral Character on Tarnished Endorsers

Joseph W. Chang, Vancouver Island University
Yung-Chien Lou, National Chengchi University
Hongxia Zhang, Peking University

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

EXTENDED ABSTRACT

Research Questions
Extant research in celebrity endorsements well documents the impact of negative endorser information on brand evaluations and disgraced endorsers on firms’ market value. However, less is known about the impacts of immoral celebrity endorsers on characteristic perceivers across cultures. The condition can be even more complicated when the personality characteristics of consumers are considered. For example, will consumers favoring emotional considerations (i.e., self-location) be more sensitive to immoral behaviors? Will consumers with negative dispositional tendency evaluate the immoral behaviors more negatively? And, will consumers having higher moral intuitions be more responsive to immoral behaviors? Moreover, extant research in endorsements has verified the dominance of a variety of endorser characteristics (e.g., attractiveness, expertise, likability, trustworthiness). However, less is known about the dominance of the morality and warmth characteristics that Woods’ image involved in question, while both characteristics are verified as the two most dominating personality traits in person perception.

Method and Data
This research consists of two experimental studies. For Study 1, 72 U.S. residents participated in the two experimental groups (endorser trait: moral-cold vs. warm-immoral), which is in line with the research design of previous research. The extreme-positive (moral-warm) and extreme-negative (immoral-cold) conditions are omitted as the results of these two conditions can be presumed and are irrelevant to the research questions about the dominance of moral character and warmth. The participants were informed that the purpose of study was to investigate consumers’ opinions about advertising endorsers. In the beginning, the participants answered the first question identifying self-location. They started the experiment by reading the experimental scenario and rating the endorsed brand (i.e., Appsung V5) and endorser relevant questions. Then, they were informed the determination of endorser selection that either the 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 advertising, followed by questions evaluating the advertising and Appsung V5 brand. Finally, they concluded the participation by answering the 10-item MF and 16-item DAM scales measuring innate moral intuitions and dispositional tendency, respectively.

Study 2 sought to examine the cross-cultural generalization for the research findings of study 1 based on Americans, the westerners. We selected India to represent easterners as it differed from America in several cultural perspectives. The research designs of studies 1 and 2 were identical, except for the numbers and nationalities of participants. Overall, 91 Indians participated in the two experimental groups (endorser trait: moral-cold vs. warm-immoral) and completed the questionnaire.

Summary of Findings
The findings reveal that moral character (vs. warmth) dominates, and instigates more impacts on, endorsers, advertising, and brand evaluations, while both moral character and warmth are important characteristics of celebrity endorsers. Specifically, tarnished endorsers with immoral character (vs. coldness) are more detrimental to endorser, advertising, and brand evaluations, while both the tarnished endorsers with
immoral character and coldness significantly weaken the endorsed brand attitudes. Moreover, dispositional tendency yields insignificant influences on endorser, advertising, and brand evaluations. However, innate moral intuitions and self-location moderate brand evaluations. Specifically, high-(vs. low-) morality consumers and heart- (vs. brain-) locators are more vulnerable to, and more unfavorably evaluate, the brands endorsed by tarnished endorsers.

In comparison, Indians (vs. Americans) tended to provide less (vs. more) unfavorable responses to the independent variables of perceiver measures of DAM and MF and the dependent variables of endorser, advertising, and endorsed brand evaluations. Moreover, the impact patterns that the DAM, MF, and SL indices exerted on Americans and Indians are different. Specifically, self-location and innate moral intuitions moderated Americans’ brand evaluations. Both high- (vs. low-) morality and heart- (vs. brain-) location Americans were more vulnerable to tarnished endorser information. As a result, they more unfavorably evaluated the advertising and brands endorsed by the tarnished endorsers. However, dispositional tendency yielded insignificant influence on Americans’ advertising and brand evaluations.

In contrast, dispositional tendency partially moderated Indians’ evaluations. Specifically, Indians with negative (vs. positive) dispositional tendency tended to more (vs. less) unfavorably evaluate the advertising and brands endorsed by tarnished endorsers. However, the tendency didn’t imply that negative endorser information instigated more negative impacts on perceivers with negative dispositional tendency. Perceivers with positive and negative dispositional tendency yielded identical attitude changes on brand evaluations because perceivers with positive (vs. negative) dispositional tendency both less (vs. more) unfavorably evaluated the brands before and after the treatments of the tarnished endorsers. The difference in prior brand evaluations between perceivers with positive and negative dispositional tendency is counterbalanced by the difference in posterior brand evaluations. As a result, the advertising endorsed by unfavorable endorsers yielded identical negative impacts on positive and negative dispositional tendency Indians’ brand evaluations. Moreover, there was no evidence indicating the moderation of innate moral intuitions and self-location on Indians’ advertising and brand evaluations.

Key Contributions
This research advances endorsement research by examining the moderations of endorser (i.e., moral character and warmth), perceiver (i.e., dispositional tendency, innate moral intuitions, and self-location), and culture (i.e., easterners and westerners) on brand evaluations. Capitalizing on personality theories, we demonstrate with two experimental studies that (1) moral character dominates advertising and brand evaluations, (2) dispositional tendency partially moderates easterners’ brand evaluations, and (3) innate moral intuitions and self-location moderate westerners’ brand evaluations.

References are available on request.
Research Question

Considerable research has documented the substantial influence of affect on consumer behaviors (Greifeneder, Bless, and Pham 2010; Mogilner, Aaker, and Kamvar 2012). Two perspectives are proposed to explain the rationality of affective influenced behaviors: static affective evaluation theories and dynamic affect regulation theories. The two systems are competing but could be integrated into one theoretical model depending on external and internal cues (Andrade 2005). However, prior research mainly has taken a valence-based approach (López and Ruiz 2012), focusing on comparing the positive and negative valence on judgments. Such valence-based approach ignores the fact that affect is positioned in two dimensions: valence and arousal (Russell and Barrett 1999). Hence, this research tries to explain the role of the arousal from competing sources of information on the affect mechanisms, aiming to combine the two seemingly divergent theories under same umbrella with following questions: (1) How do different emotional cues (i.e. consumer mood valence, mood arousal states and target ad arousal levels) interact with each other? (2) Can arousal dimension function under similar mechanisms as valence? (3) Does arousal interaction effect go in the direction of mood congruence or affect regulation? (4) How do the two mechanisms work together to influence the ad evaluation?

Method and Data

This study employed a 2 (mood valence: positive vs. negative) × 2 (mood arousal state: high vs. low) × 2 (ad arousal level: high vs. low) between-subject experimental designs. 181 business undergraduates participated in the study with a small gift as compensation. Music was used to manipulate the mood valence and arousal. Pretests of music and ads were done before main study. ANOVA analysis showed a significant interaction between arousal-matching level and valence (F (1,177) = 14.23, p < .001), such that people in positive moods rates the arousal-matched ad more favorably than mismatched one (M_match = 5.01 vs. M_mismatch = 4.56, t = -1.87, p < .10), while people in negative moods rates the arousal-mismatched ad more favorably than the matched one (M_mismatch = 4.95 vs. M_match = 4.06, t = 3.32, p < .01). As expected, when people are in positive moods, the ad arousal effect is stronger when people are in highly aroused state (p < .10) than in lowly aroused state (p > .10). In contrast, the effect is reversed when people are in negative moods. The simple effect of ad arousal is significantly higher when people are in lowly aroused state (p < .01) rather than in highly aroused state (p > .10).

Summary of Findings

The results show that people in positive moods are motivated by arousal congruent effect to maintain their current feeling while people in negative moods are more likely to be motivated by arousal regulation effect to feel better. As a result, people in positive affective state give higher evaluations for arousal-matched ads than mismatched ones. Conversely, people in negative affective state give higher evaluations for arousal-mismatched ads rather than matched ones. Furthermore, distinguished from valence effects, ad evaluation is polarized in the direction of ad arousal level
under high arousal level than under low arousal level. Therefore, increasing the ad arousal level will greatly improve ad evaluation of highly aroused people in good mood, but lowly aroused people in negative mood. In sum, this study demonstrates that consumers’ evaluation of ads is a function of consumer mood valence, mood arousal state and target arousal level. The three variables jointly influence ad evaluations statically and dynamically.

**Key Contributions**

First, this study demonstrates the two somewhat divergent theories can coexist to guide consumers’ behaviors from an arousal-based approach, thereby extending and supplementing the prior findings. Second, the study contributes to arousal related literature by not only providing empirical evidences but confirming the arousal-as-information and arousal regulation effects. In particular, this study provides empirical evidence for arousal theories, showing that the arousal maintenance effect and aversion effect work similar as mood maintenance and mood repair mechanisms. Third, the findings offer a new perspective to understand the mood effects beyond the valence, reveal the myth of controversial results from valence-based studies, and shed lights for the critical role of arousal on ad evaluation in a broader horizon. Fourth, the different interaction effects indicate the importance of considering the emotion effects dynamically in product and ad design, as well as marketing communication. The mood regulation opportunity when consumers are exposed to a positive marketing stimulus suggests that firms should emphasize the benefits the ads will bring to the individual in terms of how they will feel after watching ads. Finally, this study departs from previous studies by focusing on the arousal interaction effects from different sources. This shift in focus to the arousal is a meaningful extension because it is not the valence level but the arousal level that varies a lot that varies in the product and advertisement design.

*References are available on request.*
Research Question
Self-evaluation is essential for identifying progress towards goals and finding areas for self-improvement, but it can be a source of problems (Silvia and Phillips 2004). It can disrupt task performance, reduce creativity, and trigger harmful perceptions and attributions (Duval and Silvia 2001). Physical appearance dissatisfaction is the result of negative evaluations of one’s body compared with unachievable super-thin cultural ideals of beauty (Bucchianeri and Corning 2012). Body dissatisfaction is associated with harmful psychological states and decisions including depression, loss of self-esteem, unhealthy diets, eating disorders, and elective cosmetic procedures (Bucchianeri and Corning 2012).

The present research examines the interaction between self-awareness and access to standards of appearance and argues that for individuals to perform self-standard evaluations, state of self-awareness and direct access to relevant standards should coexist (H1). The research also examines the consequences of such discrepancies to identify the underlying process for the relationship between body dissatisfaction and motivation to take cosmetic surgery decisions.

Objective self-awareness (OSA) theory (Duval and Wicklund 1972) and self-discrepancy theory (Higgins 1987) consider how gaps between the self and some criterion affect emotions. The present research furthers this association by empirically examining the link between self-discrepancies, emotions, and motivations to take action (H2).

Method and Data
The study was a 2 (OSA vs. no-OSA) × 3 (relevant vs. irrelevant standards of beauty vs. control) between subjects factorial design in which objective self-awareness and standards were manipulated, and body image state dissatisfaction (BISDS), positive and negative emotions, and interpersonal and intrapersonal motivations to pursue cosmetic procedures were measured. To control for participants’ varying chronic perceptions of their appearance, body-esteem was measured. Through a pre-test, images of fashion models and plants/flowers were selected as relevant and irrelevant standards of beauty to be used for the main study. Public objective self-awareness was manipulated using a full length mirror (36” × 48”) following the standard procedure for manipulating self-awareness (e.g., Webb et al. 1989; Mullen, Migdal, and Rozell 2003; Silvia and Phillips 2013).

Participants were 159 undergraduate students (60.5% female; mean age = 22.14) from a Southwestern university. Data was collected on an individual basis, and participants were randomly assigned to the mirror or no-mirror condition. The assignment of relevant, irrelevant, or no standard was random (the control group did not receive any images). All participants were provided with the questionnaire, which took about twenty minutes to complete.

Summary of Findings
The results indicated that the manipulation of objective self-awareness and relevant vs. irrelevant beauty standards were successful. Also, body-esteem was identified as a significant covariate and thus, was kept for the test of hypotheses. The results of the analyses with gender as a covariate, however, indicated that gender was not a significant factor.

As expected, the result of ANCOVA revealed no significant main effect of standards and objective self-awareness. In...
support of H1, a marginally significant interaction was found between OSA and standards. Test of simple effects further supported the hypothesized interaction between objective self-awareness and access to relevant standards on body image state dissatisfaction. H2 suggested a mediating role for negative emotions in the relationship between individuals’ body image state dissatisfaction and their interpersonal and intrapersonal motivations to pursue cosmetic procedures. The 95% bias corrected confidence interval with 5000 bootstraps supported the mediation relationships.

**Key Contributions**

The results revealed that access to relevant standards, coupled with a state of public objective self-awareness generates self-standard comparisons that lead to self-standard discrepancies. This finding contributes to OSA and SD theory by clarifying that relevant standards of behavior or appearance must be readily accessible to self-aware individuals in order for them to engage in self-standard comparisons. This is important because the definition of standards provided by these theories does not clearly state such a condition. From a practical perspective, in order to direct consumers’ attention to their appearance-related features, it is important for retailers or providers of beauty services to situationally manipulate public OSA (via full length mirrors and reflective surfaces) and increase their exposure to relative standards of appearance.

The results also add to our understanding of cosmetic surgery decision making by suggesting that motivations to pursue such procedures are both intrinsic and extrinsic to the consumer, and that the emotions can be essential when making such decisions. In addition, the findings indicate that college students are a representative target market for physical appearance enhancement or more specifically, cosmetic procedures and call attention to the emotional vulnerabilities of this group.

*References are available on request.*
Effects of Predictive and Diagnostic Reasoning Mindsets on Omission Detection

Xiaoqi Han, Western Connecticut State University
Frank R. Kardes, University of Cincinnati

Keywords: mindset, information possessing, omission neglect, debiasing

EXTENDED ABSTRACT

Research Question
People are seldom if ever given complete information about a product. However, they are likely to assume that the information they are given is considered by the communicator to be sufficient to make a judgment (Grice 1975) and spontaneously apply this assumption in construing the information’s implications. This disposition can reflect a chronic mindset that is formed as a result of numerous situations in which the assumption has been correct. If this is so, however, recent experiences that require other processing strategies might override this chronic disposition and increase individuals’ sensitivity to missing information. This possibility is suggested by research on the effects behavioral mindsets, as reflected in the effect of performing cognitive activities in one situation on the likelihood of performing similar cognitive activities in a subsequent unrelated situation (Wyer and Xu, 2010; Wyer, Xu, & Shen, 2013).

Given that omission neglect (extreme judgment due to insensitivity to missing information) is a bias that consumers often commit, how can we increase consumers’ sensitivity to missing information. Will priming consumers with a cognitive mindset prior to a product evaluation context effective? If so, which mindset will be more effective, a diagnostic mindset or a predictive mindset? Last, to whom the debiasing effect will be more effective, low or high need for cognitive closure individuals?

The present research investigates the role of predictive versus diagnostic reasoning mindsets in the consideration of unmentioned alternative hypotheses and the consideration of the evaluative implications of missing information. Predictive reasoning involves the assessment of the likelihood of effects occurring given that the presumed cause occurred (Fernbach, Darlow, and Sloman, 2010, 2011). Diagnostic reasoning involves the assessment of the likelihood of a presumed cause occurring given that an effect occurred. Predictive reasoning encourages consumers to focus on a single implied hypothesis while ignoring other possibilities. By contrast, diagnostic reasoning encourages consumers to consider multiple hypotheses, including unmentioned alternative hypotheses (Fernbach et al., 2010, 2011). To this extent, diagnostic reasoning mindsets should be more effective than predictive reasoning mindsets in encouraging consumers to detect omissions and to consider the evaluative implications of missing information. The need for closure (Kruglanski and Webster, 1994) may qualify this effectiveness of diagnostic mindsets. The need for cognitive closure refers to a preference for unambiguous knowledge and decisions, even when such knowledge and decisions require extensive oversimplification of information, frames, and decision processes. Hence, diagnostic reasoning mindsets should be more effective when the need for cognitive closure is low.

Method and Data
Experiment 1 used a 3 (mindset: no mindset vs. predictive mindset vs. diagnostic mindset) × 2 (evaluation set: complete information set vs. incomplete information set) full factorial design. One hundred eight participants took part in the experiment for class credit. In the first task, participants were instructed either to make either five diagnostic or five predictive judgments. In diagnostic reasoning mindset conditions, participants were asked to estimate the likelihood that one event was the cause of another (e.g., the likelihood of a man
having the flu given that he has a fever). In predictive reasoning mindset conditions, they were asked to estimate the likelihood that an event was the effect of another (e.g., the likelihood of a man having a fever given that he has the flu). Likelihood estimates were reported along a scale from 1 to 10. Participants in no mindset conditions did not perform this task. In the second, unrelated task, participants were given information about a digital camera for evaluation. In complete information conditions, they were given descriptions of 6 attributes of a digital camera. In incomplete information conditions, they were given a 3-attribute subset of those presented in complete information conditions. After reading the product description, participants evaluated the camera along a scale from 0 (very bad) to 10 (very good) and then estimate how likely it was that important information about the camera was missing along a scale from 0 (not at all likely) to 10 (very likely). Results showed that participants’ estimates of the likelihood of the five events they rated in predictive mindset conditions were higher on average than they were in diagnostic mindset conditions (6.46 vs. 5.91, respectively; F(1, 65) = 3.57, p < .05 (one-tailed)). Hence, the manipulation was successful. Furthermore, participants with a diagnostic reasoning mindset reported a higher likelihood that important information was missing when the camera was described with three attributes than when it was described with six (8.60 vs. 5.77, respectively; F(1, 102) = 12.93, p < .001). However, this difference was not evident when participants had either a predictive mindset (8.39 vs. 7.81, respectively) or no mindset (7.76 vs. 7.30, respectively); Fs < 1.

In Experiment 2, we inferred sensitivity to missing information on the basis of individuals’ information search behavior. We also measured individuals’ dispositional need for cognitive closure. Participants in the mindset conditions were asked to complete two ostensibly unrelated tasks while those in the control condition skipped the first task and preceded to the second task directly. The mindset induction task was similar to Experiment 1. In the second task, participants were asked to form an impression about a smart TV described with five attributes after reading reviews about the TV. They were told to read as many reviews as necessary in order to form an accurate impression of the smart TV. Participants were then required to indicate how sufficient the information was in order for them to form the impression. Last, participants’ need for cognitive closure was measured using a 15-item scale (Roets & Van Hiel, 2011).

To investigate the effect of mindset and the moderating role of NFCC, a planned contrast was performed. Results showed that for participants who were low in need for cognitive closure, when they were primed with a diagnostic mindset, they read more reviews than participants in the control condition (Mdiagnostic = 10 vs. Mcontrol = 7.25, t(30) = 1.88, p < .05, one-tailed). This pattern was not neither found among participants with a high need for cognitive closure (M = 7.67 vs. M = 7.25, t < 1) nor in the predictive mindset condition (7.95 vs. 7.25, t < 1). The results suggest that a diagnostic reasoning mindset is more effective when the need for cognitive closure is low as opposed to high.

Summary of Findings

Experiment 1 showed that priming a disposition to engage in diagnostic reasoning increased participants’ sensitivity to missing information about a product in a later, unrelated situation. Compared with those in the control conditions, participants who rated the likelihood of an event as a cause of another event in one situation estimated a higher likelihood that information was possibly missing about a camera, indicated wanting to know more attributes and evaluated the camera less favorably. Experiment 2 showed that participants with a diagnostic mindset searched more information before forming an evaluation of a Smart TV. Considered together, the results of two experiments show that diagnostic reasoning mindsets are effective at increasing sensitivity to missing information and at encouraging more moderate judgment formation when the available information is limited or incomplete. The results also show that these effects are more likely when the need for cognitive closure is low rather than high.

Key Contributions

Our research shows that cognitive mindsets can also be used to debias omission neglect. This expands the literature on debiasing omission neglect. Further, rather than attributing omission neglect to a communication error, we show that omission neglect is a bona fide bias in our Experiment 2. Third, we show the different effects of diagnostic mindset and a predictive mindset on debiasing omission neglect. Last we found the qualification on the debiasing effect among individuals with different dispositions on need for cognitive closure.

References are available on request.
Comparing the Segmentation Bases: Personal Values, Fashion Attitudes, and Online Shopping Attitudes Toward Consumer Purchase Behavior in Online Fashion Retail

Stefan Scheuffelen, RWTH Aachen University
Jan Kemper, RWTH Aachen University
Malte Brettel, RWTH Aachen University

Keywords: market segmentation, consumer behavior, e-commerce, retailing, fashion industry

EXTENDED ABSTRACT

Research Question
Does attitude-based customer segmentation produce segments with more differentiated purchase behavior than value-based segmentation and, thus, imply a higher predictive validity of this category of segmentation bases?

Method and Data
The dataset comprises over 35 million transactions from a leading European online apparel retailer of which 3,219 customers and approximately 14,500 transactions were used to test the hypotheses. Exploratory Factor Analysis, Confirmatory Factor Analysis, and two-step Cluster Analysis with Ward’s method and k-means clustering were used to calculate separate segmentations based on personal values, fashion attitudes and online shopping attitudes. One-way ANOVA and Duncan’s test were used to test which of the segmentations produced clusters with more differentiated purchase behavior.

Summary of Findings
The findings show that both fashion attitude-based and online shopping attitude-based segmentations produce segments with more significantly differentiated purchase behavior than the value-based segmentation and, thus, imply a higher predictive validity of these types of segmentation models towards consumer purchase behavior.

Key Contributions
In the academic area, we improve the understanding of the connection between type of segmentation base and actual consumer purchase behavior and, thus, help to evaluate the predictive validity of different segmentation bases. We do so by applying the Value-Attitude-Behavior Hierarchy to segmentation research and link personal values and attitudes as segmentation bases to purchase behavior. From a managerial point of view we give guidance on the selection of the appropriate segmentation base which is one of the most crucial managerial decisions in a segmentation project.

References are available on request.

For further information contact: Stefan Scheuffelen, RWTH Aachen University (scheuffelen@time.rwth-aachen.de).
Credit Card Adoption: Antecedent or Consequence of Loyalty

J. Paul Leavell, Charlotte Metro Federal Credit Union

ABSTRACT
This paper explores whether credit-card adoption is an antecedent or consequence of changes in loyalty behavior. Account volumes suggest that credit cards are an antecedent of changes in loyalty. Transactions suggest that credit cards are both an antecedent and a consequence while the balance view suggests no change in loyalty.

Keywords: behavioral loyalty, credit cards, banking transactions, banking, credit union

Introduction
Research into customer retention and loyalty has demonstrated that substantial costs are saved by retaining customers rather than acquiring new ones: Thus, loyalty is a fitting object of marketing research (Köksal & Dema 2014). Marketing researchers have spent significant resources investigating the consequences and antecedents of loyalty (Bergkvist & Bech-Larsen 2010; Hsu, Wu, & Chen 2013; Matthews, Son, & Watcharavesringkan 2014; Moschis, Moore, & Stanley 1984). Detailed decompositions of the construct are numerous (Hollebeek 2011; Kaur & Soch 2012; Roy 2011). Financial impacts of leveraging loyalty have been investigated by researchers (Homburg, Wieseke, & Hoyer 2009; Stahl et al. 2012). Much of this research has had banking services as its object (Darmayanti & Cahyono 2014; Marinković & Senić 2012). For the marketing practitioner, however, how much detail is really required?

Attempts to understand this elusive construct have led consultants to ask such questions as whether loyalty is an antecedent or consequence of product adoption. This question is critical for consultants because one of their value additions is guiding clients with respect to gaining marginal business from existing customers. One of the products around which consultants contemplate this question is the credit card. Does adopting the credit card precede loyalty within a banking customer, or does the customer adopt the credit card subsequent to some level of loyalty the customer has previously developed for that financial institution? This paper addresses whether credit-card adoption indicates behavioral loyalty or presages a change in loyalty behaviors with respect to financial institutions.

This question of how loyalty is manifest and whether it is an antecedent or consequence of various behaviors is important for marketers. If it is an antecedent of further consumer behavior in a particular context, then that behavior may allow marketers to leverage the indications of loyalty through market segmentation for additional sales. If loyalty is a consequence of product adoption, then profitability models such as lifetime-customer value (Kahreh & Kahreh 2012; Venkatesan & Kumar 2004) may be refined as the impact of loyalty on those models becomes more thoroughly understood. To this end, this paper seeks to contribute to the understanding of loyalty by investigating the role of loyalty in the adoption of a credit union’s credit card. This paper offers a framework for the investigation of customer loyalty in this context and investigates the construct of loyalty within this framework.

Research Context
The various conceptualizations of loyalty within the Academy can be filtered into three general categories: loyalty based on attitude, loyalty based on behavior, and loyalty that is based on a combination of both (Kaur & Soch 2012; Khan 2013; Roy 2011). Whether loyalty is based on attitude or behavior has been a source of significant debate, however (Dick & Basu 1994). Within the research tradition of loyalty, decomposing the construct has revolved around how much the construct of loyalty is manifested in behavioral vis-à-vis attitude and intention (Darmayanti & Cahyono 2014). The methods of observing and measuring loyalty, then, are quite extensive. This paper offers a simple, data-driven approach to measuring and interpreting behavioral loyalty.

For further information contact: J. Paul Leavell, Senior Marketing Analyst, Charlotte Metro Federal Credit Union (pleavell@cmcu.org).
Theoretical Framework
In the context of concrete measurable behavior over time, credit unions provide an interesting repository of data. Master customer information files (MCIF) can capture behavior before and after particular events in a consumer’s history with the credit union. Looking at concrete product adoption, transaction counts, and balance levels offers very rigid data to analyze.

Three measures of behavioral loyalty are manifest in the number of financial products a customer adopts, the number of transactions a customer utilizes, and the balance levels a customer maintains with an institution. Product adoption is an example of repurchase; for, each account opening involves a decision on the part of the customer to do business with the cooperative. Such repurchases suggest some level of loyalty to the credit union (Khan 2013). The transaction volume a customer gives a financial institution through payment activity is evidence of repurchase activity as each swipe of a debit card displays a level of trust in the financial institution to complete that transaction (Al-Agaga & Nor 2013). Transaction volume may allude to the level of adhesion that a consumer has with that institution (Raitani & Vyas 2014). Whether online or in person, the increase in deposit and loan balances with a credit union indicates some level of loyalty as such an increase involves either an in-person or an electronic visit to the firm (Khan 2013). Balance levels with the credit union also indicate the share of wallet the customer has with the institution as share of wallet is a function of the balances with the credit union divided by the entire wallet of balances the customer has with any institution. Share of wallet is a potential expression of behavioral loyalty for a financial institution (Marinković & Senić 2012).

Khan (2013) articulated how loyalty is a staged process as well. Loyalty builds over time. Thus, it is important to investigate product counts, transactions, and balances over time. At the credit union used for this study, approximately 58% of all accounts with the current customer base were opened within 360 days of a first purchase. For this reason a reasonable amount of time is needed over which to test the account, transaction, and balance levels as evidence of changes in loyalty relative to credit-card adoption. Behavioral loyalty requires behavior. Thus, a change in behavioral loyalty should manifest itself in some change in behavior.

Hypotheses
The test will simply be whether there are statistically significant differences between the test group (TG) and the control group (CG) at two time periods and whether there are significant differences within groups between the two time periods. The first measurement will be indicated as M1 and the second as M2. Figure 1 demonstrates the hypotheses under investigation. As the present author is a former consultant with respect to credit cards, he will propose the hypothesis that cards are an antecedent of loyalty based on experience within the industry. In addition, Malär, Krohmer, Hoyer, and Nyffenegger (2011) found that when consumers feel validated by a brand they are more likely to develop strong attachments to that brand. There is a positive relationship between electronic service quality and trust in a banking context (Salehnia, Saki, Eshaghi, & Salehnia 2014). Thus, the use of a credit card which successfully leads to the acquisition of products purchased by the cardholder may lead to changes in behavioral loyalty. The null hypothesis will be that there are no statistically significant differences between groups when there is an expected effect from credit-card adoption. Where a difference is not expected the null and alternative hypotheses are reversed.

Intuitively, there should be a difference between the time periods of the test group if card adoption precedes changes in loyalty. Having more products with the credit union may be evidence of higher customer identification with the credit union. Satisfying utilitarian needs has been shown to engender short-term customer satisfaction with customers with high identification with a firm (Haumann, Quaiser, Wieseke, & Rese 2014). A successful purchase transaction is the satisfaction of a utilitarian need. Credit cards facilitate successful purchase actions.

H1: There is a significant difference between TGM2 and TGM1.
Likewise, if card adoption is an antecedent of changes in loyalty, then a difference in the loyalty metrics should be
H2: There is a significant difference between TGM2 and CGM2.

If the card is a primary explanation of a change in behavioral loyalty, then there should be no effect from the simple passage of time: No difference in the control group should be detected between time periods.

H3: There is no significant difference between CGM1 and CGM2.

There should be no difference between the test group and the control group at the first measurement if the credit card is an antecedent of changes in loyalty. This is expected because if the card generates loyalty, then the first measurement, which is prior to card adoption, should not find any difference.

H4: There is no significant difference between TGM1 and CGM1.

All of these hypotheses were tested relative to account volume, transactions, and relationship balances.

**Method**

The sample was taken from a credit union in Charlotte, North Carolina. Of those members existing as of September 30, 2014, there were 4,878 customers with a sufficient credit score identified as joining the credit union between March 1, 2010 and August 30, 2012. These dates were selected because they provide a sufficient sample size for card adoption and observing behavior before and after the adoption dates (Figure 2).

The test group had 210 individuals within it; the control group had 3,826 individuals. All individuals were older than age 22. The study excluded the remaining 842 customers due to adoption of the card outside of the prescribed time window. The control group never adopted the credit card at any time; the individuals in the test group had been a member of the credit union one year or longer prior to the adoption of the credit card. The test group opened the card account between March 1, 2013 and September 30, 2013. Both groups were measured using data sets created on February 28, 2013, for the first measurement, and on September 30, 2014 for the second measurement.

Of the test and control groups, 180 customers were selected at random as suggested by G* Power 3 to achieve power of .95 with a medium effect size (Faul et al., 2007). Their total non-credit-card product counts, non-credit-card transactions, and non-credit-card relationship balances were recorded at the first and last measurement periods. Product counts included all member-held, on-balance-sheet deposit products and all member-held on-balance-sheet loan products except for credit-card accounts. Credit cards are not counted as part of the product count. Credit cards are excluded from all views as the loyalty construct is investigated outside of the card relationship itself.

Transaction counts included transactions from all customer-held on-balance-sheet deposit products. Credit card transactions were excluded from these counts. The counts were based on month-to-date transactions at the time of each measurement.

**Results**

Total relationship balances included all customer-held on-balance-sheet deposit products and all customer-held on-balance-sheet loan products (except for credit-card balances within the test group). The time periods were tested using bootstrapped t tests and bootstrapped paired-samples t tests performed in SPSS version 22. Outliers were removed from each test as identified by SPSS box plots.

**H1**

Accounts. SPSS identified no extreme values in differences between periods. On average, the card adopters had more

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**Figure 2. Timeline for Sampling and Measurement**

- 03/01/2010 to 08/30/2012: Join period both groups
- 03/01/2013 to 09/30/2013: Card adoption Test Group
- 09/30/2014: Measurement 2
- 02/28/2013: Measurement 1
non-credit-card accounts at the second measurement (M = 2.68, SE = 0.082) than at the first measurement period (M = 2.32, SE = 0.063). This difference, 0.36, BCa 95% CI [0.228, 0.499], was significant t(326.02) = 4.54, p < .001. The effect size was medium, d = 0.52. H2 for transactions is supported.

**Balances.** No statistically significant difference was found in balances between the test and control group in the second measurement period, p = .186. H2 for balances is not supported.

**H3**

**Accounts.** SPSS identified one outlier. No statistically significant difference was found between measurement periods, p = .622. Thus, H3 for accounts is supported.

**Transactions.** SPSS identified 27 outliers. On average the control group had more transactions at the second measurement (M = 25.60, SE = 3.38) than at the first measurement (M = 25.60, SE = 3.38). This difference, 4.01 BCa 95% CI [2.40, 5.77] was found to be significant t(152) = 4.848, p = .001. The effect size was small, d = 0.10. Thus, H3 for transactions is not supported.

**Balances.** SPSS identified eight outliers. On average the control group had fewer balances at the second measurement (M = 21071.00, SE = 3863.97) than at the first measurement (M = 21071.00, SE = 3863.97). This difference, -2460.02 BCa 95% CI [-4151.12, -847.96], was found to be significant t(172) = -2.908, p = .003. The effect size was miniscule, d = 0.05. Thus, H3 for balances is not supported.

**H4**

**Accounts.** At the first measurement, there was no statistically significant difference between the control and test
groups in terms of the number of accounts held by each customer ($p = .820$). Thus, H4 for accounts is supported.

**Transactions.** A difference in transactions was found between the test group ($M = 57.79$, $SE = 5.110$) and the control group ($M = 40.09$, $SE = 4.65$). This difference, $17.71$ BCa 95% CI $[3.58, 31.80]$ was found to be significant, $p = .014$. The effect size was small $d = .27$. H4 for transactions is not supported.

**Balances.** A difference in mean balances was found between the control ($M = 20817.58$, $SE = 3698.62$) and the test group ($M = 8990.52$, $SE = 1609.91$). This difference, $11827.06$ BCa 95% CI $[-19945.76, -4251.42]$, was found to be significant ($p = .012$). The effect size was small $d = 0.24$. Thus, H4 for balances is not supported.

**Discussion**

**Accounts**
The behavioral loyalty construct consisting of accounts per individual showed consistent results across tests. The results are consistent with the paradigm of changes in behavioral loyalty being a consequence of card adoption. The test group in the first measurement had an insignificantly different number of accounts from the control group. Subsequent to the card adoption, the test group had a significantly higher number of non-credit-card accounts in the second measurement than in the first measurement. Additionally, the test group showed a significant difference from the control group in the second measurement. The control group over the same time period showed practically no change in account volume. These results are consistent with the alternative hypotheses that suggest that changes in behavioral loyalty are a consequence of credit-card adoption. Interestingly, the difference of 0.36 in mean account volume between TGM2 and TGM1 is quite similar to Raddon Financial Group’s (2014) service lift of 0.33 mentioned previously.

**Transactions**
Behavioral loyalty defined as transaction volume bore inconsistent results. While the test group did demonstrate some level of improvement in non-credit-card transactions subsequent to the card’s adoption, there was already a statistically significant difference between the test and control groups before the card’s adoption. This suggests that a difference in behavioral loyalty was present between the two groups prior to the adoption of the credit card; although, the effect size is small. Additionally the control group experienced transaction growth that was not explainable by credit card use. Should similar results be experienced across many samples, this would suggest that some small effect of transaction growth is experienced simply through the passage of time. Finally, the test group did demonstrate a significantly higher transaction mean, with a larger effect size, than the control at the second measurement than at the first measurement. This may suggest that, from a transaction view, card adopters display a difference in behavioral loyalty prior to card adoption: That loyalty is further magnified subsequent to adoption.

**Balances**
From a balance view, very few significant differences were evident. The control group held significantly higher balances in the first measurement than the test group. The effect of time on the control group’s balances seems to be one of a significant reduction in balances, albeit a small effect size. No change was evident among the test group individuals between time periods.

**Implications and Further Research**
From a practitioner perspective, segmentation schemes may be enhanced from the results of this study. Should these results be generalizable, targeting for credit-card prospects should include transaction volume as part of the segmentation variables. Higher transaction volumes may indicate a loyalty propensity that would enhance response rates within credit-card campaigns. Additionally, retention campaigns may be targeted at customers who do not adopt a credit card within a specified window from the customer’s start date as non-adopters saw a decrease in balances with the credit union. In an evaluation of customer lifetime value, segmenting customers by the products adopted may enhance the precision of such models as the lifetime may change relative to which products are adopted and when.

From a research perspective, in addition to the deconstruction of loyalty into smaller constructs, the ability to understand how those sub-constructs are manifest is important in a financial-services context. This research adds to the loyalty literature by demonstrating that three media of financial-service behavioral loyalty (product adoption, transactions, and balance levels) may not be consistently manifested. A change in one may not indicate a change in the others. Further research is warranted as to why there may exist a difference between the conative manifestations of loyalty in a financial-services arena. There may be a relationship between the cognitive and affective aspects of loyalty that moderate the inconsistencies found within this study. If inconsistent expressions of loyalty manifestations are present within the same sample, the explanations of those inconsistencies may shed light on nested levels of loyalty.

**Limitations**
There are limitations with this study. They stem from the population and the data collected for analysis. The popula-
tion is limited to customers living primarily in and around Charlotte, North Carolina. Populations may behave differently in different regions. Additionally, it is conceivable that credit union customers behave differently than customers of banks, thrifts, or non-depositories.

In addition to the population, the data collected were for one time period. Customer loyalty may be evident in differing ways based on exogenous factors such as the economy. The same study conducted over different time periods may have different results. There is no way of knowing whether or not there was a significant difference in the attitudes of customers coming to the credit union during the selected time period versus other time periods. While the selection of individuals was random, the selection of the population was not: It was selected to maximize the number of subjects for study.

References


Endogenous Congruence: Assessing Product to Become Brand Across Culture and Language

David W. Pan, Prince Sultan University
Alan J. Pan, Prince Sultan University
Linda Clarke, University of Florida
Berna Mutlu, University of Florida

ABSTRACT
This paper contributes to literature by integrating product differentiation, brand congruence, and enculturation conformance into one analysis. It shows in convincing evidence that brand value starts from a firm’s offering, is co-created in consumers’ congruence processes, and enhanced or diminished by enculturation conformance in the marketplace of a given culture.

Keywords: product comparativeness, brand congruence, contextual enculturation conformance, ethno-linguistic (in)consistency

Introduction
The nexuses of consumers, products, and companies have been intriguing as they interface functions of sub-domains in business. Business is traditionally viewed as a trade where products are offered to consumers for desired benefits (e.g., profit). It implies that a product is offered by firms to consumers by taking the context of culture to be constant for being granted. This paper adopts a comprehensive and balanced approach to show that the nexus of the aforementioned is culture-dependent and malleable with some insight to guide practice. We view that business is an exchange process between firms and consumers where successful products are evolved into brand prominence by enculturation conformance. We therefore proclaim a premise on which this study is based that “firms compete over products, consumers conceive and identify with brands, and enculturation defines business” from the empirical studies on culture and language.

In response to a firm’s offering or marketing actions, consumers conduct themselves differently by geographic location, legal system, or cultural cradle across nations (Cunningham and Jones 1997). When a product is marketed into another nation or culture, consumers’ attitudes somewhat vary (e.g., Dimoffe, Johansson, and Bagozzi 2008; Holt, Quelch, and Taylor 2004), perhaps, inter alia, due to their inability to accurately assess the related information such as product origin, manufacture location, quality, and usage (e.g., Balabanis and Diamantopoulos 2008; Samiee, Shimp, and Sharma 2005). As people usually render assessment through their logically bound mental representations, we wonder how the logical layer of consumer information processing and behavior differs across culture and if it is subject to another layer of ethnological dictation and modification.

The Coca-Cola Company (2013) is a classic example of how its first Chinese name, “bite the wax tadpole,” was later changed to “drink tasty and drink happy” to make the pleasant nexus with the market of local culture. Best Buy, American retailing giant for electronics and home appliance, has struggled with its operations in China. The industry analysts (e.g., Abrams 2011) attempted for many and various reasons within their own ethno-linguistic context but missed one. Best Buy is branded in America to etymologically encourage a purchase for best value by price proportionate to product functionality and quality without much hesitation. However, Best Buy’s phonetically equivalent in Chinese serves just an opposite. It refers to “buying after hundreds of thinking.” This renders another example of how a product name that is suitable with its intent in one home ethno-linguistic context may be unfit in another.

For further information contact: David W. Pan, Prince Sultan University (davidwpan1@gmail.com).
Ethno-linguistic issues have long been raised (e.g., Berch, Adler, and Oliver 1987; Mehrabian 1992) from their intuitive obviousness, but the conceptual understanding with empirical support is scant. As economies become globally interdependent, products in a nation are often marketed into another in head-on competition against local offerings. Knowledge of cross-cultural branding, as needed in many deficient practices, is called upon as our rationale for this study.

**Conceptual Background**

The word choice of product or brand used in business has been often interchangeable or misused by practitioners and academicians alike. For example, people like to use “brand name” to actually refer a product’s name without identifying the nexus between product and brand. Studies (e.g., Aaker 1991; Aaker 2011; Keller 1993; Keller and Lehmann 2006; Osselaer and Alba 2000) suggest brand be different from product. A brand is a concept that occupies a place in the mind of consumers (Ries and Strout 1981). The basic functions for a brand concept are (1) identifying the seller’s products and distinguishing from competing ones, (2) signaling quality, and (3) serving as advertisement and promotion.

**Product Positioning**

Product positioning is a placement of marketable $P_{modality}$ for differentiation or similarity in relation with others by which an intended impression is created in the mind of consumers. $P_{modality}$, when being positioned and further developed, is identifiable for either product competition from one another or an extension from its predecessors by a degree of differentiation $\gamma$ on product comparativeness $X$.

\[
\gamma = f \text{ (Competition or Extension) } / X
\]

**Brand Congruence**

Only when $P_{modality}$ is offered in a trade, communicated to, and perceived by consumers does $P_{trademark}$ get recognized and $P_{substantiveness}$ get experienced with intention to form a brand (B). $P_{modality}$ transcended by a congruence process $\gamma$ to become a brand (B) in the repertoire of knowledge and experience $\kappa$ of consumers. $P_{trademark}$ by its representation of $P_{substantiveness}$ is therefore a referent $\kappa_{referent}$ to a mental location within $\kappa_{modality}$.

In a brand congruence process $\gamma$, B attempts to be placed, though often misplaced, through similarity categorization into a hybrid host for brand establishment and development $Y$ within an individual, and being $\Sigma B$ to reach brand prominence in marketplace as an individual’s cognitive result is part of collective $\kappa$. For the illustration simplicity, we let B be in $\kappa_{modality}$ as it should be congruently reflective of or approximating-congruent with $P_{modality}$ unless a distinction is needed.

$\kappa_{modality}$ is in part transformed from $P_{modality}$ that is appropriately intended through $\kappa_{referent}$ for a congruence with an individual’s elements in demand by affordability, want, and need (DAWN) as $\kappa_{dawn}$. $P_{modality}$ in $\kappa_{modality}$ is also dictated and modified by the individual’s ones in value, identity, and belief systems (VIIBS) as $\kappa_{viib}$ in a higher hybrid that hosts the nature and limits the range of the individual’s action, or inaction of $\kappa_{dawn}$ in $\gamma$.

**Enculturation Conformance**

$\kappa$ is generally established and enriched through aggregated and integrated learning and experiences by enculturation conformance $\nu$ over time in a given culture (Z), acculturation conformance $\nu_{k}$ in others (Z$_{n}$). $\kappa$ is composed of P’s $\kappa_{modality}$ that is structured by $\kappa_{referent}$ to connect nexus points of others.

**Brand Prominence**

We thus define brand (B)’s prominence $\omega$ by the congruity function (f) of product (P) relative to $\kappa$ of consumers as determined and confined in conformance with a given encul-
turation (Z). Suggested, a successful product has established a brand in \( k \) relative to and within an optimal enculturation result.

\[
\mathcal{O} = \frac{f(P: k)}{f(Z)}
\]

Brand B’s prominence \( \omega \) is determined through product P’s positioning \( \chi \) by product extensions and competition (X axis) through brand congruence \( \gamma \) for brand establishment and development (Y axis) in an optimal enculturation conformance \( \psi \) of suitable cultural makeup (Z axis). \( \chi \) and \( \gamma \) are thus defined and further confined by \( \psi \) in terms of relative product position in distinction, brand space location on congruence, and business suitability of offerings vis-à-vis acceptance by enculturation conformance in the eyes and minds of consumers in marketplace.

In a competitive marketplace, products of market leaders are usually a few. Their development aims at distinction by differentiation on both product functionality and naming relevancy. While product functionality tends to be converged similarly through competition or development, product naming has to be different from one another (The Authors2 2012). The naming process under the United States trademark and trade dress law is viewed to be on a continuum of measurement from being arbitrary/fanciful, suggestive, descriptive, to being generic (Paddingtom Corporation vs. Attiki Importers and Distributions, Inc. 1993). The product trademark of a market leader tends to be among the first with an attribute of uniqueness in the industry it started. It will become the generic brand in marketplace it has defined. Examples include “get a Coke” for soda, to “give me a Kleenex” for household tissue, to get an IBM compatible for a differentiation from Apple, or to “Google it” for information searches. The common usage of those trademarks renders them to be generic and prominent from having once been new/arbitrary and distinct. The prominent trademark becomes a trade icon defining the industry, thereby a popular symbol to consumers within an ethno-linguistic context.

An oft-debated issue on branding is how to determine to what degree the tangible and elemental attributes-feature-utilities contained within a product can be optimally appropriated with the intangible brand elements (e.g., Aaker and Keller 1990). Any lack of fit or inconsistency between tangible elements of the product and intangible elements of a branding strategy would suggest a deficiency on branding effectiveness. Thus, measurement of any effect of such fit or unfit, consistency or inconsistency will render a plausible basis for an effective brand strategy.

Whether product can establish its brand is decided on: (1) The nexus assessment of product-brand for functionality fit with product by perception, and (2) The relevancy congruence with a dominant account of the established \( k \) that is enculturated from a context ethno-linguistic determinancy and confinement (The Authors4 2013). These serve our centerpieces in this study.

**Conceptual Foundation**

We view that consumer responses toward a product offering tend to settle with a three-dimensional foundation. These are: (1) product comparativeness on which how an offering’s distinction is assessed, (2) brand congruence on which why brand prominence can be established and identified, and (3) enculturation conformance on which how \( k \) is aligned with a dominant account for contextual ethno-linguistic determinancy and confinement (The Authors2 2012).

On brand congruence, we have borrowed the cognitive quantum structure by Aerts (2009) to add another layer to expand the concept of perceived brand fit (Park, Milberg, and Lawson 1991). We observe the brand congruence mechanism is a two-fold process: the specific-aimed brand (SAB) fit and the general-context fit (GEEB) consistency. SAB requires a product-brand fit in \( P_{\text{modality}} \) on a specific target with \( \kappa_{\text{dawn}} \) within a given individual. GEEB requires a product-brand conceptual consistency to be aligned with \( \psi_{\text{vsb}} \) that is nurtured by enculturation or acculturation in a given, straddled, or cross-culture (i.e., inclusive of life style, language, religion, practices, etc.).

On enculturation conformance, we have adopted the concept of emic-etic dichotomy in cultural anthropology introduced by Pike (1967). The emic account of conformance is uniquely reserved to an assessor self. Etic account is that commonly shared with others, from a third party’s viewpoint. We view the emic-etic account of enculturation on an elliptic plane to be relative in a temporal and processive manner. We observe these accounts as being defined and confined within a culture, embedded with subjective and objective information, and transformable by content and nature between accounts due to the essence of elliptic plane law as our referenced dial. The distinction is important because the nature of etic-emic account is relative to consumer \( k \) in a point of time and process regardless of being objective or subjective (The Authors2 2012).

**Framework Construction**

With the conceptual foundation, we propose a framework to adopt ethno-linguistic considerations in comparative brand evaluation across cultures. Our integrated framework takes a stance on the value co-creation perspective (Akaka, Vargo, and Lusch 2013; Vargo and Lusch 2004). We view that brand value is affected by a firm’s actions for an intended fixed benefit through \( P_{\text{modality}} \) and established and further modi-
fied by a consumer’s ethno-linguistic factors per relevancy by enculturation. Products supplied by a firm should be proportionate, to a degree of congruence, with market demand for value to be co-created. In an industry with multiple firms, a successful offering would only become brand prominent if it occupies a unique space in the mind of consumers by enculturation. As prominence is rooted in the product-brand fit on functionality, uniqueness is achieved by the dominant conformance process of conceived brand consistency in the cultural context (The Authors² 2012, The Authors⁴ 2013).

In brand function, whether SAB fit or GEEB consistency would be contextually superposed depends on the rotational dial of which would be dominant by the etic or emic account of enculturation conformance. The assessment of a degree of (in)congruity on the nexus of the layers of such quantum cognitive structure (Aerts 2009) will help understand why consumers differ in consumer response. Inter alia, individuals with different enculturized will attach their own idiosyncratic meaning of interpretation to either product or brand per context.

The nuances in Figure 1 have guided our research on this comparative consumer response toward domestic vis-à-vis foreign brands across cultures. At one end of this conceptual spectrum is the context of home-native ethno-linguistic confinement or determinacy. At the other is the firms’ strategic intent to adapt its product or service into a guest-host culture and language for competition. In the middle, we want to understand of how the aforementioned both would intercept through brand process.

**Purpose of Research**

Our research was to (1) uncover factors underlying the assessment of product-brand functionality to varying degrees of similarity, fit, or consistency per relevancy to context, (2) examine whether the degree of similarity, fit, or consistency for the competing brands was explainable by modality conformance with context, and (3) identify whether uncovered factors dictate the assessment varied by the selected demographic and behavioral orientation variables.

**Methodology**

**Research Design**

We proposed brand function be independent in nature per in context. Therefore, we hypothesized international brands in a guest ethno-linguistic context function more independently than in their home context because they start anew through brand function in a different and much less relevant context. Our study was a design of 2 (nations) × 2 (competing brands) × 2 (brand-product functionality vs. contextual relevancy) in a 3-step analysis according to the research purpose.

**Participants**

University students from two distinct non-native English ethno-linguistic contexts were recruited. One is with a photo-

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**Figure 1.** Conceptual Nexus Framework for a Product to Become a Brand

Note: COₙ represents a firm offering a product Pᵢ to a market that consists of enculturalized consumers ECᵦ. The streak-lined square containing COₙ represents a relatively dynamic scope of industry competition, while the solid-lined rectangular containing ECᵦ represents a relatively stable scope of ethno-linguistic context. Pᵢ, composed of product substantiveness Pₛ and trademark Pₜ (where Pₛ = P_substaintiveness, Pₜ = P tradmark), emits to be its representative brand Bᵢ into a point-lined circle that is intended to share the co-domain in layers with consumer’s knowledge and experience Kᵦ in a streak-point-lined circle of an approximated equal size (Kᵥ AppComponent), while being dictated and confined by a streak-lined circle of a larger size (Kᵥ Host) in a higher order (The Authors² 2012).
nitic and letter based language (e.g., Turkish), and the other, ideographic based with pictographic characters (e.g., Chinese). Turkish students responded to the priming of brands in a Roman letter form in English, and Chinese, in Chinese characters.

Instrument
The questionnaire was initially developed in English as it was the native language of the most brands of research interest coming out from North America, and native/working language of the authors. To ensure the survey questions in both versions were conveying the comparable meaning in a cross-cultural context, the commonly acceptable procedure of reversed translation was used (Aaker and Williams 1998; Hui and Trainidis 1985). The cross-verification was conducted by bilingual native speakers of the authors with doctoral degrees in research and linguistics granted by Carnegie classified research IA universities in America.

Procedure and Data
After the initial informed consent, willing participants were asked to provide their responses when viewing paired brand names/logos followed by questions with a scaled choice for response listed in a series of section blocks (i.e., brand-product, brand-perception, brand-culture, and brand-language compatibility respectively). The paired domestic/international brand names are selected as perceived to be market leaders in Study 1 and 2 respectively.

Analysis
A series of data analysis procedures were performed according to the predetermined purposes. The first step was to factor analyze the conceptual or referenced reasons dictating the participants’ responses to items of brand evaluation primed by selected competitive brands displayed. The second was to use a series of GLMs to determine of whether a differing ethno-linguistic effect would account for the explainability of brand-product evaluations. We treated that endogenous conformance of product modality in branding is a superposed two-layered structure with contextual interferences. The third was to determine the effect of demographic and behavioral orientation variables on the factors identified in the first step of the analysis. A series of MANOVA were performed to compare main or interaction effects. ANOVA analyses followed for main or interaction effects of the selected demographic and behavioral orientation variables. The established rejection level for all analyses was $p < .05$ unless being worthy for a notation otherwise.

Findings
Our research has found: (1) The host ethno-linguistic brand function serves an overriding factor to an entry by foreign products; (2) as long as a product and its trademark themselves do not conflict against the host ethno-linguistic norms, the $P_{modality}$ itself of being foreign, if fits with the host ethno-linguistic context, would be minimally sufficient to enter a market of new context; (3) a transliterated product name that fits with the host ethno-linguistic context has a potential in its host market that surpasses its equivalence in its home market due to the independency of brand function; (4) just being viewed foreign in a host market has its limitations in improving brand equity rapidly and prominently; (5) a fit with a host ethno-linguistic context operates differently from a reduction of inconsistency with the same context; and (6) consumers are savvy with domestic brands and products by scrutinizing their consistency more than with foreign brands and products.

Managerial Implications
This study provides for practitioners of a comprehensive framework with which brand function should be independently assessed within a given ethno-linguistic context. Brand value starts from a firm’s offering, is co-created by consumers’ congruence processes, and either enhanced or diminished by a type of enculturation conformance with a given market. Specifically, (1) The brand ethno-linguistic consistency in a host nation serves an overriding factor to an international product; (2) as long as a product and its brand, collectively or individually, does not bluntly violate the host ethno-linguistic contextual norm translated in $\kappa_{vobs}$, being foreignness itself would be minimally sufficient to enter a market; (3) the transliterated brand equity in the host nation can be stronger than its home nation due to the independency of brand function cross cultures; (4) just being foreign in a host market has its limitations in improving brand equity rapidly and prominently; (5) a reduction of brand ethno-linguistic inconstancy does not necessarily result in an improvement of brand ethno-linguistic consistency, requiring two separate and different strategic approaches, and (6) native consumers are more savvy with their brands and products by taking their own contextual consistency for being granted.

Our research has advanced the knowledge of brand function in a competitive fashion. We further want to see various studies in this direction. Until being fully connected with nexuses on the “signposts” of the marketing “pathways,” we would remain skeptical of any result as a discrete point of the further knowledge accumulation on this roadmap forward.

References


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Part E
Customer Relationship Management

Track Chairs
Kelly Tian, University of Wyoming
Stephanie Oneto, University of Wyoming

The Value of CRM to the Firm
The Role of Felt Social Connection and Reciprocation in Consumer Relationship Marketing
Donald J. Lund, Christian Hinsch, Yihui (Elina) Tang

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The Consumer Privacy Paradox: Crying Out for Social Justice Theory
Mona Sinha
The Role of Felt Social Connection and Reciprocation in Consumer Relationship Marketing

Donald J. Lund, University of Alabama at Birmingham
Christian Hinsch, Grand Valley State University
Yihui (Elina) Tang, University of Illinois at Chicago

Keywords: social connection, service gift, norm of positive reciprocity, business gift, service relationships

EXTENDED ABSTRACT

Research Question
Our research asks if social connection is a mediating mechanism created through relationship marketing investments that drives beneficial consumer responses for the firm. We further examine the moderating role of the norm of reciprocity in the link between relationship marketing investments and consumer response.

Method and Data
Three studies were designed, two scenario-based surveys and one lab-based experiment, with data collected from both undergraduate and adult consumers. The conceptual model was tested using conditional process analysis in SPSS.

Summary of Findings
The link between service gifts and firm-beneficial behaviors (i.e. repurchase, positive WOM, etc.) was mediated by the individual’s felt social connection. Further, this process was moderated by the individual’s adherence to the norm of positive reciprocity (NPR). Individuals with lower NPR felt higher levels of social connection after receiving a service gift, leading to positive outcomes for the firm.

Key Contributions
Our research contributes by empirically establishing the mediating role of social connection between relationship marketing efforts and firm-beneficial outcomes. Through our findings regarding the norm of reciprocity, we also contribute by helping explain why relationship marketing efforts sometimes fail to create the desired response. Finally, our results contribute to relationship marketing practice by highlighting successful strategies to increase the effectiveness of relationship marketing efforts.

References are available on request.

For further information contact: Donald J. Lund, Assistant Professor of Marketing, University of Alabama at Birmingham (donlund@uab.edu).
A Dynamic Investigation into Customer-Company Identification and Customer Satisfaction

Min-Hsin Huang, National Sun Yat-sen University
Zhao-Hong Cheng, National Sun Yat-sen University

Keywords: relationship velocity, customer-company identification, customer satisfaction, latent growth curve modeling

EXTENDED ABSTRACT

Research Question
A theory of relationship dynamics defines the relational construct velocity as the rate and direction of change in the relational construct. This study compares the relative effects of customer-company identification velocity and satisfaction velocity on customer loyalty.

Method and Data
The conceptual model is developed and examined via a latent growth curve modeling approach. Data used in this study is collected from four waves of longitudinal survey of restaurant customers in a well-known restaurant chain.

Summary of Findings
This study shows that effects of customer-company identification velocity on customer loyalty are stronger than that of satisfaction velocity over time.

Key Contributions
There have been calls for further study to examine the relationship velocity of different constructs. This study addresses these calls by conducting a field study and compares the impacts of customer satisfaction velocity and customer-company identification velocity on customer loyalty. This study contributes to marketing practice by suggesting that, compared with customer satisfaction, customer-company identification plays a more important role in gaining customer loyalty over time.

References are available on request.

For further information contact: Min-Hsin Huang, Associate Professor, Department of Business Management, National Sun Yat-sen University (minhsin@faculty.nsysu.edu.tw).
Perceptual Gap Between Marketers Versus Nonmarketers on Marketing’s Value to the Firm: Impact on Customer and Firm Performance

S. Arunachalam, Indian School of Business
Youngsu Lee, Whitworth University
Sridhar Ramaswami, Iowa State University

Keywords: marketing’s value, perceptual gap, customer/firm performance

EXTENDED ABSTRACT

Research Questions
Do nonmarketing units (as compared to marketing units) have a lower perception of the value of marketing (termed as “value gap”)? Second, do the different sources of marketing’s value attenuate the value gap between marketing and nonmarketing? Third, does this value gap lead to lower perceptions of marketing’s performance (by nonmarketing units) on financial and customer metrics that are relevant for marketing?

Method and Data
Multisource survey, structural equation modeling, and latent difference score modeling.

Summary of Findings
Innovativeness of marketing (b = .212, p < .01), strength of brand (b = .412, p < .01), and integration with nonmarketing unit (b = .280, p < .01) have a significant positive impact on the perceptual gap in marketing’s value. That is, these three drivers aggravate the value gap between marketing and nonmarketing. On the other hand, relationship closeness (b = −.495, p < .001) has a significant negative impact on value gap implying that relationship closeness seems to attenuate the value gap. The results for performance models with the correction for self-selection bias suggest that presence of value gap is associated negatively with nonmarketing unit’s perceptions of firm performance both for customer metrics (b = −.594, p < .01) and financial metrics (b = −.418; p < .01). Hence, higher the value gap (i.e. marketing unit perceives higher value than nonmarketing unit) lower the nonmarketing’s perception of firm’s performance. These results signal that value gap can make it difficult for marketing to establish performance legitimacy in the eyes of nonmarketing units.

Key Contributions
In proposing the presence of and addressing reasons for the value gap, the present study extends extant research in three ways. First, it examines the drivers of marketing’s value from both marketing and nonmarketing perspectives and finds that these are different for the two groups. The fact that the drivers could be different for the two groups has not been acknowledged in prior literature. The presence of such differences implies that marketing’s efforts to improve its value will not bear fruit if it does not understand the value structure of nonmarketing units within the firm. Second, the study introduces a key concept that has not been examined in extant research, namely value gap, and assesses drivers of this gap. Findings show that value gap is lower when marketing and nonmarketing have closer personal relationships and when the firm operates in dynamic markets. The first result points to the importance of reducing the social distance with nonmarketing; the second result indicates a readiness on the part of nonmarketing to take marketing’s help when the environment shows flux and change. Results also show that the value gap is higher when the firm is more market-oriented, has strong brands and marketing’s contribution

For further information contact: S. Arunachalam, Indian School of Business (s_arunachalam@isb.edu).
to new product sales are high. These findings suggest that marketing’s contributions are not fully understood by non-marketing. Third, the study extends existing research by examining the effects of value gap on nonmarketing units’ perceptions of firm performance on metrics that are relevant for marketing. Our findings show the potential for a negative relationship with perceived financial performance, and also an avenue for reducing the negative impact. We also show through additional analysis that nonmarketing units’ perceptions of marketing’s performance may not be grounded in reality. These findings have critical implications for marketing’s internal marketing strategy with nonmarketing units.

References are available on request.
Customer Delight: Universal Remedy or Double-Edged Sword? Investigating the Bright and Dark Sides of Customer Delight Strategies

Nadine Ludwig, EBS University of Business and Law
Sven Heidenreich, Saarland University
Tobias Kraemer, University of Koblenz-Landau
Matthias Gouthier, University of Koblenz-Landau

Keywords: customer delight, surprise, disconfirmation of expectations, anger, customer loyalty

EXTENDED ABSTRACT

Research Question
To be successful in today’s competitive markets, companies have to achieve high levels of customer loyalty. Promoted by the decreasing effectiveness of customer satisfaction as loyalty generator in many industries, the concept of customer delight has moved into the focus of attention. Customer delight is the result of the reception of surprising extra values. The role of surprise for delight and the problem of increasing customer expectation (spiral of expectations) have been controversially discussed in literature. The aim of the study is therefore to investigate whether customer delight necessarily requires surprise or unexpectedness. In addition, we address the question whether a misdirected delighting strategy can backfire by creating disloyal customers who spread negative word of mouth, instead of generating loyal customer who engage in positive word of mouth.

Method and Data
To analyze the topic under investigation a 2 (after-sales extra value: yes vs. no) × 2 (knowledge about the extra value: yes vs. no) between-subject, scenario-based experiment was designed (n=280). The data was collected with a professional marketing research agency via an online survey, with the respondents being randomly assigned to one of the four experimental scenarios. To test our research hypotheses we relied on partial least squares (PLS) structural equation modeling (SEM). PLS-SEM enables researchers to control for measurement error and to include covariates in the research model. More specifically, we used Smart PLS 2.0 to estimate two separate models, one for the positive disconfirmation process and one for the negative disconfirmation process, employing path-weight scheming and applying nonparametric bootstrapping (with 5,000 replications) to obtain significances.

Summary of Findings
Study results show that surprise is not a necessary prerequisite for achieving customer delight, but its presence strengthens the delight experience for the customer, leading to higher levels of loyalty. Conversely, a surprising nonoccurrence of an expected delight measure causes anger, inducing negative word of mouth and reduced repurchase intentions. Overall, these findings suggest that delighting customers can be a double-edged sword but also that well-thought-out delight strategies have the potential to boost customer loyalty. To pursue a sustainable customer delight approach, companies should recognize that they do not need to surprise their customers in every occasion, but rather ensure that customers do not fall short of anticipated delightful events.

Key Contributions
Academic research continues to devote considerable attention to customer delight. However, important but largely overlooked research areas include the necessity of surprise...
to evoke customer delight and the consequences of absent but expected delight measures. The current research strives to contribute to theory and practice by shedding light on these issues. First it adds to current understanding of customer delight by addressing important and controversially discussed issues in delight research: (1) the necessity of surprise for delight and (2) the spiral of expectations. Second, it expands the current understanding of customer delight by shedding some light on the possible dark side of delight strategies.

References are available on request.
Interactions Are the New Transactions: Customer Engagement as a Success Factor in Loyalty Programs

Lena-Marie Rehnen, Ludwig Maximilian University of Munich
Marina Kull, Ludwig Maximilian University of Munich
Silke Bartsch, Ludwig Maximilian University of Munich
Anton Meyer, Ludwig Maximilian University of Munich

Keywords: loyalty programs, customer engagement, social media, rewarded behavior

EXTENDED ABSTRACT

Research Question
Over the last two decades, loyalty program memberships have steadily increased. While the total number of members is growing—and making it sound like a successful development of loyalty programs at a first glance—there is one major downside: not even half of all these household memberships are currently active. Individuals enroll in various programs, but only participate in about half of them (Berry, 2013).

New trends in loyalty programs try to activate membership by rewarding not just financial transactions but customer behavior. By participating in different activities, customers are encouraged to interact and engage with the program instead of just being rewarded for spending money on a company’s products and services (Loyalty Partner Solutions, 2014).

Current examples can be grouped into activities that rather focus on company-related engagement, e.g. social media interactions (EstoniaAir, 2014), or on customer-oriented engagement such as health conscious behavior (Walgreens, 2013). The research question is whether this new trend of customer engagement in loyalty programs can help to revive active membership in loyalty programs and therefore enhance the effectiveness of loyalty programs. Furthermore, moderating effects of different types of customer engagement and underlying intrinsic and extrinsic motivations to engage in a loyalty program are compared.

Method and Data
We analyzed the difference of participating in a loyalty program through normal transactions versus customer engagement, on various loyalty measures by a field study and a laboratory experiment.

In the field study (n = 3,144), a random part of our sample (n = 577) could gather loyalty points through social media interactions. The other part of the sample did not participate in any social media interaction. Shortly after these social media interactions, we sent out a questionnaire to the whole sample. Demographics between groups were nearly equal.

To interfere the impact of different types of interactions, we conducted two laboratory experiments (2 (engagement/transaction) × 2 (low/high reward) between subject design, n = 236). We developed two scenarios, where first, participants took part in a loyalty program of a fictitious drug store and interacted by gathering loyalty points through health conscious engagement. The second scenario was based on a fictitious airline, where the engagement was rather company- than customer-related and customers gained additional loyalty points through social media interactions. The two different types of engagement were adapted from existing examples. We collected data on loyalty and motivation by an online survey.

For further information contact: Lena-Marie Rehnen, Munich School of Management, Institute of Marketing, Ludwig Maximilian University of Munich (rehnen@bwl.lmu.de).
Summary of Findings
We analyzed the data by using t-tests, ANOVAs and SEM. As the field study reveals, attitudinal loyalty towards the loyalty program and towards the company was significantly higher for those participants, who took part in the social media interaction, than for the other part of the sample. Furthermore, participating in a social media interaction positively moderates the impact of program loyalty on attitudinal constructs.

Results of the laboratory experiments reveal that customer-oriented interactions, such as rewarding health conscious behavior, affects intrinsic motivation and program loyalty positively. But rewarding company-related activities, such as social media interactions, diminishes intrinsic motivation and thus program loyalty.

Key Contributions
We conclude that engaging customers can be a good way to boost active participation in loyalty programs; however, interactive and engaging elements in loyalty programs should be intrinsically motivating and attractive for participants. Therefore, managers shall be cautious while implementing the right type of interactions in their loyalty programs.

From a theoretical perspective, the study provides insights on motivational aspects of customer engagement, as customer engagement in loyalty programs is rewarded.

References are available on request.
The Effects of Individual and Brand Personality on Online Engagement

Yana Andonova, University of Massachusetts Amherst
William Diamond, University of Massachusetts Amherst
Elizabeth Miller, University of Massachusetts Amherst

Keywords: customer engagement, personality, brand personality, attachment style

EXTENDED ABSTRACT

Research Question
This study explores the effects of individual and brand personality on customer engagement. Achieving customer engagement has become an important strategic objective for marketers and a new direction in customer relationship management (Verhoef et al. 2010). Companies strive to build relationships with customers because such relationships have been shown to increase key outcomes including word-of-mouth (Batra et al. 2012) and brand loyalty (Fournier 1998). Yet, despite the importance of engaging customers and developing relationships with them, there is still little known about what drives consumers to engage with brands. In particular, researchers have not examined whether certain consumers are more likely to engage than others or what determines what brands consumers choose to engage with. Building on the interpersonal relationships literature, we propose that individual and brand personality characteristics will influence customer engagement.

Method and Data
To test our hypotheses we conducted a survey. The data was collected online using Amazon Mechanical Turk. Participants were compensated for their participation. One hundred and seventy-three respondents completed the survey of which 14 were removed due to failing an attention check, thus making the final sample 159 (62% women). At the beginning of the survey respondents were asked to think of a brand they like and provide its name. They rated that brand on an abbreviated brand personality scale adapted from Aaker (1997). Next, they answered questions about brand attachment (Park et al. 2010) and engagement likelihood, the two dependent measures. Participants also completed items about their individual attachment style (Collins and Read 1990), general likelihood of engaging in different behaviors (as opposed to specifically for the focal brand), their personality (Rammstedt and John 2007), and use of different social media. They were also asked questions about the focal brand, including if they had ever purchased it, how frequently they used it, and how much money they spent on it annually. Finally, we collected demographic information, including marital status, gender, age, and education.

Summary of Findings
In this study we explored the effects of individual and brand personality on engagement. We find that participants with secure attachment style are more attached to brands compared to those with anxious attachment style ($M_{\text{secure}} = 5.06$ and $M_{\text{anxious}} = 4.39$). Secure attachment style positively affects engagement likelihood ($p = .051$) while anxious attachment style negatively affects engagement; however, this effect is attenuated for sincere brands.

We also find that brand personality is important when it comes to customer engagement. Both exciting and sincere brand personality positively affect engagement likelihood, however, an exciting brand personality has a more favorable impact on engagement likelihood (compared to a sincere brand personality).

Key Contributions
This study offers important insights regarding the effects of individual and brand personality on customer engagement. Using survey data, we show that individuals with secure attachment styles have stronger brand attachments compared to individuals with anxious attachment styles. Further, we find that secure individuals are also more likely to engage
with brands than anxious ones. This suggests that consumer-brand relationships are similar to interpersonal relationships. This finding contributes to our knowledge on the literature of brand relationships. We also find that in addition to individual personality factors such as one’s attachment style, brand personality also affects customer engagement. The results show that consumers are more likely to engage with brands with exciting personalities compared to brands with sincere personalities. Thus, in order to encourage engagement, brand managers should try to position a brand as having an exciting personality rather than a sincere one or highlight the exciting personality if the brand already is perceived as exciting. In summary, by identifying personality factors as well as brand characteristics impacting engagement, this research contributes to the fragmented and mostly conceptual literature on customer engagement.

References are available on request.
Capturing Customer Experience in Real-Time: Experience Sampling Methodology Using Smartphone Technology

Alisha Stein, Curtin University
B. Ramaseshan, Curtin University

Keywords: real-time, customer experience, smartphone application, multichannel

EXTENDED ABSTRACT

Research Question
Customers’ memories of encounters with a company fade rapidly and are often biased by whether or not a transaction occurred (Macdonald, Wilson, and Konus 2012). Experience evaluations that are collected ad hoc from consumers may provide inaccurate accounts of how the customer felt at the time of the experience. Therefore, to be able to gain a true insight into consumers’ “lived” experiences, customer experience assessments should be made at the time of the experience (in real-time). However, with the exception of Macdonald, Wilson, and Konus (2012) no studies to date have investigated customer experience empirically at individual touch points in real-time. Acknowledging this, the authors set out to examine the following research questions:

1. What is the appropriate way to capture real-time customer experience data?

2. What are the real-time antecedents to customer experience?

3. Does customer experience influence customer intentions and actual behavior in real-time?

Method and Data
To capture customer experience at different touch points in real-time, a micro-longitudinal repeated measure design was employed using an Experience Sampling Methodology (ESM). Customers were requested to record their experiences together with the actual spend, if any, every time they interacted with any supermarket, bank, cafe or department store using a mobile application survey on their personal smartphone device over a period of two weeks. Prior to and after the study, the respondents were requested to complete an online survey to capture constant attitudes and behaviors, and individual demographic and psychographic characteristics. A total of 1695 real-time touch point experiences were recorded from 227 customers over a two-week period. The data was analyzed using variance-based partial least squares (PLS-SEM). The results indicated that the overall touch point evaluation and past customer experience contribute to 72% and 64% of explained variance for customer experience in physical and digital channels respectively. The findings also show that customer experience explains 60% and 53% of the variance in loyalty intentions in physical and digital channels respectively and explains 10% and 14% of explained variance in actual spend for physical and digital channels respectively.

Summary of Findings
The results indicate that real-time customer experience is not only a function of overall touch point evaluations, but is also shaped by prior evaluations of customer experience. Further, favorable customer experience evaluations were found to positively influence customer loyalty intentions across physical and digital channels. This can be explained by cognitive appraisal theory (Lazarus and Folkman 1984), which suggests that emotions are the underlying motivational and evaluative root, in as much as they cause subsequent actions and behavior. In other words, customer experience evaluations form the basis for decisions on whether the customer...
intends to repurchase or recommend the retailer/service provider. Our results also show that real-time customer experience positively influences real-time actual spend for multichannel touch points. This means that a favorable experience is likely to increase customers’ spend at the time of the touch point encounter.

**Key Contributions**

This research makes a unique contribution by capturing customer experience assessments at the “time of the experience” using real-time data. Thus, the findings offer realistic insights into the distinct “moment of truth” between the customer and any part of the company. Through a deeper understanding of the distinct touch point elements that occur along the customer journey and the relative importance of each of these elements in enhancing customer experience, managers will be able to identify touch point elements that are relevant to various retail channels. This will aid in the formulation and implementation of effective customer experience design and strategies. Additionally, a real-time insight of the customer experience will enable marketing researchers to monitor the customer experience, measure the real-time causes and impact of the experience, and understand the actual financial value created from the experience. Such instantaneous customer experience feedback will assist managers to respond promptly to any issues that may affect the customer experience.

*References are available on request.*
The Effects of Customer Participation and Customer-to-Customer Interaction on Affective, Motivational, and Cognitive Service Experience

Jake Taesu An, University of New South Wales  
Liem Viet Ngo, University of New South Wales  
Mathew Chylinski, University of New South Wales

Keywords: customer participation, customer-to-customer interaction, affective commitment, intrinsic motivation

EXTENDED ABSTRACT

Research Question
The study was motivated by the lack of understanding of the role of consumers’ interactive behaviors in enhancing their emotional, motivational and cognitive experiences of service consumption. The authors present a co-creative perspective of affective commitment formation and intrinsic motivation enhancement in education, fitness gym and online gaming contexts to assist practitioners with more effective and efficient resource allocation in customer relationship management. Specifically, this paper proposes two research questions. What is the relative importance of the two key interactive behaviors of consumers including customer participation and customer-to-customer interaction in enhancing consumers’ affective, motivational and cognitive service experience? What is the relative importance of the consumers’ affective, motivational and cognitive service experience in enhancing consumers’ loyalty behaviors?

Method and Data
Cross-sectional data using three samples in the context of higher degree research educational service, fitness gym service and online gaming service were used with PLS-SEM for analysis. In these contexts, consumers’ high level of effort is necessary during the service consumption, and the interaction with other consumers is integral to the overall service experience.

Summary of Findings
The findings indicate that customer participation and customer-to-customer interaction have positive effects on consumers’ emotional, motivational and cognitive experiences of service consumption, which in turn have positive effects on consumers’ repurchase intention and brand advocacy. However, customer-to-customer interaction consistently outperformed customer participation in increasing consumers’ affective commitment to the service brand, their intrinsic motivation to consume the service, and cognitive evaluation of the service experience. Consumers’ affective commitment played a more important role than intrinsic motivation and cognitive evaluation of the service in enhancing brand advocacy and repurchase intention. Importantly, affective commitment was the only significant predictor of consumers’ behavioral outcomes such as the actual number of people they have recommended, the amount of money spent on extra services and the number of hours they consumed the service.

Key Contributions
This paper makes several important contributions to the theory and practice in customer relationship management. First, we demonstrate the role of customer-to-firm interaction and customer-to-customer interaction in enhancing consumers’ affective commitment to the service provider, their intrinsic motivation to consume the service, and cognitive
evaluation of service performance. Thus, practitioners need to recognize and consider the importance of consumers’ own interactive behaviors in shaping their relationships with the service brand. Second, we show that customer-to-customer interaction plays a more critical role compared to customer-to-firm interaction in influencing consumers’ service experience in service contexts where a high level of consumers’ effort is required for service consumption, and the presence of other consumers during service consumption is substantial. Third, we show that consumers’ affective commitment to the service brand is the most important predictor of their loyalty behaviors among other factors including their intrinsic motivation to consume the service and their cognitive evaluation of the service performance. Together, the findings suggest that practitioners in service contexts where customer-to-customer interactions are integral to the service consumption experience should focus more on motivating and encouraging greater interactions among consumers to strengthen their emotional attachment to the brand, which in turn would increase their loyalty.

References are available on request.
Beyond Customer Relationship Management: Implications for Customer Behaviors After Service Contract Termination

Shinhye Kim, Washington State University
Sakdipon Juasrikul, Washington State University
Richie Liu, Washington State University
Sean Yim, Washington State University

Keywords: service industry, contract termination, customer relationship management, customer satisfaction, customer value, relationship duration

EXTENDED ABSTRACT

Discussions of customer relationship management (CRM) take place in the topics of customer acquisition and customer retention. Though firms emphasize CRM as one of their core business processes, there is little understanding on customers’ future behaviors after they terminate their relationship with firms. Using the exclusive dataset of a “customer exit survey” collected by a landscape service company that operates across multiple states in the US, we investigate customers’ propensity to hire competing service companies after their service contract termination. The results suggest that previously less satisfied customers and more long term relationship customers are more likely to make another service contract with competing companies. When customers contribute higher revenue, the lower customer satisfaction and the longer the customer relationship, the more likely customers switch to use the services of competitors. We conclude this research with important theoretical and managerial implications.

References are available on request.
The Consumer Privacy Paradox: Crying Out for Social Justice Theory

Mona Sinha, Kennesaw State University

Keywords: consumer privacy, social justice theory, critical incident technique, qualitative

EXTENDED ABSTRACT

Research Question
What explains consumers’ actions and associated thoughts and feelings when firms acquire and use their personal information?

Method and Data
Critical Incident Technique, a form of content analysis, is used to examine the voice of the customer by a systematic recording of events and behaviors (critical incidents, processes, or issues) as articulated by the consumer, for uncovering emergent patterns or themes, and outcomes in terms of perceived effects.

A sample of 997 adult consumers from an online panel demographically closely representative of the general U.S population in terms of age, gender, education, ethnicity, and income was used, to elicit open ended responses that were content analyzed by two trained coders who were briefed and given coding instructions based on antecedents to consumers privacy concerns identified from prior research, operational definitions of each category, permission to identify additional categories as needed, and general instructions.

Summary of Findings
By examining the real or imagined incidents/experiences of consumers when firms acquired and used their personal information, this research uncovered that social justice theory best explains the privacy paradox. Consumers complain and demand privacy protection laws while also compromising their privacy and continuing to do business as usual, because (1) they have both good and bad experiences as a result of firms acquiring and using their information, and (2) firms have mixed results in providing social justice to consumers. Across the many antecedents that were classified under the three dimensions of social justice, many resulted predominantly in dissatisfactory experiences, very few provided mostly satisfactory experiences, while most had mixed results—with as many consumers having good experiences as bad ones.

Key Contributions
This research demonstrates that social justice theory is an apt framework to explain consumers’ attitudes and actions towards their privacy. Antecedents identified in prior privacy research as well as new ones identified in this research, can be well organized under the three dimensions of justice—distributive, procedural and interactional. By using a social justice lens to understand the benefits consumers actually seek/derive from firms and the risks they endeavor to avoid, firms can change their actions and communications in a way that increases satisfactory outcomes for consumers. This would be a significant contribution to the practice of relationship marketing to avoid legislative action to protect consumer privacy.

This work also has great academic relevance because it identifies a theory for privacy, which can be used to develop a conceptual model. A systematic and more comprehensive review of prior literature can now be undertaken to organize the variables examined in prior research under the social justice framework. This will not only evaluate the fit of the model, but also provide impetus for empirical testing of the model and the theory.

References are available on request.

For further information contact: Mona Sinha, Assistant Professor of Marketing, Michael J. Coles College of Business, Kennesaw State University (msinha1@kennesaw.edu).
Part F
Digital Marketing and Social Media

Track Chair
Ram Janakiraman, Texas A&M University

Digital Marketing and Customer Experience

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Dynamically Managing a Profitable E-Mail Marketing Program

Xi (Alan) Zhang, Georgia State University
V. Kumar, Georgia State University
Koray Cosguner, Georgia State University

Keywords: e-mail marketing, customer relationship management, hidden Markov model, copula model

EXTENDED ABSTRACT

Research Question
Among all marketing channels, e-mail continues to be the marketing tool that brings the highest return on investment, according to the Direct Marketing Association’s “Power of Direct” (2011) study. Firms are using e-mail marketing to engage with customers and encourage an active transactional behavior. Extant research either only focuses on how customers respond to e-mail messages or looks at the “average” effect of e-mail on transactional behavior. In this study, we consider not only customers’ response to e-mails and their correlated transactional behavior, but also the dynamics that govern the evolving of the two types of the customer relationship: e-mail-response and purchase relationships.

We seek to address the following questions: (1) how the latent states that characterize customers’ responsiveness to e-mails evolve along with the latent states that characterize customers’ purchase, (2) whether there is a correlation between customers’ e-mail open and purchase behavior, and (3) the effect of the number of e-mails sent on customers’ purchase behavior.

Method and Data
Our database comprises information from a U.S. retailer that sells multiple categories of products. The dataset consists of information on the transactions made by the customers, the number of e-mails the firm sent to the customers, and the e-mail open histories. We construct a calibration data set by sampling at random, a cohort of 500 customers who opted in the retailer’s e-mail program at June 2007. Thus, we have data comprising customers’ e-mail open and purchase activities over a 36-month period.

In this study, we propose to capture the dynamics of customers’ purchase behavior using a hidden Markov model (HMM). We model the frequency of e-mail open using a binomial distribution and the frequency of purchase using a negative binomial model. We use a bivariate copula to investigate the linkage between the two discrete outcome variables: the unique number of e-mails opened and the number of shopping visits in a given number period. In addition, we account for the unobserved heterogeneity in the marginal models using a random effect specification.

Summary of Findings
We apply the proposed model in a non-contractual context where a retailer operates a large-scale e-mail marketing program. We find that a 3-state HMM model fits the data the best based on the BIC value. The intercept of the State 3 is higher than those of the State 1 and 2. We label both the States 1 and 2 as “occasional” and State 3 as “active” purchase state, respectively.

In addition, we examine how customers’ e-mail responsiveness change over the evolution of purchase states. We find that customers who are at the “active” purchase state have much lower intrinsic propensity to open e-mails compared to those who are at the “occasional” purchase state. We argue that frequent buyers may be very familiar with the firm’s product, and, therefore, have less incentive to obtain information from e-mails. Occasional customers are still learning from the company so they are more interested to open the e-mails the firm sent.

Furthermore, the copula correlation parameter (Spearman’s rho = 0.3) shows a moderate positive relationship between purchase and e-mail open behavior. It indicates that on aver-
age customers’ interests towards the firm’s e-mails align with their purchase intention.

Key Contributions
This study shows that customers who are in an “active” purchase state have a lower intrinsic propensity to open e-mails than those in “occasional” purchase state do. If firms solely focus on e-mail open rate based on which to allocate resources, they could potentially overlook a pool of customers who are inactive in responding to e-mails but are active in purchases.

The purpose of this study is not to divert firms’ attention from e-mail open rate. We suggest that firms look at customers’ responsiveness to e-mails and their purchase behavior jointly. If the ultimate goal is to maximize long-term profit, firms should not over-market to customers with too many e-mails but to keep them in a moderate relationship state.

The copula framework we employed in this study allows us to examine the joint effect of e-mail marketing on customers’ e-mail open and purchase behavior. We argue that firms should design an e-mail marketing program that not only keeps customers being interested but also makes them visit the stores, either online or offline. In summary, we offer a method to study an important substantive problem that can save retailers millions of dollars.

References are available on request.
An Empirical Study of Children’s Electronic Word of Mouth

Tong (Tony) Bao, LIU Post
Tung-lung Steven Chang, LIU Post
Alex J. Kim, LIU Post

Keywords: children’s electronic word of mouth, word of mouth, online user reviews, marketing and public policy, children’s marketing

EXTENDED ABSTRACT

Research Question
Involving children, who have not fully developed the cognitive skills to evaluate the products and communicate with the same sophistication as adults, in any business activity is a highly sensitive issue for all companies (Waytt, 2014). There is a universal concern on children’s safety online, because the Internet is a community that transcends the traditional boundaries of those with whom we are interacting. Yet, digital companies have shown a strong interest in engaging children online, and enabling them to send electronic word of mouth (eWOM). eWOM is an unprecedented feature of digital technology that is created and shared by regular people, and its implications of having children act as creators is largely unknown. Also, children’s eWOM is an important extension to the vast literature on marketing to children, which have treated children as passive receivers, while children are active participants in eWOM. Therefore, we study children’s eWOM with three main research questions. First, does children’s eWOM convey meaningful information compared with eWOM created by adults? Second, does children’s eWOM have marketing impact—specifically, does it boost product sales? Third, how do eWOM receivers perceive messages created and sent by children? Moreover, how do they respond to such messages?

Method and Data
We collect Amazon.com consumer review data on 21,283 Amazon products in the book, DVD, VHS, and music categories that have children’s reviews written between August 1998 and July 2005, since it is the largest online shopping site for children (Wissink, 2013). While children cannot sign up for Amazon accounts, those under 13 may submit anonymous reviews under a parent’s account with the parent’s permission. When children write reviews under a parent’s account, Amazon displays a generic “A Kid’s Review” instead of displaying the user name. Based on Amazon’s category names, we have identified 8,752 children’s products and 12,531 products for the general population. For each product, we collect three numerical review statistics: number of reviews (volume), average rating (valence) and variance in ratings (variance) for reviews written by children and adults separately. We collect the number of total feedback votes and the number of “helpful” votes for each product. We also collect sales rank for each product which has a linear relationship with actual sales after logarithm transformation (Chevalier & Goolsbee, 2003). A total of 10 measures are used for this study including volume, valence, variance, total feedback votes, “helpful” votes, sales rank, and four dummy variables: book, DVD, Music and VHS.

Summary of Findings
First, we find evidence showing that children create eWOM for products marketed to both children and adults, and that their eWOM is different from that created by adults. Particularly, consistent with prior findings that children have not fully developed evaluation and communication skills, we find that eWOM receivers generally consider children’s eWOM less helpful than that of adults. However, children’s eWOM is found to have intelligence comparable to that of adults. Specifically, children’s numerical ratings move in the same direction as those of adults, and are positively associated with product sales. Third, children’s eWOM is observed to positively impact sales of children’s products, although the
opposite effect was found on products marketed to adults. Finally, eWOM receivers are less likely to criticize messages written by children. Such unwillingness is especially pronounced when extra cue is present to remind receivers that their feedback will be for children’s reviews. Hence, we demonstrate an underlying behavior skewed towards empathy, which suggests a protecting environment is present in online communities. Overall our findings, while far from comprehensive, pave the way to a better understanding of the effects of children’s eWOM on product performance and how it differs from eWOM produced by adults.

**Key Contributions**

Our study is the first to enhance our understanding of children as senders of eWOM in an important market segment, as it provides the first empirical evidences on: (1) children’s eWOM has intelligence and has distinct features from adults’ eWOM; (2) children’s eWOM has a category-dependent marketing impact; and (3) there exists a reluctance to critique children’s eWOM which suggests an underlying empathetic attitude towards children. Overall, our findings suggest that companies could benefit from using children’s eWOM for children’s products. Furthermore, it is inevitable to engage children online in this fast changing and highly connected digital world in which youth plays a significant role. It is within this context that our study joins a rudimentary research program focused on children and digital technology, with eWOM being an integral component.

*References are available on request.*
The Moderating Role of Informational Features on Website Interactivity

Karen M. Hood, Eastern Kentucky University
Kevin J. Shanahan, Mississippi State University
Christopher D. Hopkins, Clemson University
Kristina K. Lindsey, University of Alabama

Keywords: website interactivity, communication, control, responsiveness

EXTENDED ABSTRACT

Research Question
As Internet use continues to grow and as firms become more sophisticated in their use of the web, the ability to make the online customer experience unique has become increasingly more difficult. One possible solution may lay in the firm’s ability to manipulate differing interactive elements of their websites. The purpose of this study is to investigate the extent to which website interactivity impacts two key outcomes: (1) frequency of visiting a website and (2) frequency of purchase from the website. In order to provide greater depth of understanding the study also investigates the extent to which the relationships between web interactivity and visit and purchase frequency might differ due to the importance of information sought by customers. Specifically, a model depicting the influence of different dimensions of website interactivity (communication, control and responsiveness), on customer behaviors including frequency of visit and frequency of purchase from a firm’s website is proposed and tested. Further, the influence that informational website features, including product specifications, promotions, brand comparisons and expert ratings moderate these relationships is assessed.

Method and Data
The instrument used consisted of several multi-item measures to assess each of the constructs of interest. The three dimensions of interactivity (communication, control and responsiveness), were taped via a series of 7-point Likert items (strongly disagree/strongly agree), developed by Song and Zinkhan (2008). Frequency of visit/purchase were each assessed via 5-point, single-item measures asking respondents how often they visit and purchase from the website in question. The four (product specifications, online list of product promotions, comparison of product features across brands and expert ratings of sales items), hypothesized moderating effects consisted of single item, 7-point Likert, measures utilized by Burke (2002), with each assessing the importance/importance of the specific informational attribute of the given website.

In order to generate a sample of responses to test the proposed conceptual model an electronic survey was created and administered to a convenience sample of experienced Internet shoppers via a consumer panel (Zoomerang). This process resulted in 331 usable responses.

Psychometric properties of each measure were supported via confirmatory factor analysis whereby all measures demonstrated sufficient reliability and validity. The research hypotheses were tested via multiple regression analysis and nonmonotonic moderated regression analysis.

Summary of Findings
H1 and H2 posited a direct influence for the dimensions of interactivity on frequency of visit and purchase. Of the six relationships, four were supported, only responsiveness had no significant effect on either behavioral outcome. Frequency of visit appears to positively influence frequency of purchase, thus confirming H3. H4 and H5 assessed the moderating influence of the importance of website informational features on the interactivity dimensions and frequency of visit and frequency of purchase respectively. H4a, H4b and H4c are supported, thus implying that product specifications, promotions and brand comparisons each moderated the communication → visit relationship. Communication →
purchase is only moderated by product promotions (H5b). H6 and H7 assess informational features moderation for the control → visit and control → purchase relationships. Results show that importance of online promotions and comparisons of brands significantly moderate the control → visit and control → purchase relationships whereas, expert ratings of sales items also moderates the control → purchase relationship. Responsiveness did not play a significant role within the model and thus, none of the relationships posited in H8 and H9 are supported.

**Key Contributions**

This research makes a number of contributions. The study appears to support the Song and Zinkham (2008) conceptualization and operationalization of interactivity as a three-dimensional construct which interns provides more depth of information regarding the impact of interactivity. Findings indicate that the communication and control components of interactivity are significantly related to both frequency of visit to a web site as well as frequency of purchase. However, the responsiveness component is not significantly related to either. Thus, it would appear that when it comes to visiting/purchasing from a web site, consumers are not as impacted by slow response as they are to maintaining control over search/purchase actions. In this case the study’s results mirror those of shoppers in retail stores who may be willing to give up time convenience in order to be able to develop a closer relationship with a retail employee (i.e., communication) or have more control over the purchase experience by being in the store.

*References are available on request.*
Using Social Media to Boycott: An Exploratory Analysis of Twitter Feeds

Suzanne C. Makarem, Virginia Commonwealth University
Haeran Jae, Virginia Commonwealth University

Keywords: consumer boycott, expression of boycott on Twitter

EXTENDED ABSTRACT

Research Question
Consumer boycott is defined as “an attempt by one or more parties to achieve certain objectives by urging individual consumers to refrain from making selected purchases in the marketplace” (Friedman 1985, 97). Boycott movements are often one of the most effective anti-consumption tactics used against companies that engage in practices deemed unethical or unjustified. With the increased use of the Internet and the proliferation of social media, boycott organizers can reach millions of consumers effectively and with unprecedented speed (Sen, Gürhan-Canli, and Morwitz 2001). This research explores the motives, causes, and targets of consumer boycott behavior using content analysis of Twitter feeds. Additionally, human sentiment analysis: an application of quantitative language processing models to understand how people intensify their opinions (Carrillo-de-Albornoz and Plaza 2013) is employed to investigate the emotional intensity of these messages in relation to boycott motivations.

Method and Data
For this study, the Twitter Application Programming Interface (API) was used to crawl Twitter for tweets with the hashtag “#boycott” over the period of one month starting December 12, 2013. The total number of tweets retrieved by the end of this time period was 14,785. After cleaning the data mainly from non-English, duplicate, and spam tweets, a random sample of 1,422 tweets was used for data analysis. This study uses a mixed-method approach that involves qualitative content analysis of tweets to identify different themes related to boycott motives, causes, and targets, followed by sentiment analysis aimed at examining consumer emotions in boycott messages and quantifying the emotional intensity of these messages.

Summary of Findings
The results showed that, consistent with past research, instrumental boycott motives are dominant and that they can frequently overlap with non-instrumental ones, confirming the complexity of consumer motivations (John and Klein 2003). The content analysis of boycott messages also led to the identification of eight specific motives, four within each of the instrumental and non-instrumental motivations. Within instrumental boycott motivations, four themes emerged for specific motives: call for action, awareness and information sharing, making a difference, and offering alternatives or substitutes. Non-instrumental boycott motives included venting and expression of anger or displeasure, the desire to punish, threaten, or warn the boycott target, and self-enhancement. Human rights issues constitute the leading cause of boycotts, business strategy decisions and corporate failures are also frequent causes. For-profit providers of products and services are the most common boycott targets. The results also indicate that although consumer boycott messages are more commonly motivated by instrumental motives, non-instrumental motives have higher emotional intensity.

Key Contributions
Boycotts via social media outlets may offer consumers a powerful tool that could allow them to influence social change, government policies, and corporate decisions. The ability to have such influence empowers consumers to enhance their own well-being, which is usually diminished by the unfair practices of hegemonic organizations. This study provides a deeper understanding of consumer boycott messages shared using Twitter, and offers implications for consumers and businesses.

For further information contact: Suzanne C. Makarem, Assistant Professor, Department of Marketing, School of Business, Virginia Commonwealth University (scmakarem@vcu.edu).

References are available on request.
Understanding “Wealthie”: Deliberate Show-Off on Social Media

Makbule Eda Anlamlier, University of Illinois at Chicago
Benet DeBerry-Spence, University of Illinois at Chicago
Akon E. Ekpo, Rutgers University
Lez Trujillo Torres, University of Illinois at Chicago

Keywords: wealthie, wealth, social media, photograph sharing

EXTENDED ABSTRACT

Research Question
Photographs can make us seem wealthy without money or even without actual possessions. Building on the popularity of the selfie, we are now faced with a new style of photograph sharing on the social media: the Wealthie! We define wealthies as photographs that focus on wealth items such as branded products or expensive experiences, taken solely or in accompany with the owner and shared through social media. Although people have shared their possessions through photographs on social media for a long time, the concept of “wealthie” is relatively new and in this paper we examine its mechanisms and implications.

Wealthies have unique qualities but extant research has not examined their construction, mechanisms, and consumer motivations for sharing them. A wealthie can resemble a selfie (Oxford Dictionary, 2014), and be considered a different version of physical demonstration of wealth (e.g., conspicuous consumption; Veblen, 1899, 1979) or wealth porn (i.e., watching other people’s wealth; Poole, 2000). Building on self-completion theory (Wicklund and Gollwitzer, 1981) which states that people attempt to cover their flaws by using some external (symbolic) objects to “complete” their identity. This study aims to clarify (1) how wealthies are different from other forms of self-extension, (2) motivations for sharing wealthies, (3) reactions to wealthie sharing, (4) how wealthies are socially valued, and (4) how one’s self-concept is shaped by the social value of the wealthie.

Method and Data
To understand the wealthie phenomena, we conduct a netnographic analysis and phenomenological interviews. This includes both visual and textual analyses (for the labels) of photographs. Specifically we will look at what is displayed (e.g., a product, an experience, a status), how it is displayed (e.g., explicit, subtle, with the owner, without the owner), what is communicated (e.g., ownership, feelings, reactions), what the reactions are (e.g., number of likes, valence of likes, content of likes) and what the response of the wealthie owner is (e.g., acceptance, opposition, increase in self-worth, increase in confidence). Furthermore we conduct interviews with individuals who share or are exposed to wealthies for a deeper understanding of motivations, behaviors, and attitudes.

Summary of Findings
We assert that individuals have different motivations for sharing wealthies that are different from conspicuous consumption, selfie sharing, and online self-extension. Wealthie sharing appears to be a goal-directed behavior; consumers are motivated to complete their self with specific symbols that wealth items represent such as sociability, taste, or beauty when they do not feel competent in that domain. As a result, consumers can get eager to be recognized and praised by their spectators in the domain that they have felt incompetent. Furthermore, the monetary value and popularity of the wealth item and the volume of the positive recognition will determine the value of wealthie. In the end,
wealthie sharing can provide self-esteem and self-worth to the owner.

From the observers’ perspective, wealthies may cause admiration, valuation, or jealousy. The effects may vary depending on the closeness of the wealthie sharer to the observer. However, wealthies may also make the observers think that the sharer is too pretentious. The attitudes toward the wealthie sharer determine the reactions of observers (e.g., whether they like the photograph or not, whether they comment or not) and how they get motivated to share wealthie by themselves. Overall, wealthie sharing is expected to be quite interactive in nature.

**Key Contributions**

This study has potential to contribute to self-symbolization, self-completion, identity marketing, and social influence literatures. We will examine a novel medium in which people deliberately choose symbols to associate with their self. Wealthie sharing represents interaction of online and offline consumption. However, displayed items do not have to be owned by wealthie owner although it is assumed to be so by observers. Therefore, we will also examine motivations for consumption pretentions that individuals benefit from items they do not possess.

Whether the wealth item is actually owned/used/experienced or not, its choice seems to depend on current needs to complete the fragile parts of the self. Individuals aspire more to market a weak side of themselves with wealthies because they have more control over what they convey to other people. Thus we may be able to formalize wealthies as a safe and targeted identity marketing tool to increase worth through social recognition.

Lastly, feedback for wealthies can be manipulated in the desired direction via limiting the spectators and leading them with textual information (e.g., titles, hashtags). Furthermore initial feedbacks can affect subsequent ones. Despite the wealthie owner’s attempts to shape spectator perceptions, the final success of a wealthie seems to be determined by the volume of admirers, the content of their admiration, and how they interact with the owner. This gives us the opportunity to study the social valuation of deliberate wealth display in the online domain.

*References are available on request.*
Rethinking Online Purchases: A Netnography Analysis of Cognitive Dissonance

Sanjaya S. Gaur, Sunway University
Sheau-Fen Yap, Auckland University of Technology
Shilpa Madan, Nanyang Technological University
Jocelyn Homan, Tesco PLC

Keywords: cognitive dissonance, online shopping, netnography, e-commerce

EXTENDED ABSTRACT

Research Question
The e-commerce phenomenon is taking the world by storm and according to eMarketer (2014), e-commerce sales worldwide have touched a whopping $1.5 trillion in 2014. Needless to say, it is of immense practical importance for e-commerce businesses to ensure that consumers have the best experience online and in turn, become loyal patrons of their websites. While extant research on both consumer and technology related factors has helped managers improve the shopping process and user interface, there still exist several issues unique to online buying that negatively impact the consumer experience and create dissonance (Festinger 1957). Specifically, online buying presents a number of risks (compared to a physical store) that dissuade both potential and existing customers.

While extant research exists in both psychology and marketing on the construct of cognitive dissonance, given the radical differences between traditional brick-and-mortar retail and online shopping, it is difficult to apply existing knowledge about cognitive dissonance to online shopping (Yap and Gaur 2014). Given the rapidly evolving nature of the topic, this research explores cognitive dissonance in online shopping scenario, through netnography (Kozinets 1998; 2002). Conducted in New Zealand, it investigates business-to-consumer and consumer-to-consumer platforms to explore what triggers consumers to experience dissonance.

Method and Data
We leverage netnography (Kozinets 1998; 2002) to conduct ethnographic studies related to consumer experience of dissonance available on the internet. Netnography is different to ethnography in the fact that it deals with the observation of text and conversational acts (Kozinets 2002), and is a social action that is publicly available, trustworthy, plentiful, easy to obtain, and rich in detail (Garland 2009). Further advantages include the researcher being invisible, the material being archived and access to real-time trends.

Netnography is ideal for our research question as it allows unobtrusive access to the site of the issue. Two of New Zealand’s biggest auction websites (Trade Me and Sella) were used as the research sites. For the data collection, Trade Me and Sella were searched for negative and neutral reviews that displayed cognitive dissonance in the online transaction for high involvement product categories such as computers, electronics, watches and jewelry. The reviews thus collected were then analyzed, classified and coded using NVivo 9 software.

Summary of Findings
In-depth analysis showed that several themes identified by earlier research were supported by the data. These include lack of physical interaction with the product, lack of personal contact, customer service and communication, product related issues such as wrong product receipt and return policies, delivery details and overall shopping experience.
The data also facilitated a deeper understanding into these inductive themes by highlighting more granular issues within the broad theme of lack of physical interaction with the products, such as incomplete purchase (not receiving all the components paid for), misrepresentation (false/misleading description) and product quality concerns. Several new themes (not mentioned in previous research) emerged as well. These included delivery issues (broken down into courier mistakes, seller postage expectations, and arrival of damaged products), gifting and forfeit. Given the high involvement nature of our chosen product categories, issues related to gifting were found to lead to severe cognitive dissonance. Lastly, a trade that was cancelled or forfeited by the seller (due to issues such as stock unavailability) resulted in dissonance as buyers felt they wasted time and effort searching for and buying a product, only to be told it wasn’t available.

**Key Contributions**

Ensuring a hassle-free, convenient, enjoyable shopping experience is the key to growth for online retail. However, this is easier said than done as there are several risks and concerns associated with online buying that lead to dissonance before, during and post purchase. This research responds to the call of scholars (Yap and Gaur 2014) for investigating cognitive dissonance in an online context. Our findings contribute to marketing and information science literature by corroborating previous work and also providing new themes/emerging research topics to investigate. We hope this will spark new research in this interesting and practically relevant field.

From a managerial point of view, having a clear understanding of the drivers of dissonance is the first step in devising effective dissonance reduction strategies to develop trust and loyalty with the consumers. This research affirms themes from previous research that continue to be relevant and also new issues that merit further focus and exploration. This underscores the complex and rapidly evolving nature of online buying, and that marketers and academicians must keep abreast with the changes in consumer attitudes and expectations.

*References are available on request.*
What Makes Online Complaints Critical?  
An Analysis of Third-Party Reactions Based on Justice Dimensions and Social Emotions

Maximilian Hausmann, Ludwig Maximilian University of Munich  
Antje Niemann, Ludwig Maximilian University of Munich

Keywords: complaint management, online complaints, justice, social emotions, third-party perceptions

EXTENDED ABSTRACT

In times of social media, customers do not only complain to companies offline but also online in order to find support from other customers. The more support and attention a complaint receives online, the more critical it gets for the company. Hence, it is important for companies to quickly identify such complaints and address them with a higher priority. We therefore aim to answer the following two research questions:

1. Which complaints are going to lead to a lot of discussions in an online environment and therefore have a high potential to become critical?

2. Which complaints will receive a lot of support or depreciation from other customers in an online environment?

So far, only few studies have focused on the reactions of third parties to injustices in a customer complaint setting, as most have focused on an organizational setting. Within our framework we focus on the following complaint attributes: which justice dimension is addressed (distributive, procedural, interactional); does the complainant claim that a social norm has been broken (severity); has the company answered/solved the complaint? Within this setting we apply attribution and counterfactual (fairness) theory.

We shed light on the research questions by analyzing reactions of third-party consumers to complaints from a German online-complaint forum. The dataset consists of 492 complaints and more than 1,000 third-party comments related to these complaints. The complaints refer to ten companies (between 48 to 50 complaints each) from four different service industries. The complaints were randomly selected and were posted between April 2008 and November 2013. Inter-coder reliability was ensured by the fact that each complaint was coded separately by two raters. Codings that showed discrepancies between the two raters were recoded by the supervisor.

Our findings reveal that complaints referring to distributive justice receive fewer comments compared to complaints referring to procedural or interactional justice. Moreover, complaints dealing with a potential breach of social norms (such as discriminating customers) receive the most comments. As expected, complaints which were answered by the company received fewer comments; the effect was even stronger if the company resolved the complaint. However, not all reactions of third-parties are in support of the complainant. We found that complaints referring to a breach of social norms receive a higher level of negative affective reactions than other complaints. Complaints referring to procedural justice on the other hand receive more positive reactions, compared to complaints referring to distributive or interactional justice.

These findings indicate that third parties do not support any complaint voiced online but follow a careful deliberation process influenced by social emotions before they decide to support a complainant. The results concerning a breach of social norms need to be interpreted carefully. In general, if
the complainant only believes (but has no real evidence) that a social norm has been broken, other customers might give the company the benefit of the doubt. If evidence (such as videos, unbiased witnesses) would be available, it can be suspected that public opinion would turn around very quickly, and create one of the instant waves of criticism known as online firestorms.

Establishing a monitoring tool which alerts customer service representatives to online complaints posted outside the social media sphere of the company and allows them to react proactively could be an easy option to reduce the potential criticality of online complaints and attenuate the effects of NWOM. In addition, companies should monitor their incoming complaints for those referring to procedural injustices and prioritize their solution. Furthermore, companies should overhaul their overall complaint handling processes, to avoid procedural complaints from accumulating.

References are available on request.

Meisam Hejazi Nia, University of Texas at Dallas

ABSTRACT
Infographic is a type of information presentation that inbound marketers use. I suggest a method that can allow the infographic designers to benchmark their design against the previous viral infographics to measure whether a given design decision can help or hurt the probability of the design becoming viral.

Keywords: inbound marketing, infographics, computer vision, latent Dirichlet model, variational expectation maximization

Introduction
In contrast to outbound marketers that use direct paper mail, radio, TV advertising, and sales flayers, inbound marketers promote the company’s brand through blogs, podcasts, video, e-books, e-newsletters, white papers, search engine optimization, and social media marketing. In a nutshell, inbound marketers concern about attracting the customers through creating a viral quality content. Inbound marketers that publish infographics grow their traffic an average of 12% more than those that do not. The source of this improvement is in what Edward Tufte suggests as high processing power of human vision, in contrast to the limited processing capacity of human mind, which can only analyze 5 to 9 processes simultaneously.

There is barely appropriate guide to suggest what design choices make an infographic viral. Given these benefits of the infographics and the fact that they have not been studied quantitatively yet, I ask the following questions: Can the low level feature of an infographic guide an infographic designer to design a viral infographic? Can I design a decision support system to allow an infographic designer to measure the effect of her design decisions on the probability of the infographic becoming viral? What are the current viral topics for which the practitioners create infographics?

To answer these questions, I develop a four staged machine learning pipeline, based on experimenting different approaches. I use an Optical Character Recognition (OCR) with a dictionary filter and the word-Net and the Google’s word2vec to extract the verbal information of the infographics and k-mean to extract a histogram of five clusters of RGB and HSV of the images, to create a bag of verbal and visual words. Then I use a soft-clustering generative latent Dirichlet model (LDA), to identify twelve clusters of infographics that I labeled based on the word cloud of their titles. I applied my system on a data set of 355 infographics that I collected from Pinterest, Hubspot and information is beautiful websites. Based on the model free evidences, I find the infographics about world’s top issues and the world’s demographic has significantly higher social media hit than the social media and mobile infographics.

The method, I suggest, can allow the infographic designer to benchmark her design against the previous viral infographics to measure whether a given design decision can help or hurt the probability of the design becoming viral. The merit of my pipeline is its ability in summarizing big data (i.e.

For further information contact: Meisam Hejazi Nia, doctoral candidate in Management Science, University of Texas at Dallas (meisam.hejazinia@utdallas.edu).
image of millions of pixels) into the predictive probability of an infographic being viral. The underlying assumption to my approach is that although infographic as an art work is unique, yet there are some common features of infographics in a form of underlying patterns that makes an infographic pleasant and viral. This assumption may be backed up by practitioners’ suggestions to piggy back on the successful art-works to help the new art-work become viral.3 Next, I will describe, the data, the method, the results, and the managerial implications with more detail.

Data

My data includes 355 infographics with their social media activity that I collected from Pinterest, Hubspot, and information that is beautiful website. The social media activity includes the total number of shares on social media websites, i.e. Facebook, Pinterest, LinkedIn, and Twitter. Each infographic image includes millions of pixels with a triple of red, blue and green (RGB) color. I augmented this data with mapping of hue, saturation, value (HSV), as this scale is more perceptually relevant to the infographic audiences.4 To summarize this matrix of million pixels I use an approach similar to Csurka et al. (2004) and Yang et al. (2007) to create a bag of visual words. In a nutshell, I cluster the pixels of the image into five clusters, and I sorted the density of pixels in each cluster, to create a bag of visual word. This approach is used in image compression, as an alternative to furrier transformation, to compress the image by keeping only relevant enough information in the image. An alternative approach is to use scale-invariant feature transform (or SIFT); however, although that approach may be relevant for object recognition, it is more complicated, and it may not keep enough information about the color of the image which is an important design element.

I also use an OCR engine augmented with an English word dictionary to extract the verbal information in each infographic. As each infographic is a sparse bag of verbal word, I use word-Net and Google’s word2vec to capture similarity between the bags of verbal words of different infographics. WordNet and Google’s word2vec are a lexical database for the English language. They group English words into sets of synonyms called synsets, provide short definitions and usage examples, and record a number of relations among these synonym sets or their members.5 In the next step, I combined the full set of image and text features of infographics into a single doc-term matrix. This matrix has 355 rows, i.e. for each document a separate row, and 392 columns. However, many of the elements of this matrix are zero, so the matrix is sparse. This scarcity suggested that I use dimensionality reduction techniques. As a result, I used Single Value Decomposition (SVD) method to keep 95% of the variation, and the output includes 30 new features for each infographic. Next I discuss related researches.

Related Works

This work is related to studies by Siricharoen (2013), Milovanovic and Ivanisevic (2014), and Ma et al (2004) on infographics. Siricharoen (2013) suggests that infographics can be a marketing tool for e-entrepreneurship growth, for their well-organized easy-to-understand, eye-catchy, and sharability. Milovanovic and Ivanisevic (2014) study psychological factors including visual pictorial primacy, attracting and retaining attention, content organization, salability and asthetic that make infographic as an effective widespread mean for communication.

This work is also related to the work by Blei et al (2003), Bishop (2006), and Hornik and Grün, (2011), from methodological point of view. Although these works have suggested the use of LDA method and incorporation of kernels at abstract level, my work tries to apply and integrate these approaches for the specific application of infographic design, and infographic designer decision support system. To the best of my knowledge this study is the first attempt to quantify the underlying features of viral infographics to build a decision support for infographic designers. From methodology standpoint, my approach gives a measure of the probability of membership in a cluster of viral infographics on each change that a designer makes. Next I will discuss the method I used.

In summary, practitioners list ten steps to create an effective infographic: (1) gathering data, (2) reading and highlighting facts, (3) finding the narrative, (4) identifying problems, (5) creating a hierarchy, (6) building a wireframe, (7) choosing a format, (8) determining a visual approach, (9) refinement and testing, and (10) releasing it into the world.6 Design is an iterative process, and it requires refinement and testing. My approach uses machine learning approaches to extract collective wisdom of low level features (patterns) that create a viral infographic to guide designer in stage 8 and 9. In other words, I attempt to quantify the art of user acceptance in infographic design, by extracting low level features of viral infographics.

Methodology and Estimation

I start this section with defining my four staged machine learning pipeline, or as I call them the stages of the process

4http://en.wikipedia.org/wiki/HSL_and_HSV
5http://en.wikipedia.org/wiki/WordNet
6http://www.fastcodesign.com/1670019/10-steps-to-designing-an-amazing-infographic
I wanted to use a soft-clustering algorithm for histogram extraction from each image; however, Gaussian mixture model takes a long time to converge, so I used k-mean approach. To model the clusters of each infographic I used LDA. LDA is a generative structural approach to model the clusters of collection of items. This approach allows extracting membership probability of unseen examples based on the calibrated model. An LDA model, as a form of three layer hierarchical model, takes advantage of the membership information of the bag of words in each of the documents. In interest of saving space I refer interested readers to check Blei et al (2003) and Hornik and Grün (2011) for detail of interest of saving space I refer interested readers to check Blei et al (2003) and Hornik and Grün (2011) for detail of LDA approach, and its advantages.

To estimate LDA model I define the likelihood of the model as follows:

\[
p(D | \alpha, \beta) = \prod_{i=1}^{m} \int p(\theta_d | \alpha) \prod_{z_d} \sum_{z} p(z | \theta_d) p(w_i | z, \beta) d\theta_d
\]

The key inferential problem to solve for LDA is computing posterior distribution of topic hidden variables \( \theta_d, z_d \), the first one with Dirichlet distribution, and the second one with multinominal distribution. To normalize the distribution of words given \( \alpha \) and \( \beta \) I marginalize over the hidden variables as follows:

\[
p(D | \alpha, \beta) = \prod_{i=1}^{m} \frac{\Gamma(\sum_{i} \alpha_i)}{\prod_{i=1}^{m} \Gamma(\alpha_i)} \int \frac{\Gamma(\alpha)}{\prod_{i=1}^{m} \Gamma(\alpha_i)} (\prod_{i=1}^{m} \theta_i^{\alpha_i-1}) (\prod_{i=1}^{m} \sum_{z} \theta_i^{\alpha_i} \prod_{j} \theta_j^{\beta_{ij}}) d\theta
\]

Due to the coupling between \( \theta \) and \( \beta \) in the summation over latent topics this likelihood function is intractable. Therefore to estimate it Blei et al. (2003) suggests using variational inference method. Variational inference or variational Bayesian refers to a family of techniques for approximating intractable integrals arising in Bayesian inference and machine learning. An alternative approach is to use Gibbs sampling (Hornik and Grün, 2011). In appendix A, I present the Gibbs estimation procedure for LDA model. On a final note, I benchmarked CTM versus the LDA model, and the LDA method fit my data in terms of log likelihood better than CTM.

**Results**

To evaluate the models I use log-likelihood to find the appropriate number of clusters, and to find appropriate features. In interest of space, I do not present the log likelihood of each model for different number of clusters, in this paper. However, the LDA approach that uses only the image data, i.e. RGB and HSV density of each cluster and the mean for each infographic, and not the verbal information of the infographics fits my data better in terms of log likelihood. I initialized CTM model multiple times and selected the maximum of likelihood across iterations. This is because CTM uses Variational Expectation Maximization (VEM) algorithm, which has Expectation Maximization (EM) algorithm in its core, and EM algorithm is prone to the problem of multiple modes.
A model with twelve topics fit my data better, so I kept the assignment of twelve clusters. Table 1 presents the basic statistics of the infographic clusters that I identified with their labels. I used a word cloud for each cluster titles to name them. The word cloud arranges the keyword in a given corpus (i.e. here the collection of titles of infographics within each segment), so that the words that have higher frequency become bolder. The basic idea behind this approach is that each infographic per definition is supposed to be created around a central main point. In addition, infographic creators select the title for their infographic meticulously to make sure that both it reflects its content, and it is general enough to be picked up as a relevant link by the search engines.

Given the infographic clusters, I run a model free t-test to compare whether social media activities (i.e. number of shares on Facebook, Pinterest, LinkedIn, Twitter) as a measure of infographic virality differ systematically across the infographics clusters. Table 2 presents the result of this between group t-tests. Based on this analysis I find that cool infographics about world's top issues and demographics has significantly higher social media hit than mobile and social media marketing infographics. In addition, infographics that contrast traditional and modern marketing approaches have significantly higher social media hits than the other infographics. Moreover, interactive marketing infographics have significantly higher social media hits than the social media marketing type infographics. Given these results I next discuss possible managerial implications of these results and the methods I employed.

Managerial Implications
The result of this study may suggest that low level features of an infographic can systematically cluster different infographics into viral and non-viral infographics, so the proposed model may help the infographic designers to measure the impact of each design decision on the probability of their infographic becoming viral. To fulfill such task, my decision support system (DSS) first extracts the vector of visual words of an infographic through a k-mean algorithm. Then it uses the calibrated LDA engine to find the probability of the membership of the given infographic into each of the clusters. Given these probabilities, my system calculates the expected level of social media activities for a given infographic. In addition, my DSS gives the infographic designer the probability that the designed infographic can become viral, through presenting the probability that the designed infographic is the member of the viral infographic clusters. As a result, an infographic designer may be able to use the design principles to create an infographic, and she can measure the effect of each of her design decisions on the probability that her infographic becomes viral.

Managerial Implications and Conclusion
In this study, I use a set of 355 infographics that I have collected from various websites including: Pinterest, hubspot, and informationisbeautiful.net, to quantify features that make an effective infographic. To do so, I use a four staged machine learning approach. To extract image information, in the first step I use RGB and HSV information of pixels of an infographic to create a vector of visual words. To extract the vector of visual words, I use an k-mean algorithm to identify five clusters in each image, and I build sorted histogram of the RGB and HSV information of each image. To extract text information, I also use an OCR combined with a dictionary process to extract text within the infographics. I merge both verbal and visual word vectors next and run two soft clustering methods, i.e. Latent Dirichlet Allocation

<table>
<thead>
<tr>
<th>Cluster ID</th>
<th>Cluster Name</th>
<th>Frequency</th>
<th>Average</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
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<td>1</td>
<td>Cool info graphics about world’s demographic infographics</td>
<td>28</td>
<td>2303.143</td>
<td>8744003</td>
</tr>
<tr>
<td>2</td>
<td>Mobile and Buzz Design Infographics</td>
<td>30</td>
<td>923.5333</td>
<td>1904941</td>
</tr>
<tr>
<td>3</td>
<td>Marketing design and Dashboard Infographics</td>
<td>53</td>
<td>1254.528</td>
<td>3987451</td>
</tr>
<tr>
<td>4</td>
<td>Face and Media Infographics</td>
<td>9</td>
<td>446.6667</td>
<td>350812.4</td>
</tr>
<tr>
<td>5</td>
<td>Traditional Marketing Infographics</td>
<td>31</td>
<td>2693.032</td>
<td>10011501</td>
</tr>
<tr>
<td>6</td>
<td>Social Media and Decision Making Infographics</td>
<td>26</td>
<td>960.1538</td>
<td>869841.9</td>
</tr>
<tr>
<td>7</td>
<td>General life Infographics</td>
<td>39</td>
<td>1774.615</td>
<td>5735747</td>
</tr>
<tr>
<td>8</td>
<td>Online professional design Infographics</td>
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<tr>
<td>9</td>
<td>Responsive logos and brands Infographics</td>
<td>15</td>
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<tr>
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<td>International and online design Infographics</td>
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<td>Interactive Marketing Infographics</td>
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<tr>
<td>12</td>
<td>Traditional vs. Online Media Infographics</td>
<td>28</td>
<td>1717.643</td>
<td>7377299</td>
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</table>
Table 2. Comparing Viral Measure (Social Media Activity) of Clusters Together by Pairwise t-Test (the First Element Represents the Between Group t-Stat and the Second Element is Corresponding t-Test Critical Value)

<table>
<thead>
<tr>
<th>Cluster 2</th>
<th>Cluster 3</th>
<th>Cluster 4</th>
<th>Cluster 5</th>
<th>Cluster 6</th>
<th>Cluster 7</th>
<th>Cluster 8</th>
<th>Cluster 9</th>
<th>Cluster 10</th>
<th>Cluster 11</th>
<th>Cluster 12</th>
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</thead>
<tbody>
<tr>
<td>Cluster 1</td>
<td>(2.3, 2)*</td>
<td>(1.89, 1.99)*</td>
<td>(1.85, 2.03)*</td>
<td>(2.21, 2)*</td>
<td>(0.81, 2)</td>
<td>(1.33, 2)</td>
<td>(1.33, 2.02)</td>
<td>(1.36, 2)</td>
<td>(1.79, 2)</td>
<td>(0.77, 2)</td>
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<tr>
<td>Cluster 2</td>
<td>(–0.8, 1.99)</td>
<td>(1, 2.02)</td>
<td>(–2.81, 2)*</td>
<td>(0.71, 1.99)</td>
<td>(–1.13, 1.99)</td>
<td>(–0.34, 1.99)</td>
<td>(0.11, 2)</td>
<td>(–0.2, 1.99)</td>
<td>(0.45, 1.99)</td>
<td>(–0.87, 1.99)</td>
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<td>Cluster 3</td>
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<td>(–2.56, 1.99)*</td>
<td>(–1.54, 2.03)</td>
<td>(–1.64, 2.01)</td>
<td>(–1.27, 2.02)</td>
<td>(–1.22, 2.06)</td>
<td>(–1.04, 2.02)</td>
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<td>(–1.38, 2.03)</td>
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<tr>
<td>Cluster 4</td>
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<td>(1.38, 1.99)</td>
<td>(1.88, 2)</td>
<td>(1.7, 2.01)</td>
<td>(1.89, 2)</td>
<td>(2.27, 2)</td>
<td>(1.26, 2)</td>
<td></td>
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<td>(–0.97, 2)</td>
<td>(–0.56, 2.02)</td>
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<td>(–0.14, 2)</td>
<td>(–1.35, 2)</td>
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<td>Cluster 6</td>
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<td></td>
<td>(0.66, 1.99)</td>
<td>(0.85, 2)</td>
<td>(0.73, 1.99)</td>
<td>(1.27, 2)</td>
<td>(0.09, 2)</td>
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<td>Cluster 7</td>
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<td>(0.1, 2)</td>
<td>(0.65, 2)</td>
<td>(–0.48, 2)</td>
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<td></td>
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<tr>
<td>Cluster 8</td>
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<td></td>
<td></td>
<td>(–0.22, 2.01)</td>
<td>(0.24, 2.02)</td>
<td>(–0.67, 2.02)</td>
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<tr>
<td>Cluster 9</td>
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<td></td>
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<td>(0.51, 2)</td>
<td>(–0.54, 2)</td>
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<tr>
<td>Cluster 10</td>
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*Indicates whether the difference is significant with for 95% confidence interval.
I identified twelve different clusters of infographics. I named the clusters based on the word cloud of labels of infographics items within the clusters. Also based on model free evidences I find that cool infographics about world’s top issues and demographics has significantly higher social media hit than mobile and social media marketing infographics. In addition, infographics that contrast traditional and modern marketing approaches have significantly higher social media hits than other demographics. From methodology standpoint, my approach gives a measure of the probability of membership in a cluster of viral infographics on each change that a designer makes. Next step involves showing predictive validity of the proposed approach.

References
Living in a Big Data World: Predicting Mobile Commerce Activity Through Privacy Concerns

Nancy H. Brinson, University of Texas at Austin
Alexandra Doorey, University of Texas at Austin
Matthew S. Eastin, University of Texas at Austin
Gary Wilcox, University of Texas at Austin

Keywords: big data, mobile commerce, information privacy, uses and gratifications, communication privacy management, personalized advertising

EXTENDED ABSTRACT

Research Question
Using a survey approach, this study examines consumer mobile phone usage, privacy concerns, attitudes, and behaviors regarding interactions with mobile marketing based on the following hypotheses:

H1a: Mobile users’ concern over the level to which they have control over their personal information negatively impacts their mobile commerce activities.

H1b: Concern over the type and extent of personal data collected on consumers from their mobile devices negatively predicts mobile phone use for commercial activities.

H1c: Mobile users’ concern that they are not made aware of how their personal data is being collected, processed, and used decreases mobile device use for commercial activities.

H1d: The degree to which consumers are concerned over the unauthorized secondary use of their data has a negative impact on their willingness to engage in mobile commerce activities.

H1e: Mobile users with high concerns over location tracking on their mobile devices are less likely to use their device for commercial purposes.

H2: Trust in mobile advertisers increases consumers’ commercial activity on their mobile devices.

H3: Consumers’ attitude toward mobile commerce is positively related to their mobile phone use for commercial activities.

Method and Data

Method
The online survey consisted of 416 U.S. adults via Amazon’s Mechanical Turk (AMT).

Measures
Independent variables: privacy concerns, trust, and attitude. Dependent variable: mobile commerce activity.

Data Analysis. Using SPSS, each hypothesis was examined through a multiple regression analysis. Gender ($p > .05$), age ($p > .05$), income ($p < .05$) and prior mobile phone use ($\beta = 2.99, p < .05$) were entered into block 1 ($F(4,411) = 16.97, p < .001$, Adjusted $R^2 = .13$) in order to examine the isolated hypothesized effects. Turning to block 2, H1a – H1e, data indicate that while the privacy concerns of collection ($p > .05$), awareness ($p > .05$) and location ($p > .05$) were not significant predictors of m-commerce activity, control ($\beta = -2.11, p < .05$) and unauthorized access ($\beta = -2.55, p < .05$) significantly predicted. Further, as predicted in H2 and H3,

For further information contact: Nancy H. Brinson, Ph.D. student, University of Texas at Austin (nhbrinson@utexas.edu).
trust in mobile advertisers ($\beta = 5.28, p > .01$) and attitude toward mobile commerce ($\beta = 10.52, p < .01$) were significant predictors of m-commerce activity ($F$ Change $(7,404) = 31.26, p < .001, R^2$ change $= .30$). The regression explained a significant amount of variance ($F$ $(11,404) = 29.24, p < .01, \text{Adjusted } R^2 = .43$).

**Summary of Findings**

Findings from the current study demonstrate that concerns about perceived control and unauthorized access to personal information have a significantly negative influence on consumers’ attitudes and mobile commerce activity. Conversely, a greater level of trust in mobile advertisers results in a more positive attitude toward m-commerce and significantly increases m-commerce activity. Hence, companies that recognize privacy concerns and anticipate consumer perspectives by addressing the social, ethical and moral questions raised—while setting new standards for use, transparency and individual protections—may be the winners of the digital gold rush.

Results also indicated that consumers have fewer concerns about sharing their personal information when they have a faith in the e-commerce partner collecting their data. From a practical perspective, this suggests that informing individuals of the extent of data handling as well as promising clear consent affirmation for future use of data may heighten trust without sacrificing the big data business opportunities offered by technological advances.

**Key Contributions**

Exploring the relationship between consumer privacy management and the level of personalization in mobile advertising messages offers to advance research and practice in a number of ways. First, contrasting and extending theories associated with mass communication (uses and gratifications) and interpersonal communication (communication privacy management) encourages scholars to consider an interdisciplinary theoretical framework that more accurately reflects the dynamics associated with computer-mediated communication (CMC) in the age of big data. Second, an increased understanding of consumers’ perceptions regarding personalized communication will enable mobile marketing practitioners to better understand consumer needs and improve their marketing campaign outcomes.

*References are available on request.*
Would You Believe This? The Effects of Skepticism and Compensation Disclosures on Readers’ Perceptions of an Online Product Reviewer

Amaradri Mukherjee, University of Arkansas
Thomas D. Jensen, University of Arkansas

Keywords: disclosure, online reviews, blog site, susceptibility

EXTENDED ABSTRACT

Today many people are using online product reviews for guidance and opinion formation regarding quality and other important attributes of the products they are planning to buy. The National Retail Federation reports that the U.S. Census of Q2 data on e-commerce showed a 27% increase in sales in 2014 compared to 2013 and now accounts for 6.6% of total retail sales with a revenue of $78 billion (National Retail Foundation, 2014). Today, consumers extensively research about products online before they make any decision. One study revealed that 16% of consumers consult online reviews before buying baby products, and 48% consult online reviews before buying electronics products (Ernst and Young 2012). In March 2013, the FTC clarified its endorsement regulations and made it more stringent to disclosure any material compensation for endorsement of company products on social media sites, online product reviews, and blog posts, (Federal Trade Commission 2013; Babener 2009). Given the changes in the subtly of online advertising such as banner ads and sponsored content (e.g., social networks, blogs) the present research examines the effects of disclosures, or absence thereof, and the degree to which the reader is skeptical of online disclosures in subtle sponsored messaging (i.e., product reviews in blogs).

Research Question

Disclosure of any compensation can create a potential for a conflict of interest on the part of the product reviewer, and reduce the level of credibility of the reviewer and, specifically, trustworthiness and general attitude toward the reviewer/blogger. Jensen (2011) found that compensation disclosures in online product review decreased the perceived credibility of the review/review site although the presence of any consensus cues (i.e., reviews from others cited in the review) mitigated the effect of disclosures. The present research seeks to further understand the role compensation disclosures have on consumer perceptions by examining the effects of (1) disclosure, (2) the role of consumers’ susceptibility to online social influence impacts perceptions and compensation disclosures, and (3) the degree to which the reader is skeptical of online disclosures in subtle sponsored messaging (i.e., product reviews in blogs).

Method and Data

A 2 (Disclosure: Control vs. Disclosure) between-subjects design was utilized to test the hypotheses. After completing the dependent measures, participants completed the 9-item skepticism scale (Obermiller and Spangenberg 1998), which measured their online marketing skepticism (i.e., “advertising” was replaced with “online marketing”).

Ohanian (1990) source credibility scales were utilized to capture participants’ perceptions of blogger’s credibility (i.e., expertise and trustworthiness) reviewing a streaming projector. Scales measuring participants’ attitudes toward the blogger, website, and product were taken from Tybout et al. (2005). Consumers’ susceptibility to online social influence were developed by adapting Bearden, Netemeyer, and Teel’s
susceptibility to interpersonal influence to an online context.

**Summary of Findings**
First, the inclusion of a compensation disclosure caused readers to perceive the blogger/reviewer as less trustworthy and had a less favorable attitude toward the blogger/reviewer relative to no disclosure being present. Second, readers who are more skeptical perceived the blogger less positively (i.e., less trustworthy, less of an expert, and less favorable attitude toward the blogger/reviewer) than less skeptical readers. The disclosure and skepticism main effects, however, were qualified by significant disclosure by skepticism interactions for trustworthiness and attitudes toward the blogger/reviewer. Whereas a compensation disclosure resulted in those individuals high in skepticism viewing the blogger/reviewer more positively (i.e., trustworthy, attitude toward the blogger/reviewer), the disclosure resulted in individuals low in skepticism viewing the blogger/reviewer less favorably (i.e., less trustworthy, less favorable attitude toward the blogger/reviewer).

**Key Contributions**
This study provides a foundation for future studies on compensation disclosures in general and, specifically, online compensation disclosures. The Federal Trade Commission (2009) extension of disclosing compensations in online environment was a big step and the revised guidance in 2013 which mandated that the disclosures need to be conspicuous changed the way online transactions take place. The presence of a disclosure in the present study resulted in altered perceptions towards the blogger. Results suggest, that individual level skepticism moderates the effects of compensation disclosure, where high skeptical individuals reported positive attitude toward blogger. This finding needs to be considered by online marketers in terms of disclosing information.

*References are available on request.*
Research Question
RQ1: How does message sidedness (i.e., positive, negative, and unbiased) influence (a) attitude towards the review, (b) attitude towards the product, (c) perceived credibility, and (d) purchase intention?

H1: A benefit-centric review will have a more positive effect on (a) attitude toward the review, (b) attitude toward the product, (c) perceived credibility, and (d) purchase intention compared to an attribute-centric review.

Method and Data
The research questions and hypotheses were tested using a 3 (sidedness of reviews) × 2 (type of reviews) experimental design. The two independent variables were sidedness of the review (positive-only vs. negative-only vs. positive and negative) and type of review (attribute-centric vs. benefit-centric). The experiment and survey were conducted online.

The experimental stimulus was an Apple MacBook Pro 13.3 inch with Retina display. A laptop was chosen as the experiment product because electronic products are frequently purchased online and consumers tend to rely on comments and reviews from previous users. To control for product relevance, perceived product message importance was estimated and controlled.

Based on real product reviews from online shopping websites (Amazon.com) and professional third-party electronic review websites (CNET.com), six reviews were developed. Reviews were presented as part of Amazon.com in order to create a realistic feeling when participants read the review. In order to avoid other factors influencing the evaluation, the length of each review was controlled to 126 characters, all reviews were anonymous, and all reviews addressed four features of the product. Meaning, while the content varied among conditions, the amount of information and source did not.

Participants were randomly assigned to one of six conditions. Data was analyzed using the statistical software SPSS. Analysis of variance was used to examine RQ1 and test H1.

Summary of Findings
Data indicated that message sidedness has a persuasive effect on attitude towards the review and product, perceived source credibility, and purchase intention. That is, the positive review has the greatest impact on attitude toward the review, followed by the unbiased review and negative-only review. This aligns with previous research indicating that consumers perceive positive messages to be more persuasive than negative. Similarly, the positive-only review had the greatest persuasive effect on consumer’s attitude toward product and purchase intention, followed by unbiased and negative-only reviews. This finding is supported by previous studies that found the impact of positive WOM is greater than negative WOM on consumer’s purchase probability. Additionally, participants perceive higher reviewer credibility when reading unbiased and positive-only reviews, compared to negative-only reviews. Overall, both the positive-
only and unbiased reviews have a greater effect on consumer’s attitude and purchase intention than negative-only reviews, which contradict research suggesting a negative WOM message has a stronger impact on brand evaluation. The study also identified an interaction between review sidedness and review type for message persuasion. Here, data suggest the positive online consumer review with benefit-centric information has the greatest positive effect on consumer’s product attitudes and purchase intentions.

**Key Contributions**

This study emphasizes the importance of properly managing consumer reviews on online shopping sites. Although a marketer cannot selectively filter online consumer reviews to manipulate content, the marketer can control the display of those reviews in some situations. Providing summary information of online consumer reviews is an effective way to feature the proportion of positive, negative and unbiased reviews. Furthermore, online shopping website managers can categorize online consumer reviews based on the review’s sidedness. Given the importance of positive and unbiased reviews on attitude and behavioral intentions, we suggest the interactive webpage management system for marketers and managers. When a product has a high proportion of positive online consumer reviews, the system will automatically emphasize this information.

*References are available on request.*
The Use of Social Networks Is Influenced by the Satisfaction with Life?

Mauro J. de Oliveira, Centro Universitário da FEI
Melby Karina Zuniga Huertas, Centro Universitário da FEI

Keywords: life satisfaction, social networking sites, social influence, Facebook, PLS

EXTENDED ABSTRACT

Research Question
From a behavioral perspective there are two types of factors affecting consumer decisions (Anderson & Kleiner, 1995): psychological (i.e., personality, perception, attitudes, motivation and learning) and sociological (i.e., socio-economic class, ethnic groupings, family and peer groups). A variety of variables have been studied (i.e. age, gender, personality and utility) in prior studies about SNS use, nevertheless, there are other theories that could be useful to explain use of SNSs (Cheung et al., 2011). Therefore, in this paper, we aim to explain some psychological and sociological factors affecting the intention for using SNSs by people in Brazil. For this purpose, we use four theories: Life Satisfaction (Diener, Emmons, Larsen, & Griffin, 1985), Uses and Gratifications (Katz, 1959), Social Influence (Kelman, 1958), and Social Presence (Short, Williams, & Christie, 1976). The focus of the research was on Facebook and Brazilians. We extend those models, including Life Satisfaction as independent variable to explain participation in this social network.

Method and Data
We employed an online survey to collect empirical data. In developing our questionnaire, we applied the model. The SNS focused was Facebook because of its popularity among Brazilians. To reach participants across the country, we chose the largest company that offers openings for students and trainees in the Brazilian market. There are approximately 50 thousand unique users accessing this site daily, and there are about 3 million young people registered. Soon after the user login on the site, we invite the user to answer our questionnaire voluntarily. The research was on the website between February 6 and April 6, 2014. During this period, we received 1,111 responses, and all of them were used for data analysis. The average age of the sample was 25.56 years old (SD = 9.93), and respondents were 14–24 years old (57.5% of the sample), 25–40 years old (32.6% of the sample), with the oldest respondent at 63 years old. There are more women than men (68.4%). Respondents are mostly students from both levels of education: 26.5% high school students and 51.1% higher education students.

Summary of Findings
We evaluated Life Satisfaction and three factors of social influence. All of them were the significant variables explaining we-intention and the explanatory power of the original model (not considering Life Satisfaction) was improved with Life Satisfaction as predictor variable. Thirteen hypothesis were tested. The significant and positive paths were Life Satisfaction $\rightarrow$ Subjective Norm (H1), Life Satisfaction $\rightarrow$ Group Norms (H2), Life Satisfaction $\rightarrow$ Social Identity (H3), and from Subjective Norm (H5), Group Norms (H6), Entertainment Value (H10), Maintaining Interpersonal Interconnectivity (H11) to We-Intention. The remaining paths were either insignificant (Life Satisfaction, Self-Discovery, Purposive Value, Social Presence) or not positive (Social Enhancement). The most significant exogenous variables of We-Intention were Social Identity, followed by Subjective Norm and Group Norms. Life Satisfaction had strong positive effect in all Social Influence variables (Social Identity, Subjective Norm and Group Norms). Results of our research show that Brazilian Facebook users’ seem to have a special preoccupation about his/her feeling of belonging, and this feeling motivates his/her intention to use the online social network.

Key Contributions
With life satisfaction, the effects of social influence factors were stronger. An explanation could rely on the statement,
“For a community to exist, its members must have a common feeling of being part of the community” (Weber, 1978). In this sense, Facebook would be, for Brazilians, more than a SNS (to share data and information), constituting a place in which relationships are established.

Brazilian Facebook users’ seem to have a special preoccupation about his/her feeling of belonging, and this feeling motivates his/her intention to use the online social network. U&G variables, Maintaining Interpersonal Interconnectivity and Entertainment Value were significant to explain We-Intention. Reinforcing the characteristic of virtual community of Facebook for Brazilian users, staying in touch, having something to do with others and entertainment goals motivate the use of the SNS. Online communities on SNS bring together different people with a common goal of sharing knowledge, entertainment and maintain collective dialogues (Kern, Forman, & Gil-Egui, 2013). Additionally, communication and maintaining relationships with peers is one of the most common activities in virtual communities (Ellison, Steinfeld, & Lampe, 2007; Boyd & Ellison, 2008; Ellison, Vitak, Gray, & Lampe, 2014).

References are available on request.
Online Consumer Reviews: A Complement or a Substitute to Prerelease Information?

Christophe Bellego, Center for Research in Economics and Statistics
Romain De Nijs, École Polytechnique

Keywords: word of mouth, online consumer reviews, prerelease information, panel methods, movies

EXTENDED ABSTRACT

This article investigates to what extent the online consumer reviews affect the sales in movie theaters and how prerelease information alters this effect. To examine this issue, we use a panel data approach on a new and comprehensive data set that includes five years of weekly data on movie sales and online consumer reviews coming from the leading French cinema website Allocine. Results indicate that the valence, the volume, the intensity, and the dispersion of online ratings are positively and significantly correlated with sales. Intensity has the strongest economic effect while dispersion has the weakest impact. We examine the complementarity and the substitutability between online consumer reviews and prerelease information, which is measured by advertising (and its decomposition in billboard, radio, press, internet, and theater advertising), star power, saga movies, and e-buzz. Our findings suggest that informative online variables (volume and intensity) are particularly substitutable to the level of prerelease information and its positive effect on sales is higher for niche products. Conversely, persuasive online variables (valence and dispersion) complement the level of prerelease information and they have more effects on hit products. We propose a simple theory to explain these results and discuss implications for management in the motion picture industry.

Research Question

This article investigates to what extent the online consumer reviews affect the sales in movie theaters and how prerelease information alters this effect.

Method and Data

To answer these questions, we have gathered a rich data set from different sources on almost all movies released in France between 2004 and 2008. Our data set includes information at the movie level on: (1) weekly sales (we measure sales by the number of tickets sold) in theaters for the first 8 weeks following the official release date, (2) consumer reviews posted on Allocine.fr for the first 8 weeks in theaters, and (3) characteristics on advertising expenditure (decomposed by billboard, radio, press, internet, and theater expenditures), star power, saga movies, and e-buzz, the last variable being measured as the number of posts on Allocine forums one week before release.

We use a panel estimation approach to investigate the link between online ratings and the percentage rate of change (from week to week) in movies sales. Panel data allow us to control for movie fixed effects which are potentially correlated with our consumer review variables. We therefore use the time series variations of online reviews to measure their effects on movie sales. This methodology aims at circumventing omitted variable bias, especially from unobserved movie quality.

Key Contributions

Compared to other papers related to this field, we explore the differential impacts of online consumer ratings according to movies characteristics and prerelease information. Especially, we focus on the prerelease advertising expenditures and its decomposition into five media (billboard, radio, internet, theaters, press). We differentiate the type of information contained in online ratings and its interactions with prerelease information. As a consequence, we provide precise advice for managers and producers: they should pay careful attention to the intensity of online reviews and the way they should manage online reviews or prerelease information differs according to the informative or the persuasive nature of online reviews.
In addition, we use a different methodological approach that rigorously controls for omitted variable bias. We also rescale movie sales to make them more comparable, by measuring the effect of online consumer reviews on the percentage rate of change, from week to week, in movie’s sales. We also propose an easy way to compare the economic importance of different online review variable by standardizing them: intensity has the strongest economic effect while dispersion has the weakest impact.

Our results may reconcile previous mixed findings. These results are in line with some paper but also in contrast with some other papers. We think this contrast is linked to our complete data set with no selection bias, and to the method that rigorously controls for endogeneity. The magnitude and the significance of the effects of online consumer review variables on sales depend on movies characteristics and especially on prerelease information. It may explain why the results surrounding the role of the valence in the literature are ambiguous. Many papers that study the effect of the valence use very restricted samples of movies that may result in huge selection bias.

Last, to our knowledge, this study is the first to investigate the effects of online reviews on box office performance of movies in France, which is an important market both in terms of production and distribution of movies.

**Summary of Findings**

Results indicate that the valence, the volume, the intensity, and the dispersion of online reviews are positively and significantly correlated with sales. Intensity has the strongest economic effect while dispersion has the weakest impact. We examine the complementarity and the substitutability between online consumer reviews and prerelease information, which is measured by advertising, e-buzz, and star power. Our findings suggest that informative online variables (volume and intensity) are particularly substitutable to the level of prerelease information and its positive effect on sales is higher for niche products. Conversely, persuasive online variables (valence and dispersion) complement the level of prerelease information and they have more effects on hit products. We propose a simple theory to explain these results and discuss implications for management in the motion picture industry.

*References are available on request.*
Knowing Your Role: The Effect of Reputation Signals on Participation Intentions in an Online Community

Sara Hanson, University of Oregon  
Lan Jiang, City University of Hong Kong  
Darren Dahl, University of British Columbia

Keywords: reputation, online community, role theory, connectedness

EXTENDED ABSTRACT

Research Question
Many brands maintain an online community where consumers discuss the brand’s products, share tips, provide solutions, and connect with peers. A key component of these communities is status (Lampel and Bhalla 2007). However, the ways that brands present user reputation vary greatly and the marketing literature has paid little attention to explaining when and why one type might be more effective than another. While one community might use points to display a user’s status, another may use more descriptive, hierarchical labels. Can reputation signals affect users’ participation in an online community? If so, what types of signals are most effective and why?

We suggest that label-based reputation signals differentiate from points-based reputation signals because labels can communicate the user’s role in the community (Hogg and Abrams 1993). Role clarity involves the presence of roles that provide a clear understanding of the behaviors associated with the role, what behaviors can be expected of others, and how one’s role fits within the social system (Kahn et al. 1964; Oakes et al. 1991). When reputation signals have high role clarity, users will feel greater feelings of connectedness to the community and will be more motivated to participate.

Method and Data
Three lab experiments and a field experiment have been conducted. In Studies 1a, 1b, 3 and 4, we created scenarios in which participants read about the reputation signals adopted in a hypothetical community and were asked to rate their participation intentions and feelings of connectedness to the community. Participants were told that the community chose either points or labels to represent each user’s reputation. We use points and labels to operationalize low role clarity and high role clarity reputation signals, respectively. Studies 1a and 1b address the main effect of reputation signal type on participation intentions. Studies 2–4 test the connectedness mechanism via a moderation-of-process design (Spencer et al. 2005), in which we vary feelings of connectedness in three ways to find greater support for our theory: membership length, community endurance, and community interactivity.

Summary of Findings
Study 1a shows that high role clarity labels generate greater participation intentions than low role clarity points. Feelings of connectedness to the community drive the impact of the role clarity of the reputation signal on participation intentions. Study 1b offers additional support for the importance of role clarity by demonstrating that providing additional information for a low role clarity label can increase participation intentions. Study 2 finds that the user’s existing level of involvement with the community impacts preference for high role clarity signals over low role clarity signals, such that less involved users are motivated by high role clarity labels but existing, long-term users are motivated by either type of reputation signal. Studies 3 and 4 examine community features, such as the community’s endurance (high vs. low) and the degree of virtuality of the community (online vs. in-person), that influence the positive effect of high role.
clarity reputation signals on participation intentions. Study 3 demonstrates that low community endurance attenuates the effect, while Study 4 confirms that face-to-face interaction mitigates the positive advantage of high role clarity reputation signals.

Key Contributions
No research has yet addressed different types of reputation signals and how each type influences consumers’ intentions to participate in an online community. We fill this gap by investigating two of the most common types of reputation signals in online communities—points and labels—and comparing the degree to which each stimulates feelings of connectedness and participation intentions. We show that in certain cases, high role clarity signals (labels) are particularly effective at generating connectedness, as well as intentions to participate in the community, but only when the label communicates the user’s role. We shed new light on the role of clarity as a necessary condition for the advantage of labels over points. Moreover, across multiple studies, we identify several circumstances when the relationship between role clarity and connectedness is more influential, such when the user is new to the community, when the community is enduring, and when the community meets only online (as opposed to also incorporating face-to-face meetings).

References are available on request.
Incentivizing Consumer Sharing in Social Media: The Role of Customer Loyalty

Yueming Zou, Old Dominion University
Yuping Liu-Thompkins, Old Dominion University

Keywords: social media, electronic WOM, incentives, customer loyalty

EXTENDED ABSTRACT

Research Question
The rise of social media websites and the increasing cocreation of brand stories are good news for marketers as it allows brands to interact more closely with their customers and to leverage the power of consumers to spread marketing messages. However, many brands suffer from low consumer contribution to their social media channels. This problem may be partly addressed by providing proper incentives to encourage consumer contribution and sharing. To this end, this research aims to answer the question of how companies can target different consumers with different incentives to maximize consumer sharing through social media.

Method and Data
We conducted an experiment featuring a 2 (monetary vs. non-monetary incentive) × 2 (high vs. low loyalty) between-subject factorial design. A grocery store was used as the focal firm, and Facebook was used as the social media channel. Seventy-six consumers participated in the online study through Amazon MTurk. Participants first read the description of either a loyal or non-loyal consumer. They were then told that this consumer saw a poster at the focal grocery store requesting consumers to share a promotion on Facebook in exchange for a monetary or non-monetary incentive. After reading the scenario, participants answered questions on sharing likelihood, manipulation check, and several control variables.

Summary of Findings
Although monetary incentives are dominant in practice, our findings suggest that it may not always be necessary. Under the low-loyalty condition, a monetary incentive indeed proved more effective than a non-monetary incentive. The mean likelihood to share was significantly higher when monetary incentive was offered than when non-monetary incentive was offered. However, for the high loyalty condition, a non-monetary incentive was as effective as monetary incentive, resulting in similar levels of sharing likelihood.

Key Contributions
To our best knowledge, the current research is among the first studies to investigate the use of specific types of incentives to stimulate consumers’ online sharing behavior. It makes several contributions to research and practice. First, compared to most previous research that investigate endogenous WOM effects from the consumers’ perspective, the present research examines how firm-initiated WOM may be best implemented. Second, by examining the interaction between incentive type and customer loyalty, this paper takes an initial step towards recognizing and understanding the complex ways in which monetary vs. non-monetary incentives can be more appropriate and can be utilized to affect consumers’ social behaviors under different conditions. Finally, given the often more cost-effective nature of non-monetary incentives, our research suggests a need to more seriously consider the use of such incentives and allows more effective resource allocation to different consumers.

References are available on request.

For further information contact: Yueming Zou, Ph.D. candidate, Old Dominion University (yzou@odu.edu).
The study addresses a neglected area of marketing theory, namely, trust in user-generated content in social network sites. The transparency of Web 2.0 and the participatory world of social media pave the way for user-generated content (UGC) to become a legitimate and highly trusted voice of brand communication in social networking sites (SNSs). Regardless of the level of trust in brand-related peer recommendations, scholarly work offers little guidance on UGC and trust in SNSs. Furthermore, no research explores the effects of ad skepticism in the new strategic reality of UGC and SNSs.

Contrary to other studies that emphasize trusting beliefs, intentions, and behaviors, in this research, we focus on the trustor’s interpersonal characteristics; we investigate trust from a dispositional (i.e., propensity to trust) perspective. As a departure from prior research, we distinguish between trust toward people, content, and systems. Specifically, we explore the relationship between an individual’s propensity to trust other members on an SNS and its impact on trusting specific user generated brand recommendations (UGBRs). Drawing from scholarly work on personality-based and interpersonal-based trust, we contend that self-esteem, benevolence, and conformity are likely to influence the propensity of the trustor to trust others on SNSs (i.e., trust towards people). We propose that the propensity to trust others on SNSs influences the willingness to depend on the trusted party’s recommendations (i.e., trust towards content). For comprehensiveness purposes, this conceptualization controls for trust in systems (i.e., trust towards SNSs).

Studies on ad skepticism extend across a range of disciplines, including philosophy, politics, sociology, and psychology. However, the role of skepticism in the new strategic reality of UGC and SNSs remains uncharted. We aim to explain the deterministic role of ad skepticism on consumers’ inclination to trust people and user generated brand recommendations in the new strategic reality of SNSs. Specifically, we argue that ad skepticism strengthens the relationship between self-esteem, benevolence and conformity and the ability to trust others on SNSs. Similarly, we contend that the relationship between propensity to trust people on SNS and trust in UGBRs is stronger for individuals with high rather than low levels of ad skepticism.

We collected data from consumers through a self-reported questionnaire on Facebook; the study tests assumptions using a sample of 445 consumers. Structural Equation Modeling was used to test hypotheses. The study findings fail to provide support for the hypothesized link between self-esteem and propensity to trust others on SNSs. Contrary to the non-significant effect of self-esteem on the propensity to trust, the data highlight the hypothesized roles of benevolence and conformity as key drivers of propensity to trust. The study findings also provide support for the suggested positive relationship between propensity to trust others on SNSs and trust in a particular piece of UGBR. The findings

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For further information contact: Simos Chari, Leeds University (s.chari@leeds.ac.uk).
also shed light on the deterministic moderating effect of skepticism about firm-generated brand communications on the development of trust in UGBRs. When skepticism about firm-generated brand communication (advertising) is high, the relationships between benevolence and propensity to trust and also between conformity and propensity to trust are strong. Skepticism about firm-generated communications serves as a dual moderator in the studied context by also moderating the relationship between propensity to trust and trust in a particular piece of UGBR. Similar to the direct relationship between self-esteem and propensity to trust, the data fail to support the moderating role of ad skepticism in the aforementioned relationship. The study findings contribute to a better understanding trust development for UGBRs in the context of an SNS (i.e., Facebook) and offer implications to practitioners.

References are available on request.
Identifying Online Shopping Strategies of Consumers Based on Off-Site Clickstream Data

Daniel Schellong, RWTH Aachen University
Jan Kemper, RWTH Aachen University
Malte Brettel, RWTH Aachen University

Keywords: e-commerce, online consumer journey, clickstream analysis, digital marketing

EXTENDED ABSTRACT

Research Question
For online firms it is ever more critical to understand consumers’ shopping behavior in order to offer a web experience that is aligned with individual consumer goals and needs (Bucklin et al. 2002; Lambrecht and Tucker 2013). With the vast amount of individual consumer data points available to e-commerce firms as well as the proliferation of online advertising channels and forms (such as display, search, e-mail, social media, affiliate), marketers need to first understand the underlying shopping strategy and objectives of consumers before making decisions about specific marketing actions (Moe 2006; Yadav and Pavlou 2014). As a consequence, our research focuses on individual consumer search behavior during the consumer decision journey—from the initial need recognition, along the search and consideration process up to the purchase decision—to detect and understand individual goals of consumers in the form of shopping strategies based on the sequence of gateways to an e-commerce website using a unique off-site clickstream dataset.

Method and Data
Clickstream data is an excellent source that reveals the consumer multi-stage decision making process (Bucklin and Sismeiro 2009; Bucklin et al. 2002). We use off-site clickstream data as it promises especially enriching insights about consumers, even before they enter the website of an e-commerce retailer. Taking into account the sequence of visits through multiple channels over time, we focus on the entire consumer journey up to the purchase or non-purchase. We were able to obtain a novel and extensive set of off-site clickstream data from a leading online-only fashion e-commerce company selling shoes and apparel products across the European market. The methodology applied to identify the shopping strategies is cluster analysis. Clustering is a valuable and widely accepted tool in testing consumer typologies and in revealing patterns of behavior in large data sets, especially in the area of clickstream research (Bucklin and Sismeiro 2009; Dias and Vermunt 2007; Moe 2003). Due to the large size of the dataset, we apply a non-hierarchical k-means clustering algorithm and several tests with goodness-of-fit measures to test for robustness of results.

Summary of Findings
Empirical results reveal that individual consumer shopping goals show distinctive search characteristics and allow a categorization of shopping strategies based on their heterogeneous browsing patterns to a website. The findings are significant enough to assume that off-site clickstream data are an excellent source for real-time user goal identification and that the typology of shopping strategies based on onsite research from Moe (2003) can be affirmed—Directed Buying, Search, Hedonic Browsing and Knowledge Building. These findings build evidence that off-site clickstream research can greatly contribute to the understanding of individual consumer behavior online.

Key Contributions
With the present study we address a research gap pertaining to the nature of typologies in online consumer-firm inter-
actions that result in insight to optimize firm-consumer interactions (Haan, Wiesel, and Pauwels 2013; Moe 2006; Yadav and Pavlou 2014). We are the first study to link individual off-site clickstreams with shopping goals of consumers, offering various avenues for further research opportunities to enhance the understanding of choice and online purchase behavior. Important managerial implications for online marketing managers and customer analytics teams can be derived as the identification of individual shopping goals delivers actionable marketing insights for the personalization of the web shopping experience or targeted advertising, both promising direct effects on consumer purchase behavior.

References are available on request.
Creating Customer Love: Antecedents and Implications of How Organizations Engender Positive Affect Within Online Product-Centered Communities

William J. Paolillo, Case Western Reserve University
Rakesh Niraj, Case Western Reserve University
Aron Lindberg, Case Western Reserve University

Keywords: online post, cognitive play, online reviews, cocreation, positive affect

EXTENDED ABSTRACT

The Internet has disrupted a company’s traditional control over the communication they use to create positive affect. The compilation of reviewer posts plays a leading role in constructing a company’s overall brand sentiment. Seventy percent of all posts online about a company’s product or service are neutral or positive; of these posts 28.6% contain the word love. What is less well understood is how companies can engender positive posts—“Online Customer Love.” The objective in this study was to develop a framework that demonstrates how customers and organizations interact online; as well as investigate the online interaction and the positive affect it generates. We formulated hypotheses and then used a Structural Equation Model to test that two distinct mechanisms work together to underpin the creation of a company’s online positive affect. The two distinct mechanisms of our study are online cocreation and cognitive play. We find that organizations that cocreate with their customers and are playful during the online interaction are being rewarded with positive affect. Adding cognitive play to the online interaction, the total explanatory power of our model, of the positive affect expressed by customers, for this sample, increased from 35% to 52%.

Research Question
To what extent do Online Cocreation Advocacy, OCC Personal Interaction, OCC Help, OCC Seek/Share and Cognitive Play explain a Company’s Positive Customer Affect Online—“Online Customer Love?”

Research Method
All of the measures used were adopted or adapted from validated instruments extant in the literature. We made only minor word changes to put them in context where necessary. Our data was obtained from an online survey, administered by Qualtrics, of any individuals who had posted a comment online about a product or service of an organization in the last 90 days. Participants were directly compensated by Qualtrics. We had 523 respondents to our survey. We used SPSS and AMOS to validate and test our model. We validated the reflective measurement model using an exploratory factor analysis in SPSS and then a confirmatory factor analysis in AMOS. We further tested our model by accessing our structural model in AMOS. We conducted further analysis of our model using SEM. We tested our hypotheses, to determine the extent and type of mediation, moderation, interaction, and multi-group effects. To test our hypotheses we analyzed our model with and without the mediators (Baron & Kenny, 1986). The goodness of fit statistics for the two measurement models follow thresholds from Hu and Bentler (1999) are met, or within reasonable tolerance, indicating we have sufficient model fit.

Summary of Findings
Results from testing our hypothesized relationships produced a number of unexpected results. We had expected play to partially mediate the relationships between the independ-
ent variables in our model and “Online Customer Love.” All independent variables were partially mediated and influenced by Play with an indirect effect. We also expected that OCC Advocacy and OCC would have a significant relationship in directly creating “Online Customer Love.” What we did not expect was the significant negative effect of OCC Personal Interaction on “Online Customer Love” and the lack of a direct significant relationship of OCC Personal Interaction and OCC Seek/Share.

Our mediated model’s overall variance explained for Online Customer Love increased to 52% from the direct path model, which was 35%. The overall negative effect of OCCPI was unexpected, this is an indication that individuals view the same message differently in the online environment vs. the face-to-face selling environment. Our analysis demonstrates that a company being playful with the customer (open, flexible, imaginative, creative, playful and spontaneous) works with the four parts of Online Co-Creation to produce Online Customer Love.

**Key Contributions**

Our study fills gaps in the in the marketing literature. We expanded online positive affect literature by contributing a parsimonious model based on empirical investigation. Our model expands the literature by introducing the concept of using cognitive play and “control with” during a company’s online interaction and its explanatory effect. The empirical proof of findings that a company’s personal interaction is different in the online environment versus the more traditional company to customer touch points is both novel and useful for practitioners. We added to the positive affect and Service Dominant Logic literature with definitions of online cocreation and online customer love.

*References are available on request.*
What Do Consumers Find More Useful—User or Expert Reviews?

Monica D. Guillory, Winston-Salem State University
Ritu Lohtia, Georgia State University
Naveen Donthu, Georgia State University

Keywords: e-recommendations, expert reviews, consumer reviews, valence, Internet experience

EXTENDED ABSTRACT

Research Question
Are expert or user reviews more useful to consumers in the financial services industry? What impact does valence and internet experience have on usefulness for each review source?

Method and Data
In order to test our hypotheses, we conducted an experiment. A professional marketing research firm that maintains an online panel was retained to design and administer the survey. We chose to use an online panel to more effectively reach the target market, which would be accustomed to utilizing technology and be familiar with online reviews. We modified Chakraborty et al.’s (2002) perception-based measure of site usefulness to measure the usefulness of reviews (e.g., “these are very effective reviews,” “these reviews provide me useful information,” “these reviews are helpful,” and “these reviews are valuable”). The online marketing research firm posted the survey online and requested its panel members to participate. Members who were interested in taking the survey and met the criteria were allowed to take the survey.

Summary of Findings
In our first study we found no significant difference between the usefulness of user reviews and expert reviews. In our second study, we found that a higher proportion of positive user reviews were more useful than a higher proportion of positive expert reviews, while a higher proportion of negative expert reviews was more useful than a higher proportion of negative user reviews. Our results also show that internet experience can have an influence on the usefulness of reviews. A higher proportion of negative user reviews were more helpful to those with low internet experience. However, there were no differences in the usefulness of mostly positive user reviews. A higher proportion of negative expert reviews were more helpful to those with high internet experience as were a higher proportion of positive expert reviews.

Key Contributions
This study makes several contributions to the academic marketing literature. One, it is one of the earlier studies to examine the impact of different characteristics of online reviews on their usefulness. Two, our study is based on an online panel of respondents, making it more representative of a technology familiar banking population that is exposed to reviews. Three, the research continues the line of inquiry started by previous empirical studies examining the usefulness of online reviews. We use the previous work conducted in consumer generated reviews, expert reviews and internet experience as well as theories on trust, word of mouth and valence, as a basis for developing our hypotheses.

References are available on request.
Part G
Emerging Markets

Track Chairs
Lisa Scheer, University of Missouri
Ashutosh Patil, University of Missouri

Marketing Relationships in Emerging Markets
Substitutes or Complements? Relationship-Based Strategy and Innovation Strategy of Private Firms in China
Xiaoyu Zhou
An Institutional Examination of Client Entertainment Versus Advertisement Spending in China
Francis Sun
How to Build Dynamic Capability via Interfirm Partnership Management: The Contingencies of Strategic Orientation
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Competing in an Emerging Market: The Roles of Dynamic Market Environments, Market Orientation, and Customer Satisfaction/Loyalty
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Marketing Issues from Diverse Emerging Economies
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Innovative Marketing and Performance of Selected SMEs in Delta State Nigeria
Uzezi Philomena Omodafe, Ireneus C. Nwaizugbo
Effects of Product Image, Country Personality, Self-Congruity, and Ethnocentrism on Attitude Toward Foreign Products
Paul Chao, Murat Aktan
Substitutes or Complements? Relationship-Based Strategy and Innovation Strategy of Private Firms in China

Xiaoyu Zhou, ShanghaiTech University

Keywords: institution-based strategy, private firm, China

EXTENDED ABSTRACT

China, the largest emerging-market country, is now facing institutional transition from relationship-based to rule-based, and the friction between state-dominated logic and market-based logic has strongly influenced firm strategic choice. This study aims to examine the interrelationship between relationship-based strategy and innovation strategy: (1) Are these two institution-based strategies substitutive or complementary? (2) What are the boundary conditions of this interrelationship?

We obtain the empirical analysis data from two different level sources. The primary source of firm-level data is a series of nationwide surveys of Chinese private firms conducted by the Privately Owned Enterprises Research Project Team (POERPT) in 2006, 2008, and 2010. The institutional province-level data are obtained from the National Economic Research Institute’s (NERI) Index of Market Development of Chinese Provinces (published as Fan and Wang, 2006, 2010, and 2011) and from editions of the China Statistical Yearbook.

We adopt a two-stage analysis approach to interrelationship between the relationship-based strategy and innovation strategy. In the main (first) analysis, we use probit models to predict the probability of conducting the Innovation Strategy (i.e., the dummy of innovation strategy) among private firms, with other firm-level measures, and the institutional indices, as well as on fixed effects for the industry, province, and year. The moderating effects are examined following the simulation-based approach developed in King, Tomz, and Wittenberg (2000) and Zelner (2009) because the interaction term in probit models may not represent the true interaction effect. In the second stage (post-hoc analysis), we use the amount of innovation expenditure as the dependent variable and applied the two-step Heckman Selection Model to analyze the interrelationship between the amounts of innovation strategy and relationship-based strategy. The Heckman Selection Model addresses sample selection bias via simultaneously estimating probit and OLS model together.

This research contributes to the literature of strategic choices in emerging market. It adds to our knowledge about the interrelationship between two basic growth strategies—relationship-based strategy and innovation strategy, providing new insights on how institutional friction and firm idiosyncrasies affect firms’ strategic choices. Based on the theoretical perspective of institutional theory and political economy, we develop a new framework of geographical view to examine the institutional transition and its impacts on strategic choice. Although Institution-Based View suggests that institutions play an important role in shaping organizational strategies, most of the research is based on single choice itself, and we have very little knowledge regarding how these strategies interact with each other. Our analysis investigates the interrelationship and boundary conditions of the relationship-based strategy and innovation strategy. Results of this research have important managerial implications. The empirical results demonstrate the real choices of Chinese private firms and deepen our understandings of how private firms organize their growth strategies. Policy-makers could take the geographical fractional market institutions

For further information contact: Xiaoyu Zhou, ShanghaiTech University (zhouxy@shanghaitech.edu.cn).
into consideration and create a better business environment for private firms to grow.

This paper finds that firms with relationship-based strategy are more likely to adopt innovation strategy in transitional economies. Moreover, this positive relationship is stronger in regions with higher market-support institutions and developed infrastructure, but if the firms are politically connected, the tendency to adopt innovation strategy is decreased. Results of this research also indicate that firms with more slack resources are more sensitive to new market-based institutional logic, while firms with limited slack resources emphasize on the traditional institutional logic legacy.

References are available on request.
An Institutional Examination of Client Entertainment Versus Advertisement Spending in China

Francis Sun, Brock University

**Keywords:** client entertainment, advertisement, relationship marketing, transaction marketing, relational governance

**EXTENDED ABSTRACT**

This study takes an institutional approach to compare client entertainment versus advertisement spending among Chinese public firms. Drawing on the literatures on relational versus discrete transactions and their respective governance institutions (i.e., relational governance vs. market mechanisms), as well as the notion that client entertainment and advertisement can reinforce each of those institutions, I posit that firms can spend either on client entertainment to facilitate relational exchanges or on advertisement to promote discrete transactions. I further argue that such spending decisions are determined by institutional, industry, and firm attributes. The empirical results indicate that firms spend more on client entertainment if they operate in institutional environments where relational governance is more widely used than market mechanisms in regulating transactional relationships. On the other hand, firms spend more on advertisement if they operate in institutional environments that feature less relational governance and more market mechanisms, if they sell industrial versus consumer products, and if they have higher proportion of State ownership. These findings support the institutional approach and provide strong implications for international marketing managers.

**Research Questions**

Like other similar emerging markets, China is often epitomized as a context of relationship marketing. In reality, however, relationship and transaction marketing coexists in China. Such a situation has posed a number of questions on marketing practices in China. First, what have caused the variations in marketing practices regarding relationship versus transaction marketing in China? When engaging in each of those practices, what are the bases for firms to allocate marketing resources, particularly client entertainment versus advertisement, in China? While prior studies borrowed the term *guanxi* to represent relationship marketing, this study explores beyond *guanxi* to examine a more intriguing question: how exactly client entertainment, a major relationship marketing practice, weighs over advertising in marketing decisions of Chinese firms?

**Method and Data**

Data for this study were collected from a sample of 227 public firms in China and a panel of 1135 firm-year observations over the period between 2003 and 2007 was created. The hypothesized relationships were tested through a pair of time-series, cross-sectional models specified below:

\[
CE_{it} = \alpha_1 + \beta_1 X_{1i_t} + \beta_2 X_{2i_t} + E_{1i_t}
\]

\[
AD_{it} = \alpha_2 + \beta_3 X_{1i_t} + \beta_4 X_{2i_t} + E_{2i_t}
\]

where \(CE_{it}\) and \(AD_{it}\) are the dependent variables representing client entertainment and advertisement spending respectively for Firm \(i\) in Year \(t\). \(X_{1i_t}\) is a vector of independent variables that measure the institutional, industry, and firm attributes for Firm \(i\) in Year \(t\); \(X_{2i_t}\) stands for a vector of control variables that may affect Firm \(i\)'s client entertainment and advertisement spending in Year \(t\). \(\alpha_1\) and \(\alpha_2\) are intercepts, \(\beta_1, \beta_2, \beta_3,\) and \(\beta_4\) are parameter estimates, and \(E_{1i_t}\) and \(E_{2i_t}\) are the error terms for Firm \(i\) in Year \(t\).

**Summary of Findings**

On top of regional, industry, and firm level control variables, which are all significant as expected, the institutional variable “social context” carries a negative sign on
client entertainment and a positive sign on advertising that are significant at the 0.001 and 0.01 levels respectively, verifying that Chinese firms operating in social contexts that are more conducive to relational governance will spend more on client entertainment but less on advertising. The variable that captures the market infrastructure development in firms’ home province bears a negative coefficient on client entertainment and a positive sign on advertising that are both significant at the 0.001 level, which confirms that Chinese firms operating in better developed market infrastructures will spend less on client entertainment but more on advertising.

At the industry level, the variable client type carries a negative coefficient that is significant at the 0.001 level for advertisement, supporting the hypothesis that firms selling industrial products will spend less on advertising than others selling consumer products. But contrary to our surprise, the results indicate that Chinese firms selling industrial products also spend less on client entertainment than those selling consumer products. The unique distribution system in China may have caused this opposite result. As a practice inherited from the command economy era, most industrial products in China are transferred under government directives which doesn’t require either client entertainment or advertisement to promote. On the other hand, following the tradition of Communist time shortage economy, the distribution of consumer products requires excessive involvement of client entertainment.

At the firm level, as predicted, State-owned firms spend less on advertising, but the results fail to support the prediction that State-owned firms spend less on entertainment. It can be speculated that agency problem might have caused the unexpected relationship between State-ownership and client entertainment. In fact, previous studies have found that SOE managers are more likely to engage in client entertainment for their own private benefit at the company’s expenses. Future research can explore such possibilities.

In the full models, major variables keep carrying similar signs at similar or stronger significance levels and the Wald Chi-Squares keep significant at the p < .001 level, which indicates consistent model fit.

**Key Contributions**

This study contributes to the marketing literature in three ways. First, it uses an institutional approach to explore the allocation of marketing resources by comparing client entertainment versus advertisement spending. Second, this study identifies the multilevel factors that dictate firms’ strategic focus between relationship versus transaction marketing and thus further verifies the hybrid nature and coexistence of different marketing practices. Third, this study contributes to research on relationship marketing in China by exploring beyond the convenient substitute of guanxi to examine the relationship marketing practice of client entertainment directly.

Meanwhile, it also has strong implications for marketing practitioners, particularly those MNE marketing managers who run marketing operations in emerging markets like China that are often perceived as requiring prevalent relationship marketing practices. Presumably, such firms have the need to adopt local business practices, including client entertainment to reinforce relational governance in relationship marketing. In some well-publicized examples, nevertheless, MNEs often put too much weight on relationship marketing and over-practiced client entertainment that consequently pushed them off the slippery slope to bribery allegations in the name of “excessive client entertainment”. Based on this study, such firms should reexamine their marketing strategies in the emerging markets. While relationship marketing reinforced with client entertainment can play a powerful role in initiating and facilitating exchange relationships, firms must also be aware of the hybrid nature of marketing practices and recognize the coexistence of relationship and transaction marketing in those markets. For instance, in the coastal Chinese regions where such firms often operate, transaction marketing reinforced with advertisement is good enough to promote products just like in those well-developed Western markets. They don’t need to rely too much on relationship marketing and involve in excessive client entertainment practices that can easily lead to corruption allegations.

Further, local marketing managers in emerging markets should realize the change in their institutional environment for marketing practices. In some areas, the traditionally dominant relationship marketing practices reinforced with client entertainment are gradually replaced with modern transaction marketing practices based on the marketing concept of product, price, promotions, and place, where market mechanisms reinforced by advertisement are more efficient in selling. Depending on the institutional, industry, and firm level attributes, they can use the discretion to choose between relationship versus transaction marketing and hence client entertainment versus advertisement in promotions and sales. Such rules also apply to domestic marketing managers in developed countries.

*References are available on request.*
How to Build Dynamic Capability via Interfirm Partnership Management: The Contingencies of Strategic Orientation

Wei Jiang, Xiamen University
Zhaoyang Guo, Xiamen University

Keywords: dynamic capability, network competence, integrative competence, strategic orientation, interfirm partnership

EXTENDED ABSTRACT

Research Questions
This study attempts to address this research gap by empirically investigating the relationships among relational competences, dynamic capability and operational competences. We disaggregate a firm’s ability to manage its interfirm partnerships (i.e. relational competences) into two related but distinct dimensions: network competence and integrative competence. Specifically, research questions are: (1) To what extent does a firm’s relational competences (network competence and integrative competence) impact its dynamic capability; (2) Whether the relationships between relational competences and dynamic capability are contingent on the firm’s strategic orientation; (3) Whether dynamic capability stands on the mediation pathway between relational competences and enhanced operational competences.

Method and Data
A questionnaire survey was conducted with top managers of Chinese manufacturing firms in several industries. The sampling frame consisted of 1,000 Chinese manufacturers across industries, with minimum of 50 full-time employees and 5 years of operating history. Senior managers were selected as respondents given their in-depth knowledge about firm strategies and capabilities. A usable sample of 300 was obtained, yielding an effective response rate of 30%.

Summary of Findings
Our main findings include: (1) both network competence and integrative competence are significantly related to dynamic capability; (2) a firm’s learning orientation enhances the effect of network competence on dynamic capability, and reduces the effect of network integrative competence on dynamic capability; oppositely, market orientation enhances the effect of integrative competence on dynamic capability yet constrains the effect of network competence on dynamic capability; (3) dynamic capability mediates the relationship between network competence and operational competences, and relationship between integrative competence and operational competences.

Key Contributions
This study contributes to the literature in several ways. First, by examining the effect of network and integrative competences on dynamic capability, this study extends the dynamic capability literature in identifying the important predictors of dynamic capability. Second, this study further incorporates the strategic orientations in developing dynamic capability, thus filling the research gap pertaining to how to build dynamic capability. Third, this study contributes to the alliance and network literature by providing evidences that firms use relational competences to access external resources for enhancing and/or developing their operational competences, but they do so through the mediation pathway of dynamic capability. This findings echo the fundamental premises of dynamic capability perspective that dynamic capability are critical mechanisms to create, integrate, reconfigure and release resources and capabilities, leading to a new capabilities and capability configurations.

References are available on request.

For further information contact: Wei Jiang, Xiamen University (wei.jiang@xmu.edu.cn).
Competing in an Emerging Market: The Roles of Dynamic Market Environments, Market Orientation, and Customer Satisfaction/Loyalty

Chiquan Guo, University of Texas–Pan American
Songpol Kulviwat, Hofstra University
Jing Zhu, South Texas College

Keywords: market orientation, customer satisfaction/loyalty, turbulent and dynamic market conditions

EXTENDED ABSTRACT

Research Question
The purpose of this paper is two-fold. First, it will investigate the antecedents of market orientation; specifically, we will examine how environmental conditions, namely, market turbulence, competitive intensity, and technological turbulence, affect the adoption of market orientation. Second, we will explore the consequences of market orientation in terms of market performance, such as customer satisfaction and loyalty. The study is focused on firms in India, which is an important emerging market.

Method and Data
Survey data collected from India is used to examine the relationships among market orientation, its environmental antecedents, and performance consequences. One hundred eighty-seven complete questionnaires were used for the data analysis. The research model was tested using a two-step structural equation modeling approach. Specifically, EQS (Bentler 1995) was employed to perform the structural modeling analysis.

Summary and Findings
Market turbulence and technological turbulence affect the adoption of market orientation, which in turn is positively related to customer satisfaction, which in turn is positively related to customer loyalty. Furthermore, technological turbulence weakens the relationship between market orientation and customer satisfaction, whereas market turbulence weakens the relationship between customer satisfaction and loyalty.

Key Contributions
This study is based on data collected from firms in India, so the findings are highly relevant to emerging markets. For companies competing in an emerging market, it seems they adopt market orientation not because they want to, but because they have to as a result of competitive pressures in their operating environment. Indian firms become market oriented in response to market and technological turbulence. In the end, market oriented firms achieve higher levels of market performance as measured by customer satisfaction and loyalty.

References are available on request.

For further information contact: Chiquan Guo, Associate Professor of Marketing, University of Texas–Pan American (chiquan@utpa.edu).

Charlene A. Dadzie, University of North Texas
H. Wang, Sun Yat-sen University
W. Johnston, Georgia State University
Kofi Q. Dadzie, Georgia State University
Evelyn Winston, Clark Atlanta University

Keywords: bottom of the pyramid, China, marketing strategy, marketing mix

EXTENDED ABSTRACT

Research Questions
The objective of this article is to contribute to the marketing management literature by examining, from the perspective of emerging market competitive environments, the adequacy of the 4As and 4Ps frameworks as tools for marketing planning. We also empirically demonstrate the validity of the 4As framework in China. Scholars have proposed the 4A framework that consists of acceptability, affordability, accessibility and awareness (Sheth and Sisodia 2011). Specifically, we examine the following questions: (1) Is the 4A framework as robust as the 4Ps in terms of explaining the applicability of marketing practices in the emerging market context? (2) If so, which of the two frameworks offers the better tool for implementing managerial marketing decisions under the competitive market conditions in EMs context?

Method and Data
We conducted our field studies in China with the expectation that the current transition in the business environment in this country would provide new insight into the marketing-mix-performance relationship. The data were collected in four major Chinese cities, including Beijing in the North (n=126), Guangdong in the South (n=135), Shanghai in the East (n=86), and Xian in the West (n=127). The final sample consisted of 475 managers. Analysis was conducted in three incremental stages including: (1) scale accuracy analysis, (2) common method bias assessment and scale validation, and (3) hypothesis testing.

Key Contributions
We find that although the 4As framework is as relevant as the traditional 4Ps framework in emerging market conditions, such as China, applying either framework leads to different competitive performance and may have implication for resource allocation to marketing activities. First, for firms pursuing cost leadership strategy, the 4As framework was found to be linked more directly to financial performance than market share. This finding suggests that the 4A framework may be more relevant for firms pursuing standardization and generation of economies of scale in emerging markets. However, our findings suggest that while the 4As approach may enhance low cost strategy’s implementation because of fit with affordability and awareness activities, it may also warrant a de-emphasize on accessibility and acceptability to reduce these latter activities on financial performance. These findings confirm that profitable standardization may be achieved through making consumers aware of affordable products without excessive investment in generating accessibility and acceptability.

For further information contact: Charlene A. Dadzie, College of Business Administration, University of North Texas (Charlene.Dadzie@unt.edu).
Our findings collectively imply that managers should seek to use both frameworks as complementary marketing planning tools depending upon short-term (financial goals) and long-term (market share goals) goals because the 4As was found to be more appropriate for linking marketing activities to financial performance while the 4Ps was more linked to market share performance.

**Summary of Findings**

Our results suggest strong support for H1, which posits that cost leadership firms achieve better competitive performance when the emphasis is on 4A activities than on the 4P activities. The results for the impact of differentiation strategy on performance outcomes of marketing practices (H2) are consistent with expectations: differentiation strategy is significantly linked to all 4P activities and market share performance. By contrast, differentiation strategy is linked to only two of the 4A activities (acceptability and awareness generation) but neither affordability nor accessibility. It is worth noting that cost strategy is also linked to market share but not financial performance in both frameworks, implying partial support for H2.

*References are available on request.*
Innovative Marketing and Performance of Selected SMEs in Delta State Nigeria

Uzezi Philomena Omodafe, Delta State Polytechnic
Ireneus C. Nwaizugbo, Nnamdi Azikiwe University

Keywords: innovative marketing, leverage performance, strategic competencies, value added

EXTENDED ABSTRACT

The challenge of survival and sustained growth of Small and Medium Enterprises (SMEs) in Nigeria drives scholars to explore and assess opportunities for improving their performances. Whereas Marketing in broad term has been presented as panacea for socio-economic development of nations, its practices among the SMEs in Nigeria has not shown results that represent significant contribution to development, hence the question whether SMEs in Nigeria practice Innovative Marketing. Specifically, the study seeks to understand the extent marketing orientation practice of SMEs affect the creation of value-added offerings for their customers. The study further asks whether there are other strategic competency options which may serve as compliments or alternatives to innovative marketing that are available to SMEs. Lastly, the study attempted to find out what were the specific impediments to SMEs effective adoption of innovation marketing.

Methods and Data

The area of this study is Asaba, Delta State, Nigeria. Asaba is an emerging industrial city in the country, courtesy of its proximity to Onitsha, one of the largest markets in West Africa. The population of the study consists of 496 SMEs registered with the State Ministry of Commerce and Industry from which a statistically determined sample size of 221 was conveniently selected. The survey instrument was questionnaire. The instrument was structured to elicit demographic data of the operators (respondents); and Likert rating scale to rate the questions on the studied subject. The instrument was tested for validity and reliability and the results were positive. Results were presented using percentage tables and cross-tabulation. Principal Component Analysis (PCA) to reduce the nine listed components marketing strategic competencies to four. Two hypotheses of the study were tested using Pearson Correlation Coefficient and Chi-square test of Association.

Summary of Findings

Hypothesis test on whether there was a positive correlation between the level of marketing orientation and creation of value-added offerings among SMEs showed a positive but weak correlation coefficient (r = 0.144) between organizational culture that encourages marketing practice and level of marketing orientation; and positive but weak correlation coefficient (r = 0.252) between willingness to create superior value for customers and level of marketing orientation.

In analyzing the relationship between strategic competencies of SMEs and their performance, the chi-square test showed a strong and significant association (p-value = 0.000) between the two. Major strategic competencies components included formal knowledge of marketing, knowledge of changes in marketing environment and knowledge about marketing budget.

Mean scores of all the six listed impediments to effective adoption of innovative marketing among SMEs in Delta State, Nigeria exceeded the determined benchmark of 3. Major impediments included poor provision of basic infrastructural facilities (3.54), negative attitude of Nigerians towards made-in-Nigeria products (3.50) and lack of specialist skills or know-how of marketing on the web (3.49).

Key Contributions

It can now be argued with empirical support that high mortality rate and poor performance of SMEs in the State is a function of low adoption and practice of marketing orientation and shallow knowledge and use of innovative market-
ing. The study also identified specific marketing strategic competencies that support sustained successful performance of SMEs in Nigeria. Lastly, the study has identified major problems militating against adoption of marketing orientation and innovative marketing. This will encourage remedial strategies to be planned and implemented for better results.

References are available on request.
Effects of Product Image, Country Personality, Self-Congruity, and Ethnocentrism on Attitude Toward Foreign Products

Paul Chao, Eastern Michigan University
Murat Aktan, Nevsehir Haci Bektas Veli University

Keywords: product image, country personality, self-congruity, ethnocentrism, attitude

EXTENDED ABSTRACT

Research Question
Is country personality (CP) a valid construct for measuring country image (CI) in an emerging country? Is there a direct relationship between country product image (CPI), which is another measure for country image (CI) and CP? This study examines the role of self-congruity between CP and consumer’s self-concept as a mediator between CP and product attitude in the framework of an integrated model incorporating country personality, ethnocentrism and general product image variables in an emerging market.

Method and Data
Survey instruments were developed, translated from English into Turkish through a parallel translation process and then pre-tested. Data were collected from Turkish consumers through a website designed to address academic issues in Turkey. Data were analyzed using the structural equation modeling technique.

A total of 537 respondents filled out the survey form online (267 males and 270 females). The respondents were asked to respond to a series of questions related to their views toward China, USA, Japan and Turkey on five point Likert scales. A new self-congruity measurement scale was developed. Reliabilities and validities of the various constructs in this study were first established by conducting exploratory and confirmatory factor analyses before testing the overall structural equation model using AMOS 27.0.0.

Summary of Findings
The results show that the CP construct retained five of the original six CP dimensions. However, only two (agreeableness and assiduousness) out of the five dimensions show a direct effect on product attitude. Although the effect of assiduousness on product attitude was negative, its indirect effect on product attitude through self-congruity was positive.

Our findings suggest that CP can influence attitude directly or indirectly through a person’s self-congruity. Country product image (CPI) can also serve as a country image variable to influence product attitude. There is also a direct relationship between CPI and CP. Ethnocentrism did not influence product attitude directly. However, it showed indirect effects on product attitude through the two GPI dimensions: distinctiveness and service.

Key Contributions
Key contributions of this study are summarized as follows: We developed a scale to measure self-congruity between a person’s self-concept and country personality (CP). This study shows that CP can be another valid construct for measuring country image (CI) just like previous measure of CI represented by CPI. However, further testing of this construct in emerging markets may be warranted as most previous studies of CP have focused on developed markets, especially in light of the fact that this study only confirmed five of the original six CP dimensions for Turkey.

For further information contact: Paul Chao, Professor of Marketing, Eastern Michigan University (pchao@emich.edu).
This study also revealed the complex nature of relationships among various constructs. Although some of the relationships did not show direct impact on product attitude, they did through indirect effects. This may help global marketers to implement new and different marketing strategies to influence consumer product attitude through indirect paths as opposed to the traditional marketing or promotional strategies of focusing on direct effects.

References are available on request.
Part H
Global and Cross-Cultural Marketing

Track Chairs
Tomas Hult, Michigan State University
H. Erkan Ozkaya, California State Polytechnic University

Global Strategic Orientation and Organizational Capabilities
Managing Payment Transaction Costs at Multinational Online Retailers
Robert Maximilian Grüschow, Jan Kemper, Malte Brettel
Aesthetic Orientation and Innovations in U.S. and China
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An Enduring Personal Orientation or a Situational Characteristic? Examining the Nature of Cosmopolitanism
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Consumer Social Responsibility: Is It a New Barrier for International Marketers?
Jieqiong Ma, Jie Yang, Morris Kalliny

2015 AMA Summer Educators’ Proceedings
Managing Payment Transaction Costs at Multinational Online Retailers

Robert Maximilian Grüschow, RWTH Aachen University
Jan Kemper, RWTH Aachen University
Malte Brettel, RWTH Aachen University

Keywords: e-commerce, economics of payment instruments, transaction costs, working capital, cross-country research

EXTENDED ABSTRACT

Research Question
Offering adequate payment services is one of the most challenging and success-critical tasks for online retailers (Stroborn et al. 2004) as customers’ preferences for financial instruments often do not match the most cost-efficient payment service from a merchant’s perspective (Hirschman 1979). Because companies operate in highly competitive international environments (Steenkamp and Geyskens 2012), researchers place substantial importance on accounting for differences across countries and cultures when developing new marketing strategies (e.g. Kemper, Engelen, and Brettel 2011; Roth 1995).

Recent literature, however, provides little knowledge about the usage of payment services in a cross-national context and empirical evidence on countries’ cost differences remains scarce (Hancock and Humphrey 1998). Three important questions remain to be answered: First, which is the most cost-efficient payment method for transferring funds of different transaction sizes among customers and merchants (Humphrey 2010)? Second, do differences in transaction costs exist across European countries and what exact costs do arise to retailers in each country when offering payment services (Humphrey et al. 2003)? Third, how do cultural differences influence the demand and supply for payment services and arising costs to the merchant (Dahlberg et al. 2008)?

Method and Data
According to the literature on the economics of payment instruments (e.g. Baumol 1952; Tobin 1956; Whitesell 1992), this research applies a cost-based approach in order to study the choice of payment instruments and its economic implications in e-commerce. We focus on the retailer’s perspective as this approach allows for direct measurement of the customer payment behavior and transaction costs retailers incur when offering payment services (ten Raa and Shestalova 2004).

The present research is built on basis of unique transaction-level sales data provided from one of Europe’s leading fashion e-commerce retailers. Covering a whole year with more than 29.1 million sales records, the data track actual customer consumption and retailers’ transaction costs associated with the usage of payment methods invoice, credit card, PayPal and prepayment in 14 different European countries on a consistent and comparable basis. The authors employ ordinary least squares regression analysis separately for each payment instrument and country estimating a total of 112 econometric models to identify differences of payment instruments in payment- as well as cost of capital across the 14 institutional contexts.

Summary of Findings
The regression results illustrate extensive differences across European countries in customers’ usage of online payment instruments and arising transaction costs to retailers. We identify significant cost differences across countries to the retailer in the institutional pricing of payment services with respect to bank tariffs, interchange fees of credit card providers, or commissions charged by PayPal. For instance, a credit card transaction in Germany costs more than twice as much as in Denmark and Poland. The price of a PayPal payment, in contrast, is 1.5 times lower in Germany com-
pared to Denmark and Poland. Furthermore, the study reveals that customers in European countries differ in the speed of payment settlement due to national cultural differences. When using invoice payments, customers from Denmark and Germany pay least attention to settling their bills in a timely manner followed by payers in Belgium and Sweden. In prepayment transactions, Spanish and Danish customers wait longest to advance the purchased order.

**Key Contributions**

Our contributions are threefold. First, we believe to be among the first to apply the “transactions demand for cash” framework by Baumol (1952) and Tobin (1956) in an e-commerce setting in order to evaluate the efficient choice of payment instruments. We substantially extend the existing theoretical framework by subsequently (1) introducing online payment methods invoice, credit card, PayPal and prepayment, and (2) incorporating additional transaction cost components arising to retailers due to customers’ payment delays and risk of payment default. Second, this article is first to provide comparable country-specific transaction cost functions and rankings of online payment instruments in 14 distinctive institutional contexts. Third, the study represents a holistic framework for internationally operating online retailers to (1) evaluate the current payment portfolio in terms of both transaction costs as well as working capital requirements, and (2) develop new country-individual and cost-effective payment service strategies.

*References are available on request.*
Aesthetic Orientation and Innovations in U.S. and China

H. Erkan Ozkaya, California State Polytechnic University, Pomona
G. Tomas M. Hult, Michigan State University
Roger Calantone, Michigan State University
Cornelia Droge, Michigan State University

Keywords: aesthetic orientation, tech orientation, product innovation, technological versus aesthetic innovation, U.S. versus China

EXTENDED ABSTRACT

Research Question
Aesthetics has become an integral part of business because of its wide impact ranging from individuals to organizations. Due to its importance, a new field of experimental science called neuroaesthetics is being established (Chatterjee, 2011). As the consumers utilize aesthetics to gain rewarding experiences (Reimann et al., 2010), organizations utilize aesthetics to increase their profits (Candi & Saemundsson, 2011). Thus, firms are increasingly engaging design specialists in their innovation processes (Nussbaum, Berner & Brady, 2005). Apple Inc. has enjoyed enhanced firm performance, however not every computer manufacturer can develop attractive innovations like MacBooks, iPhones, and iPads (Reimann, Schilke, Weber, Neuhaus, & Zaichkowsky, 2011). We argue that aesthetic orientation contributes to firm performance through enhancing product innovations.

From a strategic point of view; technology and aesthetics are crucial for firm performance. Accordingly, the strategic orientation literature examines technological orientation (Zhou, Yim & Tse, 2005). However, despite its important implications, aesthetic orientation is overlooked in the literature. Thus we introduce aesthetic orientation as a part of strategic orientation of the firm and examine its effects. Finally, this study examines the similarities and differences between the U.S. and China in the effects of aesthetic and technology orientation.

Method and Data
We collected the data from managers in the U.S. (n = 288) and China (n = 386).

As in previous studies (Hultink, Jan, Hart, Robben & Griffin, 2003), we used screening questions to ensure the eligibility of the firms and managers. We adopted most of the items used to measure the constructs from previous studies. We built the measures of aesthetics to parallel their technological counterparts on orientations, and innovations. The CFA results indicate discriminant and convergent validity. Common method variance was controlled for by respondent anonymity, reduced evaluation apprehension, reduced item ambiguity, improved item wording, and separated the measurements of the predictor and criterion variables. Additionally, we accounted for the common method bias by implementing the common latent factor method (Mackenzie and Podsakoff 2012). This method allows the results to be common method bias adjusted by keeping the common latent factor in the path model while estimating the paths.

We established configural invariance and partial metric invariance between the U.S. and China samples. Two-group structural equation modeling with the maximum likelihood estimation method was used to test all hypotheses.

Summary of Findings
The results indicate that aesthetic orientation positively affects both aesthetic innovation, and technology innovation. The R² for the aesthetic innovation and technological innovation constructs are .69 and .62 respectively. The total effect of aesthetic orientation on firm performance is significant and positive (β = .20, p < .001). Additionally, the indirect effect (β = .20) is significant because the confidence
interval ([.09 .33]) doesn’t include zero. Since the direct effect is not significant (β = -.02, p > .05), we conclude that aesthetic innovation fully mediates the relationship between aesthetic orientation and firm performance.

The results indicate that the effect of aesthetic orientation on aesthetic innovation (χ² difference = 8.9, p > .05) is not significantly in U.S. and China samples supporting H4a. However the effect of aesthetic orientation on technological innovation (χ² difference = 12.8, p < .05) is statistically different. This effect is stronger in China (β = .27) compared to U.S. (β = .15). Additionally, the effect of technological orientation on technological innovation is significantly higher in the U.S. (β = .72) compared to China (β = .54).

**Key Contributions**

Overall, the first contribution of this research is to introduce aesthetic orientation and demonstrate its critical role in innovation development and firm performance. Thus, focusing on gathering and disseminating aesthetic information enhances the firm’s ability to create innovations even in areas other than aesthetics. This means that the aesthetic information gathered by the firm contributes to creating not only aesthetic innovations, but also technological innovations. This finding indicates the cross feeding between aesthetics and technology. Even though these constructs are different, they benefit from each other. Additionally, aesthetic orientation is critical for firm performance. The second contribution is explaining how aesthetic orientation enhances firm performance. The mediation effect of aesthetic innovation means that the aesthetic information collected by the company contributes to firm performance through aesthetic innovations. The third contribution is to show that positive effects of aesthetic orientation are hold in different countries such as U.S. and China. It is an important finding because one may argue that aesthetics wouldn’t be as important in developing countries as much as in developed countries due to relatively lower purchasing power. However our findings indicate that aesthetics orientation is equally important for developing aesthetic innovations even more important for developing technological innovations in China.

*References are available on request.*
Research Question
Cosmopolitanism (COS) refers to “a person’s commitment to being nonjudgmental and objective when processing cultural experiences” (Cannon and Yaprak 2002, p. 41). Cosmopolitans possess high levels of cultural openness and worldmindedness. Researchers disagree on the nature of COS (i.e., whether it is a situational characteristic or an enduring personal orientation) (Cleveland et al., 2009; Riefler et al., 2012). In this research, we explore which is true. Specifically, we examine whether consumers who are primed with COS and who are not will react differently to services targeting ethnic consumers, a common business practice in ethnically diverse countries like the U.S., since COS is positively related to mainstream consumers’ reactions to ethnic-targeting services. Our reasoning is that, if COS is a situational characteristic, first, COS priming will increase consumers’ COS levels, which in turn will lead to more positive reactions, i.e., COS may mediate the relationship between COS priming and reactions; second, COS-priming effect will be greater among consumers in ethnically homogeneous areas than among consumers in ethnically heterogeneous areas due to the lower COS level possessed by the former type of consumers than the latter, as found in another research of the authors.

Method and Data
Three experiments were conducted. Experiment 1 used a 2 (COS-priming: yes vs. no) × 2 (living areas: ethnically heterogeneous vs. homogeneous) × 2 (ethnic services: English only [i.e., non-ethnic-targeting] vs. English plus Portuguese [i.e., ethnic-targeting]) experiment design. The ethnic-targeting services were manipulated with the services of a new branch of a major U.S. bank. Participants included 125 students in a metropolitan university in the U.S. (representing ethnically heterogeneous consumers) and 164 residents in the 12 Midwest states in the U.S. (excluding cities with the largest racial group consisting of less than 80% of the population) (representing ethnically homogeneous consumers). Participants were measured with attitude toward the service, COS, and demographics. COS-priming was performed through a word completion task. In the (non) COS-priming condition, 10 (none) of the 30 words were related to COS, such as “open-minded.” Composed of a pre-study and a post-study, Experiment 2 compared COS levels before and after COS-priming. Thirty-nine mainstream students participated a pre-survey to measure their COS level. After four to six days, they participated the above Experiment 1. In an attempt to examine non-mainstream consumers, Experiment 3 was conducted among twenty-two international students, in which COS levels before and after COS priming were compared.

Summary of Findings
Experiment 1 results indicated that COS-priming has no effect on attitude ($F(7, 281) = 1.31, p = .253; M_{COS-related cues} = 3.90, M_{COS-unrelated cues} = 4.03$), and COS-priming × service type interaction has no effect, too ($F(7, 281) = .23, p = .629$). However, a backfire effect was found, i.e., consumers with COS-priming react less positively than consumers without COS-priming toward English plus Portuguese service ($F(1, 78) = 6.28, p = .014; M_{COS-priming} = 3.58, M_{non-COS-priming} = 4.15$). Experiment 2 results showed that COS-priming has

For further information contact: Ronnie (Chuang Rang) Gao, Trinity Western University (ronnie.gao@twu.ca).
no effect on attitude as well \((F(1, 37) = 1.70, p = .201, M_{\text{COS-priming}} = 4.26, M_{\text{non-COS-priming}} = 3.86)\), and COS levels do not change significantly before and after the COS-priming \((M_{\text{pre-priming}} - M_{\text{post-priming}} = -.10, t_{17} = -.72, p = .483, M_{\text{pre-priming}} = 8.10, M_{\text{post-priming}} = 8.20)\). However, the results of Experiment 3 showed that COS levels did increase after COS priming \((M_{\text{pre-priming}} - M_{\text{post-priming}} = -.54, t_{11} = -2.34, p = .039, M_{\text{pre-priming}} = 7.58, M_{\text{post-priming}} = 8.13)\).

**Key Contributions**

Our contradictory results indicate that the nature of COS is complex, and it is possible that it is a personal orientation among some types of consumers, but a situational characteristic among other types, which might explain the contradictions in previous COS-related research findings. In practical terms, our results indicate that it might not be an effective marketing strategy for managers to expose their customers to COS-related marketing messages in the hope of improving their positive reactions to the ethnic-targeting services launched by the firm. In some cases, it might be even counterproductive due to the possible contrast priming effects that might be generated among some consumers.

*References are available on request.*
Marketing Capabilities, Marketing Communication, and Performance of International New Ventures

Silvia L. Martin, California State University, Los Angeles
Rajshekhar (Raj) G. Javalgi, Cleveland State University

Keywords: marketing communication, marketing capabilities, international new ventures, export venture performance

EXTENDED ABSTRACT

Research Question
What is the effect of marketing communication on the relationship among marketing capabilities, competitive strategy and performance of INVs?

Method and Data
To date, the literature on international new ventures (INVs) has failed to consider marketing communication within the strategy interplay in approaching new markets overseas. Building upon the resource based view (RBV) of the firm, we examine empirically the relationships among marketing communication on marketing capabilities and export venture performance on INVs. We focused on the generation of firm- and international venture–level data from high-technology industries in Mexico. Data was collected from 260 INV firms in Mexico. Structural equation modeling was used to test measurement veracity and proposed relationships between the constructs constrained in the measurement model.

Summary of Findings
The results strongly support the central role of INVs marketing communication in the process of attaining superior performance. This study makes three valuable contributions to knowledge as a result.

First this study integrates the interaction of marketing communication in the RBV paradigm to map a network of relationships that is unique in the extant literature. The findings in this study highlight the interplay between marketing communication and competitive strategy to demonstrate the manner to achieve superior export venture performance. These results indicate that the rapid environment that INV’s find themselves produces a need to develop new philosophies and strategies from which to attain competitive advantage. In the case of INVs a focus on marketing differentiation and delivery differentiation can achieve superior performance.

Second, the results speak to an important set of firms ignored in the marketing communications debate: the high technology INV. However, although a direct effect of competitive strategy on the export venture performance of these INVs firms, the effect is mediated by the influence of marketing communications and marketing capabilities of INVs in its export market. Therefore, marketing communication is an important causal mechanism that helps explain how competitive strategy affects performance in INVs.

Third, the study implements a multidimensional performance conceptualization and operationalization.

Key Contributions
These results indicate that the rapid environment that INV’s find themselves produces a need to develop new philosophies and strategies from which to attain competitive advantage. In the case of INV’s a focus on marketing differentiation and delivery differentiation can achieve superior performance. The results show that marketing communication may facilitate the adoption of a combination competitive strategy based on marketing differentiation and cost advantage in a particular international market, indicating lacunas in the fulfillment of customer needs for differenti-
ated low-cost products. This superior quality in the channel relationships may be employed to produce differentiated products and achieve production cost reduction based on a cost leadership competitive strategy. Alternatively, by reducing the cost of the delivered offering firms are likely to both attain higher profit margins and thus increase their profitability, or lower the product price and achieve larger sales volume and greater profits.

References are available on request.
Escaping the Corner of Death? An Eye-Tracking Approach to Reading Direction Influence on Visual Attention and Memory

Monica D. Hernandez, Texas A&M University–Corpus Christi
Morris Kalliny, Saint Louis University
Yong J. Wang, Ohio University
Hong Sheng, Missouri University of Science and Technology
Michael S. Minor, University of Texas–Pan American

Keywords: location-driven placements, reading direction, eye-tracking approach, attention and memory

EXTENDED ABSTRACT

Research Question
Advertisers have been advised to avoid the “corner of death,” a term coined to indicate the lower right-hand corner of any layout. What is the effect on attention and memory of marketing stimuli placed on this location? Does this effect vary whether an individual reads unidirectionally (left-to-right, hereafter LTR) or bidirectionally (both right-to-left and left-to-right, hereafter RTL/LTR)?

Method and Data
Using both an eye-tracking approach and a paper-and-pencil questionnaire, we examined the effect of location-driven placements on attention and memory in a fictitious website. Our convenience sample was composed of 25 English-speaking natives, 27 Chinese-speaking natives and 22 Arab-speaking natives. All participants in both Chinese and Arab groups were bilingual, with English as second language.

Summary of Findings
In terms of attention, pattern differences between unidirectional (LTR) readers and bidirectional (RTL/LTR) readers were salient when a logo is placed in the corner of death. Our findings from the eye-movement data analyses demonstrated that unidirectional LTR readers and bidirectional (RTL/LTR) participants differ in attention as measured by fixations. In terms of memory, logo placed in the corner of death could achieve no more than a marginal memory effect in a content-rich webpage.

Key Contributions
The findings revealed that unidirectional and bidirectional reading participants differ in attention but not on memory, indicating deployment of different types of attention. Presented with the same stimuli, unidirectional (LTR) readers deployed feature-based attention whereas the bidirectional readers exhibited spatial attention. Our findings suggest that directional reading bias needs to be taken into consideration when bidirectional readers are targeted by an ad or webpage.

References are available on request.

For further information contact: Monica D. Hernandez, Associate Professor of Marketing, Texas A&M University–Corpus Christi (monica.hernandez@tamucc.edu).
Exploring the Indian Senior Market: Understanding the Impact of Self-Confidence and Social Involvement

Rajesh Iyer, Bradley University
Jacqueline K. Eastman, Georgia Southern University
Ruppal W. Sharma, Indian Institute of Foreign Trade

Keywords: cognitive age, materialism, status consumption, India, elderly

EXTENDED ABSTRACT

Research Question
This research examined nine hypotheses in terms of the impact of cognitive age for Indian elderly on their level of materialism, status consumption, and brand loyalty and the moderating impact of self-confidence and social involvement. Hypotheses proposed that the cognitive age of the Indian elderly consumer affected their level of materialistic behavior, their level of motivation in consuming for status, and their loyalty to the brand/product. Additional hypotheses tested if these relationships were stronger for Indian elderly consumers with a high level of self-confidence and with a high level of social involvement.

Method and Data
Data were gathered from a sample of elderly consumers from the capital city of India with 676 usable responses. The average respondent was male (69%), aged 65 years, with an undergraduate degree or higher, and 47% of the respondents still employed. All items used in the analysis were adapted from established scales. The hypotheses were tested within the framework of structural equation modeling. Subgroup analysis was used to test for moderating effects following the procedure used by Kohli (1989). This process was used to test the moderators (social involvement and self-confidence) and the three dependent measures (loyalty to the product/brand; materialism and status consumption). In each instance, a regression analysis with either loyalty to the product/brand or materialism or status consumption as the dependent variable and cognitive age as independent variable was run with all respondents in the low and high moderator subgroups. A second regression was then run allowing different regression coefficients for the two subgroups. A Chow test (Chow 1960) was performed on the difference in the sums of squared residuals from the two regressions to determine the statistical significance of the difference in the coefficients of cognitive age between the high and low groups.

Summary of Findings
This study examined the Indian senior market, looking at the cognitive age of seniors to determine if there was a relationship between those Indian seniors’ cognitive age and their level of materialism, status consumption, and loyalty proneness. We found that those Indian seniors with a younger cognitive age to be more materialistic and motivated to consume for status. We did not find a significant relationship between cognitive age and loyalty proneness. Then, we examined two moderators, self-confidence and social involvement, impacting the relationship between cognitive age and materialism, status consumption, and loyalty proneness. We found that for the moderator of self-confidence, it did impact the relationship between cognitive age and materialism as well as for loyalty proneness. Self-confidence though did not impact the relationship between cognitive age and status consumption. In terms of social involvement, we found that it had a moderating impact between cognitive age and materialism, status consumption, and loyalty proneness. This suggests the importance of social relationships for Indian elderly and the impact it has on marketing variables.

For further information contact: Rajesh Iyer, Associate Professor, Bradley University (riyer@bradley.edu).
Key Contributions
India is of interest to marketers due to its transition from socialism to a market economy in the early 1990s. One segment of the Indian market that has not been adequately addressed by market researchers is the senior market; particularly in terms of their cognitive age. This paper contributes to the literature by being one of the first to examine the senior Indian market. We illustrate that similar to American seniors, the construct of cognitive age, does have an impact on consumption variables and these relationships may be moderated by self-confidence and social involvement. We found that cognitively younger Indian seniors may be an important market of luxury brand name products. Additionally, we found the importance of social relationships for Indian elderly and its impact on marketing variables. For marketers targeting the Indian senior market, social relationships need to be considered in trying to reach and communicate with this market, particularly about status brands. The Indian elderly consumer is a worthwhile segment as the growth in this segment is expected to remain a steady trend, requiring special marketing strategies to become attuned to the members of the Indian elderly consumer segment.

References are available on request.
An Exploratory Study of the Role of Culture and Locus of Attention on Escalation of Commitment

Bernadete Ozorio, University of Macau
Desmond Lam, University of Macau

Keywords: individualism-collectivism, locus of attention, escalation of commitment

EXTENDED ABSTRACT

Research Question
Escalation of commitment refers to “the tendency for decision makers to persist with failing courses of action” (Brockner 1992, p. 39). In marketing, previous studies on escalation of commitment mainly focused on new product development. The escalation of commitment of individual consumers is rarely examined. Moreover, throughout the years, researchers have developed a number of theories to explain escalation of commitment. However, when they are applied to explain cultural differences in escalation of commitment, different theories produce different or even contrasting results. As such, this study attempts to address a few research questions: What is the underlying process through which culture affects escalation of commitment at the individual consumer level? Is locus of attention culture-specific? That is, is analytic attentional style (attend more to a salient object itself and believe oneself as the main agent in endeavors) more prevalent among individualists while the holistic attentional style (attend more to the relationship between objects and the field to which these objects are embedded) more prevalent among collectivists? In turn, does locus of attention affect escalation of commitment? That is, will those having holistic attentional style under less pressure to self-justify their previous decisions and so engage in lower propensity to escalate?

Method and Data
One hundred sixty-three students from a university in Macao filled in a questionnaire which contains six items measuring individualism and collectivism (IC), six items measuring locus of attention (Attention), and two scenarios with negative outcomes measuring propensity to escalate. The first scenario (Jazz) is about writing a jazz proposal for the application of funding. The second scenario (Bus) is about betting with friends with regard to the next bus coming within the next five minutes. The first scenario is purposefully focused on invested time and effort and the second one on invested time and money. Both scenarios meet the three conditions of escalation of commitment specified by Brockner (1992). On a scale ranging from 0% (definitely would not continue) to 100% (definitely would continue), respondents indicate their propensity to continue the course of action. Basic personal data are included in the questionnaire and standard back translation approach is applied to the questionnaire. Confirmatory factor analysis finds that all items of the latent variables load significantly on their respective factors. However, one item from Attention has factor loadings less than .4 and so it is omitted from further analyses. Cronbach’s alphas for IC and Attention are .833 and .725, respectively.

Summary of Findings
The structural equation model which contains IC, Attention, Jazz and Bus shows that it has a good fit. The structural model also shows that the higher the level of collectivism, the higher the level of attention to the field. In addition, the model also shows that the higher the level of attention to the field (holistic attentional style), the lower the propensity to escalate. However, the effect is found significant only in the scenario involving invested time and effort, but not in the scenario involving invested time and money. The effect size for Attention is considered medium while that for escalation of commitment (in this case Jazz) is small.

For further information contact: Bernadete Ozorio, University of Macau (bozorio@umac.mo).
Key Contributions
Current findings of this exploratory study have both theoretical and practical contributions. First of all, other than the existing theories, current study finds that analytic and holistic attention also helps to explain escalation of commitment. So in case customers’ find products and services not meeting their expectations and have to decide whether to commit further into the products and services, marketers should also consider customers’ cultural values which provide cues of their locus of attention before they persuade their customers to commit further into the purchase and services. Second, the effect of attention is not applicable across escalation decisions. Results of the current study suggest that attention poses its influence on escalation decisions involving invested time and effort, but not those involving invested time and money.

References are available on request.
Fate Versus Passivity: How the Belief in Fate Governs Perception of Road Safety Campaigns Using Fear and Guilt

Imene Becheur, Qatar University
Haithem Guizani, Grenoble Institute of Political Studies

Keywords: fate attributions, road safety, fear, guilt, persuasion

EXTENDED ABSTRACT

Research Question
“It was meant to happen,” “Mektoub,” “Karma,” “al-qadā’ wa al-qadar”; all are expressions from different languages and cultures that refer to the predominance of destiny and fate attributions on individual behaviors and decision making. Many people think that fate plays a big role in their lives since events are laid out by the Divine.

This paper aims to investigate fate attributions from a socio-psychological standpoint by analyzing belief in fate and fate attribution effects on driving styles and road security campaigns’ perception. Many studies demonstrate that belief in fate has a negative effect on changing attitudes toward healthy behaviors but little research applied fate attribution literature to road safety especially in an intercultural perspective. Our objective is to study the impact of fate attributions on the persuasiveness of road safety campaigns stimulating fear and guilt in a Muslim culture, namely Qatar, where belief in fate plays an important role in people’s lives.

Our goal is to study the effect of the interaction between negative emotions and fate attributions on road safety campaign persuasiveness. How do Muslims cope with road accident risks? How do they submit to the will of God when they are faced with different emotional outcomes?

Method and Data
A total of 832 Qatari university students (233 in the LFA-Fear condition, 207 in LFA-Guilt condition, 195 in the HFA-Fear condition and 199 in the HFA-Guilt condition) participated in the experiment. 59.1% of participants are women and 85% are less than 25 years old, all identified themselves as Muslims. 76.5% are Qatari nationals and 54.2% reported driving for less than 3 years. All of them have driving licenses.

Participants were randomly assigned to one of the 4 conditions and were asked to carefully read one of 4 traffic road accidents scenarios. We manipulated the fate attribution by varying the driver’s perception of his commitment/responsibility in the accident as his personality. For high fate attributions, the driver was presented as a brilliant engineer who has graduated from a prestigious university. The driver has a mature and responsible personality and has never been involved in a deadly road accident. The scenario says that he was involved in a serious car accident while driving responsibly. In the low fate attribution condition, a reckless driver who had a total disregard for traffic rules, ended up causing an accident deliberately.

Emotions were manipulated by varying the accident consequences. The fear appeal describes the death of the driver, whereas the guilt appeal shows how the driver was responsible of the death of others. After manipulation checks, we’ve conducted a 2 (fate attribution levels) × 2 (fear and guilt) between-subject ANOVA on message persuasiveness. A 4-item persuasion scale adapted from Rook’s persuasion index (1987) was used (α = .85).

1Low fate attributions.
2High fate attributions.

For further information contact: Imene Becheur, Assistant Professor of Marketing, Qatar University (imene.becheur@qu.edu.qa).
Summary of Findings

Results reveal a main effect of fate attribution on persuasion, F(1, 828) = 14.58; p = .00. In addition, there was no significant difference in persuasion between fear and guilt scenarios (F(1, 828) = .119, p > .05). However results reveal a two-way significant interaction between emotion and fate attributions, F(1, 828) = 12.48; ηp² = .015.

Simple effect analyses were conducted to analyze the interaction effects. In the guilt condition, participants reported similar levels of persuasion in the HFA (M = 2.33, SD = .11) and LFA conditions (M = 2.30, SD = .11), F(1, 116) = .07, p = .79, ηp² = .001 (H1b rejected). However, participants exposed to the fear scenario reported greater persuasion in the high fate condition (M = 2.77, SD = .11) than in the low fate condition (M = 1.96, SD = .10)

Key Contributions

The impact of fate is more relevant in the physical oriented threat scenario stimulating fear. This means that when people are exposed to a physical threat (in our study death of the driver), the level of stress is so high that people will try to alleviate it by attributing the sad event to fate and God’s will.

The impact of belief in fate was also important among respondents exposed to the guilty scenario, which means that people were likely to consider car crash happenings as a predestined outcome even when the scenario clearly states that the driver was responsible of the accident. This can be explained by the fact that deferring responsibility for complex issues and attributing events to external forces, such as governments or other powerful forces, can be psychologically palliative and can reduce stress (Laurin, Kay, & Moscovitch, 2008; Shepherd & Kay, 2012; Sullivan, Landau, & Rothschild, 2010).

Tang, Shepherd and Kay (2013) showed that greater decision difficulty in presidential elections was related to greater belief in fate. When voters found it harder to choose between Obama and Romney, they perceived a greater role for fate in the election. Belief in fate may then, ease the psychological burden of a difficult decision.

Public authorities responsible for road safety in Qatar will find in this work a guide that helps them understand the behavior of young Qatari drivers and incorporate fate related attributes in their road safety PSAs. Results recommend using guilt activating messages when the audience has low fate attributions, and fear activating messages when the audience has high fate attributions.

References are available on request.
Consumer Decision Model of Intellectual Property Theft: A Global Perspective

James Reardon, University of Northern Colorado
Denny McCorkle, University of Northern Colorado
Vilte Auruškevičienė, ISM University of Management and Economics
Irena Vida, University of Ljubljana

**Keywords:** intellectual property, digital music piracy, music downloading

**EXTENDED ABSTRACT**

**Research Question**
This research focuses on the potential impact of various economic, psychological and social factors on the consumer decision whether to buy or to steal music. Relevant theories applied to the research question include: Reasoned Action, Planned Behavior, and Time Allocation.

**Method and Data**
The sample for this study consists of 5,464 college students across 26 countries. Data was collected regarding the respondents last acquired music. The variables included the method of acquisition (legal, illegal), aspects related to the music (value, quality), respondent characteristics (ability) and respondent attitudes (toward music industry and ethics of downloading). The data was analysed using logistic regression to test the hypotheses.

**Summary of Findings**
Results indicate impacts of price, downloaded music quality, ease of Internet use, attitudes toward music industry and ethical perception of music downloading on consumer purchase or pirate decision. Ethical perceptions of downloading had the highest impact on the respondents choice to purchase or pirate music. Interestingly, channel risks (viruses and payment risks) were much higher than personal risks (prosecution). It is apparent that respondents see very little risk (except in Germany) of being prosecuted for pirating intellectual property.

**Key Contributions**
Results indicate significant impact of price on consumer buying decision, which can in current circumstances download music from the Internet with impunity, to be more price-sensitive. Therefore, music companies need to find a way to decrease the differential cost of music illegally acquired from the Internet and that acquired legally. It is unsurprising that a high correlation exists between consumer’s attitudes about ethics of downloading the music from the Internet and decision to steal. Hence, it would be necessary for music industry to affect consumer’s attitudes through marketing campaigns and education initiatives with regard to ethics of online music downloading, not necessarily focused on punishment for infringement. Music industry should develop diverse customized pricing models for different customer segments in order to increase the attractiveness of a legal offer together with ethical incentives reflected through the education of potential customers about the benefits of buying and consequences of the infringement of copyright law.

References are available on request.
How Do Customers React to Price Changes in Fashion E-Commerce in Different Countries: A Cross-Cultural Approach

Jan Kemper, RWTH Aachen University
David Heuer, RWTH Aachen University
Malte Brettel, RWTH Aachen University

Keywords: price elasticity, e-commerce, fashion, cross-national, cross-cultural, Hofstede

EXTENDED ABSTRACT

Research Question
Pricing strategy’s profit implications are particularly relevant for multinational corporations (MNCs) operating in the online fashion retailing market, prominently employing markdown pricing strategies leading to billions in lost sales (Levy, Grewal, Kopalle, & Hess, 2004). So far, retailing companies have predominantly used less sophisticated pricing techniques to tackle this challenge (Levy et al., 2004). A solution for MNCs is spatially segmenting markets by differences in price elasticity as a lever to significantly improve profitability (Steenkamp & Ter Hofstede, 2002).

Although crucial for firm success, research into pricing in international marketing literature has been scarce (Clark, Kotabe, & Rajaratnam, 1999; Tan & Sousa, 2011). Due to a lack of data a very limited number of studies offer international comparisons of price elasticity (Clark et al., 1999), while reporting contradictory findings. This study thus aims at further investigating cross-national differences in the demand effect of price using a novel data set consisting of millions of observations in six European countries in fashion e-commerce. To allow for better generalizability of the results and to account for the importance of considering differences in culture when developing marketing strategies (Ackerman & Tellis, 2001), the study explores the effect of national culture on obtained elasticity estimates.

Method and Data
The authors conduct a two-step analysis to test the hypotheses. First, the study derives brand-category price elasticities in six countries under study. In this step, 2,090 different demand models characterized by the log-linear specification are estimated by ordinary least squares (OLS). All models are subject to further bias checks for multicollinearity, heteroskedasticity, and endogeneity. Corrective action in terms of robust standard errors (White, 1980) and an instrumental variables approach using two-stage-least-squares estimation is taken if necessary. In a second stage, obtained elasticity estimates are related to the proposed dimensions of national culture and different control variables by means of OLS estimation.

A leading European fashion e-commerce company provided a novel data set consisting of more than one million actual sales transactions in Austria, Belgium, France, Germany, Netherlands, and Sweden. Weekly sales records span the fall-winter season from August 2012 to February 2013. They contain detailed quantity, sales price, wholesale price, and availability data as well as brand and private brand information on SKU-level of seven apparel and three shoe categories for women and men. In addition, the authors received information about periods of increased marketing spend per country.

Summary of Findings
This study empirically derives price elasticity figures by estimating demand functions of numerous fashion categories
in six European countries. Therein, substantial variation between markets is apparent. Germany unfolds to be most price elastic followed by France, Netherlands, Austria, Belgium, and Sweden. Private brands show higher demand effect of price as compared to national brands. These estimates are related on dimensions of national culture in order to shed light on cross-cultural differences. Therein, countries high in cultural power distance, masculinity, and individualism involve more social status needs also translating to a less distinct price elasticity. In addition, cultures high in long-term orientation include a certain degree of thriftiness resulting in a more pronounced price elasticity.

The results suggest that MNCs, particularly in the e-commerce domain, should take differing customer behavior with regard to pricing across cultures into account when developing marketing strategies. The present findings give a good indication of how customers will likely react to price changes in a given cultural context, and thus can help managers making marketing decisions. In addition, the empirical results clearly advocate price differentiation on country level within markdown algorithms as a lever to improve profitability as price elasticity magnitudes vary substantially between countries.

**Key Contributions**

To the best knowledge of the authors this study is among the first to examine cross-cultural differences in price elasticity in an e-commerce context. It synthesizes concepts from both pricing theory as well as Hofstede’s cultural dimensions theory (Hofstede, 2001). The study thereby generates insights into cultural differences in customer behavior by revealing distinct reactions towards price changes conducted by retailers (Ackerman & Tellis, 2001; Engelen & Brettel, 2011). In addition, the study analyzes an e-commerce setting where multinational business activity is likely to exist and thereby examines a context that has been found to be ripe of research by numerous scholars (Engelen & Brettel, 2011; Nakata & Huang, 2005).

With respect to methodology a contribution of this study is the homogenous data set from six different countries. Extant research largely relied on two-country studies—also as a result of difficulties to obtain larger data sets—possibly causing biases in detecting cross-cultural differences (Clark et al., 1999; Engelen & Brettel, 2011; Nakata & Huang, 2005).

*References are available on request.*
Local Identity Makes Me Willing to Pay More: The Sacrifice Mindset Explanation

Huachao Gao, University of Texas at San Antonio
Yinlong Zhang, University of Texas at San Antonio
Vikas Mittal, Rice University

Keywords: local identity, price sensitivity, sacrifice mindset

EXTENDED ABSTRACT

Research Question
Consumer price sensitivity has important implications for consumers’ welfare and companies’ profitability (Lynch and Ariely 2000). Previous research has examined the antecedents of price sensitivity, such as product assortments (Diehl, Kirnish, and Lynch 2003), competitive environment (Gordon, Goldfarb, and Li 2013), online products comparison (Lynch and Ariely 2000), and so on. Yet, it is unclear whether consumers’ identity might affect their price sensitivity. To fill this gap, we focuses explicitly on consumers’ local-global identity (Arnett 2002), and examines how such an identity might affect price sensitivity. More specifically, based on social identity research indicating individuals are more willing to sacrifice when they identify with a smaller (vs. larger) in-group (Swann et al. 2014), we argue that when local (vs. global) identity is activated, consumers will have higher willingness to sacrifice and thus be in a sacrifice mindset, since local (vs. global) identity represents a much smaller in-group to identify with (Zhang and Khare 2009). Then, given the sacrifice nature of price (Suri and Monroe 2003), we further propose the sacrifice mindset activated due to local identity decreases price sensitivity. In other words, we propose local identity activates sacrifice mindset, which in turn decreases price sensitivity.

Method and Data
To test the above theorizing, we conducted six studies. Study 1A was an online survey (n=156), in which we measured price sensitivity (Lichtenstein, Ridgway, and Netemeyer 1993) and local-global identity (Tu, Khare, and Zhang 2012). The regression results indicated local-identity and price sensitivity is negatively related. In study 1B (n=157), we manipulated local-global identity (Zhang and Khare 2009) and measured price sensitivity with the willingness to pay (WTP). The results indicated that consumers primed with local (vs. global) identity showed higher WTP, indicating less price sensitive. Study 1C further replicated the local-global identity effect on price sensitivity with samples from a developing country (n=144).

Study 2 (n=204) was a lab experiment in which we also measured willingness to sacrifice. The results not only supported that local-identity consumers are less price sensitive, but also supported willingness to sacrifice as the mediator underlying the effect. Study 3 (n=221) and 4 (n=182) further tested the mediation effect by identifying self-focus and deal-proneness as boundary conditions for the effect of local identity on price sensitivity. That is when consumers are self-focused or deal-prone, their willingness to sacrifice is minimized, which in turn attenuated the local identity effect on price sensitivity.

Summary of Findings
In six studies, we consistently show that local- (vs. global-) identity consumers are less price sensitive. i.e., preferring higher priced products, showing higher WTP, and exhibiting less likelihood to reduce purchase quantity after price increases. We obtained this effect by using different dependent measures, different product categories, and by using samples from different countries. More important, we find the sacrifice mindset as the mediator underlying the effect and identify self-focus and deal-proneness as the boundary conditions for the local identity effect on price sensitivity.

For further information contact: Huachao Gao, doctoral student, Marketing Department, University of Texas at San Antonio (huachao.gao@utsa.edu).
Key Contributions
In doing so, we contribute to the current literature in several significant ways. First, this research extends our understanding of price sensitivity, one of the most significant factors in consumer decision making, by identifying local-global identity as an antecedent and sacrifice mindset as the mediator. Second, we contribute to the local-global identity literature by establishing a novel and surprising link between local-global identity and price sensitivity, which are two seemingly unrelated constructs. Third, we also contribute to the social identity literature at large by demonstrating that consumer identity (i.e., local-global identity) cannot only affect those decisions directly related to the identity itself (i.e., preference for local vs. global products), but can also affect those decisions not directly related to the activated identity (i.e., price sensitivity). This would provide a chance for future consumer identity research to explore other potential consequences of a particular identity without unnecessary theoretical constraints.

References are available on request.
An Investigation of the Internal and External Determinants of Corporate Reputation

Bernhard Swoboda, Trier University
Cathrin Puchert, Trier University
Julia Weindel, Trier University
Marion Brandstaetter, University of Graz

Keywords: corporate reputation, institutional and resourced-based reasoning, multilevel analysis

EXTENDED ABSTRACT

Research Question
Multinational corporations (MNCs) increasingly seek to manage their corporate reputation (CR) across nations, as a strong reputation is of paramount importance in local competition. Scholars often study CR effects on consumer behavior in national contexts, such as behaviors related to consumer loyalty, product responses, or trust (e.g., Andreassen 1998; Brown and Dacin 1997; Walsh and Beatty 2007), but seldom across nations and primarily link the variation in effects solely to cultural differences between countries (e.g., Bartikowski et al. 2011). In contrast to our review of the reputation literature, recent research highlights the importance of further institutional factors (e.g., Steenkamp and Geyskens 2006; Walsh et al. 2014). However, it is unclear how differences in external institutions (i.e., differences between an MNC’s home and host countries) and important internal, firm-specific factors affect consumer responses to an MNC’s reputation across nations. Thus, this study aims to answer the following research question: how do institutional differences between countries, i.e., differences in regulatory effectiveness, national identity and culture, and internal capabilities, i.e., country experience and commitment, influence the relationship between CR perception and consumer loyalty toward an MNC?

Method and Data
The sample included 28,977 consumers nested in 40 countries evaluating one MNC. Regarding the measurement on the consumer and country level we relied on established scales. All values were satisfactory. We accounted for the nested data structure by using a multilevel structural equation approach. We tested for the breakdown of variance in the dependent variable. 16.8% of the variation in loyalty can be attributed to country differences.

Summary of Findings
All multilevel models show a significant positive effect of CR on loyalty. Regulatory effectiveness and cultural difference show a significant negative effect. The moderating effect of national identity difference is not significant. Furthermore, the effects for both internal moderators are supported. The effect of CR on loyalty is reinforced by the greater experience of the MNC and by the MNC’s higher degree of commitment to the country.

Key Contribution
The results strongly indicate the importance of the MNC’s reputation as a signal for consumers and as an important differentiation criterion, although the effects are limited by contextual factors. We provide a new institutional perspective on the moderators of CR effects. MNCs often manage CR centrally—because reputation is a CEO task—but must also respond to external institutional differences between the home and host countries. Institutions diminish the reputation effects of an MNC, which is important to know when aiming to use a strong reputation to attract consumers across nations or when planning new market openings. We also introduce the important firm capabilities of country

For further information contact: Bernhard Swoboda, Professor of Marketing and Retailing, Trier University (b.swoboda@uni-trier.de).
experience and commitment to the consumer-dominated reputation research, which tends to neglect internal factors. Country experience and country commitment are important moderators of MNCs’ reputation management and consumer CR perceptions. For both experienced MNCs and those with strong local commitment, reputation serves as another important formula or management tool in foreign countries, which in turn reduces the ex ante and ex post risks of operations abroad. We conclude that managers must identify institutional factors to understand their potential effect and to strategically manage the external environment.

References are available on request.
Essential Prerequisite for Global Brand: A Perspective of Country-of-Origin Effect

Minhwan Lee, Sungkyunkwan University
Yongjune Kim, Sungkyunkwan University

Keywords: global brand, brand attitude, country of origin, global identity

EXTENDED ABSTRACT

Research Question
Guo (2013) proposed that global orientation, including global consumption orientation and global identity, is key factor accounting for brand attitude. Key findings are following: (1) consumers’ global orientation positively influences their attitudes toward global brands of developed-country origin and (2) ethnocentrism negatively influences their attitudes toward these brands, but this effect diminishes for consumers with high global identity.

Most products consist of various components from various nationalities, and brand strategy by using nationality images is prevalent in marketing field. Drawing on real-world phenomenon, this research focuses on country-of-origin effect. Not only “made in” country but also “made by” country is significant consideration for decision making in purchase context. In this manner, country of origin can divided to origin of brand country and origin of production. The origin of brand and origin of production have different influence on global brand attitude.

The purpose of this research is that the consumer evaluates the global brand depending on two-sided dimension of country-of-origin effect. The current research adds new knowledge to the country-of-origin literature by demonstrating that consumers differently respond to global brands.

Method and Data
Research model is as follows: Independent variables are two dimensions of country of origin (origin of brand, origin of production) and dependent variable is global brand attitude. Also research hypotheses examine the interaction effect of origin of brand and origin of production and examine moderating effect of global identity on the relationship between country of origin and global brand attitude. Experimental designs are used in both Study 1 and Study 2, and participants recruited from undergraduate student in exchange for marketing course credit.

The purpose of Study 1 is to examine the main effect and interaction effect of two country of origin, then we designed Study 1 as 2 (origin of brand: emerging vs. developed) × 2 (origin of production: emerging vs. developed) with between-subjects.

Next, the purpose of Study 2 is to replicate the finding of Study 1 and to examine the moderating effect of global identity, then we designed Study 2 as 2 (origin of brand: emerging vs. developed) × 2 (origin of production: emerging vs. developed) × 2 (global identity: high vs low) with mixed-subjects.

Summary of Findings
In Study 1, only two-way interaction effect of origin of brand and origin of production was marginally significant with social prestige item specific analysis. When origin of brand was based on developed countries, consumer had favorable brand attitude about product made in developing countries than developed countries, and vice versa.

Study 2, a three-way ANOVA provided marginally significant main effect of origin of brand and global identity. When origin of brand was based on developed countries, participants had a more favorable global brand attitude. Consumers who had high global identity as global citizens presented favorable global brand attitude.

Two-way interaction effect of origin of brand and production was significant only by using social prestige as dependent

For further information contact: Minhwan Lee, Sungkyunkwan University (wlgid0727@skku.edu).
variable; this result was identical with result of Study 1. Also two-way interaction effect origin of brand and global identity was significant by using innovation and social responsibility as dependent variable. When global brands originated in a developed country, consumers who had low global identity had favorable brand attitude about innovation than high global identity, and vice versa.

Three-way interaction of origin of brand, origin of production, and global identity was significant only by using social responsibility as dependent variable. Moderating effect of global identity was approved; in the influence of global identity in developed country origin brand, when brand is made in developed country consumer who had low global identity had positive brand attitude than high global identity, and vice versa.

Key Contributions
This research examined the country-of-origin effect on global brand by dividing to origin of brand and origin of production. Previous literature regards country of origin as unidimensional construct, but accumulation of findings are confused in direction of the effect. Based on the assumption that product is the bundle of various benefits, this research inspected the two dimension of country of origin. According to results, main effect of country of origin and country of production, and interaction effect were conditionally significant. Also consumer who had high global identity accepted conflicting origin and production, then this mechanism can help tolerate other contradictory attribute as more positive value. Especially consumer who had high global identity wish that global brand creates social responsibility in their society.

These results contribute to understanding global brands strategy considering country of origin effect, and add new knowledge to the country of origin literature by demonstrating that consumers differently respond to global brands in terms of country of origin. Practical research to investigate appropriateness of adopting abstraction will be considered level in terms of highlighting nationality image, these findings will helpful to marketing managers.

References are available on request.
Buying Back Face: A Behavioral Economics Approach to Consequences of Actual and Recalled Face Loss

Martin Heinberg, University of Duisburg-Essen

Keywords: face loss, risk aversion, conspicuous consumption, global brands, behavioral economics

EXTENDED ABSTRACT

Research Question
Face is one of the essential building blocks of the Asian psyche and it has been described as a person’s public image and ascribed status, earned in a social network (Ho 1976). While face is so omnipresent in the Asian culture it does not warrant an explanation within Asia, little is known in Western research about how face shapes day to day behavior.

The present research seeks to investigate the consumption related consequences of a loss of face, because it is not intuitively clear, what kind of behavior is triggered by face loss. First, there could be less preference for conspicuous products, because a loss of face curtails a person’s resources. Second, consumers might spend more on products in general as a form of distraction. Finally, consumption may be used to “buy back” face. In this case, only an increased spending for visible luxury products would be a result of face loss.

Method and Data
For the study, two extensive pilot studies and two main studies were conducted in China.

Pilot study 1: n = 101 students: experiment with recalled face loss prime, multiple regression analysis.

Main study 1: n = 83 students, experiment with recalled face loss prime, HLM.

Pilot study 2: n = 34 students, test actual face loss prime.

Main study 2: n = 81 students, experiment with actual face loss prime, HLM.

Summary of Findings
It was confirmed, that a loss of face leads to a higher material risk aversion. The increased risk aversion is rooted in a perceived loss of access to an individual’s personal social safety net. Additionally this study demonstrates that consumers try to regain face by conspicuous consumption, which is reflected in a higher willingness to pay for status products in the experiments. Global products are especially attractive for conspicuous consumption after face loss, at least for the young generation, which was used in the present study. The mediation analysis finds that material risk aversion mediates the higher willingness to pay for conspicuous and global products after face loss. Therefore, consumers try to buy back face, in order to get over the aversive state of reduced access to their personal social safety net.

Key Contributions
The present study contributes to the literature in three ways. First, the study builds the argument that face loss will trigger compensatory consumption. Second, the study utilizes experiments with measures of actual behavioral change. This approach goes beyond survey responses, which have been analyzed in previous studies and which suffer from a number of drawbacks (causality, social desirability bias). Finally, the study proposes and tests a manipulation to induce actual face loss in an experimental setting. No proper approach how to induce actual face loss has been mentioned in the literature; therefore, future studies may draw on the proposed manipulation.

References are available on request.

For further information contact: Martin Heinberg, Mercator School of Management, Institute of East Asian Studies, University of Duisburg-Essen (martin.heinberg@uni-due.de).
Consumer Animosity: New Perspective on Sources of Consumers’ Negative Feelings

Olga Butenko Moseley, Old Dominion University
Anh Dang, Old Dominion University
Hangjun Xu, Old Dominion University

Keywords: animosity, consumer behavior, international marketing

EXTENDED ABSTRACT

Research Questions
Animosity is an important piece in understanding global consumers’ preferences and buying decisions. Although, animosity is a field of abundant research, most studies expand the applicability of existing animosity constructs. Few additions to animosity’s theoretical framework have been made. Animosity is perceived as an important negative market characteristic; however, animosity feelings vary greatly in intensity and duration. Nevertheless, current typology of animosity does not allow for explanation of these inconsistencies. This paper addresses the issue by applying attitude/behavior consistency theory of social psychology as well as the three universal drivers of animosity and developing a new classification of animosity sources. By introducing a new direct/indirect animosity dichotomy to answer the call for further animosity theory development, this paper helps to answer several important research questions:

RQ1: Why do some animosities have a strong impact on actual product ownership (behavior) while others affect only consumers’ willingness to buy (attitude)?

RQ2: Why do some situational animosities completely fade away over time while others become stable?

RQ3: Are all animosity feelings equally risky for MNEs? Which particular animosity situations are more likely to significantly impact MNEs operations?

RQ4: What marketing strategies are best suited for dealing with different types of animosities?

Summary of Findings
The new direct/indirect dichotomy allows to distinguish 4 types of animosity sources for national animosity: direct war-based, indirect war-based, direct non-war-based, and indirect non-war-based animosity. Direct war-based animosities will have the strongest situational impact and the highest potential to become stable. In addition, these animosities are more likely to affect both willingness to buy and actual product ownership. In the case of indirect non-war animosities the impact is most likely to remain situational and fade away rather than transform into a stable animosity. Also, while willingness to buy may be affected, the actual product ownership is likely to remain unchanged in these cases. Both indirect war-based and direct non-war-based animosities will have moderate impact compared to other types of animosity. However, direct non-war animosity has relatively higher impact and is more likely to result in stable animosity than the indirect war-based animosity. Similarly, direct non-war-based animosity is more likely to affect both willingness to buy and actual product ownership than indirect war-based animosity.

Key Contributions
The direct/indirect dichotomy will help to deeper understand consumers’ negative feelings toward products of certain countries, better anticipate the intensity of animosity impact on consumer buying preference, and more accurately access the danger of particular animosity situations to companies operating in affected markets. Important managerial implications are discussed suggesting appropriate strategies of dealing with animosities caused by various sources.

References are available on request.

For further information contact: Olga Butenko Moseley, Old Dominion University (obutenko@odu.edu).
Consumer Social Responsibility: Is It a New Barrier for International Marketers?

Jieqiong Ma, Saint Louis University  
Jie Yang, Saint Louis University  
Morris Kalliny, Saint Louis University

Keywords: consumer social responsibility, consumer ethnocentrism, international marketing, demographic variables

EXTENDED ABSTRACT

Research Question
The major objective of our research is to examine consumer social responsibility as a new antecedent to consumer ethnocentrism and explore the contingent role of demographic variables in the above relationship. As global consumers are more aware of the social consequences of their purchases, will consumer social responsibility become a new barrier for international marketers?

Method and Data
An online survey regarding consumer ethnocentrism and social responsibility was designed to investigate the extent to which consumer social responsibility influences consumer ethnocentrism. The online survey was conducted on Amazon Mechanical Turk (MTurk). A link to our questionnaires was sent by email to the pool of potential respondents, and a total of 230 responses were received. We eliminated responses from those who were not born in the United States, and 210 responses were included in our analysis (102 males and 104 females, average age=38.99, average education level=2.92, where 1=primary education, 2=secondary education, 3=tertiary education, 4=graduate education). To minimize the potential for systematic and random sources of error, we also paid attention to the order of the question modules. We decided to ask respondents about their perception for American products first, followed by consumer social responsibility. In this way, consumer ethnocentrism is not inferred by responsibility cues. Among each question module, we also randomized the order of the questions so that each respondent would receive different versions of the questionnaire in terms of arrangement.

Summary of Findings
The results of the study indicate that consumers with high social responsibility tend to have negative attitudes towards foreign products. In addition, demographic segmentation such as gender, income, and race would strengthen such observation. Consumers’ age and education have little impact on this trend.

Key Contributions
With consumer social responsibility, this research makes two major contributions. First, the study demonstrates consumer social responsibility as an important yet missing antecedent to domestic consumers’ psychological bias towards foreign products. Second, it investigates the contingent effect of consumer demographic variables in the relationship between consumer social responsibility and consumer ethnocentrism. In particular, age, education, gender, income, and race.

References are available on request.

For further information contact: Jieqiong Ma, Ph.D. candidate, Saint Louis University (jma17@slu.edu).
Part I
Marketing Strategy and Management

Track Chairs
Kimberly Whitler, University of Virginia
Michael Wiles, Arizona State University

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Myopic Marketing and Innovation Management: Insights from Credit Ratings
Daniel Willmann
Differential Effects of Three Types of Marketing Capabilities on Firm Performance: The Key Role of Adaptive Capability in Environmental Turbulence

Huiling Guo, Huaqiao University  
Hangjun Xu, Old Dominion University  
Chuanyi Tang, Old Dominion University  
Zhaoyang Guo, Xiamen University

Keywords: static marketing capability, dynamic marketing capability, adaptive marketing capability, environmental turbulence, performance

EXTENDED ABSTRACT

Research Question
1. What is the relative contribution of the different types of marketing capabilities to firm performance?
2. Which type of marketing capability is more important than the other?
3. What are the moderating effects of environmental turbulence on the relationships between marketing capabilities and firm performance?

Method and Data
We first developed a scale of adaptive marketing capability (AMC) based on a comprehensive literature review and 12 in-depth interviews. The reliability and validities of the scales were evaluated based on a sample of 185 Chinese managers. In testing the hypothesized relationships, we focused on the B2B context and contacted managers in three provinces in China (Fujian, Guangdong, and Zhejiang). We collected a total of 225 completed questionnaires. The hypothesized relationships were then tested by using hierarchical multiple regression analysis.

Summary of Findings
In order to test the hypothesized relationships, a scale of adaptive marketing capability was developed first. The items were generated from a comprehensive literature review and 12 in-depth interviews. The newly developed scale demonstrates adequate reliability and validity. We found that three types of market capabilities exert differential effects on firm performance. Static marketing capability (SMC) has a strong positive effect on market performance but, surprisingly, its relationship with financial performance is not significant. We also found that dynamic marketing capability (DMC) is significantly related to firm performance, which is consistent with the findings of previous studies on dynamic capabilities. Among the three types of marketing capabilities, AMC contributes the most to firm performance. Moreover, we found that the relationships between marketing capabilities and firm performance vary under different levels of environmental turbulence. Specifically, high environmental turbulence weakens the relationship between SMC and DMC and firm performance, while strengthening the relationship between AMC and firm performance.

Key Contributions
The study makes several important contributions to the marketing literature. First, we empirically tested Day (2011)’s propositions on the differential types of marketing capabilities. To the best of our knowledge, this is the first study that examines the differential effects of the three types of marketing capabilities on firm performance. Second, we extended

For further information contact: Hangjun Xu, Strome College of Business, Old Dominion University (hxxu001@odu.edu).

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Day’s (2011) framework by identifying a boundary condition of the relationships between marketing capabilities and firm performance. Specifically, we found that the effects of different types of marketing capabilities on firm performance vary under different levels of environmental turbulence. This finding provides new insights into the relationships between marketing capabilities and firm performance. Third, we developed a scale of AMC based on the multidimensional conceptualization of the construct in Day (2011). To the best of our knowledge, this is the first AMC scale in the marketing literature. Given the important role played by AMC in marketing, the scale will benefit future research on resource-based view (RBV) and marketing capabilities.

References are available on request.
The Mechanism of Outside-In Marketing Capability and Firm Performance

Jifeng Mu, Alabama A&M University
Kevin Bao, University of Alabama in Huntsville

Keywords: outside-in marketing capability, inside-out marketing capability, strategic flexibility, organizational vigilance, transformational leadership, employee proactivity

EXTENDED ABSTRACT

Research Questions
A considerable body of literature concerns the influences of marketing capabilities on firm performance, such as pricing, marketing communication, supplier chain management, and customer relationship management. Embedded in these studies is a view that marketing capabilities are organizational routines that reproduce knowledge and skills for deploying resources. One of the drawbacks of organizational routines, however, is that they can turn firm competency into rigidity or generate competency trap, which reduces the flexibility of resource use and prevents a firm from adapting to changes in market conditions. To attain and sustain superior performance, a firm needs to develop a new marketing capability that aligns with the requirements and conditions of external environment. The questions are: what constitutes this new capability? How does it influence firm performance? What is the relationship between this new capability and the marketing capabilities examined in the literature?

Method and Data
To answer these research questions, we conducted a survey to collect data. We conducted in-depth interviews to develop measures for our key construct outside-in marketing capability. The measures for other constructs were adapted or adopted from extant studies. The sampling frame was a commercial list of U.S. high-technology firms in 2010. From this sample frame, we randomly selected 1,237 firms. To avoid common method bias, we implemented the multiple-informant approach in data collection. Through four rounds of reminders and frequent phone calls, we collected 376 effective responses. We conducted various tests to make sure that our measures for constructs are valid and reliable. We used hierarchical regression approach to test hypotheses. We followed Baron and Kenny’s approach with bootstrapping method to test mediation hypotheses. We employed the “pick-a-point approach” to identify the threshold level of each moderator.

Summary of Findings
We propose a conceptual framework that accounts for the working mechanisms (i.e. main and mediating effects, and moderating effects) of the relationships between outside-in marketing capability and firm performance. Our findings suggest that inside-out marketing capability, strategic flexibility and organizational vigilance respectively mediate the positive relationship between outside-in marketing capability and firm performance. Moreover, we find that outside-in marketing capability does not always lead to a high level of firm performance. It does so only when transformational leadership and employee proactivity respectively reach above a threshold. Otherwise, increasing outside-in marketing capability has counter-productivity effect on firm performance.

Key Contributions
The dominant research stream on marketing capabilities takes an inside-out view on the capability-performance linkage neglecting the importance of alignment with changing market requirements and conditions for sustaining superior firm performance. Building on prior theoretical framework and our own field work, we both conceptually develop and empirically operationalize the construct of outside-in marketing capability.

The mediating role of inside-out marketing capabilities suggests that sustainable firm performance does not originate from marketing routines and functional tasks, but instead
from the firm capability that both aligns with market changes and leverages market assets. Thus, exclusion of outside-in marketing capability limits our understanding of the relationships between marketing capabilities and firm performance, and the literature may have overstated the direct effects of inside-out marketing capabilities on firm performance.

The mediating effect of strategic flexibility indicates that outside-in marketing capability influences firm performance through the mechanism of resource allocation. Although both the RBV view and the capability perspective underscore the indispensable role of resource deployment, neither has solved the question of how firm capability influences performance through resource use. Our study addresses this missing link.

No research as we know has explored the relationship between marketing capability and organizational vigilance. The mediating effect of organizational vigilance indicates that the effect of outside-in marketing capability is also channeled through the mechanism of information processing.

Our findings reveal the boundary conditions of the effects of outside-in marketing capability on firm performance. Increasing outside-in marketing capability drives firm performance only when transformational leadership or employee proactivity reaches a sufficient level. This finding challenges the “more is better” view in terms of capability development.

References are available on request.
Customer Satisfaction in Monopolies: Does It Matter?

Abhi Bhattacharya, Indiana University
Lopo Rego, Indiana University
Neil Morgan, Indiana University

Keywords: monopoly, customer satisfaction, regulator, cost to serve, profit

EXTENDED ABSTRACT

Research Question
Customer satisfaction is often regarded as an important goal for firms to pursue in order for them to achieve customer loyalty, and is widely viewed as a key indicator of firm performance. While empirical work has mainly focused on investigating the effects of customer satisfaction for firms in competitive markets, little is known about whether, how, and why customer satisfaction might also be important for monopolies where achieving customer loyalty might be meaningless. Since monopolies operate in a rather unique market, devoid of direct competition and heavily targeted by regulations and where customer loyalty is meaningless, it may reasonably be expected that the conceptual relationship between satisfaction and profit may be different thus warranting a separate study. The present study seeks to obtain answers for the following questions—do monopolies need satisfied customers and if so, what is the mechanism through which satisfaction influences profit in monopolies?

Method and Data
We estimate the proposed models of the effects of customer satisfaction on profit in monopolies by employing the dynamic panel generalized method of moments estimation (for a full description of this method see Arellano and Bond 1991) which accounts for potential sources of endogeneity, firm specific effects, dynamic dependent variables, and heteroskedasticity and serial correlation within firms (Levine et al. 2000).

We draw customer satisfaction data from ACSI, which is supplied by the National Quality Research Centre at the University of Michigan. The sample consists of all firms for which ACSI data could be matched with COMPSTAT data from 1995 to 2012.

The utility industry is a context that meets the requirement of being a monopolistic industry and was utilized for this study. The Utility Industry is chosen because (1) it is most representative of monopoly and (2) combined sales for this industry equal 10% of sales of all Fortune 500 firms. The EIA database, in combination with the Utility Rate database published by the U.S. Department of Energy (USDEA) was used to obtain the average rates, sales volume and customer service costs for each utility firm for every fiscal year. COMPSTAT was used to obtain data for profit and firm level controls. Lastly, to obtain data on outages and demographic controls, we used data from the U.S. Census and the Federal Energy Regulatory Commission (FERC) database. We ended with 630 observations, covering 35 firms operating in the U.S. utility industry over 18 years.

Summary of Findings
The results indicate that firms’ last-period customer satisfaction is a significant positive predictor of the present year’s profit. Though prior literature shows that customer satisfaction does not have an immediate effect on firm performance (e.g., Schneider 1991), the effect of current period customer satisfaction on current period firm profit was also investigated. It was found to be not statistically significant.

Customer satisfaction was regressed on cost of service along with the rest of the controls. It was seen that current period customer satisfaction has a significant and negative β coefficient and the coefficient for prior period satisfaction is also
negative and significant. Thus customer satisfaction is seen to be a significant negative predictor of current cost of service. The impact of rates on sales volume was found to be insignificant at $p<0.05$ but was directionally negative with a $p$-value less than 0.1, indicating a mild negative effect of rates on volume. A similar positive weakly insignificant effect of satisfaction on sales volume (in units sold) was also observed.

Finally, in a subsequent split sample analysis comparing firms with low and high satisfaction scores, we found that the positive relationship does not hold at high levels of customer satisfaction. This suggests a ceiling effect, similar to that theorized by Baldwin and Cave (1999) who suggested that monopoly firms need not provide satisfaction higher than an optimal level.

**Key Contributions**
Current economic theory on monopolies drives current regulatory practice but has not been previously tested. Here we show that a fundamental assumption of current economic theory (monopolist incentive misalignment with customers) does not hold true. Our findings show that customer satisfaction is important for monopolies and lead to greater profit for firms through internal benefits—higher efficiency and lower costs of service. Not just for meeting regulatory mandated minimal levels of satisfaction, firms thus have a profit motive for providing higher satisfaction. Hence, there is an incentive alignment between the monopolist firm and the customer.

*References are available on request.*
Marketing Strategy Efficacy: An Interactive Model of Planning Capability and Marketing Strategy Characteristics

Kevin J. Trainor, Northern Arizona University
Raj Agnihotri, Ohio University
Michael T. Krush, North Dakota State University

Keywords: marketing strategy, marketing planning, marketing capabilities

EXTENDED ABSTRACT

Research Question
What are the main and interactive effects of marketing planning capability and marketing strategy characteristics on marketing strategy implementation and performance?

Method and Data
The sample frame was business-to-business firms operating in the United States. Whenever possible, we utilized or adapted existing measures of the constructs in our conceptual model. We utilized confirmatory factor analysis to examine measurement reliability and validity for our constructs. To analyze our model, we used structural equation modeling. To model the latent constructs’ interactions, we utilized the unconstrained method (Marsh, Wen and Hau 2004 2006) with similar alterations made by Homburg et al. (2010). We also conducted an additional analysis to examine the potential for direct effects from our marketing planning, marketing creativity, and marketing execution speed to performance. The goal of the additional analysis is to provide further credence of our hypothesized model and to rule out alternative models.

Summary of Findings
The results provide evidence that marketing planning is significantly related to marketing strategy implementation effectiveness ($\beta=.205, p<.05$), lending support for our first hypothesis (H1). Similarly, our next two hypotheses (H2 and H3) that suggest the direct effects of marketing strategy creativity and marketing strategy implementation speed both demonstrate positive, direct effects on marketing strategy implementation effectiveness ($\beta=.525, p<.05$ and $\beta=.196, p<.05$ respectively). In terms of the interactive effects in our model, marketing planning capability and marketing strategy creativity exhibit an interactive effect on marketing implementation effectiveness ($\beta=.194, p<.05$) providing support for H4a. We did not find, however, the same interaction between marketing planning capability and marketing strategy implementation speed. Thus, H4b is not supported. For our final hypothesis (H5), we found a significant relationship between marketing strategy implementation and business unit performance ($\beta=.510, p<.05$). Our analysis also revealed that firm age did not significantly affect business unit performance ($\beta=.042, p>.05$). We did find, however, that firm size had a significant effect on business unit performance ($\beta=.247, p<.05$).

Key Contributions
Our study appears to be one of the first attempts to simultaneously examine the value of marketing planning and marketing strategy characteristics by highlighting their direct and interactive effects on marketing strategy implementation effectiveness. Our model challenges the traditional view of marketing strategy—one that tends to take a dichotomous approach towards planning and implementation (Cespedes and Piercy 1996)—and attempts to address concerns raised about the adequacy of this approach. In effect, our results show the value of simultaneously modeling both marketing strategy planning the effective implementation of marketing strategy.

For further information contact: Michael T. Krush, Assistant Professor, North Dakota State University (michael.Krush@ndsu.edu).
Further, we add to the limited literature addressing issues of marketing implementation. Marketing practitioners and scholars recognize an increasing focus is being placed on the execution of marketing strategy. From a theoretical standpoint, our study sheds further light on marketing strategy implementation. This is increasingly important as studies indicate a greater need toward understanding implementation (Homburg et al. 2010; Noble and Mokwa 1999; Thorpe and Morgan 2007).

Additionally, because marketing planning, marketing strategy implementation speed, and marketing program creativity are proximal outcomes that lead to business unit performance in our model, our results provides a unique contribution to show how each of the constructs indirectly contributes to firm value, through implementation effectiveness.

References are available on request.
The Impact of Animosity and Ethnocentrism on Entry Mode Choice

Morris Kalliny, Saint Louis University
Wootae Chun, Saint Louis University
Mamoun Benmamoun, Saint Louis University
Seung Kim, Saint Louis University

Keywords: animosity, ethnocentrism, perception for risk, entry mode

EXTENDED ABSTRACT

Research Questions
1. What impact does the manager’s personality traits have on the entry mode choice?

2. What impact does the manager’s level of animosity and ethnocentrism have on the manager’s choice of resource commitment?

3. What impact does the manager’s perception of risk as indicated by the level of animosity and ethnocentrism have on the entry mode choice?

Method and Data
Survey data from 182 U.S. managers from various locations in the United States.

Summary of Findings
Managers’ level of animosity is shown to have a significant impact on their entry mode choice. This relationship, however, is moderated by trust and global identity.

Key Contributions
The purpose of this study is to investigate the impact of animosity and ethnocentrism toward the host country on entry modes. Furthermore, we examine the moderating roles of cultural intelligence (CQ) and competence (CC), global identity, cosmopolitanism, and trust in the relationship between manager’s animosity, ethnocentrism, and perception of risk and resource commitment. To the best of our ability, this study is the first of its kind to look at the relationship between animosity and entry mode choice.

References are available on request.
The Firm-Perceived Contingencies to Strategic Choice of Deterministic Firms

Jess Mikeska, University of Massachusetts Dartmouth
Les Carlson, University of Nebraska–Lincoln

Keywords: enacted environment, environmental management, strategic choice, determinism

EXTENDED ABSTRACT

Research Question
In an article seminal to the advancement of environmental management theories, Zeithaml and Zeithaml (1984) contends firms should alter elements of the external environment rather than accommodate this environment by changing the way they do business because the former allows a firm greater control of the conditions under which it operates. Yet, determinism, a firm orientation which views the environment as determining firm structure (e.g., Lawrence and Lorsch 1967; Pfeffer and Salancik 1978), still runs rampant in today’s marketplace.

This research asks, Why are some firms determined by the external environment while others choose to alter it? Prior research is divided over the answer to this question with some scholars suggesting that choosing to alter the external environment is a matter of maintaining the right resources and capabilities (e.g., Burns and Stalker 1961; Dill 1958; Duncan 1972; Lawrence and Lorsch 1967; Schendel and Paton 1978), and others suggesting proactive environmental management is, instead, a matter of managerial choice (e.g., Pfeffer 1978; Zethiaml and Zeithaml 1984). In an attempt to parse these discrepancies, this research analyzes executive interviews of firm environmental management in an effort to identify key drivers to strategic choice and, in turn, key deterministic behaviors.

Method and Data
This study focuses on the context of firm-experienced pressures from government public policies. Through convenience, and then snowball participant sampling, a heterogeneous sample of 41 senior-level executives was developed. The more popular sectors represented are financial services, food and beverage, hospital and health care, and insurance sectors. Eighteen of the 41 are small firms (500 or fewer employees) and 10 large (5,000 or more).

Because the essence of understanding phenomena is understanding how observers of the same phenomenon (i.e. public policy pressure) experience it differently (i.e. Determinism vs. Strategic Choice), the transcendental phenomenology data collection prescriptions of Moustakas (1994) were followed, i.e. long and informal interviews were conducted. Validity was found because significant participant statements being read back allowed for “reciprocal correction” (Husserl 1970, p. 163), diagnosing the firm’s environmental management approach (i.e. Determinism, Strategic Choice) at the end allowed for participant (in)validation, and a scholar uninvolved in this research did not identify any conclusions of the randomly chosen subset of the 41 interviews in which the deductive logic was not understood. Finally, Moustakas’ (1994) prescribed methods for analyzing data collected were followed: horizontalizing, listing meaning units, developing clusters, constructing thematic portrayals, listing overall themes, and developing an overall narrative.

Summary of Findings
After diagnosing the firm (i.e. Strategic Choice and Deterministic), full and vigorous discussions of excuses for not strategically altering the environment, which included being too small, big, young, worried of the public’s reaction, etc., were prompted. Yet, almost every single contingency noted by Determinism firms as an obstacle to strategically altering the force to the firm’s advantage was also described by Strategic Choice firms as allowing the proactive firm to alter the force so as to be in greater control of the conditions under which it operates and, thus, its performance in the marketplace.

For further information contact: Jess Mikeska, Assistant Marketing Professor, University of Massachusetts Dartmouth (jmikeska@umassd.edu).
The inconsistencies found are, undoubtedly, due to actually experiencing the same environmental force differently. Clark, Varadarajan, and Pride (1996) assume that “because different decision makers perceive environments differently, ... they respond to an enacted environment” (p. 25). Management depending on firm experiences of the environment illustrates that not only is management approach not a function of firm resources and capabilities, but also that participant protested (e.g. size, experience) contingencies to Strategic Choice are immaterial and perceptual.

**Key Contributions**

Unlike prior research that conceptualizes environmental management as depending on firm capabilities or resources (e.g., Duncan 1972; Hambrick, MacMillan and Day 1982; Lawrence and Lorsch 1967), this research finds it instead depends on firm perceptions based on unique, and differing, experiences of the environment. This study supports ideas of the “enacted” environment (Silverman 1970), in which management choice depends on firm experiences of events of the external environment. This, in fact, is the view of some of the earliest views of Strategic Choice. For example, Chandler (1962, p. 15) suggests that a firm decision to change business goals is a source of change in “size, technology, and location.” And Child (1972, p. 16) argues that “Size, many organization theorists assume, leads to structure; but considered in relation to other referents of organizational strategic action, such an assumption is naive, for the reverse could also apply.” The findings contribute to environmental management theories in indicating that measurement of environmental management should revolve around both firm perceptions of and experiences with the external environmental, rather than firm ability.

*References are available on request.*
The Threat Is Coming from Within: How Do Shared Mental Models of Top Management Teams Affect Overlooked Market Threats?

Ruth Maria Stock, Technische Universität Darmstadt
Nicolas A. Zacharias, Technische Universität Darmstadt
Katherine R. Xin, China Europe International Business School

Keywords: overlooked market threats, top management team, firm resources, upper echelons perspective

EXTENDED ABSTRACT

Research Questions
In the face of the serious implications of strategic mistakes rooted in overlooked market threats for firm performance, firm owners often react to downfalls by replacing the CEO and further members of the top management team (TMT). In this study, we attempt to unveil how shared mental models within a TMT affect overlooked market threats through their influence on the interpretation of market-related information within TMTs. Thus, we ask the first research question: How do TMT shared mental models influence overlooked market?

Beyond this upper echelons perspective to explain the occurrence of overlooked market threats, the resource-based view grounded in strategic management research holds that the uniqueness of resources and other firms’ difficulty in copying them creates a competitive advantage for firms and is responsible for differences in strategic actions. Hence, we ask the second research question: How do market-related firm resources influence overlooked market threats? Since characteristics of the market such as technological turbulence and competitive intensity may inhibit or catalyze the detrimental consequences of overlooked market threats, we also ask: How do different kinds of environmental uncertainty affect the link between overlooked market threats and firm performance?

Method and Data
This study is based on multi-informant data obtained from 229 executives and on average about 3 of their respective subordinates. Each executive’s data were matched with aggregated subordinate data through a common ID code on the questionnaire. The participating executives hold positions in a wide range of industries: professional services, manufacturing, IT, retail, machinery and electronics, banking, utilities, and others.

Furthermore, we collected longitudinal data of the firm performance outcomes one year later, providing a valid estimate of the mid-term performance implications of overlooked market threats respectively. Because not all executives were available as respondents one year later, the final sample size for testing our hypotheses with list-wise case deletion was 140.

The analysis of the hypothesized relationships is based on maximum likelihood structural equation modeling with Mplus Version 7. The analytical procedure followed logic similar to that underlying hierarchical moderated regression analysis. First, the main effects hypotheses were tested by running a base model including all main effects and additional control paths. Second, we ran another model for each of the moderator variables that also included the latent interaction terms to test the moderating effects hypotheses.

Summary of Findings
With regard to TMT shared mental models, we find that shared expertise increases overlooked market threats. In
contrast, overlooked market threats are decreased by shared values. With regard to market-related firm resources, market responsiveness reduces overlooked market threats, whereas marketing power increases overlooked market threats. With regard to the impact of overlooked market threats on firm performance, we find negative effects of firm performance at $t = 1$, as well as $t = 2$. In sum, we show that overlooked market threats have a negative effect on firm performance in the current as well as in the next period. Furthermore, TMT shared mental models and market-related firm resources are important antecedents of overlooked market threats.

The moderator analyses revealed that technological turbulence does increase the negative effects of overlooked market threats on firm performance in the current period. However, it does not moderate the relationship between overlooked market threats and firm performance one year later. The same pattern occurs regarding the moderating effects of competitive intensity.

**Key Contributions**
This study charts new territory by introducing and investigating a firm’s ability to interpret market information with the construct of overlooked market threats. In conjunction with the upper echelons perspective, the results of this study can also serve as the foundation for a stronger emphasis on TMTs’ influence on market-related decision, because the influence of TMTs can be assumed to be especially high for the interpretation of information that is subject to bounded rationality, such as market information.

By investigating how overlooked market threats emerge, we show that TMTs may catalyze or inhibit the identification of market threats, depending on TMT shared mental models. This finding has important implications for managers, because it means that TMTs perform particularly well to discover potential market-related menaces if they share values. On the other side, shared expertise increases the bounded rationality and leads to a relatively narrow scope in evaluating market-related information.

Interestingly, marketing power seems to be detrimental for overlooked market threats and firm performance. Instead, market responsiveness, which represents a more general and strategic notion of marketing, should be fostered. Despite the high importance of TMT shared mental models, firm resources remain important.

References are available on request.
Research Question
Over the last decades, repurchases have gradually become
the most important payout instrument for US firms and are
one of the most discussed finance topics today (Farrell,
Unlu, and Yu 2014). Although good reasons exist in favor
of buybacks (e.g., tax advantages), there are also good reasons
to be concerned about this development. Particularly, some
critics are worried that the repurchase boom leads firms to
skimp on long-term investments (The Economist 2014). To
shed new light on this highly relevant topic, we investigate
the interface between share repurchases and myopic market-
ing and innovation management. While share repurchases
refer to the practice of buying back own shares traded on
capital markets, myopic marketing and innovation manage-
ment refers to managerial practices that boost short-term
earnings at the expense of long-term marketing and research
and development (R&D) investments.

Our study aims to advance research on the marketing-
finance interface by answering the following questions (e.g.,
Kurt and Hulland 2013; Mizik and Jacobson 2007): (1) Do
managers reduce the support for marketing and R&D to
report positive earnings surprises at the time of share repur-
chases? (2) How does the market respond in terms of stock
returns to myopic marketing and innovation management
that coincides with share repurchases? (3) Do the short- and
long-term abnormal stock returns differ and if so, why?

Method and Data
We merge three databases (COMPUSTAT, CRSP, Kenneth
French Data Library) and base our analyses on 65,165 U.S.
firm-year observations and 6,174 unique firms in the period
from 1971 to 2013. Methods from the marketing literature
are used to identify myopic marketing and innovation man-
agement (e.g., Mizik 2010; Roychowdhury, Kothari, and
Mizik 2012). As such, we categorize firms that simultane-
ously report higher than normal profitability but lower than
normal marketing and R&D intensities as “potentially
myopic.” We apply fixed-effect autoregressive panel data
forecast models to calculate unexpected changes in the
aforementioned measures (Mizik 2010).

Following Kahle, Dyl, and Banyi (2005), we use the most
accurate measure to approximate repurchase volumes on a
large scale with COMPUSTAT data. Consecutively, we
define a categorical variable indicating buybacks. Finally,
we apply the four-factor model (Carhart 1997) and the time-
varying risk characteristic approach (Daniel and Titman
1997) to compute cumulative abnormal stock returns.

We conduct two-tailed t-tests to analyze how the prevalence
of myopic management differs across buyback and non-buy-
back firm-years and run regression analyses to analyze stock
price effects (Mizik and Jacobson 2007; Mizik 2010). We
consider a period of six years post-transactions to capture
the lagged effects of marketing and R&D investments on
performance and potential mispricing by equity investors.

Summary of Findings
Our findings are, at least, twofold. First, the data shows that
repurchasing firms practice myopic marketing and innovation
management significantly more often than non-buyback
firms. We interpret this finding as a proof that managers strive
to reinforce the signal of undervaluation by bundling both
practices in order to boost stock prices without deteriorating
the firm’s liquidity position (Chan et al. 2010; Skinner 2008).

Second, the results indicate that the bundling of both myopic
practices and share repurchases is positively associated with
abnormal stock returns in the short-term, while the cumula-
tive abnormal returns are systematically downward adjusted in the years following. In fact, the data shows the cumulative returns to turn negative two years post-transactions. We interpret this finding as a proof that equity investors start discounting stock prices as soon as they realize the adverse effects of myopic management on corporate performance (e.g., Mizik 2010) and that freed up money might have been spent on share repurchases rather than long-term investments. Overall, the aggregated stock prices effects show that myopic firms repurchasing shares outperform their peers in the short-term, but underperform in the long-term.

**Key Contributions**

We analyze 65,165 U.S. firm-year observations from 1971 to 2013 and contribute to the literature on the marketing-finance interface in three ways. First, we advance the literature by investigating the prevalence of income-increasing myopic practices at the time of share repurchases with a particular focus on marketing and R&D investments. Prior research has examined other forms of myopia and on specific types of share repurchases (Downes, Gorman, and Rao 2013; Gong, Louis, and Sun 2008).

Second, we find the market response towards myopic management and buybacks to be incomplete in the year of occurrence and that true economic implications of both investing and financing decisions are only revealed in the long-term. Prior research has not studied myopic marketing and innovation management and share repurchases in an integrated and multi-year setting (Chan, Ikenberry, and Lee 2004; Mizik 2010). Third, we extend the literature on the motives of myopic management and buybacks by proving that the bundling of both practices can be applied to mislead investors in the short-term (Chan et al. 2010).

*References are available on request.*
Research Question
Berry, Hensel, and Burke’s pioneering work published in 1976 was instrumental in introducing the concept of internal marketing (IM) to the field of marketing. Internal marketing orientation (IMO), an operationalized concept of IM and an extension of market orientation (i.e., shifting the focus from external to internal), aims at developing well-trained, highly motivated and satisfied employees by teaching them core marketing principles. However, over the years, although IMO has received increased attention amongst academics (Lings and Greenley 2005; Pantouvakis 2012; Rodrigues and Pinho 2012; Sahir, Lonial, Gupta, and Seli 2013; Wieseke, Ahearne, Lam, and Dick 2009), and its effects on employees as well as customers have been well documented, practitioners have been somewhat skeptical in adopting the concept, and its implementation has been slow and scarce (Ahmed and Rafiq 2002; Papasolomou and Vrontis 2006). Nonetheless, the reasons why practitioners are reluctant to adopt IMO have not been well researched (Gounaris 2008; Pantouvakis 2012). Therefore, this study attempts to fill this gap by exploring the reasons behind practitioners’ reluctance to adopt the IMO concept in practice despite the well-documented benefits of its adoption.

Method and Data
In order to achieve our research objectives, we adopted a qualitative approach. First, to gain insight into the issue and to develop an interview guide for the main study we conducted two pilot studies: one with marketing faculty members (n=5) and another with senior executives and managers (n=13) working in various service firms. Our main data were gathered through in-depth interviews with faculty members in leading business schools in the UK (n=10) and key decision makers in service firms (n=16) in European countries, as well as in the Americas, who were recruited using convenience and snowball sampling (Cayla and Arnould 2013). Interviewees’ ages ranged from 38 to 54 years. Our interviewees from industry possessed an average of 17 years of experience in management positions, while the interviewees from academia had, on average, 10 years of academic and research experience in marketing and/or management studies.

The data were analyzed using a content analysis technique, which involved the identification of key themes. To enhance the content validity, interviewees were provided with a summary of the discussion, and all participants responded with no significant concerns (Ulaga and Reinartz 2011). Throughout the entire process, we maintained trustworthiness by following the standard ethical practice and by respecting the participants’ anonymity (Berg, Lune, and Lune 2004).

Summary of Findings
The analysis of interview data provided mixed findings on the level of IMO adoption by firms. On one hand, it is argued that firms are employee-oriented and that the internal customer-orientation has been in practice for a long time. On the other hand, interviewees, especially the practitioners, found the term IMO to be ambiguous. Our findings indicate that practitioners are not very familiar with the term IMO, although they are involved in activities that bear close resemblance to IMO which the firms denominated as internal communication, corporate communication and internal engagement. Our findings also indicate that the main factors that have obstructed the acceptability of IMO amongst the
practitioners can be attributed to the lack of awareness of the concept, a fuzzy and confusing definition that contradicts the central tenet of marketing, an unclear procedure to implement IMO, a lack of an appropriate measurement process, and unclear consequences. Practitioners need to be properly educated about the logic of having an IMO focus. Moreover, to be IMO-focused, practitioners expect the concept to be in a ready-to-use shape with a well-defined scope.

Key Contributions
In this study, we describe IMO from the point of view of both academics and practitioners. This is in contrast to most previous studies that empirically examined the effects of IMO in the organizational context rather than finding out first whether management within the firm indeed is aware of and applies the concept. As far as we know, there is no published empirical work that has studied the practitioners’ understanding of IMO while pointing out the key reasons why firms are not adopting IMO focus despite positive consequences evidenced in the extant literature. Our study discovered that the practitioners are not fully aware of the notion of IMO, even though some of the basic principles of IMO are widely adopted by the firms, and they address such activities by different names.

References are available on request.
How Internal Marketing Climate Enhances Internal Customer Commitment and External Customer Satisfaction

Elisa Chan, École hôtelière de Lausanne
Sean Way, École hôtelière de Lausanne
Mathieu Cossutta, École hôtelière de Lausanne

Keywords: internal marketing, organizational citizenship behaviors, customer satisfaction, multilevel design

EXTENDED ABSTRACT

Research Questions
1. How does internal marketing climate increase customer satisfaction?
2. How does internal marketing climate increase service employee’s performance?
3. Does internal marketing climate have both group-level and individual-level impact?

Method and Data
We collected data from 36 of 40 hotel properties that were owned and managed by a single Asian-based multinational hotel chain. From each of the hotel chain’s 40 Asian hotel property food and beverage departments, we attempted to collect data for each hotel property’s food and beverage manager group. However, due to missing data our final sample is composed of 533 managers from 36 food and beverage manager groups (14.81 respondents per manager group). We used Mplus 7.11 to analyze our data. Specifically, we conducted multilevel structural equation modeling to test the hypotheses of the current study.

Summary of Findings
Empirical results support the hypothesized mechanisms and show that internal marketing climate affects both department-level and individual-level organizational citizenship behaviors (OCBs). Furthermore, results also show that internal marketing climate affects customer satisfaction with the department as a consequence of the enhanced department-level OCBs. Moreover, in past literature, internal marketing has been conceptualized and measured as a universal practice that is stable within an organization. In the current study, we found significant variance on perceptions of internal marketing climate across work unit (i.e., departments). The positive relationship between internal marketing climate and perceived organizational support, affective commitment, and organizational citizenship behaviors show that leaders can have a substantial impact on their direct subordinates’ collective as well as individual ability to perform better with respect to their extra-role (OCBO and OCBI) and in-role (customer satisfaction) behaviors.

Key Contributions
While there is an abundance of research questioning the link between internal marketing and important indicators of performance, there is an apparent lack of research documenting the value associated with high levels of internal marketing. In the current study, we address the unanswered questions in internal marketing literature by examining internal marketing at the department-level and by illuminating two distinct processes through which internal marketing affects department-level and individual-level outcomes. Specifically, we draw on organizational climate research and hypothesize that internal marketing can be conjectured as a group-level climate; subsequently, we build on the logic of reciprocity and affective attachment and propose that internal marketing climate has positive group-level and individual-level consequences through different mechanisms.

References are available on request.

For further information contact: Elisa Chan, Assistant Professor, École hôtelière de Lausanne (elisa.chan@ehl.ch).
Research Question
Researchers suggest that integration is optimized when all functions involved are cooperating and collaborating to the fullest extent (Bonoma, Slevin, and Narayanan 1997; Gupta, Raj, and Wilemon 1986). In reality, managers do not solely cooperate or intend to cooperate with other functions; but instead, they often cooperate and compete simultaneously (Ritala et al. 2009). This paradox of simultaneously cooperating and competing coined “coopetition” was first introduced into the strategy research stream by Brandenburger and Nalebuff (1996), and was used to describe the relationship between both individuals and firms who align to play a win-win game instead of the traditional zero sum game. Thus, compared to strict and sole competition, working together actually increases opportunity.

However, complete cooperation, which is often suggested by the integration literature as an optimal solution (Bonoma et al. 1997; Gupta et al. 1986), may indeed not always be the appropriate goal to strive for firms, functions, and individuals. A combination of cooperation and competition may actually drive performance and integration. That is, there may be some level of “healthy tension” between managers and their functions that will enhance performance of individuals, functions, and integration as a whole (Fernandez, LeRoy, and Gnyawali 2014). This leads to the following research question: How does an individual’s level of coopetition influence integration and personal and functional level performance outcomes?

Summary of Findings
Social network and social capital theories have been explored in many disciplines, but only recently have these theories been applied to inter-firm and intra-firm contexts. This study proposes a theoretical model that explores how a marketing manager’s coopetition influences his or her social capital, social network, and performance with three functions: sales, logistics, and operations. Marketing and sales functions often experience difficulty integrating due to divergent thought worlds. Similarly, logistics and operations are functions highlighted in the literature to have difficulties integrating with demand functions such as marketing. The proposed model suggests that a manager’s levels of cooperation and competition influence their social network and social capital, ultimately influencing both innovation-oriented and execution-oriented performance of the individual and function. Contrary to most integration literature, it is proposed that 100% or full cooperation is not always optimal for building social capital, building a strong network, or for optimizing performance and integration. Instead, a manager’s cooperation and competition may produce a healthy tension that builds social capital, the network they are embedded in, and that influences integration and performance. The managerial implications will help influence managerial strategies such as shared metrics, competitive games, based on the type of performance outcome, either routine, day-to-day tasks or innovative oriented tasks.

In sum, cooperating and competing simultaneously is a complicated relationship for any firm or individual. Depending on the situation of the relationship, and the environment the relationship exists in, different levels of coopetition may be optimal in different context. In other words, coopetition may not be good or bad, but instead specific propensities of coopetition may be optimal for specific firms, functions, or individuals within specific contexts.

Key Contributions
This research makes the following contributions. First, we contribute to the current body of knowledge on integration...
and coopetition by providing a more comprehensive understanding of cross-functional dynamics between functions that are infamous for integration issues and tensions (marketing, sales, logistics, operations) (Strahle, Spiro, and Acito 1996; Drucker 1973). We also provide a theoretical contribution by highlighting a better understanding of Social Capital Theory and the use of social and relational embeddedness as mediators, which has not been previously explored in marketing literature. Additionally, the managerial contributions of this framework would help solve the common problem evident in many firms concerning functional divergence and tension while providing direction for firms to cultivate coopetition and build networks that drive individual and function level performance.

References are available on request.
Customer Acquisition and Customer Retention in a Competitive Industry

Gerasimos Lianos, University of Miami
Igor Sloev, National Research University Higher School of Economics

Keywords: customer acquisition, customer retention, competition, customer lifetime value

EXTENDED ABSTRACT

Research Question
Why are firms in some industries more eager to acquire new customers, whereas firms in other industries are more eager to retain old customers? What factors determine the optimal allocation of marketing resources between customer acquisition and customer retention? How do market characteristics and competitive forces affect optimal customer acquisition and customer retention strategies? To answer these questions we study the optimal marketing strategies over customer acquisition and customer retention in an infinite-horizon model of dynamic competition.

Summary of Findings
We find that acquisition expenditures constitute the larger part of the marketing budget when the profit margin is either low or relatively large; however, for intermediate profit margin values, firms tend to spend more resources for customer retention. If the customer profit margin rises for exogenous reasons, the effect in markets with high profit margin may be very different from the effect in markets with low profit margin. Although customer acquisition and customer retention expenditures increase in both cases, the share of customer acquisition expenditure in the marketing budget increases in markets with high profit margins and decreases in markets with low margins. If institutional or technological changes bring new firms to market, the impact on the optimal strategy depends on the effect of tougher competition on profit margins as well as on the absolute levels of these margins. This may also appear in a single segmented market; the impact of higher competition on the luxury and mass-consumption segments would be different.

Key Contributions
We extend the formal Blatberg-Daighton’s (1996) logic of balancing acquisition and retention expenditures by (1) considering a dynamic optimization model with infinite horizon of planning (instead of a single period model), (2) allowing for competition between firms for customers through an acquisition contest (instead of considering a case of a single firm), (3) considering exogenous profit margins depending on the number of firms in the market. We have demonstrated that while the optimal acquisition and retention expenditures both increase with the customer profit margin, the level of the profit margin has non-trivial impact of shares of acquisition and retention expenditures in the total marketing budget. At both markets of luxury products with high profit margins and markets of necessity products with low profit margins the share of acquisition expenditures in the marketing budget is expected to be relatively high, however for very different reasons. The proposed model may serve as a useful framework for further analytical explorations and allows the formulation of testable hypotheses.

References are available on request.

For further information contact: Gerasimos Lianos, University of Miami (gerasimos.lianos@outlook.com).
Examing the Effect of a Firm’s Product Recall on Financial Values of Its Competitors

Xiang Fang, Oklahoma State University  
Xiaoyu Wang, Shanghai University of Finance and Economics  
Yingying Shao, Towson University

Keywords: product recalls, financial value, proactive and passive strategies, event study

EXTENDED ABSTRACT

Research Question
Product-harm crises are defined as “discrete, well publicized occurrences wherein products are found to be defective or dangerous” (Dawar and Pillutla, 2000). Usually product-harm crises may involve product recalls. Generally, scholars examine the effect of product recall on the recall firms from two different perspectives. One is from a consumer’s perspective, which looks at how product recall affects consumers’ quality perception, and loyalty. The other stream focuses on the impact of product recall on sales, market share, or stock prices (e.g., Chen and Nguyen 2013). In this research, we follow the second stream of research and focus on the effect of product recall on financial values. Specifically, we are interested in how competitors’ stock prices are affected by a firm’s product recall.

Chen et al (2009)’s result shows that a firm’s proactive recall strategy has negative impact on its financial value compared with passive strategy. Following this result, we expect that a firm’s recall strategy may also impact the competitors’ abnormal returns. If a proactive strategy signals to the market that a product may have severe problems, competitors may gain from consumers’ switching demand (positive competitive effect). So we get H1.

H1: Competitors will experience more positive abnormal returns for a proactive recall strategy than for a passive recall strategy.

Alternatively, a proactive strategy may raise concerns for the whole industry, which results in negative spillover effect.

H1_{alternative}: Competitors will experience more negative abnormal returns for a proactive recall strategy than for a passive recall strategy.

Method and Data
We collected 14 years (from January 1996 to December 2009) of CPSC product recalls to test the hypothesis. We collected product characteristics from the original CPSC recall announcements. These include RECALL VOLUME, HAZARD, SELDTIME, PRICE, CHILD, and BRAND ORIGIN. We were able to gather the following information for the competitors of a firm recalled product: FIRM SIZE, REPUTATION and RANK POSITION. FIRM SIZE is measured in terms of sales revenue of the firm in the year before the recall event. REPUTATION data were from Fortune’s annual survey of “America’s Most Admired Companies.” Finally, we obtained product RECALL STRATEGY information from CPSC recall announcements.

We use event study to examine the impact of firm’s product recall strategy on the abnormal stock return of its competitors. We examine competitors’ stock price changes during a six-day [0, 5] recall event window, including the initial announcement date as day 0, and five days onward. To test the hypothesis, we conduct multivariable regression and the t-test to examine abnormal returns of competitors for different recall strategies.

Summary of Findings
The regression result shows that a firm’s recall strategy has significant effect on its competitors’ financial value
(β=0.009, p<0.05). T-test result shows that proactive recall triggers significant positive abnormal returns for the competitors (car_mean=0.010, t=3.70, p<0.00) and passive recall has no impact (car_mean=-0.001, t=-0.41, p>0.05). Competitors experience moderately positive abnormal returns for proactive recall than for passive recall, which supports H1 (competitive effect), and rejects H1alternative.

**Key Contributions**

The current literature suggests that from a consumer’s perspective, a firm is perceived as more socially responsible if it takes early actions such as proactive recall (Dawar and Pillutla 2000). Contrary to this conventional view, Chen et al. (2009) find that proactive recall has a significant negative impact on stock returns than passive recall. They offer the explanation that different from consumers, investors may interpret proactive recall as a signal of severe product safety problems and substantial financial loss to the firm. Following Chen et al.’s (2009) research, our study takes a step further and examines the impact of different recall strategies on competitors’ financial values. Our results show that competitors experience significant positive abnormal returns when the firm employs proactive recall strategy. In other words, competitors benefit from the proactive recall announcement (positive competitive effect) which may be due to consumers’ switching from the recall product to other close substitutes for consumer products. Therefore, a firm should carefully employ proactive recall strategy and communicate appropriately to stakeholders and investors in crisis management to avoid misinterpretation of the signal.

Our finding makes an important theoretical contribution to the existing literature. Past research on the effect of negative events (including product recall) on competitors’ financial values has revealed mixed results for either positive competitive effect or negative spill-over effect. Based on the sample of a wide range of consumer products, our study provides a strong support for the positive competitive effect. It makes logical sense that consumer products are usually highly competitive and many products are fairly close to each other in terms of functionality. When a product is defective or potentially dangerous, consumers can rather easily switch to its close substitutes and increase the demand for competitors’ products, which generates more positive abnormal returns for competitors.

References are available on request.
This paper examines the competitive dynamics of the personal computer industry particularly from the introduction stage to maturity. We propose to delve deeper than the traditional industry life cycle view to provide a richer understanding of competition during the early years of the industry using an historical approach (Golder 2000). In doing so, we identify a shift from technology-driven competition to marketing-driven competition. Data was collected on the U.S. personal computer industry (1972–2006) from Standard and Poor’s industry surveys and other archival data including industry news, market shares, and financial reports. Analysis and interpretation yielded insight into the micro level dynamics of competition primarily during the growth stage of the industry.

In the high tech industry, technology turbulence and market turbulence can be conceived as issues of dispersed knowledge across people, places and time (Hayek 1945). Against this backdrop of asymmetries of knowledge, a firm must adapt its resources and capabilities to successfully compete (Teece, Pisano and Shuen 1997). The history of the personal computer industry is characterized by technology turbulence in product development, architecture, complementary products, and network externalities. It is also marked by market turbulence, including many market entries and exits, rapid price reduction, distribution shifts, and the rise of business and consumer demand. The technological changes include the evolution of the personal computer from mainframe and micro-computers, software development and the correlating importance of software relative to hardware, emergence of the PC as the standard as a result of IBM opening its architecture, the resulting industry standard of Microsoft as the standard operating system, the expansion of the Internet, and improvements in modular components such as monitors, CPUs, and printers.

The personal computer industry evolved with knowledge dispersion and knowledge domain. We have knowledge domains such as technology and market and their degrees of knowledge dispersion. Grant (1996) suggests that high (low) levels of dispersion of knowledge or lack (presence) of common knowledge can hamper knowledge exchange, which is associated with a high (low) transaction cost. Such was the state during the early part of the introduction stage. During this phase, personal computers were self-contained, fully complete appliances, usually with proprietary software. Technical knowledge was concentrated among manufacturers and a relatively few customers. With the introduction of modularity, knowledge about standard components spread among customers, enabling them to select and even design computers to meet their needs and resources. At this point, the basis of competition shifted from technology to marketing.

For further information contact: Jiyoon An, University of Rhode Island (annjiyoon@gmail.com).
Drawing upon the service-dominant logic paradigm of marketing, Vargo and Lusch (2008) argue that the fundamental basis of exchange is service, and indirect exchange such as goods masks this fundamental basis. Specifically, knowledge and skills, operant resources, are fundamental source of competitive advantage because service can be viewed as the application of specialized competences (skills and knowledge) through deeds, processes, and performances for the benefits of another entity or the entity itself (self-service) (Vargo and Lusch 2004). “A computer is not an end-product but a means to an end or to a variety of ends” (Langlois 1992, p. 46). In this way, our knowledge dispersion view of the history of the early stages of the personal computer industry can be more insightful than the industry life cycle approach for the following reasons. First, consumption of a personal computer is closely associated with consumption of the service that computer provides. Second, depending on the consumer’s level of skills and knowledge, service quality is heterogeneous. Third, consumer involvement is required to deliver service. Fourth, value-in-use of personal computer is created at consumption point phenomenologically. Therefore, the evolution of PC industry can be examined with service-dominant logic. Therefore, this paper suggests that a shift occurs from technology-driven goods competition to marketing-driven service competition during an industry’s evolution that dramatically alters the nature of competition.

References are available on request.
Is Too Much as Bad as Too Little? Market Information and New Product Advantage in Research-Intensive Industries

Anna (Shaojie) Cui, University of Illinois at Chicago
Yazhen Xiao, University of Illinois at Chicago

Keywords: new product development, market information generation, technical information generation, project uncertainty, research-intensive industries

EXTENDED ABSTRACT

Research Questions
This research tries to understand when is market information generation more or less beneficial for NPD outcomes, and how does the effect of market information generation differ from that of technical information generation.

Method and Data
Our sampling frame is a commercially supplied list covering the chemical, biochemical and pharmaceutical industries in North America. Seven hundred firms were randomly selected from the list for the survey. A professional survey research organization administered the survey on the researchers’ behalf. We received 451 usable responses, resulting in a response rate of 64.4%. Respondents were asked to answer the questions with regard to a NPD project that they were directly involved in in the past five years. Their titles included product line managers, new product development managers, and product managers. For responding firms, the number of employees averaged 1,309 with a range from 11 to 30,000. We compared early and late responses via t-tests and found no significant differences for the key constructs, suggesting non-response bias is not a significant concern. We conducted a confirmatory factor analysis (CFA) to assess measurement validity.

Summary of Findings
Information generation is expensive to firms in general and those in research-intensive industries in particular (e.g. Marron 2006). Given the inconsistent research findings on the benefit of market information for new product outcomes, we are inspired to delve deeper into NPD conditions and find that market information generation does not necessarily lead to superior products. We find that (1) different from technical information generation, the main effect of market information generation follows an inverted U-shape and can be negative at high levels; (2) the effect of market information generation is strengthened by cross-functional teams, but lowered when the product idea is strongly technology-driven; and (3) project uncertainty strengthens the enhancing effect of cross-functional teams and the constraining effect of technology-push product ideas on the benefit of market information generation.

Key Contributions
In the business world, many firms endeavor to understand customer demand to develop successful new products. Often such understanding is achieved through marketing research activities. Yet market information generation activities are costly, and they are more expensive in the U.S. than in other countries (ESOMAR 2012). In the meantime, a few academic studies discover that market information does not enhance product success (Veldhuizen, Hultink, and Griffin 2006), and sometimes even negatively impact product performance (Frishammar and Horte 2005). These findings contradict early academic conclusions that market information positively influences the outcome of NPD projects (e.g. Li and Calantone 1998). Our research contributes to a better understanding of why and on which conditions market information generation activities bring positive impacts on new product outcomes. Additionally, we call attention to the difference between market information and technology information generation activities, and suggest they contribute to product outcomes differently in NPD process.

References are available on request.

For further information contact: Anna (Shaojie) Cui, Assistant Professor of Marketing, University of Illinois at Chicago (ascui@uic.edu).

Chyi-Mei Chen, National Taiwan University
Shan-Yu Chou, National Taiwan University

Keywords: new product development, advertising, coupon strategy, debt financing

EXTENDED ABSTRACT

Research Question
Despite that most firms in the real world are financially leveraged and seek to maximize equity value, the existing marketing theory has mostly assumed profit-maximizing firms. The 2008 financial crisis indicates that debt financing can impact literally each and every firm facing demand or cost uncertainty, and a marketing theory that overlooks the effects of financial leverage on firm behavior and industry equilibrium can be seriously biased and flawed. This paper intends to fill this gap by examining how debt financing may affect a manufacturer’s design of a new product, its subsequent advertising decision, and its short-term sales promotion strategy in a model à la Gerstner and Hess (1995).

Summary of Findings
The authors show that when low-valuation buyers are always important the financially leveraged manufacturer tends to over-provide product quality and price too high, when compared to its all-equity counterpart. Financial leverage is shown to dampen the firm’s advertising incentive when consumers have similar coupon redemption costs and quality provision for the new product is not very costly. The impact of financial leverage on coupon strategy is less clear-cut: if profit maximization requires that the firm serve all consumers in each demand state, then high financial leverage induces the firm to issue a very large coupon and to bet on a low redemption rate; but if profit maximization requires that the firm abandon the low-valuation consumers in the high-demand state, then high financial leverage induces the firm to stop issuing coupons.

Key Contributions
The paper produces results regarding how financial leverage may impact a manufacturer’s pricing and advertising behavior, which are mostly consistent with existing empirical findings. It also generates new testable predictions regarding how financial leverage may affect a firm’s pull promotions and provision of product quality.

References are available on request.

For further information contact: Chyi-Mei Chen, National Taiwan University (cchen@ntu.edu.tw).
Diffusion Within Use: Cross-Situational Specialization of a New Product from the Perspective of a Dynamically Continuous Innovation

Christopher Agyapong Siaw, University of New South Wales
Jack Cadeaux, University of New South Wales
Adrian Payne, University of New South Wales

Keywords: innovation, use-diffusion, complementarity, substitution, category

EXTENDED ABSTRACT

In order to engage in future innovations, use-diffusion is very important for innovative firms, particularly in the consumer electronics industry. Although such innovations can be discontinuous (DI), continuous (CI), or dynamically continuous (DCI), existing studies of use-diffusion in the marketing literature adopt the perspective of a DI or a CI rather than a DCI. While the perspective of a DI assumes the entry of a new product into a non-existing category, that of a CI assumes the entry of a new product into a single existing category with an evolutionary path. Such assumptions ignore new products that form new subcategories in major existing categories. The present study adopts the perspective of a DCI, to develop a diffusion model of use that (1) relaxes the assumptions of either a non-existing or a single existing category and (2) incorporates complementarity and substitutability in-use. Based on the diffusion of a tablet, a relatively newer device that forms a new subcategory-in-use for educational purposes alongside existing device(s) in the PC category, the resulting model of cross-situational specialization of a new product offers key theoretical and managerial implications.

Research Questions
1. How does the availability of multiple products in the same major category but from different subcategories moderate the use-diffusion framework for a new product in a new subcategory?
2. How do existing products in a given major category affect the rate and variety of use of a new product in a new subcategory?
3. Under what condition does the new product co-exist with existing products for the user?
4. To what extent does the new product co-exist with products already in-use for the user?

Method and Data
The study sampled and surveyed 315 higher education students, across universities in Australia, who own and use a tablet computer for learning and educational purposes. The study further collects data on the use of other devices such as desktops, laptops, e-readers, and smartphones for learning and educational purposes. A questionnaire was administered to respondents by a reputable market research company. The data includes discrete data (1=yes, no=0) on the use of the tablet or other devices (combined) for 15 tasks across 5 situations. Further, the study collects continuous data (1=slightly use, 2=moderately used, 3=highly used, 4=mostly used) on the use of the tablet or other devices (combined) for 15 tasks within 5 situations.

The study analyses how existing products in a major category moderate the use-diffusion framework for a new product in a new subcategory with analysis of variance (ANOVA) through multiple comparison t-test. Further, the study analyses how existing products affect the rate and variety of use of the new product, in terms of complementarity and substitutability across and within situations, with a two-stage least squares analysis (2SLS). Finally, the study analyses how, and

For further information contact: Christopher Agyapong Siaw, University of New South Wales (c.agyapongsiau@unsw.edu.au).
to what extent, the new product co-exists with existing ones in-use through a classification of users into user situations with a multinomial logistics regression (MNL).

**Summary of Findings**

The study finds that the availability of multiple products from different subcategories in a major category significantly enhances the same type of use *across* and *within* situations for consumers. However, the enhancement of use, on a new product in a new subcategory, remains significantly higher *within*, when compared with *across*, situations for consumers. Conversely, consumers’ perception of the new product’s essentialness, in terms of its integration with existing ones, remains significantly higher when the new product enhances the same type of use *across*, compared to *within*, situations.

Further, the study finds that the availability of existing products in a major category affects the rate of use and variety of use of a new product in a new subcategory through complementarity-in-use and substitution-in-use. However, complementarity-in-use and substitution-in-use remains significantly higher for rate, compared to variety, of use when the new product serves the same uses as existing ones.

Finally, the results show that substitutable products can co-exist as complements-in-use when the products serve the same uses in different situations for the user. However, a new substitutable product can co-exist with existing ones as a complement-in-use when the new product serves existing uses in different situations but enhances these uses in specific situations where other products cannot be applied at all or can be applied to a minimal extent.

**Key Contributions**

The literature review shows that the diffusion of a new product to customers can be a discontinuous (DI), a continuous (CI), or a dynamically continuous (DCI), innovation. Yet, research on use-diffusion has ignored the perspective of a DCI. This study extends use-diffusion framework from the perspectives of DI and CI to the perspective of a DCI. Second, previous research on use-diffusion examines rate and variety of use based on the new product’s use characteristics. This study examines use-diffusion based on user characteristics and introduces situational dynamics to further clarify rate and variety of use. Third, existing research on product market structure analysis focuses on substitution-in-use between competing products and assumes that product markets are structured in a static context. This study introduces complementarity-in-use to account for product market structure analyses in a dynamic context through a market evolution across time. Fourth, the present research represents one of the first attempts to conceptualize and empirically validate cross-category relationships between substitutable products as complementary. By blending substitution-in-use and complementarity-in-use in a single framework, the resulting cross-situational specialization model of use provides an insight into understanding cross-category relationships between products in the marketplace. Finally, whereas existing research on technologically convergent and dedicated products examines product attributes, this study extends the examination of technologically convergent and dedicated products to their functioning in-use.

*References are available on request.*
Myopic Marketing and Innovation Management: Insights from Credit Ratings

Daniel Willmann, RWTH Aachen University

Keywords: marketing–finance interface, credit rating, real activities manipulation, myopic marketing and innovation management

EXTENDED ABSTRACT

Research Question
Building up effective marketing and innovation capabilities has become a particular challenge for corporations operating in increasingly dynamic and uncertain markets (e.g., Rubera and Kirca 2012). Meanwhile, managers signal a high willingness to manage short-term earnings at the expense of long-term marketing and research and development (R&D) investments to counteract earnings pressure stemming from external stakeholders (e.g., Graham, Harvey, and Rajgopal 2005). Due to the adverse effects of myopic management on long-term firm value (Mizik 2010), it remains an academic challenge to identify circumstances under which managers strive to report favorable earnings figures and to develop effective measures to counteract myopic practices (Mizik and Jacobson 2007).

As the extant literature yields mixed results and leaves important questions unanswered, this study investigates the relationship between myopic marketing and innovation management and credit ratings along with stock price implications by answering the following three research questions: (1) How does the prevalence of marketing and R&D-driven myopic management differ across firms with and without credit ratings? (2) How does the prevalence of myopic management differ across rating categories and different types of rating changes? (3) How does the stock market respond in the short- as well as in the long-term to credit rating changes that coincide with marketing and R&D-driven myopic management?

Method and Data
We merge four databases for the purpose of our study (COMPUSTAT Fundamentals and Ratings, CRSP, Kenneth French Data Library) and base our analyses on 31,873 U.S. firm-year observations spanning the period from 1985 to 2013. Methods from the marketing literature are used to identify myopia (e.g., Mizik 2010). As such, we classify firms that simultaneously report lower than normal marketing and R&D intensities but higher than normal profitability figures as “potentially myopic.” Fixed-effect autoregressive panel data forecast models are applied to calculate unexpected changes in the aforementioned measures.

We use the “S&P Long-Term Issuer Credit Rating” (1) to identify firms with investment grades, non-investment grades and without credit ratings, (2) to distinguish between firms with plus specifications (e.g., A+), without specifications (A) and with minus specifications (A–), and (3) to isolate upgrades, downgrades and no credit rating changes (e.g., Kim, Kim, and Song 2013; Kisgen 2006). Finally, we apply the four-factor model (Carhart 1997) and the time-varying risk characteristic approach (Daniel and Titman 1997) to compute the cumulative abnormal stock returns in a multi-year setting. Two-tailed t-tests are used to analyze how the prevalence of myopic management differs across subsamples and regression analyses are applied to investigate the cumulative stock price effects of myopic management and credit rating changes (e.g., Mizik and Jacobson 2007).

Summary of Findings
Our findings are threefold. First, the results show that investment grade firms practice myopic management significantly more often than unrated firms and non-investment grade firms, indicating that the prevalence of myopic management differs depending on funding sources and corporate gover-
inance instruments (e.g., public versus private debt) (Denis and Mihov 2003). Second, the data reveals the prevalence of myopic management to vary across rated firms with plus specifications, without specifications and minus specifications. Complementarily, we find a positive association between favorable rating changes and the practice of myopic management, while the latter one appears to be least prevalent for firms with downgrades. These findings indicate that managers perceive myopic management as an effective toolset to manage earnings and induce favorable rating changes.

Finally, we find the initial market response towards myopic management at the time of credit rating changes to be incomplete in the year of occurrence (i.e., abnormal stock returns) and the response to be systematically adjusted in the years following. As such, our findings indicate that distant equity investors are not able to identify and price in the adverse effects of myopic marketing and innovation management in a proper and timely manner, especially when increased profitability is reported at the time of credit rating changes.

**Key Contributions**

Based on our analyses including 31,873 US firm-years in the period from 1985 to 2013, we contribute to the existing research on the marketing–finance interface in three ways. First, we reveal that the prevalence of myopic marketing and innovation management differs between rated and unrated firms. This finding supports the notion that myopic practices depend on funding sources and corporate governance systems. Second, we find the prevalence of myopic management to vary across rating categories and to be positively associated with favorable rating changes. This indicates that myopic marketing and innovation management can induce favorable rating changes. Third, by analyzing the stock price implications of myopic management that coincides with rating changes we provide evidence for the existence of stock market related managerial incentives to act myopically in the context of credit ratings changes.

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

Track Chairs
Regina McNally, Saint Xavier University
Jelena Spanol, University of Illinois at Chicago

Industry and Firm Impact on Innovation
How R&D and Marketing Integration Affects New Product Success: Empirical Evidence from the ICT Industry
Dongnyok Shim, Jorn Altmann

Host Market’s Institutional Environment and Emerging Market Firm’s Innovation Performance: Evidence from China
Jie Wu, Zhenzhong Ma

How to Achieve Innovation Ambidexterity in New Product Development: A Cross-Levels and Longitudinal Case Study in China
Hao Wang, Yi-Fang Chiang, Ming-Huei Hsieh

A High Tide Raises All Ships: The Halo Effect of Introducing New Superstar Products on Category Assortment Performance
B.J. Allen, Richard Gretz, Suman BasuRoy

The Dark Side of Innovation
Are All Innovation Resisters Laggards? An Exploratory Study on the Idiosyncrasies, Motives, and Roles of Innovation Resistance Leaders
Nadine Hietschold, Ronny Reinhardt, Sebastian Gurtner

Project Suspensions and Failures in New Product Development: Returns for Entrepreneurial Firms in Codevelopment Alliances
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The Feedback Effects of Inferior Innovations: Perspectives of Brand Innovability and Consumer Innovativeness
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Is Too Much as Bad as Too Little? Don’t Pester Me, Upgrade Innovation!
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Implications of Design for Innovation
Opening to Customer Dialogue: Interactiveness, Innovation Efficiency, and Profitability
Albena Pergelova, Diego Prior, Josep Rialp

Mixing Physical and Virtual Realities: Implications of Augmented Reality Smart Glasses for the Management of Innovation
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Key Product Design Elements for Successful Product Development: An Exploratory Study of the Automotive Industry
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How R&D and Marketing Integration Affects New Product Success: Empirical Evidence from the ICT Industry

Dongnyok Shim, Seoul National University
Jorn Altmann, Seoul National University

Keywords: R&D and marketing integration, new product success, time to market, product differentiation, information communication industry

EXTENDED ABSTRACT

Product innovation through new product development (NPD) arises as major source determining competitiveness and sustainability of business enterprises. In so-called high-tech industry that experiences rapid technological change, success of new product leads to path to gain propositional advantage in today’s marketplace. Especially, as one of the typical example that shows high R&D rate in supply side and heterogeneous consumer needs in demand side, the ICT (Information and Communication Technology) industry has been facing fast-changing business world during last few decade. It is popularly known that the ICT industry is both highly capital and technological intensive while the product life cycle of ICT products is relatively short so that only few products survive in the market. This industrial environment says key success factors that lead to growth and profitability of ICT companies depends on how well each firm constructs their own business system developing innovative products that meets consumer needs.

In this context, many studies have been made on factors affecting success of new product in market with the hope of yielding clues to improve management practices and consequentially it has been recognized by researchers that marketing and technological capability, and their harmony in organizational level is key success factors of NPD. Though the R&D team possesses high-end technology and marketing team has competitive market-research skill, unless discussion between each team is animated, it is easy for new products to lose ability to compete in the market. In that connection, R&D and marketing integration has been heavily emphasized as one of the crucial factors that lead to new product success. According to empirical results of studies on effect of R&D and marketing integration, it has been believed that cooperation within cross-functional team increases development success. Such a scientific evidence supporting hypothesis, saying relationship between integration between R&D and marketing team, is consistent across a variety of nation and industrial culture.

However, despite extensive studies of cooperation effect between different functional teams such as R&D and marketing on new product, little is known about how the degree to which each team collaborates affects performance of new product in terms of technological innovativeness and market success. Very few attempts have been made at interaction effect between cross functional team collaboration itself and firms’ other resource and capabilities which are positively necessary on NPD process.

From what seems to be unexplored in this area, we are here concerned with the level of collaboration between R&D and marketing team and ultimately we would like to explore the relationship between extent of integration and new product success, which best describes empirical data. Further, we clarify the issue about interaction effects caused by firm’s other capabilities that are imperative in NPD as well.

References are available on request.
Host Market’s Institutional Environment and Emerging Market Firm’s Innovation Performance: Evidence from China

Jie Wu, University of Macau
Zhenzhong Ma, University of Windsor

Keywords: institutional environment, intellectual property rights, cultural distance, absorptive capability, emerging markets, China

EXTENDED ABSTRACT

Research Question
The globalization of innovation has accelerated over the past two decades, yet emerging market firms often face obstacles in harnessing the benefits of the globalized innovation. They suffer the disadvantage of operating in home countries with underdeveloped institutions and the lack of technology and marketing and management expertise. Innovation performance therefore has national institutional configurations and firms still need to rely on capabilities developed on their own. Previous studies in this field have focused on the economic environment—how the level of economic development in a host country affects emerging market firms’ market choices and subsequent their success. Another equally important environmental dimension is the institutional environment, which has attracted less research so far. The main purpose of this study is to extend this line of research by examining the influences of host markets’ institutional environment on emerging market firms’ innovation performance and further to what extent these influences depend on technological capabilities specific to the firm.

Method and Data
We tested our hypotheses using a sample of Chinese firms expanding to overseas. We constructed this sample from the public listed Chinese companies. To ensure that the sampled firms engage in minimum amount of international expansion, we limited our sample to those Chinese-listed companies that (1) had at least one overseas subsidiary operating in a foreign market and (2) they hold at least a 10% share of these overseas subsidiaries. Data were collected for the 19-year period from 1992 to 2010. After removing several firms listed their shares after 1992 and the ones with missing data, the final sample is 735 firm-year observations.

We collected financial data of these firms from Shenzhen Stock Exchange (SZE) and Shanghai Stock Exchange (SSE). We collected patent data from the official website of the State Intellectual Property Office of the People’s Republic of China. We then matched patent data with financial data, based on unique company code. We obtained overseas expansion information by visiting the homepages of individual firms and cross-checked annual reports released by company themselves. Overall, the Chinese companies in our sample had expanded into 36 foreign markets.

Summary of Findings
The results of this study show that the level of maturity of host markets positively affects emerging market firms’ innovation performance. In addition, the level of IPRs protection of host markets positively affects emerging market firms’ innovation performance. A large distance between host and home markets is also found positively related to emerging market firms’ innovation performance. We also predict that emerging market firms’ absorptive capability strengthens the positive effect of the level of maturity of host markets on innovation performance, which is supported in this study. Furthermore, emerging market firms’ absorptive capability strengthens the positive effect of the level of IPRs protection of host markets on innovation performance. It is also expected that emerging market firms’ absorptive capability weakens the negative effect of a large cultural distance between host and home markets on innovation performance.

For further information contact: Jie Wu, Associate Professor, University of Macau (jiewu@umac.mo).
Different from what is predicted, emerging market firms’ absorptive capability actually strengthens the impact of cultural distance on their innovation performance, that is, instead of constraining technological innovation performance, cultural distance actually promotes emerging market firms’ innovation performance in the more developed host markets.

**Key Contributions**

This study is able to help build a more powerful theory on international expansion and its consequence in emerging market firms’ performance. While there are a large number of studies on MNCs’ international expansion and their FDI in developing countries, more scholars start to pay attention to the MNCs from the emerging markets and their international expansion strategies. This study examines firms from an important emerging mark—China, and their performance implications of international efforts, and thus helps enrich our understanding of international expansion strategies to build a more robust theory. The results have demonstrated that the level of market maturity and IPRs protection of host markets help improve emerging market firms’ innovation performance, though through different causal mechanisms. On the one hand, a foreign market with high levels of market maturity can provide sufficient market information, a strong legislative system and effective law enforcement, resulting in effective learning and efficient operations. On the other hand, a foreign market with high levels of IPRs protection lessens the risk of the expropriation of intellectual property and provides a more favorable institutional context for innovation activities, which greatly reduce the uncertainty about how innovation can be prosecuted effectively and, as a result, also encourages emerging market firms operating there to develop new technology and products.

*References are available on request.*
How to Achieve Innovation Ambidexterity in New Product Development: A Cross-Levels and Longitudinal Case Study in China

Hao Wang, National Taiwan University  
Yi-Fang Chiang, Feng Chia University  
Ming-Huei Hsieh, National Taiwan University

Keywords: innovation, new product development, exploitation and exploration, case study

EXTENDED ABSTRACT

Research Question
The purpose of this study is to examine how Ctrip synchronizes exploration and exploitation to balance the tension of radical and incremental innovation and in turn achieve new product development success. By examining the black box of the process model, this paper anticipates to providing actionable prescriptions grounded in the empirical reality of the organizational actions of Ctrip. To these ends, the research questions include: (1) How can innovation ambidexterity be achieved? and (2) How does organizational ambidexterity balance the tension of radical and incremental innovation in the NDP process?

Method and Data
Given the purpose of this study, we opted for a qualitative research design via case study method. The empirical setting chosen for this study involves a well-known and the largest online travel agent (OTA) in China, Ctrip.com. This study developed a semi-structured interview guideline and offered an overview of our research project before the field data collection. We also gathered secondary data and reviewed historical archives such as published company brochures, books, print media, and so forth as sources of evidence for triangulation purposes and internal validity. As for the field data collection, the authors interviewed with eight informants across different departments in Ctrip at its headquarter in Shanghai during July, 2013.

Key Contributions
Constructing a process model of the synchronization of exploration and exploitation, this study seeks to contribute to the theoretical discourse on managing how two complementary innovation forms in NPD. First, by examining the black box of the process model, our grounded model allows researchers to address empirically how innovation ambidexterity is achieved in a hyper-competitive Internet industry. Second, in tracing Ctrip’s new product development via a longitudinal perspective, our study reveals the antecedents, nature, and outcomes of innovation ambidexterity and provides a relatively dynamic view on the process of balancing exploration and exploitation in innovation. Third, our model could serve as a roadmap for managers to identify appropriate actions and activities to undertake.

Summary of Findings
Drawing upon the literature and field data, this study reveals that organization-level and individual-level ambidexterity are involved in balancing radical and incremental innovation in new product development. Generally, organization-level factors include structural differentiation and contextual ambidexterity. Individual-level factors include top manager integration and middle manager linking. In detail, we also identified specific actions in each constructs.

References are available on request.

For further information contact: Hao Wang, doctoral student, Department of International Business, National Taiwan University (wanghao@livemail.tw).
A High Tide Raises All Ships: The Halo Effect of Introducing New Superstar Products on Category Assortment Performance

B.J. Allen, University of Texas at San Antonio
Richard Gretz, University of Texas at San Antonio
Suman Basuroy, University of Texas at San Antonio

Keywords: category assortment, new product performance, superstar products, halo effect

EXTENDED ABSTRACT

Research Question
Managers often discuss new product success in terms of product sales and profits, but rarely is the success of new introductions discussed in terms of the products’ impact of the other products within the category assortment. For example, they could either hurt other products within their category by cannibalizing sales or they may help other products by bringing attention to the category (positive halo effect). This study seeks to answer some important managerial and theoretical questions about the role of new product introduction on product assortment performance. First, this paper examines how new product introduction, in general, impacts other items within the category. Second, this paper then extends the discussion of general new products introduction to specifically understand the differential effect that superstar products have on product assortment performance. Third, this paper examines how these effects change depending in the characteristics of the other products in the assortment.

Method and Data
The context for our study is the videogame industry, which is a substantial part of the global economy. Our dataset observes the introduction of new video games over the course of 15 years. We model what happens to the sales of existing video games on the market when a new video game is introduced. Our modeling approach measures the differential effects of games inside and outside the genre (category). Our model also controls for time, seasonality, installed base, and game fixed effects.

Summary of Findings
Our empirical results make several contributions to the marketing literature that are theoretically rich and managerially relevant. We find that introducing any general product into the category helps the assortment initially but later acts as a substitute. But, introducing a superstar into the assortment increases assortment sales in the month of introduction as well as all the following measured months. We also show that products within the assortment with previous lower adoption levels are more likely to be impacted by new product introduction.

Key Contributions
This research adds to both the product assortment and new product literatures. From a new product perspective, our results show the importance of measuring the halo effect when evaluating new product performance. When discussing new product performance it is necessary to discuss all impacts of introduction—including the effects on other products. From a category assortment perspective, little is known within the assortment literature about the influence of entirely new products on assortment performance. This study shows the substantial impact of introducing new products on assortment sales.

References are available on request.

For further information contact: B.J. Allen, Ph.D. student, University of Texas at San Antonio (bradley.allen@utsa.edu).
Are All Innovation Resisters Laggards? An Exploratory Study on the Idiosyncrasies, Motives, and Roles of Innovation Resistance Leaders

Nadine Hietschold, Dresden University of Technology  
Ronny Reinhardt, University of Utah  
Sebastian Gurtner, Helmholtz-Zentrum Dresden-Rossendorf

Keywords: innovation adoption, consumer resistance, technology acceptance, innovation diffusion, resistance leader

EXTENDED ABSTRACT

Research Question
Conventional wisdom associates innovations as a competitive success factor. However, consumers are often skeptical to novelties and commonly respond with resistance. When consumers resist to innovations, they can delay or even inhibit the entire diffusion process. Some consumers do not solely refuse to adopt innovations, but actively engage in negative word of mouth and countermeasures. Such negative statements of influential individuals (i.e., “innovation resistance leaders”) are detrimental to new products and lead to substantial losses and negative firm reputation. Despite the high practical relevance of innovation resistance leaders for the innovation’s success, innovation literature scantly addresses these opponents. As a consequence multiple research gaps (e.g., the classification of innovation opponents as change resisters without sufficient research about active opposition), scholars know little about innovation resistance leaders. In the exploratory study, we aim to answer the following three research questions: (1) Which idiosyncrasies characterize innovation resistance leaders (who)? (2) What motives drive innovation resistance leaders (why)? and (3) Which role have innovation resistance leaders in innovation diffusion (how)?

Method and Data
Inductive approaches, such as multiple case study research, are appropriate when scholars know little about a phenomenon. We select eight cases of consumer resistance to innovations and new technologies in North America and Germany (e.g., nanotechnology, electric cars, Windows 8). We searched in each case for individuals that appear in the media and selected those individuals that were quoted most often or quoted as initiators of countermeasures against the innovation. We conducted two in-depth semi-structured interviews with each resistance leader, we gathered data from secondary data sources and we interviewed colleagues of the resistance leaders. We analyzed our data material with content analysis.

Summary of Findings
We identified two different types of innovation resistance leaders: “aggregators” and “initiators.”

Motives
Both types have an inclination to “make the world a better place” and to “reveal the truth.” However, aggregators aim to solve consumer fears, whereas initiators try to solve the general problem with this category of innovations. The aggregator intervenes in cases where the innovation affects the consumer directly (i.e., concrete branded products with functional deficits or implementation challenges) and the initiator emerges in cases with a wider application context (i.e., new technologies whose consequences for individuals and the general society are unclear and risky).

For further information contact: Nadine Hietschold, Dresden University of Technology (nadine.hietschold@tu-dresden.de).
**Societal Role**
The process of handling upcoming problems with innovations differs between aggregators and initiators. In the case of aggregators, the consumers first have concerns with new products. When the amount of negative voices reaches a critical mass, aggregators step into the debate. They multiply the issue through mass media and try to address the responsible company or industry branch. In the case of initiators, they themselves are the first who recognize a potential problem. They try to scale up the issue and to achieve governmental regulation. Hence, the role of aggregators is to protect consumers from current grievances (i.e., present-orientated). Initiators serve as a telescope for potential risks and regulations of new technologies (i.e., future-orientated).

**Idiosyncrasies**
Aggregators are more collaborative and less confrontational and individualistic than initiators. Informants describe initiators as brave, uncompromising and persisting. According to their colleagues, all resistance leaders are extremely intelligent, experienced, eloquent and well connected to the media. Resistance leaders have a high willingness to spend most of their life to their task. Resistance leaders are not change resistant, but highly innovative. They often develop alternative solution for the technologies they criticize.

**Key Contributions**
We conducted the first study that profoundly investigates idiosyncrasies, motives and roles of innovation resistance leaders in detail. We developed a dynamic framework that explains how these pieces interact. Our findings add to the existing consumer resistance literature. These types of active opponents neither fit into the definition of laggards (i.e., passive resisters) nor are innovation advocates in the conventional sense (i.e., opinion leaders). We found two types of resistance leaders with two substantially different roles. We show that these individuals do not simply inhibit innovation diffusion, but have self-assigned societal roles of protecting consumers and identifying risky. Managers can use our findings to identify and adequately react on the appearance of resistance leaders. In both cases, the resistance leader’s criticism refer to severe problems. When managers intervene timely, they can prevent the innovation from failure. Our findings open new ways for fruitful future research.

*References are available on request.*
Project Suspensions and Failures in New Product Development: Returns for Entrepreneurial Firms in Codevelopment Alliances

Yansong Hu, University of Warwick
Peter McNamara, Maynooth University
Dorota Piaskowska, University College Dublin

Keywords: failure, suspension, alliances, NPD, event study

EXTENDED ABSTRACT

Research Question
This study focuses on the past setbacks experienced by codevelopment firms during the NPD process. Prior research devotes much attention to the understanding of what leads to NPD success and failure (e.g. Henard and Szymanski, 2001, and Montoya-Weiss and Calantone, 1994). Little is known about the role of prior project suspensions on firm performance, and less on how the experience of both project suspension and project failure experience impact upon firms’ financial and collaborative performance. It is also not clear how firms’ learning from experience of NPD suspensions and failures may help or hurt their ability to succeed and create value in codevelopment alliances in which the interface between partners and firms’ alliance capabilities come into play. In this paper we address these questions by developing a contingency model in which the value created by the codevelopment alliance accrued to the entrepreneurial firms depends on the partners’ prior project failure and suspension experience and on the stage along the exploration–exploitation continuum at which the alliance is formed (cf. Rothaermel and Deeds, 2004).

Method and Data
To answer the research questions and test our hypotheses, we collected data on NPD alliances formed by 104 biopharmaceutical firms over an eight-year period. We adopted the alliance formation event as the unit of analysis, and used a standard event study methodology to capture value creation upon new alliance formation by measuring abnormal stock market returns around the time of alliance announcement (e.g., Gulati and Wang, 2003; Swaminathan and Moorman, 2009). The analyses support our hypotheses.

Summary of Findings
Our results suggest that prior own failures of the entrepreneurial firm have a negative effect on the firm’s ability to create value with a new product codevelopment alliance. The same is the case with the entrepreneurial firm’s codevelopment alliance partner: the partner’s prior NPD failures lead to higher value creation for the entrepreneurial firm.

In addition, these effects are stronger or weaker depending on the NPD stage along the exploration–exploitation continuum at which the alliance is formed. The greater the experience an entrepreneurial firm has of either project suspension or failure then the lower the value created for it from an early stage exploitation alliance than from an exploration alliance. In contrast, an entrepreneurial firm extracts greater financial value by forming late exploitation stage codevelopment alliance with a partner which has a high level of experience of failure.

Key Contributions
This paper seeks to make the several contributions to the literature. First, this study contributes to innovation literature in developing a better understanding of setbacks and failures.

For further information contact: Yansong Hu, Associate Professor of Marketing, University of Warwick (yansong.hu@wbs.ac.uk).
in new product development. Second, by focusing on both prior failure and prior suspension experience, we also contribute to literature on strategic alliance by identifying conditions under which firms can create value. Third, we explore how the impact of prior failure and suspension experiences depends upon the stage of the NPD cycle at which codevelopment alliances are formed. Finally, our study contributes to entrepreneurial literature on the value creation for entrepreneurial firms in alliances during adverse events (De Carolis, et al, 2009).

*References are available on request.*
The Feedback Effects of Inferior Innovations: Perspectives of Brand Innovability and Consumer Innovativeness

Joseph W. Chang, Vancouver Island University
Yung-Chien Lou, National Chengchi University

Keywords: innovation, brand innovability, brand innovativeness, consumer innovativeness, cue diagnosticity

EXTENDED ABSTRACT

Research Questions
In innovation research, innovability is defined as the ability to produce new and quality innovations. In addition to brand quality, brand innovability has become an important index evaluating innovative brands. Extant research in brand evaluations has widely investigated the adverse effects of brand extensions, which are moderated by the characteristics of brands, brand extensions, and perceivers. However, the studies mainly discuss the backward impacts of regular extensions on regular brands specifically in the perspective of brand quality. Less is known about the adverse impacts of innovation failures specifically on the innovability of innovative brands.

Moreover, extant research in innovation documents that consumer innovativeness is relevant to the evaluations of brand extensions. Specifically, high- (vs. low-) innovativeness consumers more prefer, and have higher adoption rates for, high-tech extensions. However, the research mainly discusses the relevance between consumer innovativeness and the evaluation and adoption of (innovative) extensions. Less is known about the moderation of consumer innovativeness on the feedback effects of innovation failures from the perspectives of both brand innovability and quality. Therefore, this research investigates the moderations of brand innovability, consumer innovativeness, and extension innovativeness on the feedback effects of inferior innovations.

Method and Data
This research consists of two experimental studies. For Study 1, 165 smartphone users residing in the U.S. participated in the 2 (brand innovability: high vs. low) × 2 (extension innovativeness: high vs. low) between-subjects factorial design. The participants were informed that the purpose of study was to investigate consumer opinions about smartphones. The participants started with reading the PC Home assessment about the Appsung brand and rating the prior quality and innovability of Appsung, followed by a series of rating tasks including the quality and innovativeness of the newly launched Appsung V6 and the posterior quality and innovatibility of Appsung. Specifically, prior and posterior brand quality was captured with the three-item brand attitude measure of quality, favorability, and desirability. The brand innovability was captured with the seven-item innovation ability measures. Moreover, the extension innovativeness was identified with the 9-item product innovativeness measure.

The experimental designs of Studies 1 and 2 were similar, except the sample of participants and the independent variable of consumer innovativeness replacing the variable of brand innovability. Overall, 152 smartphone users residing in the U.S. participated in the 2 (consumer innovativeness: high vs. low) × 2 (extension innovativeness: high vs. low) between-subjects factorial design. Specifically, consumer innovativeness was captured with the 10-item consumer innovativeness scale developed by Tellis et al.

Summary of Findings
The research findings reveal that inferior high- and low-innovativeness extensions yield unparallel impact patterns on the brand quality and innovatibility of high- and low-innovatibility brands. In terms of brand quality, inferior high-innovativeness extensions instigate more negative impacts
on the quality of high- (vs. low-) innovability brands. However, inferior low-innovativeness extensions instigate identical negative impacts on the quality of both high- and low-innovability brands. In terms of brand innovability, both inferior high- and low-innovativeness extensions instigate more negative impacts on the innovability of high- (vs. low-) innovability brands. In comparison, brand innovability is less vulnerable than brand quality to inferior innovations, except the condition of high-innovativeness brands with low-innovativeness extensions, where both the brand quality and innovability of high-innovativeness brands are identically weakened by inferior low-innovativeness extensions.

Moreover, the impacts of inferior high- and low-innovativeness extensions exert asymmetric impact patterns on consumers’ perception of the quality of innovative brands. Specifically, inferior high-innovativeness extensions instigate less negative impacts on high- (vs. low-) innovativeness consumers’ perception of the quality of innovative brands. In contrast, inferior low-innovativeness extensions instigate less negative impacts on low- (vs. high-) innovativeness consumers’ perception of the quality of innovative brands. As with the impact patterns on brand quality, inferior high- and low-innovativeness extensions also exert asymmetric impact patterns on consumers’ perception of the innovability of innovative brands. Specifically, inferior high-innovativeness extensions instigate less negative impacts on high- (vs. low-) innovativeness consumers’ perception of the innovativeness of innovative brands. In contrast, inferior low-innovativeness extensions instigate less negative impacts on low- (vs. high-) innovativeness consumers’ perception of the innovativeness of innovative brands. Moreover, in comparison, the quality (vs. innovatibility) of high-innovativeness brands is more susceptible to inferior high-innovativeness extensions, regardless of consumer innovativeness. In contrast, the quality and innovatibility of high-innovativeness brands are equally susceptible to inferior low-innovativeness innovations, regardless of consumer innovativeness.

Key Contributions
This article advances innovation research by examining the feedback effects of inferior innovations on both the innovability and quality of innovative brands from the perspectives of brand innovativeness, consumer innovativeness, and innovation innovativeness. Specifically, the first study examines the moderations of extension innovativeness and brand innovativeness on the feedback effects of inferior innovations. The second study investigates the moderations of consumer and extension innovativeness on the feedback effects of inferior innovations.

References are available on request.
Is Too Much as Bad as Too Little? Don’t Pester Me, Upgrade Innovation!

Yazhen Xiao, University of Illinois at Chicago
Jelena Spanjol, University of Illinois at Chicago

Keywords: upgrade innovation and adoption, consumer expertise, annoyance, anticipated regret, consumer expertise

EXTENDED ABSTRACT

Research Question
We want to understand the characteristics of incremental innovation as it applies to already-owned products, and define this type of incremental innovation as *upgrade innovation*. Upgrade innovation revises products currently owned by customers. It is through the relationships with earlier generations or versions of a product that consumers form knowledge, familiarity, and emotional attachment to it, affecting the adoption decision for any related newer product and in particular those engendered by upgrade innovation. The second question is to study how upgrade innovation adoption decisions are made, i.e. the decisions to agree (or not) with revising and improving already-owned products. Our third research question is to investigate how negative affect, psychological ownership and consumer expertise on upgrade innovation influence upgrade innovation adoption.

Method and Data
We use mobile apps and app updates as our research context, and conduct two series of experimental studies. The series of experiments in Study 1 test the perceived benefit characteristic of upgrade innovation, and those in Study 2 test the perceived change characteristic of upgrade innovation and upgrade innovation adoption. Data was analyzed by regressions and Preacher and Hayes (2007) bootstrapping approach. In both series, the mediating effect of annoyance and anticipated regret, and the moderating roles of psychological ownership and consumer expertise (with the product and with upgrade innovation) will be examined. Data of our first two experiments was collected through Amazon Mechanical Turk (MTurk), and additional data from student subject pool from a U.S. university is ongoing.

Summary of Findings
To date, we have completed two experiments and a third one is in progress. The two completed experiments (n = 310 and n = 250) examine the relationships between perceived benefits of upgrade adoption, annoyance, psychological ownership, and consumer expertise. Initial findings suggest that annoyance mediates the relationship between perceived benefit and upgrade innovation adoption, in such a way that perceived benefit reduces annoyance, which in turn improves adoption intentions. Together, the two experiments also suggest that psychological ownership and consumer expertise play important moderating roles.

Key Contributions
Our research extends incremental innovation literature by defining and exploring upgrade innovation, and points out that upgrade innovation forms a unique type of incremental innovation that has not been explored in prior marketing and innovation literature. This research extend literature on innovation adoption by proposing a new approach that examines upgrade innovation adoption from the adopter’s relationship with earlier versions/generations of a product. Third, we examine how annoyance mediate the relationship between upgrade innovation characteristics and adoption decisions so as to improve the understanding of how negative affect functions within an innovation adoption context. Fourth, we explore the paradox of psychological ownership within the upgrade innovation context.

References are available on request.

For further information contact: Yazhen Xiao, Ph.D. candidate in Marketing, University of Illinois at Chicago (yxiao21@uic.edu).
Opening to Customer Dialogue: Interactiveness, Innovation Efficiency, and Profitability

Albena Pergelova, MacEwan University
Diego Prior, Universitat Autònoma de Barcelona
Josep Rialp, Universitat Autònoma de Barcelona

Keywords: interactiveness, cocreation, innovation efficiency, profitability

EXTENDED ABSTRACT

Innovations are increasingly documented to come from non-traditional sources, i.e. outside of the company itself (e.g., Garriga, von Krogh, and Spaeth, 2013; Dahlander & Wallin, 2006; von Hippel, 2005). Customers are an important source of new ideas for products and services (Cohen, Nelson, & Walsh, 2002; Thomke & von Hippel, 2002), and there is growing recognition that firm-customer (user) interaction is a driver of successful innovative new products and services (Alam, 2006; Chatterji & Fabrizio, 2014).

Research into the role of consumers in innovations has been intensified as marketing researchers are turning their attention to the notion of value as cocreated with consumers (Grönroos & Voima, 2013; Vargo & Lusch, 2004, 2008), and strategy scholars are placing more emphasis on the notion of open innovation (Garriga et al., 2013; Laursen & Salter, 2006; Love, Roper, & Vahter, 2014) as a recognition that value and innovation cannot be successfully generated through a company-centric prism only (Prahalad & Ramaswamy, 2003: 12).

In a world where innovations and value are increasingly created jointly with customers, successful firm-consumer interactions become of high importance as a drive to innovate. Enkel, Perez-Freije, & Gassmann (2005) argue that one of the greatest means to improve innovation capabilities is to integrate customers into the innovation process. Teece (2007) recognizes that the probability of a successful commercial innovation is highly correlated with understanding of customers’ needs. Similarly, Di Benedetto, DeSarbo, & Song (2008) posit that the ability to effectively interact with customers and to adapt to market changes is crucial in new product development (NPD). In this paper, we refer to this ability as interactiveness and we conceptualize it as a dynamic capability. In-depth interviews with managers and inductive analysis following the principles of grounded theory (Corbin & Strauss, 1990) yielded findings largely in line with the cocreation and interaction literature from marketing and strategic management (Gummesson, 2008; Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2004, 2008).

Our conceptualization of interactiveness includes three interrelated aspects: (1) strategic understanding of the importance of interactions and dialogue with customers, (2) empowering customers to interact and share opinions, and (3) providing the basis for cocreation of value (building processes and feedback mechanisms to allow for the creation of innovative and efficient solutions). We contend that interactiveness helps firms to continuously gather relevant market information and stay ahead in their knowledge about market trends and needs (Day, 1994; Kohli & Jaworski, 1990). Strong market knowledge provides the R&D department with consumer feedback that can drive innovations (Dutta, Narasimhan, & Rajiv, 1999).

At the crux of the current paper is the juxtaposition between effectiveness and efficiency as a result of customer interaction. Although customer interactions are recognized as valuable source of new product ideas, and thus as a source of improving the effectiveness of the NPD process, Hsieh and Chen (2005) claim that it is not clear what the effect on effi-

For further information contact: Josep Rialp, Associate Professor, Universitat Autònoma de Barcelona (josep.rialp@uab.cat).
ciency is, since customer partnership activities incur additional cost for the firm. Others have joined Hsieh and Chen (2005) in questioning the innovation performance outcomes of customer interactions (Campbell & Cooper, 1999; Fang, 2008). Fang’s (2008) empirical study found that customer participation does not always lead to desirable new product outcomes. Even though effectiveness of the innovation process is increased through customer participation, the additional costs mean that the efficiency of the process might suffer. Other authors claim that, on the contrary, customer participation reduces costs associated with new product failures (Alam, 2006; Carrillat, Jaramillo, & Locander, 2004), and thus we should expect improved efficiency. Addressing those conflicting views, we introduce the notion of innovation efficiency from a marketing standpoint and assess the effect of interactiveness on the efficiency with which innovations are converted into customer value and satisfaction, and the effect of innovation efficiency on profitability.

Our study offers two important contributions. First, we develop and empirically test a measurement of interactiveness that is well grounded in field research and reflects recent conceptual developments in the management and marketing literature. Second, we offer a novel way to look at interaction efficiency from the perspective of customer-related outcomes of innovation and we employ an advanced and robust efficiency estimation approach based on non-convex activity analysis (order-m) (Daraio & Simar, 2007). We bridge developments in the management, marketing, and efficiency literature to build and test a sound model of the effect of interactiveness on innovation efficiency, and the effect of the latter on profitability.

In the different sections of the paper, we first anchor the concept of interactiveness within the dynamic capabilities literature to provide the theoretical rationale for its effect on innovation efficiency. We define interactiveness as a company-wide dialogue culture focused on interactions and cocreation of value with customers. Thus, our approach is not focused on the technical aspects of using interactive technology in the firm-customer relationship nor on computing revenues accruing from individual customers for every marketing action (Ramani & Kumar, 2008), but rather on the strategic aspects of facilitating a dialogue culture in the organization that is conducive to cocreation. Next, we discuss the literature on customer participation in innovation, and we develop the model of analysis and hypotheses. Data collection, measure development and analysis techniques used (nonconvex activity analysis: order-m- and regressions) are discussed in the methods section. After presenting the results, we find that interactiveness increases innovation efficiency, which subsequently increases profitability; and we find that the effect of interactiveness on innovation efficiency is stronger under conditions of higher competitive intensity; we finish the paper discussing these results and providing some conclusions.

References are available on request.
Mixing Physical and Virtual Realities: Implications of Augmented Reality Smart Glasses for the Management of Innovation

Philipp A. Rauschnabel, University of Michigan–Dearborn
Björn S. Ivens, University of Bamberg
Alexander Brem, University of Southern Denmark

Keywords: augmented reality, smart glasses, Google Glass, Microsoft HoloLens, technology, virtual reality, augmented reality marketing

EXTENDED ABSTRACT

Research Question
When the Internet became popular in the 1990s, it was characterized by a one way direction, that is, that a majority of users was consuming content that was published by very few people or organizations. The second step of the internet evolution, referred to as “web 2.0” or “social media,” is characterized by technologies that allow every user to create and publish content on the Internet. Common social media technologies in this context include social networking sites, or blogs. These social media are characterized by providing a second “virtual” reality to consumers. For example, while browsing Facebook in their “social media world,” users might experience feelings that are analogous to the feelings they experience in their “physical world” while being offline. Truly, the two worlds are linked, for instance when users take pictures in the “physical world” and post them in the “social media world.” Yet, these two “worlds” still remain distinct. For example, users can’t click a “Like” button for a product that they are holding in their hands.

The next step of the evolution of Internet technologies aims at melting these two worlds, what is termed as augmented reality (AR). One of the most intensively discussed devices in regards to AR are smart glasses, such as Google Glass (GG) or Microsoft HoloLens. In short, these devices capture real-world and digital information and integrate them on a prism in a user’s view field.

We define smart glasses as wearable computers with a mobile internet connection that are worn like glasses, or mount on usual glasses, that display information in the view field of a user (Rauschnabel, Brem, and Ivens, 2015). Several market research studies forecast tremendous growth rates for smart glasses within the next years. Thus, we argue that smart glasses could be “the next big thing” in the evolution of new media technologies. Hence, an understanding of early adopters of these technologies provides findings that are both interesting for research and managerial practice. A series of qualitative and quantitative studies was conducted to explore the determinants of smart glasses adoption.

Summary of Findings
In Study 1, we investigated the role of consumers’ personality structure in predicting the awareness of smart glasses among German students. Findings show that openness to experience is positively, and neuroticism negatively related to smart glasses awareness. Study 2 applies a revised technology acceptance model based on a sample of German consumers (non-students). The results show that consumers’ attitude towards smart glasses is mainly driven by perceived functional benefits. Perceived ease of use was not found to be directly related to drive consumers’ attitude towards smart glasses, but indirectly, mediated by functional benefits. Perceived self-presentation benefits were not found to be related to the attitude towards smart glasses, but predicted...
purchase intention. In Studies 3 and 4, we investigated several additional drivers and barriers of smart glasses by analyzing user-generated content in online discussion boards, and by surveying consumers. One core finding was that consumers tend to perceive smart glasses from two different perspectives: First, they perceive smart glasses from the view of their personal perspective that covers drivers and barriers of their personal benefits. Examples of drivers include the documentation of their lives, or making their lives more efficient. Barriers include perceived health risks (e.g. electro smog) and privacy concerns. The second perspective, termed as societal perspective, includes arguments why smart glasses are “good” or “bad” for a society. Positive examples include, for example, that smart glasses can help reducing crime. Negative examples include a loss of public privacy, distraction in traffic, breaking copyright laws, or making a society more unsocial.

**Key Contributions**

This is one of the first studies to investigate smart glasses from the view of potential consumers. Our theoretical and managerial implications are the identification of personal determinants of smart glasses adoption, including personality traits, as well as perceived personal and societal benefits and barriers. One important implication for policy makers is the need for particular laws that regulate, for example, potential conflicts with regards to privacy or copyright. However, the core conclusion of this research is that much more research is needed to understand the implications of smart glasses and other wearable technologies for consumers, managers, and the society as a whole. Parts of the research have been published in Rauschnabel, Brem, and Ivens (2015).

*References are available on request.*
Key Product Design Elements for Successful Product Development: An Exploratory Study of the Automotive Industry

Hitoshi Iwashita, Kyushu University
Susumu Ohira, Waseda University
Daisuke Ishida, Teikyo University
Taku Togawa, Chiba University of Commerce
Naoto Onzo, Waseda University

Keywords: product development, product design, automotive industry, qualitative research

EXTENDED ABSTRACT

Research Question
The research question of this study is concerned with three issues. First, are product design elements multidimensional? Second, which dimensions compose product design elements? Third, how are product design elements incorporated into the product development process? To find answers to these questions, the authors conducted a qualitative research into the automotive industry.

Previous studies on product development have acknowledged the importance of product design elements, and many researchers have incorporated these elements into their research (e.g., Yamamoto and Lambert 1994). Until now, the product design elements that have been drawn attention are “aesthetics,” which refers to external beauty, “operability,” which relates to ease of use, and “safety,” which is associated with user safety (e.g., March 1994; Sheffet 1983; Srivivasan et al. 2012).

However, most of previous research has discussed these product design elements in terms of not multidimensionality but one dimensionality. Furthermore, the present business environment has given rise to the apparent need to include new product design elements that have not been discussed in previous research. One of the new elements is “sociality,” which relates to the environment and resources.

Summary of Findings
The findings reveal nine product design elements that the authors derived from interviews with the design or marketing managers of automotive manufacturers. Based on the remarks made by the interviewees, the authors also provided explanations for each element with the keywords that are used onsite.

The nine product design elements can converge into four categories based on their common characteristics. The first category comprises the elements that are essential for a product development. This category includes “functionality,” which concerns fuel efficiency and handling stability, “operability,” which relates to ease of operation, and “safety,” which refers to the safety of passengers and pedestrians.

The second category comprises the elements that express the uniqueness. This category includes “continuity,” which provides design continuity over time, and “originality,” which relates to the individuality that cannot be found.

The third category comprises the elements that appeal to the senses. This category includes “aesthetics,” which refers to
visual beauty, and “sensuality,” which relates to the comfort of riding an automobile.

The final category comprises the elements that do not fit above categories. This category includes “sociality,” which relates to the stakeholders involved in the product, and “innovativeness,” which refers to the introduction of breakthrough designs.

**Key Contributions**

This study presents a valuable theoretical contribution through the findings of its qualitative research into seven major automotive manufacturers. Product design elements that had only been considered at an individual basis in previous research are seen here in a multidimensional light. Furthermore, the authors have derived the element of “sociality,” which cannot be overlooked in a modern business environment, in addition to classical product design elements, such as “aesthetics” and “operability,” which are discussed in a wide body of research.

This study provides a practical and useful contribution. Many firms have failed in the practice of systematically comprehending design elements and incorporating them into their product development process. As a result, the nine product design elements that were clearly identified in this study will enable designers to draw up and present plans for product designs more efficiently.

Furthermore, by sharing the nine product design elements identified in this study with the product development team, a common understanding can be fostered between the design department and other departments. This understanding should result in a reduction in conflict among departments over designs in development.

*References are available on request.*
Research Question
Product modification and new product development is crucial for business success (Veryzer 1998). In order to generate new and promising ideas in product development, companies integrate customers into their product development processes (Prahalad and Ramaswamy 2004; Hoyer et al. 2010). Thus, companies are searching for means to boost participants’ creativity, the ability to generate original and adaptive ideas, solutions or insights (Runco 1986). Research suggests that creative thinking is enhanced when people are exposed to images that contradict their stereotypical expectations. These contradictory images incite individuals to rely less on the recall of information that is characteristic of a category (Gocłowska and Crisp 2013), whereas in turn, being exposed to stereotypical imagery inhibits an individual’s aptitude for creative thinking. That is problematic, since many creative sessions in this domain are mainly based upon the presentation of current products. Drawing from construal level theory and psychological distance, we assume that in this specific domain, modifying typical product characteristics might enhance product-related creativity. We are therefore interested in these research questions: (1) Does the modification of stereotyped product attributes enhance consumer product-related creativity? (2) To what extent are personality traits such as the need for structural simplification relevant to an individual’s creativity?

Method and Data
We conducted an experiment by changing a stereotyped product stimulus. As products consist of concrete and/or abstract attributes (Olson and Reynolds 1983), we modified the presented product stereotypes by varying these attribute categories, leading to the use of a manipulated 2 x 2 between subject-design with the factors concrete attribute (stereotype vs. modified stereotype) and abstract attribute (stereotype vs. modified stereotype). Serving as a proxy for creativity, we assessed the individual’s fluency, flexibility and originality (Shalley and Zhou 2008; Gocłowska and Crisp 2013). Fluency describes the number of generated ideas (flow of ideas), flexibility means the capability to change in categories during the process of thought, whereas the uniqueness of the produced ideas is declared as originality (Guilford 1967). Two independent raters unaware of our research were asked to judge the participants’ contributions regarding fluency and flexibility. Regarding consumer characteristics, the personal need for structure (PNS) was proven to be relevant for creativity issues (Hutter et al. 2009; Gocłowska and Crisp 2013). Data analysis was performed via three ANOVAs with the dependent variables fluency, flexibility, and originality. In order to test the effect of personal need for structure, we built subsamples by a posteriori building groups with low and high PNS and adding them to the ANOVA as third factor.

For further information contact: Frederik Meyer, Johannes Gutenberg University of Mainz (meyer@marketing-mainz.de).
Due to its strong product positioning, Nivea cream, a world-famous skin-cream by Beiersdorf shaped out as the unit of analysis, ensuring high familiarity among the respondents. Due to our free association pretest regarding the most prominent attributes concerning Nivea, relating to the concrete attribute “product color” we contrasted “green” to “blue,” whereas for the second factor “abstract attribute” the classical purpose “skincare” was opposed to “shoe care” as the alternative use. A sample of 268 mainly consisting of MBA students (57.1%) and skewing female (66.8% women; 33.2% men) was used.

**Summary of Findings**

The results partially support that modifying stereotyped product attributes enhance consumer product-related creativity. Our analysis showed some effects of changing stereotyped attributes on the creative performance of consumers. Even though the effect of psychological distance on the creativity of individuals is already established (Amabile 1996; Bar-Anan, Liberman and Trope 2007), our findings suggest different effects depending on which type of attribute is changed in order to increase the psychological distance and as a consequence the creative performance. We furthermore got insights regarding particular manifestations of creative thinking, namely fluency, flexibility, and originality. First of all, the creative performance is lower for the modified concrete attribute such as the stereotypical color. A more promising approach to trigger creativity is to change the abstract attribute. Changing a stereotype on the abstract level occurs on a higher construal level and hence means a sufficiently distant representation (hypothetical psychological distance) of the object (Bar-Anan, Liberman and Trope 2006; Fiedler 2007). Furthermore, we show that personality traits such as personal need for structure (PNS) are indeed relevant to the creative performance of consumers.

**Key Contributions**

Especially when working with external sources (e.g. customers) in product development sessions and also crowdsourcing, the application of the tested technique of changing a product stereotype could be helpful for enhancing creative thinking. We provide evidence about how to trigger creativity for the purpose a particular product is related to. Doing so enhances creativity in terms of all three dimensions we considered, namely fluency, flexibility, and originality. Regarding PNS, our results suggest high PNS not to be a problem for creativity sessions; the effect of changing a stereotyped abstract attribute of a product on creative thinking is not affected by PNS. But as PNS affects the effect resulting from a modified concrete attribute, high PNS-consumers are seemingly second best compared to low PNS-consumers.

*References are available on request.*
Research Question
Crowdsourcing, the outsourcing of previously internal processes within the corporate value chain to an external crowd of people, has become popular. In applying this practice, companies aim not only at improving their value creation process, but also at increasing the loyalty of their customers. Surprisingly, the effects of crowdsourcing on loyalty have hardly been researched. While the integration of individual customers into the process of creating services has been given extensive thought in research, the integration of whole communities into this process has been little considered. Existing knowledge from service research cannot simply be transferred to crowdsourcing research. While the former deals primarily with one-to-one cocreation processes in offline environments, the latter focuses on many-to-many cocreation processes in online environments. Since more external parties are involved in crowdsourcing, it must be assumed that successful cocreation processes are not attributed to the companies behind them as often as in traditional service processes. Moreover, positive experiences are often less vivid in online than in offline environments. This reduces the loyalty potential of crowdsourcing further, raising the question of whether crowdsourcing has any positive effect on customer loyalty, and which factors this would depend on. Our study aims at closing this research gap.

Method and Data
To close the gap, we applied a multimethod approach: First, six experts were interviewed to identify the antecedents of customer loyalty in crowdsourcing. Three factors transpired as relevant: (1) satisfaction with the crowdsourcing process, (2) sense of virtual community experienced through perceived membership, immersion, and influence, and (3) the crowd’s value orientation toward experience, affiliation, and self-esteem.

Second, hypotheses were developed. The hypotheses assume that satisfaction with the crowdsourcing process as well as perceived membership, immersion, and influence have a positive effect on customer loyalty, which is partially mediated by affective commitment. Furthermore, they suppose that the crowd’s value orientation toward (a) experience ([b] affiliation; [c] self-esteem) positively moderates the effect of perceived (a) membership ([b] immersion; [c] influence) on customer loyalty, respectively affective commitment.

Third, the model was tested in three experiments. Each experiment had a $2 \times 2$ setup consisting of satisfaction with the crowdsourcing process and one dimension of the sense of virtual community (i.e. perceived membership, immersion, and influence). Manipulations were carried out using vignettes describing a crowdsourcing process focused on online product development. The resulting experimental data were first analyzed with structural equation modeling (main effects only) and then with regression analyses (main and moderating effects).

Summary of Findings
The results from structural equation modeling showed that the model fits the experimental data well in terms of compa-
ative fit index, Tucker–Lewis index, root mean square error of approximation, and standardized root mean square residual. Furthermore, they illustrated that the manipulations had the expected effects on participants and confirmed most of the hypothesized main effects. Merely the hypothesized main effect of perceived immersion on customer loyalty had to be rejected.

Additional regression analyses on the moderating effects of experience, affiliation, and self-esteem orientation led to mixed results. The hypothesized effects of experience orientation were confirmed. However, regarding affiliation orientation, only the hypothesized moderating effect on the relationship between perceived immersion and affective commitment was confirmed. No empirical support was found for the hypothesized moderating effects of self-esteem orientation.

All in all, the results demonstrate that crowdsourcing has a positive effect on customer loyalty, when satisfaction with the crowdsourcing process and virtual sense of community (i.e., perceived membership, immersion, and influence) are given. Moreover, they show that companies should focus their crowdsourcing activities especially on participants with high experience and affiliation orientation as these orientations reinforce the direct and/or indirect effects of perceived membership and immersion on customer loyalty.

Key Contributions
The present study addressed the question whether crowdsourcing has a positive effect on customer loyalty and on which factors this effect depends. In this context it made three important contributions to marketing theory and practice:

First, research on crowdsourcing is still at an early stage, which is why our study enriches the existing research in general. Second, our study shows for the first time and by means of three experiments that crowdsourcing can have a positive effect on customer loyalty. Third, our study identifies satisfaction with the crowdsourcing process, virtual sense of community (i.e., perceived membership, immersion, and influence), and the value orientation of the crowd (concretely: its experience and its affiliation orientation) as important factors for building customer loyalty. Thus, our study gives new and important impulses on how to build customer loyalty through crowdsourcing.

However, it is only a first step on the road to a better understanding of crowdsourcing. The examination of additional variables and constructs could further improve our understanding of the psychological responses to crowdsourcing. As crowdsourcing is still a largely unexplored and highly dynamic field, it will offer a wide range of research opportunities for years to come.

References are available on request.
Managing Firm-Hosted Online Innovation Communities: An Empirical Study of Determinants for Continued Participation

Johanna Brunneder, University of Geneva
Marcel Paulssen, University of Geneva

Keywords: online innovation community, continued participation, expertise, community tenure

EXTENDED ABSTRACT

Research Questions
- How can companies encourage external stakeholders to participate in firm-hosted online innovation communities (OICs)?
- What are the contingency factors that strengthen or deplete the effects of drivers of participation?

Method and Data
We have collected survey data from 760 members of an online innovation community and system-stored longitudinal behavioral data. We employed structural equation modeling to test our hypothesized model.

Summary and Findings
The results of our study make a theoretical contribution, with respect to three primary issues of importance. First, our results show that innovativeness has no influence on stakeholders’ participation. The reason behind this result is likely to be bound with the overall high average level of members’ innovativeness. For this reason, stakeholders’ innate innovativeness may be an indication of who joins and is part of OICs, but not who participates actively on a continued basis. Second, our results suggest that self-efficacy predicts continued participation in OICs. Even though social software applications have decreased issues relating to users’ technology acceptance, the importance of self-efficacy in OICs still persists. If members of OICs do not feel competent enough to engage in discussion in the OICs, they will not participate on a continuous basis. Third, this study tests three central types of motivational benefits that members can obtain from engaging in firm-hosted OICs: hedonic, cognitive and social. The results show that these benefits have an impact on continued participation. However, it is of particular importance that contingency factors systematically strengthen or weaken the relationship between these drivers and participation. Specifically, we show that community tenure has a moderating effect on hedonic and social benefits. The effect of hedonic benefits on participation becomes insignificant when community tenure is high. However, social benefits become significant when community tenure is high. Research has shown that social relationships and group norms evolve over time. In this respect, we find that social benefits only drive continued participation for experienced members, whereas novice members are likely to engage in the OICs for hedonic benefits. In particular, we find that, in the beginning, members are more likely to engage in an active role when they obtain pleasurable and fun benefits. Moreover, the results show that hedonic and cognitive motivational benefits are moderated by expertise. The effect of cognitive benefits on participation increases when expertise is high. At the same time, the effect of hedonic motivational benefits decreases when expertise is high. In other words, experts in OICs are more likely to engage in continued participation when they obtain cognitive benefits and are less likely when they experience hedonic benefits. Thus, this research provides fundamentally new insights on the nature of motivational benefits to encourage multiple stakeholders to engage in innovative behavior in the realm of OICs.

Key Contributions
Our study shows that innovative characteristics do not influence members to engage in continued participation within OICs. This implies that firms should not rely on stakeholders’
interest in innovative domain-specific topics to engage them in a continuous way. Instead, they should go beyond and focus on other elements in OICs. We show that continued participation is driven by self-efficacy and motivational benefits. Successfully managing OICs requires offering members certain benefits for collaborating. Our results show that firms can successfully achieve continued participation in OICs by offering three distinct needs: hedonic, cognitive and social benefits. The results indicate that firms should carefully monitor which of the benefits they provide to their members. While hedonic benefits are important, they will fade out and do not ensure participation when members are part of the OIC for a long time. Thus, firms should shift their budgets towards developing elements that foster the social character of the OIC. Moreover, firms that want to integrate stakeholders with in-depth expertise need to provide cognitive elements in the OICs.

References are available on request.
Recency and Brand Loyalty of High-Technology Durables: Moderation of Consumer Heterogeneity

Chien-Wei Chen, National Chengchi University
Nai-Hwa Lien, National Taiwan University

EXTENDED ABSTRACT

Research Question
This research aims to contribute to the burgeoning literature on the decision of consumers’ upgrading purchases, specifically on the relationship between recency, i.e., how long it has been since the consumer’s previous purchase, and brand loyalty in a high-technology durable upgrade context. The research builds theoretical connections to both cognitive evaluation and affective responses in cognition-centered models of persuasion specific to consumer’s replacing high-technology products (Cohen and Areni 1991). Specifically, the objectives of the research are (1) to determine the effect of recency on brand loyalty and (2) to investigate the circumstances under which the recency-loyalty effect would vary with heterogeneous consumer traits.

Method and Data
An online survey was employed in Taiwan to acquire the data needed for testing the hypothesized model. Respondents were solicited to complete a questionnaire consisting the measurement items of constructs of interest, along with their experience and behavior in using smartphones.

A series of confirmatory factor analyses establish convergent validity, reliability, and discriminant validity. The hypotheses were tested using the moderated regression analysis.

Summary of Findings
This research focuses on the decision of consumers’ upgrading purchases, specifically on the relationship between recency, i.e., how long it has been since the consumer’s previous purchase, and brand loyalty in a high-technology durable upgrade context. The effect of recency on brand loyalty is found significantly negative. This relationship is moderated by disposable income, need for uniqueness, fear of product obsolescence, which reflect contingencies related to consumer heterogeneity. Specifically, the negative relationship of recency with brand loyalty increases when consumers’ disposable income increases. Consumers’ fear of product obsolescence strengthens the negative relationship of recency with brand loyalty, whereas this relationship is weakened by consumers’ need for uniqueness.

Key Contributions
The research findings help us gain a better understanding of consumer replacement of high-technology durable products. An investigation into the main effect of recency on consumers’ brand loyalty, along with the moderating effects of disposable income, fear of product obsolescence, and need for uniqueness on the recency-brand loyalty link, through studying Taiwan’s smartphone users may offer theoretical and practical insights.

References are available on request.
“I Want to Buy It” Does Not Mean “I Want to Use It”: Revisiting the Effect of Status on Early Adoption Intention of New Products and Brands

Kuan-Chou Ko, University of Illinois at Chicago
Jelena Spanjol, University of Illinois at Chicago

Keywords: new product adoption, use intention, status, competition, contest

EXTENDED ABSTRACT

Research Question
Firms focus on high-status consumers as key levers to promote new product adoption. Past findings support this strategy as high status consumers have been found to be more willing to adopt new products (Timmor and Katz-Navon 2008; Fisher and Price 1992). However, competitive contexts might evoke a reversal of status effects, with high-status consumers postponing and followers accelerating new product adoption.

Consumption in competitive contexts (including sports, gaming contests, or innovation tournaments) differs from typical consumption scenarios in goals, motivations, and status characteristics. In a contest, the primary goal is winning and status is based on performance rather than socioeconomic markers such as wealth or fame. Adopting a new product may involve more concern about product risk because some products could be essential affordances for embodied performance that leads to social standing. This research, therefore, aims to build insights into new product adoption decisions in competitive contexts and contribute theoretical and managerial implications.

Method and Data
An experimental study was conducted via MTurk to test the hypotheses that suggest that, in a competition context, high-status consumers will tend to buy a new product rather than use it, and that the new product use intention of a high-status consumer is a function of threats toward status and product novelty. One hundred five participants were recruited. This study was a 2 (status: high versus low) × 2 (product novelty: high versus low) × 2 (threat toward status: absence versus presence) experiment, and both the purchase and use intention toward a new product were measured.

Summary of Findings
In the analysis for the experimental study, a mixed ANOVA showed that there was a significant status × intention type × threat interaction effect (F(1, 91) = 9.638, p = .003) on new product adoption, indicating a meaningful difference across status and intention type of consumers. For all the participants, no matter how novel a new product (high or low) is, the extent of purchase intent was significantly higher than that of use intent (t(94) = 5.081, p < .001). However, as the authors predicted, high-status participants did not show significant higher purchase or use intent than participants in the low-status condition when threat toward their status was absent. Only when the threat was present and the new product was relatively novel, they would show greater use intent then low-status participants (t(44) = –2.040, p < .05).

Key Contributions
The theoretical contribution of this research is that it provides a clearer picture of high-status consumers’ new product adoption behavior. Reconceptualizing status in competitive contexts suggests that adoption decisions must differentiate between purchase and use intentions. In this

For further information contact: Kuan-Chou Ko, Ph.D. student, University of Illinois at Chicago (kko7@uic.edu).
research, authors use regulatory focus theory to explain why high-status consumers behave differently when they make decisions regarding new product purchase (buy it or not?) and use (use it or not?). The derived insights carry implications for marketing communications and targeting of early adopters in competitive consumption contexts.

References are available on request.
Part K
Research Methods and Analytics

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Market-Based Audience Costs in Real-Time Bidding Advertising Systems
  Darren M. Stevenson
A Social Networks Model for Categorical Data

Dawn Iacobucci, Vanderbilt University
Rebecca McBride, Calvin College

ABSTRACT
Social networks are currently extremely popular, and social networks models are useful in studying network phenomena. This paper describes models that are flexible in form, applicable to binary, categorical, or ordered data, reflecting a single relation among actors or multivariate or longitudinal relational ties, in one- or multi-mode networks.

Keywords: social networks, network analysis, exponential random graph network models

Introduction
Our lives are comprised of many networks. We communicate across distances via technology and telecommunications networks. We commute to work and travel to conferences and take family holidays using transportation networks. We write letters of recommendation for colleagues and students, activating the connections in our professional networks. We stay in touch with family members and friends via updates on social network websites. Networks are powerful and pervasive structures enabling many of our daily activities.

Increasingly, scholars have begun investigating the properties and power of networks by mapping and analyzing how actors are linked together. The study of the structure of these interconnections is referred to as network analysis (Knoke and Yang 2007; Wasserman and Faust 1994). Network studies have been used in numerous domains; for example, in epidemiology to track the contagion of disease (Christakis and Fowler 2013), in transportation to efficiently route shipments between cities, in international trade (McBride 2014; Ward, Stovel, and Sacks 2011), etc.

Social networks, in particular, are groups of people who are linked in some manner. The content of the links between them may be as varied as friendships, face-to-face or technological communication links, organizational reporting structures, or statements of intragroup admiration or conflict. Social networks are currently enjoying a certain popularity due to the growth of online social network phenomena: Facebook surpassed one billion registered users two years ago (fewer than 10 years since its inception), and the microblogging site Twitter claims 500 million registered users. Social networks have also captured popular attention: Malcolm Gladwell’s book, The Tipping Point, and Duncan Watts’s book, Six Degrees, brought social network jargon into the cultural milieu, and Animal Planet’s documentary Meerkat Manor demonstrated social networks in a non-human species.

In this paper, we provide a brief overview of statistical models for the study of network phenomena. We focus on models for categorical data, e.g., friends’ choices of other friends. Interested readers are encouraged to contact the authors for a slightly longer, more thorough version of this paper.

A Brief History of Social Network Methods
The systematic study of social networks is usually attributed to Moreno (1934), who introduced the term sociogram to represent the map he created to reflect the structure of friendship ties among a group of children. He used the network map to understand which children were most at risk for running away from home and in need for intervention.

Milgram (1967) initiated “small world” research by challenging a random sample of Nebraskans to send a letter to a stockbroker in Boston. The participants in his study forwarded the letter to a friend, who forwarded it to another friend, and so forth, until it eventually reached the target person in Boston. He found that, on average, the initiating actors could reach the target recipient in six steps. This notion of “six degrees of separation” has entered the popular
cultural lexicon, and formed the basis of a Broadway play and film. Similarly, Goffman (1969) mapped the network of coauthors of the prolific mathematician, Paul Erdős wherein a coauthor has the Erdős number 1, a person who coauthored with a coauthor of Erdős has an Erdős number of 2, etc.

The versatility of networks enables their study in numerous contexts, where the actors and the relational ties depend only upon the interests of the researchers. Not surprisingly, researchers use network models to test a variety of theories, drawing from their respective disciplines and those in which the data are drawn and contextualized, such as social exchange theory, homophily or similarity and attraction, propinquity, and balance theory.

One line of research focuses less on the testing of particular substantive theories and more on the challenges of creating suitable methodologies for analyzing social networks. Requisite models must incorporate the fact that the data are inherently interdependent. The interconnections among the actors in a social network make implausible the typical assumption of the independence of observations underlying tools such as derivatives of the general linear model. To the network modeler, the interdependence is not a statistical nuisance, but the very phenomenon of interest. As a result, the connected structural quality of the data necessitates new analytical methods.

**Network Analyses**

Borrowing basic ideas from graph theory, nodes (or vertices) are used to represent actors, and links (or edges) are used to represent the ties that connect the actors. Figures are shown to illustrate how such sociograms can make clear numerous structural patterns, such as actors who are relatively more connected with others in the network, or the existence of subgroups of actors within the larger network. The ties in a network are also represented in the form of a sociomatrix, wherein the actors in the network comprise the rows and columns, and ties are captured by nonzero elements in the corresponding sociomatrix. It is standard convention to represent a tie radiating outward from the row actor to the column receiving partner. Thus, the sociomatrix is defined as:

1. \( X_{ij} = 1 \) if actor \( i \) extends a link toward partner \( j \) (briefly, \( i \rightarrow j \)), and 0 otherwise.

Early lines of inquiry for network researchers included various centrality indices to reflect actors’ positions in the network or the detection of subgroups within networks. Methods naturally evolved beyond descriptive approaches toward true inferential methods and statistical models to test hypotheses about structures underlying these interpersonal interactions. In the early 1980s, researchers created and began examining the usefulness of network models based loosely on the familiar logic of analysis of variance, with variability in the dyadic connections apportioned into sources attributed to the actor, the partner, and the reciprocal nature of the specific relationship.

One class of models was developed to analyze continuous variables by David Kenny and his colleagues (cf., Kenny and LaVoie 1984). Continuous measures of social ties would include measures such as the amount of time school children spent playing together during recess, or the number of emails exchanged between co-workers related to some project.

Another class of models was developed to analyze binary variables (Holland and Leinhardt 1981), ties that are indicator variables representing one person choosing another as a friend (or not). In this paper, we focus on these models. We acknowledge the importance of models for continuous measures of relational ties, however it has been our experience that far more pervasive are social networks that yield discrete data (i.e., binary, and categorical variables more generally, including choices, ranks, counts, etc.).

In the sections that follow, we first present the basic model, and then we show how it generalizes to allow for more complex data scenarios. In the AMA presentation, we will fit models to a classic network dataset of office managers.

**A Social Networks Models for Categorical Network Data**

A network consists of \( N \) actors, each of whom may interact with any of the others as partners. Thus actor \( i \) may claim partner \( j \) as a close friend, and \( j \) might or might not reciprocate. The \( N \times N \) sociomatrix, \( X \), is generalized beyond binary ties such that \( X_{ij} = "k" \) if actor \( i \) relates to partner \( j \) with tie strength \( k \), and is 0 otherwise. The value of the returning relational tie from \( j \) to \( i \) is “m.” The dyadic possibilities creates a four-dimensional contingency table, \( N \times N \times C \times C (k, m = 1, 2, \ldots, C) \):

1. \( Y_{ikm} = 1 \) if \( (X_{ij}X_{ji}) = (k,m) \) and 0 otherwise.

For example, if person 1 extends a tie to person 2 (1→2) of strength 3 (\( k = 3 \)), and person two reciprocates (2→1) with a tie of strength 4 (\( m = 4 \)), then \( Y_{1234} = Y_{2143} = 1 \) (Iacobucci and Wasserman 1987).

The stochastic Social Networks Model postulates a form on \( \pi_{ikm} = P(Y_{ikm} = 1) \), the probability of observing ties for dyad \((i,j)\) with values \((k,m)\):
First, in the jargon of social networks, multivariate relational ties are known as multiplex ties, such as when coworkers are surveyed about their friendship links, advice-seeking ties, and emails exchanged (Iacobucci 1989). A multidimensional vector is modeled simply by extending the data array and introducing new model terms. The data would grow from (k and m) to k1, k2, and k3 (and m1, m2, and m3), representing three unique tie contents, e.g., friendship, advice, and email communications. The model would then be extended appropriately, first producing more expansiveness parameters, one set for each relational tie, and multiple and reciprocity parameters. These sets may be written succinctly as vectors: \( \alpha_{(k,m)} \), for all \( \alpha \)'s (actors i and j = 1, 2, ..., N), and relational tie strengths k and m, t = 1, 2, ...T ties, and similarly, \( \beta_{(l,m)} \) and \( (\alpha \beta)_{l,m} \).

For example, consider a network that is composed of countries as the nodes, and children flowing between them through intercountry adoption as the links or connections. It is perhaps not surprising that the countries more likely to adopt large numbers of children are well-developed states. One can imagine the network of intercountry ties representing the dispatch of aid for the purposes of promoting democracy, building infrastructure, and developing social welfare systems would have relational tie structures similar to and highly associated with adoption resource provision. Countries that do not send supportive resources to other countries are likely to either be unable or uninterested in supporting an adoption network. It is a logical expectation that multiple patterns of relations, both between individuals and states, would overlap in ways that facilitate other types of relations.

Second, a vector of relational ties may also arise from longitudinal network data. For example, a network researcher might be interested in modeling how friendship ties develop over time (cf., Steglich, Snijders, and Pearson 2010; Wasserman and Iacobucci 1988). Here, k1, k2, k3 and k4 would represent the same social tie content, e.g., friendship, but captured at four points in time. Then the model can estimate effects such as autocorrelations of friendship ties at times 1 and 2 (and 2 and 3), or friendship ties at the beginning and end of the study (times 1 and 4).

In the international adoptions setting, one interesting phenomenon is that of inter-state learning (McBride 2014). Countries may be similar in their child welfare crises, yet they often vary in terms of their willingness to allow foreigners to adopt children. China has been allowing intercountry adoption formally since 1991, and its participation in intercountry adoption may be emulated by physically or culturally proximal countries. For example, China and its neighbor Mongolia share political and economic ties, and these ties facilitate communication in which information about inter-
country adoption may be shared. In fact, Mongolia followed China’s lead and passed a law that allowed for adoption in 1999, and has been allowing foreigners to adopt children since at least 2003. Mongolia has also followed China’s lead in using only those foreign adoption agencies that are accredited by the “Hague Convention on Intercountry Adoption,” the multilateral treaty governing the process. Thus, what one network member does at t₁ has an impact on what does at t₂.

Third, the Social Networks Model in (3) has been extended further still. A network model can include information about the actors themselves (e.g., age, ethnicity, gender). The social networks model may be adjusted to reflect ordinal data, if the ties convey information such as ranks. Lastly, variants of the Social Networks Model (3) are created for multi-mode networks, wherein the rows of the sociomatrix reflects one set of actors and the columns another (Iacobucci and Wasserman 1990).

Recent Developments and Future Directions
In this final section, we briefly review some recent developments in the research stream on inferential social networks models. The social networks model (3) has given rise to models referred to as exponential random graph (ERG) network models (Handcock et al. 2011; Robins et al. 2007; Wasserman and Pattison 1996). The terminology is easily traced. The social networks model (3) is currently written in the form \( \ln(\pi_{ijkm}) = \Theta \) (where \( \Theta \) is the model statement containing the \( \alpha \)'s and \( \beta \)'s, etc.). Recall \( \pi_{ijkm} \) is the probability of observing ties (k,m) for dyad (i,j), or \( \pi_{ijkm} = \Pr(Y_{ijkm} = 1) \). Thus model (3), may be written as \( \pi_{ijkm} = \Pr(Y_{ijkm} = 1) = e^\Theta \).

A researcher using an ERG model posits interest in a set of structural indicators in a network, such as the number of dyads with reciprocal ties, the number of triads that show transitive cycles (i→j→k→i), the number of cliques of size 4 or more, the numbers of structurally equivalent actors, etc. The network is searched for the appearances of each structure, and those numbers comprise a vector of summary statistics. Each statistic is contrasted with its complement, the number of potential events that were not realized (reminiscent of a logit form, though see Robins et al. 2007 for their distinction). The ERGs are fashioned with a dependent variable of the form

\[
\ln \left( \frac{P(G = 1)}{P(G = 0)} \right),
\]

with element \( G \) being the vector of summary statistics, and the number of each in existence \( (G = 1) \) or absence \( (G = 0) \).

In its simplest form, \( G = X_{ij} \), a binary network link, thus, \( (G = 1) \) is \( X_{ij} = 1 \), and \( (G = 0) \) is \( X_{ij} = 0 \), tying the ERG model back to the social networks model in (3).

Progress is being made but ERGs have some challenges, e.g., whereas the social networks model in (3) is easily extended to multinomial categories, the ERG models do not extend easily to non-binary ties (Goodreau 2007; Handcock and Gile 2010; Handcock et al. 2011). Furthermore, the social networks model (3) may always be fit, but ERGs are known to suffer degeneracies and lack of convergence (Handcock et al. 2011; Loëys and Molenberghs 2013). Researchers had begun exploring ERGs in part due to a concern about the social networks model (3) requiring an assumption of independence between the dyads. By comparison, it is thought that the assumption of independent dyads is less true of ERGs, such as when they are used to model triads. Yet any model requires an assumption of independence of its units of analysis (cf., Strauss and Ikeda 1990); for ERGs, one summary statistic might be triads, another might be cliques of 4 actors, and the triads would be contained in the 4-cliques, creating multicollinearity, and actors and dyads common to multiple triads would create another interdependence. The ERG model may be characterized as a blunt tool of analysis, with its focus on aggregate indices, compared to the social networks model (3), which specifies model representation of network behaviors at the micro level of actors and dyads.

Going forward, another important area of inquiry for future social networks research will be how to efficiently handle social networks data extracted from sites like Facebook. In particular, the size of samples can be extremely large. There has been some progress in methods for large-scale networks (cf., Goodreau 2007), but more research into efficient models would be useful.

In summary, the Social Networks Model is a family of statistical models for describing and testing hypotheses about network structures. The study of networks and social networks is extremely versatile, with the content of the relational ties and the resulting network structures depending upon the varied interests and purposes of the researchers and the network inquiry.

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Unpacking a Portion of Prospect Theory Using fMRI

Don Schultz, Northwestern University
Martin Block, Northwestern University
Vijay Viswanathan, Northwestern University

Keywords: loss aversion, aging, nucleus accumbens, reward, fMRI, neurocompensation

EXTENDED ABSTRACT

A quick Google search in mid-October, 2014 found more than 19 million references/citations available on Kahneman’s “fast and slow thinking” premise alone. Yet, in spite of its broad industry and practitioner acceptance, the basic fundamentals of prospect theory, as Kahneman and Tversky outlined them in their original paper, “Prospect Theory: An Analysis of Decision Under Risk” (1979), and their follow-on book, “Choices, Values and Frames” (2000) still rely mostly on support from small scale, academic, laboratory experiments based on questionnaires and researcher interpretations. So, while prospect theory is primarily a psychological model, which advocates claim can be confirmed using mathematical evaluations and probability models, to our knowledge, the concept has yet to be investigated and the concept confirmed using the new tools and resources of neurological analysis. In this paper, arguing that the only logical way to understand the totality of prospect theory is to understand the various pieces and parts, the first tentative steps to evaluate a portion of prospect theory, that is, loss aversion are taken, employing the new tools of fMRI in an age-related experiment.

Method and Data

In the current study we use a validated measure of LA behavior (Kim et al., 2010) and measuring the neural response within the ventral striatum/nucleus accumbens (VS/NAc). The current study aimed to measure the effects of age on LA and determine if changes in VS/NAc could underlie the reported association of age with making less risky decisions (Johnson and Busemeyer, 2010). We used whole brain fMRI to monitor activity within the VS/NAc, using a passive viewing paradigm with affective faces known to evoke positive and negative valuations (Eckman and Friesen, 1976). For a behavioral LA index, using the same affective faces (Eckman and Friesen, 1976) we used a key-press task to produce a value function (Breiter & Kim, 2008; Kim et al., 2010) for each subject that is analogous to a prospect theory value function or utility curve (Kahneman and Tversky, 1979). Subjects were 17 adults (10 males, 7 females; 5 African Americans and 12 Caucasians) between the ages of 20 and 55 with a mean (±SE) age of 35.8 ± 2.7 years, with no significant difference between men and women (F(1, 15) 1.81, P 0.20). They had a mean educational history of 15.4 ± 1.9 years, with no significant difference between men and women (F(1,15) 2.78, P 0.12). Fifteen of the subjects were right-handed.

Summary of Findings

Significant fMRI activation was observed in the ventral striatum/nucleus accumbens (VS/NAc) bilaterally in the majority of subjects. Across subjects, we found that activation to negative stimuli in left and right NAc was significantly greater than activation to positive stimuli. This signal was used for a control analysis of the correlation of neural differential sensitivity relative to behavioral LA (r(2, 11) 0.64, p < 0.04). Without outliers (>2 SD from mean neural differential sensitivity), we found the same relationship reported by others (Tom et al., 2007). When we assessed the relationship of NDS in the VS/NAc to age, we observed a significant positive correlation (F(2, 16) 9.01, p < 0.009).

The keypress paradigm that allowed subjects to trade effort for view-time of emotional faces produced a relationship between the mean (K) and pattern of keypressing (H) consistent with previous reports using a beauty stimulus set. This relationship produced a ratio between the slope of the avoid-
ance value function (s-) and slope of the approach value function (s+) that produced a LA measure similar to that reported by Tversky and Kahneman, (1992), which also correlated with a measure of NDS from the VS/NAc, as has been reported by others (Tom et al., 2007). Correlation of LA with age was non-significant, whereas correlation of NDS with age showed a significant positive relationship, meaning that as individuals age their NDS also increases but their behavioral index of LA did not.

Key Contributions
The relationship between age and neural differential sensitivity in the absence of a significant relationship between age and behavioral LA suggests interesting hypotheses about the neural processing of LA in relation to age. First, Seidman et al., (1998) have shown that subject IQ is inversely related to brain activation levels across individuals, suggesting that the brain compensates with greater neural activity when functional capacity is lower. Given that aging is known to be associated with brain atrophy (e.g., Raz, 2005) and cognitive decline (e.g., Kensinger and Corkin, 2009), it is inferred that the functional capacity of the brain declines with age. Thus, the findings in this study suggest the hypothesis that as an individual ages, the neural differential between losses and gains increases to achieve the same level of behavioral LA. This perspective is consistent with recent research on aging wherein preserved cognitive function in the context of age-related brain activity may be thought to represent a neuro-compensation mechanism (Meunier et al., 2014), consistent with a neural efficiency hypothesis.

References are available on request.
Qualitative Marketing Research: Black Sheep or Black Swan

Maria Petrescu, Nova Southeastern University
Brianna Lauer, Nova Southeastern University

Keywords: qualitative research, quantitative research, triangulation, interview, ethnography

EXTENDED ABSTRACT

Research Question
The Black Swan theory refers to events hard to predict statistically, with three main characteristics: rarity, extreme “impact,” and retrospective predictability, due to the human nature’s capacity to formulate explanations for occurrences after the fact (Taleb 2007). There is a point where even great statistics fail and give way to the sometimes-unpredictable (human) nature and alternative explanations. Can qualitative research find its role here, with the black swans that do not benefit from the rigor and predictability of statistics? Is qualitative research still the black sheep of the marketing research (and the positivist paradigm), or is it a black swan worthy of appreciation just as much as its snow-white friends? Regarding marketing research, every so often the debate is reignited by an article in the top journals of the discipline, or by an editorial comment encouraging the performance and submission of more “quality” qualitative studies. The debate is even more important now, with the development of online consumer communications, from blogs to social media posts and product reviews, where qualitative tools of analysis can prove beneficial for researchers and practitioners.

Method and Data
We asked researchers (professors, practitioners, and PhD students) present on the social network ResearchGate how important they think qualitative research is for social sciences, compared to empirical methods, and whether it should be used alone or in triangulation. We also analyzed 200 discussion threads related to qualitative research in order to assess the main trends and issues related to this practice. The discussions were focused around key topics of qualitative marketing research, including some frequently encountered in the quantitative vs. qualitative debate. We searched for qualitative studies in the Journal of Marketing, the Journal of Marketing Research, the Journal of the Academy of Marketing Science, Marketing Science, the Journal of Consumer Research, and the European Journal of Marketing during the period 2005–2014. A total of 149 articles were analyzed in depth and classified.

Summary of Findings
Overall, the presence of studies in top marketing journals has improved since the previous decade; however, one-third of the studies we analyzed came from the Journal of Consumer Research, followed by the European Journal of Marketing, Journal of the Academy of Marketing Science, and Journal of Marketing. The most common topics studied in these articles were related to consumer behavior (over 50%), followed by marketing strategy and business-to-business. Regarding the method used, the most utilized tools were the interview, in an overwhelming proportion, followed by ethnography, case studies, and content analysis. When it comes to triangulation, or the combination with quantitative methods, 65% of the articles analyzed did not include quantitative studies. Regarding the social media discussions, more than half were centered around methods and bibliography, while topics such as validity and the scientific usefulness of the method were also encountered. The importance of questions asking for procedural advice and bibliography can show that there is a lack of focus on courses related to this method. Qualitative research is viewed as especially beneficial in the context of online consumer information, social media, and big data analytics.

Key Contributions
The paper represents a qualitative study that paints the current state of qualitative marketing research and provides arguments in the debate of the black sheep and the black swan. Overall, the literature review, analysis of articles, and opinions show that qualitative research has the potential to become a beautiful black swan, if all parties are interested in an efficient cohabitation.

References are available on request.

For further information contact: Maria Petrescu, Nova Southeastern University (mpetresc@nova.edu).
Platform Pricing in Mixed Two-Sided Markets

Ming Gao, Tsinghua University

Keywords: two-sided market, platform, bundling, price elasticity of demand

EXTENDED ABSTRACT

When a consumer can appear on both sides of a two-sided market (2SM), such as a user who both buys and sells on eBay, the platform may want to bundle the services provided to two sides. Other examples include renewable energy power grids where households can both use and generate electricity, and text-processing software that allows users to both read and create files. We develop a general model for such “mixed” 2SMs, and study when a monopolist platform would have an incentive to bundle and what the optimal pricing strategy is. The answers to these questions are expressed in simple and testable formulas using familiar own- and cross-price elasticities of demand, which embody the bundling effect, and price-cost margins adjusted for network externalities, which incorporate “two-sidedness.” Given the optimal separate prices for two sides, the platform will be more inclined to introduce a bundle discount for joining both sides either when the bundle demand is more elastic, or when the total demand is less elastic, measured with the price for either side of the market. The adjusted price-cost margins of two sides also act as moderators to the magnitudes of these elasticities in determining the incentive to bundle, exhibiting a “see-saw” pattern where the impact from different sides are separable. In particular, contrary to existing results in the literature, we show that when price elasticities are used, bundling may be profitable even when the bundle demand is less elastic than the demand for either side. The optimal pricing rule for mixed 2SMs generalizes the familiar Lerner formula that applies in non-mixed 2SMs, where the optimal adjusted price-cost margin on each side may be higher or lower than the inverse price elasticity of demand, contingent on a comparison between how well the platform performs on the opposite side and in the intersection of two sides. Comparative statics and potential applications are also discussed.

References are available on request.
Estimating Firm Marketing Expenditure Using Publicly Available Data

Dmitri G. Markovitch, Rensselaer Polytechnic Institute
Dongling Huang, Rensselaer Polytechnic Institute
Pengfei Ye, Rensselaer Polytechnic Institute

Keywords: marketing expenditure, marketing spending, marketing capability, marketing capital, brand capital

EXTENDED ABSTRACT

Research Question
Accurate measures of total marketing spending are necessary to address a range of important research questions that pertain to a firm’s marketing capabilities, brand capital, and performance. Unfortunately, total marketing expenditure is not disclosed by most firms in a way that is reflected in standard data sources. In response, an increasing number of researchers across business disciplines have resorted to using the widely available selling, general and administrative (SGA) expense as a proxy for total marketing expenditure. We show that this is a noisy and imperfect measure that is only moderately correlated with actual marketing expenditure. We proceed to propose and validate a practical approach to estimating total sales and marketing expenditure from publicly available data.

Method and Data
Our exploration proceeds in two steps. First, we use a Heckman model to assess sample selection bias in conjunction with a firm’s choice of the reporting convention with respect to marketing expenditures. In the second step, we explore and validate the most parsimonious and practically useful approach to estimating total marketing mix expenditure using publicly available data. Our general approach to specifying the prediction model is based on the premise that there is likely a stable cross-sectional relationship between marketing activity reflected in marketing mix spending, and variables that capture key aspects of the firm (e.g., size and scope), its operating activity (e.g., revenues), and its business environment (e.g., industry characteristics).

We search firm financial statements to collect marketing expenditure data on a sample of firms that includes all S&P 500 firms and 800 randomly firms. We augment these data with accounting data available from Compustat.

Summary of Findings
We show that a small set of firm-level variables that includes SGA as a key input can be used to generate marketing expenditure estimates that constitute a major improvement on the current approach that uses SGA expense as a proxy measure for marketing expenditure. We subsequently conduct a study in which we evaluate a commonly-used model of firm performance to illustrate how employing the proposed measure, instead of SGA as a marketing proxy, may lead to different inferences about the impact of marketing intensity on firm profitability.

Key Contributions
The proposed approach represents an important advance in the tools of scientific inquiry by enabling greater precision in new empirical research that relies on measurement of total marketing spending for important inferences. The approach is easy to implement and requires only publicly available data.

References are available on request.

For further information contact: Dmitri G. Markovitch, Assistant Professor of Marketing, Lally School of Management, Rensselaer Polytechnic Institute (markod@rpi.edu).
Research Question

Online promotional messages are often uniquely generated at the individual consumer level based on combinations of demographic, psychographic, and/or behavioral information, dynamically serving a particular digital advertisement to a particular consumer at a particular time (Iyer, Soberman, & Villas-Boas, 2005). Recently and increasingly, the buying and selling of online advertising space is also achieved programmatically using automated ad exchanges that bring together advertisers, publishers, and consumers to leverage real-time bidding (RTB) auction systems (Yuan et al., 2012).

As the financial costs of advertising largely determine who gets to send promotional messages to whom, when, and where, the pricing dynamics of the emerging advertising ecosystem warrant further attention. It stands to reason if some consumer segments are easier to reach than others, due to being in less demand and/or less expensive at auction, this may have both positive and negative implications linked to consumer vulnerability and the type of advertising in question such as political ads, ads for products and services, or prosocial public services ads.

Accordingly, we examined the market-based audience costs in real-time bidding advertising systems and considered the following: How do supply and demand forces in real-time bidding ad networks impact audience pricing at the level of individual traits?

Method and Data

The proportion of ads bought and sold via RTB continues to increase and at a rapid pace (IAB, 2013). To explore this phenomenon, we conducted a field test assessing the likelihood and degree of differential pricing for online advertisements targeted towards single-trait audiences (i.e., segmented by gender or level of education).

An existing partnership with public health researchers examining the effectiveness of healthy living messages supplied the promotional media and ad campaign. We strategically purchased online ads promoting healthy behaviors across 30 prominent publishers (websites) selected according to comScore traffic rankings. This included a variety news, entertainment, e-commerce, and social media websites.

We purchased ad space using multiple industry-leading ad networks and at multiple time points, merging the results. By using an assortment of ad networks, resultant auction data was not specific to any particular ad firm but instead reflective of the much broader network of ad networks and, therefore, characteristic of the RTB space more generally. Ads were purchased during three one-week periods in 2014, in April, July, and December. Bids were limited to U.S. web traffic and all auctions operated under a generalized second-price scheme (Edelman, Ostrovsky, Schwarz, 2007). In total, we competed in ~200,000 real-time ad auctions in which we were successful on ~45,000 occasions for an overall win rate of 22.5%.

Summary of Findings

Using a consistent bid amount, win rates were compared using Pearson chi-squared goodness of fit tests. Expected values for the proportion of successful bids for each trait were computed using an assumption of equality within that category.

For ads targeted by gender, the proportion of bids won differed significantly between females and males, \( \chi^2(1) = 41.43, p < .001 \), with males more difficult to win at auction.
than females. Ads targeted by education level also differed significantly, $\chi^2(2) = 2787.29, p < .001$, with those believed to hold a high school diploma or college degree in higher demand than those estimated to have an advanced degree. Targeting by income differed significantly, $\chi^2(4) = 742.67, p < .001$, with the lowest income individuals (<$25K) in less demand and easier to win than middle ($25K-$60K, $60K-$75K, $75K-100K) and upper ($100K+) income consumers. Democrats were significantly more difficult to win than Republicans, $\chi^2(1) = 225.72, p < .001$. Finally, the proportion of successful bids differed significantly when targeting by relationship status, $\chi^2(4) = 4755.31, p < .001$, with those labeled single or married substantially more difficult to win than those thought to be divorced, engaged, or widowed. All differences observed were significant and highly unlikely due to chance.

**Key Contributions**

This study offers a quasi-longitudinal characterization of today’s online attention marketplace, arguing that some audience traits are more difficult and/or costly to target due to RTB supply and demand pricing. Across the advertising campaigns, differential pricing was located within each of the categories targeted including: gender, income, level of education, political affiliation, and relationship status.

In the aggregate, systematic differences in individual trait-level pricing may affect the ability to send advertising messages to certain groups. In the context of online political advertising, the ability to target more easily young or old, rich or poor, liberals or conservatives may favor one candidate over another. Paradoxically, a similar advantage emerges for targeting ads that market, for instance, predatory products and services or, conversely, ads that promote healthy behaviors.

If more advertisers are in competition for a particular audience and/or willing to set higher bid prices for that segment, then consumers possessing this trait become more difficult to win at auction when attempting to deliver targeted promotional messages. The opposite holds true when considering less desirable consumer segments who are in lower demand and therefore easier to reach under RTB. Practitioners may leverage differential pricing to their gain while policymakers may take notice of the potential opportunities and challenges for vulnerable consumer groups.

References are available on request.
## Part L
### Retailing and Pricing

**Track Chairs**

Dhruv Grewal, Babson University  
Anne Roggeveen, Babson University

### Multichannel Retailing

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How Paying with Company’s Money Affects Judgment of Price Fairness
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Crosswise and Reciprocal Effects of Offline and Online Brand Beliefs and Retail Brands Within Multichannel Retail Systems

Bernhard Swoboda, University of Trier
Julia Weindel, University of Trier
Thomas Foscht, University of Graz

Keywords: multichannel structures, retail brand, reciprocity, fashion retailing, grocery retailing

EXTENDED ABSTRACT

Research Question
The purpose of this study is to examine interdependent effects within today’s typical retail channel structures, specifically, the crosswise and reciprocal relationships among offline and online brand beliefs, brand equity and consumers’ loyalty. We first ask whether offline and online brand beliefs crosswise determine offline and online Retail Brand Equity (RBE) and loyalty to a retailer and how the paths to loyalty vary when focusing on retail sectors and differently performing retailers. We analyze fashion and grocery retailing as the largest retail sectors in most western economies and because behavior, retail and channel strategies are known to vary in both sectors. Second, we ask whether reciprocal relationships between offline and online retail brand associations exist and how they influence loyalty in the two retail sectors. Reciprocity contributes to the literature as few scholars have analyzed crosswise relationships but call for research on reciprocal relationships between offline and online brand associations.

Method and Data
As stimuli, we chose strong vs. weak retail brands with regard to consumers’ perceptions of the retailers’ offline and online channels. To capture strong vs. weak brands, we focused on prior brand associations, i.e., prior Offline Performance (OfP) and Online Performance (OnP) referring to consumers’ perceptions of retailers’ offline or online channels as strong, attractive, or unique brands. We conducted two studies using longitudinal designs in fashion and grocery retailing and employed quota sampling (using the national distribution of the population according to age and gender) for 300 consumers per retail sector. The survey was conducted in three waves in one mid-sized city over a period of nine months. Trained interviewers conducted face-to-face interviews at the same respondents’ homes using standardized questionnaires. In the screening phase, the respondents were asked to name four retailers from which they frequently purchased either textiles or groceries. Out of those retailers, we chose one retailer for the respondent to evaluate subsequently. After non-response cases and outliers had been eliminated we had 271 and 274 observations per wave (fashion and grocery). Prior to testing our hypotheses we ensured reliability and validity, tested for measurement invariance and exogeneity and then applied crosswise and cross-lagged SEM using Mplus.

Summary of Findings
The results underline the crosswise effects between Offline/Online brand beliefs and Online/Offline RBE, confirm stronger total effect for offline (vs. online) brand beliefs on loyalty and show stronger effects of offline and online brand beliefs in fashion (vs. grocery) retailing. The total effects of offline and online brand beliefs on loyalty are higher for retailers with strong OfP in both sectors. However, the paths that lead to success differ: We find significant differences the path “online brand beliefs → offline RBE →

For further information contact: Bernhard Swoboda, Chair of Marketing and Retailing, University of Trier (b.swoboda@uni-trier.de).
loyalty” for strong (vs. weak) OfP retailers. Strong OnP retailers have stronger total effects of offline and online brand beliefs on loyalty. However, the indirect effects differ. We find significant differences for the path “online brand beliefs $\rightarrow$ offline RBE $\rightarrow$ loyalty” for retailers with strong (vs. weak) OnP in both sectors. The assumption of reciprocity between offline and online brand equity is supported and the total effects of offline (vs. online) RBE on loyalty is significantly stronger. Multichannel fashion retailers participate more strongly from the reciprocity of offline and online RBE.

**Key Contributions**

Concerning our first research question, we observe that former brick-and-mortar retailers that operate online channels can increase loyalty by designing appropriate offline and online attributes and benefits. Remarkably, these observations hold true regardless of the retail sector and prior offline/online performance. However, within indirect effects, online brand beliefs provide a strong lever for strong (vs. weak) prior OfP retailers. Concerning our second research question, the results show reinforcing effects of offline RBE via online RBE on loyalty (and vice versa). Loyal consumers evaluate both channels but rely more strongly on the channel that evokes a stronger intention toward their behavior; that is, offline RBE affects loyalty more strongly. Although the importance of offline and online RBE for loyalty is stable in both sectors, the reciprocity is stronger for fashion retailers. However, even grocery retailers that developed online channels later benefit more strongly from offline associations. Retailers should focus on evoking favorable offline brands due to their stronger influence on loyalty, but due to growing purchases in online channels, the reciprocal importance of online RBE will increase in the long term. Thus, retailers must control for interdependent effects over time to obtain a clear understanding of each channel’s brand role for customer behavior.

*References are available on request.*
It Feels Softer Than It Looked Online: Contrast-Priming Effects of Touchscreen Users in Multichannel Shopping

Sorim Chung, University of California, Riverside

Keywords: multichannel retailing, priming, touch interface, webrooming, online shopping

EXTENDED ABSTRACT

Research Question
Consumers tend to compare multiple products options in online and offline stores before purchasing one. One of the common multichannel phenomena is webrooming, which involves extensive product comparisons online followed by visiting a brick and mortar store (Stilson 2014). In 2014, about 70% of consumers in the 18 to 35 age group said they webroomed (Merchant Wearhouse 2014). In this study, the author examined if webrooming influenced consumers' final product evaluations and how the evaluations differed by computer device type.

Research has found that exposures to a trait activates the meaning of its trait, and the meaning further primes associate trait categories (Higgins, Rholes, and Jones 1977). Consumers tend to make judgments that are either assimilate or contrast to the primed trait (Stafford, Leigh, and Martin 1995), and webroomers may experience similar priming experiences. Additionally, current multichannel environments have become more complex due to the dramatic change in computer input methods from a mouse to touch interface. Considering such change, this study examined (1) if shoppers were primed to a textual trait after viewing similar products online, and (2) if using a touch interface resulted in stronger assimilation or contrast effects than using a mouse in evaluating a real product.

Method and Data
The experiment used a 2 × 2 (touch interface and mouse vs. soft and hard objects) between-group design. Participants were randomly assigned to four different computer-mediated environments, which differed by the type of device (desktop vs. touchscreen) and object (soft vs. firm). Eighty university students participated in the experiment, and after the experiment, each participant received US$5.00 in cash for their participation.

The experiment was held in a behavioral research lab where participants were each seated in a partitioned cubicle with a computer device. The touch interface conditions used a tablet PC (iPad) without a keyboard or any other external device attached. The mouse condition used a desktop computer with a mouse, a keyboard, and a 22” monitor. Participants were randomly assigned to either a touch interface (tablet PC) or a mouse condition (desktop computer). Among the touch interface group, 20 interacted with soft objects only (TS), and the other 20 interacted with firm objects only (TF). Among the mouse users, 20 interacted with soft objects (MS), and the other 20 interacted with firm objects (MF).

Summary of Findings
Results suggest that after viewing similar products, consumers displayed contrast-priming effects when touching and evaluating a real target object directly. If they were primed to firmness (or softness), they evaluated the target as softer (or firmer) than those who have been primed to softness (or firmness). However, the contrast effect was statistically significant among mouse users only.

The four computer-mediated conditions had a significant main effect on the real object evaluation \( (p = .0003) \). Among the four conditions, the MF condition evaluated the real object, the computer monitor, significantly softer (\( M = 3.70 \)) than MS (\( M = 2.00; p < .001 \)). In other words, mouse users who browsed firm objects perceived the monitor softer than those who browsed soft objects. On the other hand, touch
interface users did not display a significant contrast effect (TF vs. TS; $p = .15$), suggesting that touch interface users were not primed as mouse users were (MF vs. MS; $p < .001$).

**Key Contributions**

Overall, the findings of this study contribute to research on multichannel retailing and online retail environments in several ways. First, the findings highlight the role of computer input device in product evaluations and add device type as an additional retail cues beyond the traditional cues such as website design. Second, by looking at webrooming behavior, the study provides a broader and more comprehensive overview of consumers’ shopping experiences involving both online and offline channels. Lastly, the practical implications of this study suggest that retailers should further refine their current measures of customer analytics in order to better capture consumer behavior when analyzing the multichannel shopping trends.

*References are available on request.*
Discounting of Discounts in the Online Versus Bricks-and-Mortar Shopping Context

Monika Kukar-Kinney, University of Richmond
Jeffrey R. Carlson, University of Richmond

Keywords: discounting, price promotions, perceived discount, online retailing

EXTENDED ABSTRACT

Research Question
Consumers do not take advertised price discounts at face value, but discount them to a more believable level, known as perceived discount. Gupta and Cooper (1992) demonstrated that perceived discount depends on advertised discount level and brand reputation—as discount level increases, consumers increasingly reduce the perceived savings, with discounting being higher for lower reputation brands. Given the rise of the Internet as a shopping channel and the emergence of highly aggressive price promotion formats (e.g., an online daily deals offering up to 90% off), we ask: How does perceived discount differ between online and bricks-and-mortar retail settings? What impact does perceived discount have on change in purchase intention in an online retail context and bricks-and-mortar context, and how do those retail contexts differ?

Method and Data
To test our hypotheses, we designed a 9 (discount level: 10%, 20%, 30% ... 90%) × 2 (retail channel: online versus bricks-and-mortar) × 2 (brand reputation: high versus low) between-subjects experiment. The experiment consisted of three parts: (1) consumers were asked to estimate the average regular retail prices in either a bricks-and-mortar or online retail context, for one well-known and one lesser known brand for three products, including athletic shoes, a polo shirt, and jeans; (2) each respondent was presented with an advertised claim for an athletic shoe for one of the randomly assigned experimental conditions (e.g., 40% off well-known brand as advertised by a well-known online store); and (3), they were asked to estimate the sale price they would expect to pay for that product at that store, and they were also asked whether, compared to the regular price, this discount changed their likelihood of buying that product (i.e., purchase intentions).

Independent measures included advertised discount (nine levels), brand (two levels) and retail channel (two levels). The two dependent measures were perceived percentage discount and change in purchase intention. Four hundred fifty-nine Amazon Mechanical Turk panel participants were used as respondents (50% males, average age 34 years).

Summary of Findings
With respect to comparing perceived discount online to bricks-and-mortar, results show consumers’ perceived discount levels are lower (thus, meaning greater discounting of discounts) in an online environment, compared to a bricks-and-mortar context. We also find that consumer perceive a discount to exist without any form of advertised promotion in both an online and bricks-and-mortar context. With respect to how perceived discount impacts purchase intention in a bricks-and-mortar context, the effect of perceived discount size on change in purchase intentions is positive and significant for both low and high reputation brands. In contrast, in an online context, perceived discount does not significantly affect change in purchase intentions for low reputation brands, while for high reputation brands, the effect of perceived discount is significant and positive.

Key Contributions
First, this paper responds to recent trends related to promotional discounts in retailing. A recent Wall Street Journal article reports that consumers now expect larger discounts

For further information contact: Jeffrey R. Carlson, Assistant Professor of Marketing, Robins School of Business, University of Richmond (jcarlso2@richmond.edu).
compared to previous years. Indeed, our results suggest that even without an advertised promotion, consumers still carry an expectation of a discount. Second, this paper extends the study of discounting of discounts to an unexplored context, online retail. The finding that there is greater discounting of discounts online versus in a bricks-and-mortar retail context is consistent with more recent research that demonstrates that consumers’ typically expect to pay less for the same product when buying online (Hardesty and Suter 2005). We also find that, unlike in a bricks-and-mortar context, perceived discount in an online context does not impact purchase intention for low reputation brands. We speculate that this stems from a consumers’ inability to physically inspect product quality. Third, this study offer several practical applications. With respect to advertising discounts for products, managers should be aware that there may be greater discounting of discounts in an online context. Hence, e-tailers may be able to increase the perceived credibility of high discounts by offering rationale(s) for the high discount level.

References are available on request.
A Generation Gap? How Online Privacy Impacts Consumer Trust

Enping (Shirley) Mai, East Carolina University

Keywords: online privacy, consumer trust, Generation Y, baby boomer

EXTENDED ABSTRACT

Research Question
A Journal of Retailing editorial once called for papers in e-commerce including online privacy (Levy and Grewal 2001). Previous research has studied some online privacy related issues from different perspectives, such as consumer online behavior (Belanger, Hiller and Smith 2002; Bernard and Makienko 2011) and privacy concern (Bart, Shankar, Sultan and Urban 2005; Awad and Krishnan 2006; Yue and Zinkhan 2006).

Motivated by increasing attention to online privacy and recent consumer trends, this study has the following main research questions:

RQ1: How do online privacy concerns and statements impact consumer trust?

RQ2: If the impacts in research RQ1 exist, are they different among two generations, such as Generation Ys versus baby boomers?

Method and Data
This study uses a quantitative research design. Two studies involving Internet survey data were conducted. The survey focused on online privacy (such as privacy concern and privacy statements) and consumer trust (such as three trusting beliefs of ability, benevolence and integrity, and purchase intention).

Summary of Findings
After examining empirical survey data and conducting statistical analysis, research questions are answered. The first research question was to evaluate the links between online privacy and consumer trust. Supported by data, the links were partially established in this research.

The second research question of contrasting two generations shows that Generation Ys are more concerned about perceived risk online, which impacts their online trust to e-retailers.

Key Contributions
This research intends to fill a gap calling for empirical evidence on online privacy and consumer online behavior. In addition, it confirms the relationship between online trusting beliefs and purchase intention from previous research.

References are available on request.

For further information contact: Enping (Shirley) Mai, Assistant Professor, College of Business, East Carolina University (maie@ecu.edu).
A Model of Unilateral Pricing Policy Decisions

S.P. Raj, Syracuse University
Byong-Duk Rhee, Ajou University
K. Sivakumar, Lehigh University

Keywords: unilateral pricing policy, multiple channels, showrooming, in-store service sensitivity

EXTENDED ABSTRACT

Research Question
The use of unilateral pricing policy (UPP), in which the manufacturer sets the common minimum retail price for all retailers, is increasingly becoming popular in the United States as a result of recent legal developments. Given the recent adoption of UPP, conceptual modeling of managerial decisions associated with UPP is lacking in the literature. To address these significant questions, this research examines the decisions by manufacturers and retailers during the implementation of UPP in the multi-channel context involving offline and online retailers. In addition, the research compares UPP with the conventional pricing policy (CPP) in terms of outcomes. We do so by means of developing an analytical framework to model optimal decision-making by the manufacturer and retailer. In addition to deriving a number of results to provide a nuanced understanding of the similarities and differences between UPP and CPP for online and offline retailers and manufacturers, we present numerical simulations for illustration.

Summary of Findings
The optimal pricing decisions depend on the extent of “showrooming” (visiting an offline retailer but buying from an online competitor) that occurs among customers and their valuation of in-store services provided by the offline retailer. The key results from the analytical framework are: (1) When showrooming tendency is high among customers and when in-store service provided by the offline retailer is valued highly by the customer, both offline and online retailers benefit from UPP; (2) however, the manufacturer is not better off under UPP relative to conventional pricing policies.

Key Contributions
Our paper makes three main contributions. First, although extant research has focused on several aspects of decision making related to independent pricing policy, our work is the first to analytically examine the recent emergence of UPP. Although the business press is increasingly discussing anecdotes regarding the emergence of UPP and examples of its implementation, there is a need for corresponding conceptual/analytical modeling to depict the optimal pricing strategies by manufacturers and downstream decision making by retailers under UPP. Second, research is needed regarding the conditions under which UPP provides a better outcome than CPP or vice versa for the manufacturer/retailer—such an expanded understanding can provide insights toward the contingent nature of UPP. Third, in the emerging retailing context characterized by online and offline retailers and customer response toward these channels, there is a need to examine pricing implications of UPP in the offline-online retail context.

References are available on request.
How to Develop Cost-Efficient and Customized Payment Portfolios in E-Commerce?

Robert Maximilian Grünschow, RWTH Aachen University  
Jan Kemper, RWTH Aachen University  
Malte Brettel, RWTH Aachen University

Keywords: e-commerce, retail payments, transaction costs, working capital, customer behavior

EXTENDED ABSTRACT

Research Question
The optimal payment provision towards customers is a success-critical strategic question for both retailers’ marketing- and financial objectives (Ingene and Levy 1982) since the most desirable transaction method from a customer’s viewpoint often does not match the most cost-efficient one from a merchant’s perspective (Hirschman 1979).

So far, extant literature that focuses on the merchants’ provision of payment methods towards customers and its respective influence on customers’ payment choice remains scarce due to absence of data (Ching and Hayashi 2010). Especially empirical evidence regarding payment costs associated with the usage of online transaction instruments is limited as researchers do not have access to transaction-level data (Hancock and Humphrey 1998; Kahn and Roberds 2009; ten Raa and Shestalova 2004). Furthermore, many transaction costs such as opportunity costs or costs of time are non-monetary and difficult to quantify with the consequence that retailers oftentimes do not consider these costs when developing new marketing strategies (Chintagunta, Chu, and Cebollada 2012). As a result, the question of which payment instrument turns out to be most cost-efficient for retailers in an online environment with respect to the transaction value and customer characteristics is of great interest for scholars and practitioners (Humphrey 2010).

Method and Data
This study takes on a cost-based approach and applies the “transactions demand for cash” framework by Baumol (1952) and Tobin (1956) in e-commerce. Therein, we focus on the retailer’s perspective and estimate transaction costs of online payment instruments invoice, credit card, PayPal and prepayment in e-commerce. According to Whitesell (1989), the transaction size is incorporated as the major variable in the estimation framework. Subsequently, interaction terms are added to the econometric model in order to measure differences among new and existing customers, payment switching and non-switching consumers as well as buyers of different ages and gender. In line with ten Raa and Shestalova (2004), we use ordinary least squares regression analysis and derive linear transaction cost functions for each payment instruments.

The study bases on a novel dataset from a large online retailer selling fashion products across Europe. The dataset consists of more than 14.1 million sales observations between January and December 2013 collected in the German online shop covering transactions processed by the payment methods invoice, credit card, PayPal and prepayment. The primary data contain detailed transaction-related as well as customer-specific information in order to estimate retailers’ transaction costs of online payment instruments.

Summary of Findings
The present research disentangles the effects of customer characteristics on the relationship between the transaction size and retailers’ payment transaction costs. Regression results disclose (1) young and old customers, (2) males and females, (3) new and existing customers as well as (4) pay-
ment method switching and non-switching customers to significantly differ in terms of transaction risk and the speed of payment settlement. Both factors, in turn, extensively drive retailers’ transaction costs associated with each online payment instrument.

On basis of these estimated figures, we calculate the optimal customized and cost-efficient payment composition to offer towards two distinctive customer groups: The group A covers females, who are existing and payment switching customers. Class B includes men that shop for the first time at the retailer and is classified as payment method non-switching buyers. The graphical analyses reveal that irrespective of the transaction size, prepayment followed by PayPal is most cost-efficient to offer towards group A. With regard to group B, prepayment still remains to be the most cost-efficient. PayPal is the second best up to transaction sizes of € 76 whereas invoice dominates credit card and PayPal transactions for large basket sizes.

**Key Contributions**

This study empirically discovers differences among customers regarding transaction costs retailers incur when offering payment services in e-commerce. From an academic perspective, we believe to be among the first to explore the use of actual transaction-level data of more than 14.1 million customer purchases to estimate retailers’ transaction costs of online payment instruments invoice, credit card, PayPal and invoice. Contrary to extant literature, we follow a more comprehensive cost-based approach as we consider both (1) payment costs and (2) costs of capital to the retailer when comparing online payment instruments.

In addition, this research also offers extensive managerial guidance to practitioners. On basis of the presented estimation framework managers can (i) evaluate their current payment service provision in terms of transaction costs and working capital requirements, and (ii) develop new customized payment provision strategies in order to enhance their cost- and credit-efficiency. The presented insights on retailers’ transaction costs incurred by distinctive customers’ payment behaviors provide a powerful basis to initiate further marketing activities such as advertisement or fraud prevention.

*References are available on request.*
Research Question

In the present research, we examine the influence of two payment modes on seller’s pricing behavior, more specifically cash payment and e-payment. Extant research finds that cash is the most transparent form of payment with higher vividness and salience than e-payment (Raghubir and Srivastava 2008; Soman 2003). With regard to individual transaction, people naturally focus on what they are going to loss (Bar-Hillel and Neter 1996). From cognitive perspective, the salience of receiving money may impair the influence of losing belongings on pricing. Since cash payment is perceived to be more vivid and salient than e-payment, we propose:

H1a: Cash leads to lower selling price when sellers focus on the forgone product.

H1b: When sellers focus on the product, the alleviated influence of losing product due to the vividness of cash results in lower selling price.

However, sometimes sellers’ cognitive focus is on the aspect of financial gain. Accordingly, we argue that cash, for the high vividness and salience, generates higher psychological ownership of money than e-payment. Since psychological ownership increases selling price (Reb and Connolly 2007), we propose:

H2a: Cash leads to a higher selling price than e-payment when sellers focus on the financial gain.

H2b: When sellers focus on the financial gain, psychological ownership of money mediates the effect of payment mode on pricing.

Method and Data

Study 1 provided initial evidence for H1a and H2a. We employed a 2 (cognitive focus: product vs. financial gain) × 2 (payment mode: cash vs. bank card transfer) between subjects design. Specifically, cognitive focus was indirectly manipulated by altering product attachment. The results reveal a significant interaction. Planned contrast showed that when cash payment resulted in a lower selling price than e-payment when sellers were highly attached to the product. However, the results were reversed when sellers’ product attachment was low.

Study 2 employed a similar design as in Study 1. Specifically, we directly manipulate cognitive focus with an “importance rating” method. The results again were consistent with the prediction of H1a and H2a. Study 2 also shed light on the underlying mechanism.

Study 3 further demonstrated the propositions in a dynamic context. Specifically, sellers’ cognitive focus may shift from the forgone product to the financial gain with the proceeding of the transactions. The results showed that cash payment led to a lower initial selling price than e-payment. However, cash payment also result in a less amount of price reduction in the bargain stage. Study 3 also shed light on the underlying mechanism.

EXTENDED ABSTRACT

For further information contact: Xiaobing Xu, Tsinghua University (xuxb.12@sem.tsinghua.edu.cn).
Summary of Findings

In terms of payment transparency, cash payment is believed to be more salient and vividness than e-payment. Based on this argument, this research reveals three major findings. First, this research finds that the influence of payment mode on sellers’ pricing decision is contingent on sellers’ cognitive focus. When sellers focus on the forgone product, cash payment leads to lower selling price than e-payment. However, when sellers focus on the financial gain, the effect of payment mode on pricing would be reversed. Second, we demonstrate that when sellers focus on the forgone product, the weaken influence of losing belongings on pricing mediates the effect of payment mode on pricing. However, when sellers focus on the financial gain, sellers’ psychological ownership of money mediates the payment mode effect. Third, sellers’ cognitive focus may shift with the proceeding of second-hand good transactions. At the initial pricing stage, sellers mainly focus on the forgone product in which cash payment leads to lower initial selling price. However, in the bargain stage, sellers’ focus shifts to the money which they are going to gain. As a result, cash payment results in less amount of price discount than e-payment.

Key Contributions

To conclude, this research makes important contributions to extant literature. First, it contributes to the traditional economic and financial studies on payment mode and pricing by suggesting that cash payment may not necessarily brings discount, it may result in even a higher price than e-payment when sellers focus on the financial gain. Second, this research adds to the used good pricing literature by investigating pricing behavior in a dynamic perspective. We find that sellers’ cognitive focus shifts with the proceeding of transactions which interacts with payment mode on pricing. Specifically, we find that in the initial pricing stage, sellers tend to focus on the forgone product in which cash payment lowers the reservation price. However, in the bargain stage, sellers’ focus shifts from the loss aspect to the financial gain aspect such that cash payment decreases the amount of money discounts sellers are willingness to accept. Finally, it contributes to the literature of payment mode on consumer behavior by showing that payment modes influence not only the payer’s behavior, but also the seller’s pricing decision.

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References are available on request.
Revenue Management and Hedonic Pricing Models and the Effects of Operational Attributes

H.G. Parsa, University of Denver
Don Bacon, University of Denver
Ali Besharat, University of Denver
Scott J. Smith, University of South Carolina

Keywords: pricing, hedonic pricing, operational attributes, small business, restaurants

EXTENDED ABSTRACT

Research Question
Hedonic pricing is rarely applied in understanding the effect of operational attributes in small business settings. In addition, pricing decisions with reference to operational attributes were found to be significantly different at high and low end small businesses. The current study, using secondary data, investigates the effect of operational attributes and product type (cuisine) on the price paid in small businesses, restaurants. It is clearly established in the literature that food quality, service and ambiance are the three critical attributes in making consumers’ choice to dine out. Relative importance of these major operational attributes in determining the amount consumers are willingness to pay while dining out is investigated here. Unlike the earlier studies, current research clearly distinguishes between the hedonic nature of fine dining restaurants and utilitarian nature of limited service restaurants. This study also questions the commonly held belief that the relationship between consumers’ willingness to pay and restaurant attributes is linear.

Method and Data
Data was collected from secondary sources from the New York City. The original data was collected in 2013 with about 5000 restaurants from the New York City. Restaurants were evaluated on three major attributes of food quality, service, ambiance and overall satisfaction on a scale of 1 to 30 where 1 represented the lowest value and 30 reflected the highest value for each attribute. Each restaurant was visited multiple times by well-trained restaurant critics to avoid single expert opinion bias and to allow fair assessment through repeated measures. The location and primary cuisine of each restaurant was also included in the data. Regression analysis was used to test hypotheses, where restaurant price was the dependent variable, and dummy variables for each of 11 cuisines were entered as control variables (the “Miscellaneous” code was not used), and the three restaurant attributes (food, service and ambiance) were entered with a linear term and a nonlinear term (e.g., food score and food score squared). The use of regression in this application allows the estimation of what we call “attribute value curves,” which are similar to Bacon’s (2012) attribute utility curves with one important difference. We look at the relationship between the price a consumer is willing to pay and the level of each attribute, while Bacon looked at the relationship between overall satisfaction and the level of each attribute.

Summary of Findings
The results indicate that prices in restaurants are primarily affected by restaurant attributes including food, service, ambiance, and customers overall satisfaction. Interestingly, type of cuisine has significant effect on pricing decisions. Certain cuisines, by nature, demand higher price point and others do not. Pricing models clearly indicate that restaurant attributes have significant interaction effects. Customer satisfaction measured as total satisfaction and “bang for buck” was found to be a significant factor in restaurant pricing decisions. Future studies may want to consider location effects on pricing decisions. Price elasticity could be measured by loca-
tion, cuisine and each individual restaurant attribute. All higher order terms (e.g., food score squared) were significant in the models for each sample but of opposite sign. All of these coefficients were negative for the low priced restaurants, indicating convex (inverted U) value curves, but all were positive for the high priced restaurants, indicating concave (U) value curves. Interestingly, the linear term for food score was not significant in the low priced restaurant model.

The hypothesis regarding a positive relationship between ambiance and price is supported (H3) for both high and low priced restaurants, but the hypotheses regarding food quality (H1) and service quality (H2) are only supported among high priced restaurants. Thus, among low priced restaurants, while ambiance has a positive impact on price, food quality and service have a small negative association with price.

**Key Contributions**

Interestingly, contrary to the commonly held belief, food quality generally had the lowest impact on price. The high end restaurants differed significantly from low end restaurants in the effect of operational attributes of food, service and ambiance quality on price. The type of cuisine appears to dominate the consumers’ willingness to pay while dining out. Another major contribution is that the current study clearly identifies the unique characteristics of predominantly hedonic high-end restaurants that differ significantly from the mostly utilitarian limited service restaurants with reference to the relationship between operational attributes and pricing decisions.

*References are available on request.*
The Role of Fear in Changing Consumers’ Responses to Social Density

Uwe Messer, University of Bamberg

Keywords: fear, social density, evolutionary psychology, retail

EXTENDED ABSTRACT

Research Question
Consumers experience a variety of emotions during their daily activities. Research on evolutionary motives has found that specific emotions such as fear trigger adaptive strategies which alter preferences, decision processes, and behavioral responses (Griskevicius et al. 2013). This article examines how consumer emotions affect reactions to social store environments. Specifically, this article investigates how experiences of fear modify the effects of social density perceptions on consumers’ interest in a store and consumers’ intentions to browse a store.

Method and Data
To test the hypothesized effects, this study conducted a 2 (fear: not activated vs. activated) × 2 (social density: void vs. dense) between-participants experimental design. Students enrolled in marketing classes participated in the study. Participants received booklets with 600-word stories which were adapted from Griskevicius et al. (2009). To stimulate fear, participants were asked to imagine a threatening situation that was described in a text. Participants in the control condition (i.e., no fear) were asked to imagine a depicted non-threatening situation. This study manipulated social density by creating two pictures of a grocery store. In the socially void condition, no co-shoppers were shown in the store. In the socially dense condition, 14 co-shoppers were shown in the store as schematic representations (to prevent biases due to appearance, age, or gender). In addition, this study considered two covariates including perceived realism of the store scenario and consumers’ involvement with grocery store shopping.

Summary of Findings
Analysis of covariance (ANCOVA) indicated that the effects of social density on consumers’ interest in a store and intentions to browse a store differ contingent on consumers’ level of fear, thus supporting the role of fear as a moderator of the effects from social density on consumers’ responses. Participants in the fear condition showed more interest and higher browsing intentions in a socially dense store than participants in the control condition.

Key Contributions
By showing how a fundamental human emotion such as fear alters the reaction to store environments of different social density, this study underscores the value of an evolutionary psychology perspective to obtain unique insights into the relationships between the social environment and relevant marketing outcomes. In addition, this study advances the understanding of the mechanisms between social density and consumers’ responses by showing how an emotion (fear) alters reactions to social density. Until now, research has most commonly focused on enduring moderators of density (e.g., store type or consumer traits). This study demonstrates that a transient condition can act as a moderator. Finally, this study extends the knowledge on fear in consumer research by showing that incidental fear can positively bias reactions to marketers’ properties.

References are available on request.

For further information contact: Uwe Messer, Ph.D. student, University of Bamberg (uwe.messer@uni-bamberg.de).
Understanding the Interdependencies Between the Segmentation Bases: Personal Values, Fashion Attitudes, and Online Shopping Attitudes in the Online Fashion Retail Environment

Stefan Scheuffelen, RWTH Aachen University
Jan Kemper, RWTH Aachen University
Malte Brettel, RWTH Aachen University

Keywords: market segmentation, retailing, e-commerce, fashion industry

EXTENDED ABSTRACT

Research Question
Are there interdependencies in market segmentation between value-based segments and attitude-based segments of a certain group of consumers? In other words, are certain attitude-based segments more prominent within some value-based segments than within others segments in the same value-based segmentation? This would mean that the attitude-based segments are skewed in their distribution across value-based segments in contrast to being equally distributed.

Method and Data
We conducted a survey among 3,219 German customers of a leading European online apparel retailer with access to a dataset of over 35 million transactions. We used Exploratory and Confirmatory Factor Analysis, two-step Cluster Analysis with Ward’s method and k-means clustering to calculate three separate segmentations based on well established scales in personal values, fashion attitudes and online shopping attitudes and used one-way ANOVA to test our hypotheses.

Summary of Findings
The distributions of both fashion attitude segments and online shopping attitude segments within the value segments are skewed. This implies interdependencies between value-based segmentation and attitude-based segmentation as previously hypothesized based on the Value-Attitude-Behavior Hierarchy.

Key Contributions
We validate the Value-Attitude-Behavior Hierarchy for segmentation research and improve understanding of the interdependencies between different types of segmentation, thus, answering our research question. Additionally, we reproduce and validate three different segmentation scales for the German fashion e-commerce market, identifying several additional, not previously found clusters. Furthermore, by examining a part of the German fashion e-commerce market from three different perspectives (personal values, fashion attitudes and online shopping attitudes), we help practitioners gain a deeper understanding of the respective market structures.

References are available on request.

For further information contact: Stefan Scheuffelen, RWTH Aachen University (scheuffelen@time.rwth-aachen.de).
Consumers’ Strategies to Deal with Brand Similarity-Induced Stress

Marion Brandstaetter, University of Graz
Thomas Foscht, University of Graz

Keywords: brand similarity, stress, coping, private labels, national brands

EXTENDED ABSTRACT

Research Question
In competitive marketplaces, consumers are not only confronted with an ever-increasing number of alternatives in many product categories, but also with an increasing range of similar looking brands. Given that today’s consumers are time-stressed, and purchase decisions are thus often made in-store (POPAI 2012), particularly the imitation of the visual appearance of a brand can have various negative effects. It can, e.g., lead to mistaken purchases, thereby lowering customer satisfaction and reducing brand or store loyalty (e.g., Mitchell, Walsh, and Yamin 2005). Moreover, it has been theoretically discussed that the inability to choose can evoke feelings of stress to which consumers may respond with different coping strategies like abandoning the purchase (e.g., Mitchell and Papavassiliou 1997).

Although reactions like this can be critical for the profitability of a retailer or manufacturer, the concept of brand similarity has not yet been linked to stress and coping theory. Therefore, we investigate if the perceived similarity between private labels and national brands evokes feelings of stress in terms of threat and challenge emotions when consumers shop for groceries and/or personal care products. Furthermore, we analyze which coping strategies consumers use and examine the mediating effect of cognitive appraisals as proposed by stress theory.

Method and Data
To investigate if the perceived similarity between private labels and national brands evokes stress in terms of threat and challenge emotions and to analyze which coping strategies consumers use, two pretests with 60 respondents in each and a main study were conducted. As the concept of brand similarity has not yet been linked to stress and coping theory, one of the pretests served to assess the applicability of the coping inventory developed for the context in question. Before the main study was conducted, the complete questionnaire including all measures of interest was pre-tested to check for comprehensibility. For the main study, 270 respondents from 15 years of age on up were randomly selected from passers-by at different city locations. Due to missing data, the effective sample size was reduced to 267 respondents (46.8% men and 53.2% women).

To examine the hypothesized relationships among the constructs, structural equation models were used. Prior to these analyses, a hierarchical factor analysis was performed to determine the structure of the coping construct which was conceptualized as a Type I second-order factor model (Jarvis, MacKenzie, and Podsakoff 2003).

Summary of Findings
With respect to the coping construct, hierarchical factor analysis showed that it consists of two dimensions that could be labeled “problem-focused coping” and “emotion-focused coping.” While the former dimension is composed of strategies that serve to alter the stressful situation, the latter consists of strategies that target emotion-regulation.

Analyses using structural equation modeling revealed that consumers were more likely to experience negative threat emotions (i.e., worry, fear, and/or anxiety) than feeling challenged (i.e., experiencing confidence, hope, and/or eagerness) when they were faced with similar looking brands. As hypothesized, threatened consumers used emotion-focused coping strategies more often than problem-focused coping strategies. Aside from emotion regulation, and thus from venting their emotions or seeking emotional support, they

For further information contact: Marion Brandstaetter, Assistant Professor, Department of Marketing, University of Graz (marion.brandstaetter@uni-graz.at).
employed the strategies “withdrawal” and “avoidance” (e.g., ignored the problem), or sought instrumental support. Challenged consumers, on the other hand, predominantly engaged in problem-focused coping strategies (i.e., “action,” “positive thinking,” and “rational thinking”). The results for mediation analysis were in line with Lazarus’ stress and coping theory (e.g., Lazarus and Folkman 1984): Cognitive appraisals partially mediated the relationship between perceived brand similarity and threat emotions and perfectly mediated the relationship between perceived brand similarity and challenge emotions.

**Key Contributions**

This is the first study that links brand similarity to stress and coping theory. Therefore, the findings can contribute to an in-depth understanding of how consumers react to the perceived similarity between private labels and national brands. For (retail) managers, the results imply that following an imitation strategy might, in fact, be unprofitable. As consumers were more likely to experience negative threat emotions than feeling challenged when they were faced with similar looking brands, they predominantly engaged in emotion-focused coping strategies. Thus, consumers, e.g., used the coping strategy “withdrawal” which includes reactions like making no choice or abandoning the purchase, and can therefore lead to a decrease in sales and earnings and a lowered competitiveness of the manufacturer or retailer in question. The same effects can result if threatened consumers vent their emotions: In this case, the level of stress experienced by other customers in the store could be heightened, and their shopping experience, as well as their satisfaction and loyalty could be negatively affected. Against this background, manufacturers and retailers who offer lookalikes of existing brands should reconsider their branding strategies, e.g., use a distinctive design of the package, a unique brand name and logo.

*References are available on request.*
Protecting Retailers Against Contagion: Exploring the Shielding Role of Marketing in the Negative Spillover of the Target Customer Data Breach

Saim Kashmiri, University of Mississippi
Cameron Duncan Nicol, University of Mississippi
Liwu Hsu, University of Alabama in Huntsville

Keywords: event study, customer data breach, contagion effect, marketing influence, marketing capability

EXTENDED ABSTRACT

Research Question
In December 2013, 40 million debit and credit card numbers, along with 70 million customer names, mailing addresses, phone numbers, and email addresses, were stolen from the point-of-sale system of Target Corporation. With retailers holding customer databases that are larger than ever before, such customer data breaches are becoming increasingly common (Malhotra and Malhotra 2011). Yet, research that parses out the valuation effect of customer data breaches at individual retailers on the overall retail industry is almost non-existent. Is a major customer data breach at one U.S. retail company likely to decrease the shareholder value of other publicly listed U.S. retailers? If so, can certain firm-specific marketing factors help shield retailers from this contagion effect? We explore both these hitherto unexplored questions, using the 2013 Target Corporation breach as our empirical context. We argue that news of a major customer data breach at one U.S. retail firm is likely to increase investors’ expectations of similar data breaches at other U.S. retailers, resulting in an industry-wide contagion effect. However, while penalizing retailers, we expect investors to consider (1) each retailer’s relative ability of preventing a similar data breach, and (2) each retailer’s relative ability of effectively responding to a similar data breach. Building on this line of reasoning, we focus our investigation on three marketing factors (marketing influence in the TMT, marketing capability, and corporate social performance) that we expect are likely to shield some retailers from the negative spillover of a major customer data crisis.

Method and Data
We used an event study (Srinivasan and Bharadwaj 2004) to calculate the abnormal return (AR) for a sample of 168 publicly listed U.S. firms surrounding the initial announcement of the Target data breach on December 19, 2013. We regressed AR (%) of each retail firm surrounding the Target data breach announcement, on our proposed explanatory variables. Marketing influence in TMT (measured as a dummy variable taking the value of 1 if a CMO was present in the TMT), marketing capability (measured using Dutta et al. 1999’s stochastic frontier approach), and corporate social performance (measured using KLD database as the sum of the firm’s social strengths in the year 2008-2012 minus the sum of the firm’s social concerns in the year 2008-2012) were our focal independent variables. We controlled for a number of variables that could possibly be related to each firm’s susceptibility to a customer data breach attempt, or to its ability and motivation to invest in data-security systems: firm size, prior performance, financial leverage, level of globalization, level of diversification, variety stores sector membership, and presence of a Chief Information Officer (CIO) or a Chief Technology Officer (CTO) in the TMT.

For further information contact: Saim Kashmiri, Assistant Professor of Marketing, University of Mississippi (skashmiri@bus.olemiss.edu)
Summary of Findings

We found evidence of an industry-wide contagion effect surrounding the Target breach: the average abnormal stock return (AAR) for our sample retail firms on the day of the event was negative and significant (AAR Market Model = -1.18%, p < .05). The cumulative average abnormal returns (CAAR) for a number of windows immediately following the event, were also negative and significant, the most negative occurring during the 0 to +5 day window (CAAR Market Model = -0.93%; p < .01). Furthermore, the average change in the market value of a median-sized retailer in our sample ($757 million) was approximately $7 million in five days following the event, suggesting that the contagion effect was economically non-trivial.

Results of our multivariate analyses supported our hypotheses: firms with higher influence of marketing in the TMT, those with higher marketing capabilities, and those with a superior corporate social performance (CSP) experienced less negative abnormal returns surrounding the news of the Target breach. Our results were robust to a number of robustness checks, dealing with (1) alternative estimation windows, (2) an alternative (0 to +5) event window, (3) an alternative (Market Adjusted) model for calculating abnormal returns, and (4) an alternative operationalization of CSP.

Key Contributions

Our research is the first to highlight the negative returns of a retail customer data breach for other retail firms. We also add to the literature on the role key marketing personnel and marketing capabilities play in improving firm value. We suggest that firms benefit from the presence of CMOs in their TMTs and from developing marketing capabilities in specific contexts, such as in the context of a major customer data breach in the industry. Furthermore, while research on the financial benefits of CSP during a crisis has only highlighted these benefits to firms that themselves get involved in negative events, we show that strong CSP also protects the shareholder value of other retail firms at the time of a data breach of an industry counterpart. Hence, the financial benefits of CSP may hitherto have been understated.

Our research suggests that retailers should consider the hitherto unexplored negative spillover costs of data breaches in deciding whether to adopt the more secure EMV technology for their POS systems. Retailers may also benefit by treating a customer data breach as a common industry-wide problem, and by collaborating with each other via sharing intelligence on possible threats and information on effective data-security systems.

References are available on request.
Pay-What-You-Want Pricing Research: Review and Propositions

Essi Pöyry, Aalto University

ABSTRACT
A pricing method “pay-what-you-want” (PWYW) has raised interest among academics but results regarding its use remain ambiguous. Thus, there is a need to better understand the determinants of profitable use of PWYW. This paper reviews PWYW pricing research, summarizes its key findings, identifies unresolved issues, and offers future research propositions.

Keywords: pay-what-you-want, pricing, profitability, revenue drivers

Introduction
Pay-what-you-want (PWYW) is a pricing method in which a customer is granted the right to fully decide what he or she wants to pay for a product (Kim, Natter and Spann 2009). In other words, the customer can acquire a product sold with PWYW for whatever price, even for free, and the seller cannot reject the price after it has been set. The profitability of business using PWYW is determined via two factors, average price and sales volume. Research has shown that both of the factors can be influenced when PWYW pricing is introduced: compared to usual fixed pricing scheme there is evidence of increased average prices (Kim, Natter and Spann 2009), decreased average prices (Gneezy et al. 2010; Kim, Natter and Spann 2009; Schons et al. 2014), increased sales volume (Gneezy et al. 2010; Kim, Natter and Spann 2009; Riener and Traxler 2012) as well as decreased sales volume (Gneezy et al. 2012; Kim, Natter and Spann 2009). Also, there is evidence of differential average prices (Kim, Kaufmann and Stegemann 2013; León, Noguera and Tena-Sánchez 2012) and sales volumes (Riener and Traxler 2012) when manipulating a PWYW price offering and when considering consumer-related or other exogenous factors.

Thus, from the business performance perspective, whether or not PWYW pricing should be used is a challenging decision, and, if it is introduced, the framing of the offering is a central managerial task. The mixed research evidence is however unable to give a coherent picture of the revenue drivers of PWYW pricing and the conditions under which it is most likely to produce a favorable outcome for the seller. Therefore, the purpose of this paper is to review the current PWYW pricing research, provide a synthesis of the key findings and discuss the most suitable contexts and purposes for its use.

As a result, the paper presents a cohesive framework that systematically examines the studied revenue drivers of PWYW pricing. Four main categories of revenue drivers are identified: consumer characteristics (e.g., price consciousness), buyer-seller relationship (e.g., customer satisfaction), price offer tactics (e.g., reference price cues) and exogenous factors (e.g., weather induced mood). All of these factors are expected to have an influence on both mean prices as well as sales volume when a product is sold with PWYW. Based on the literature review and the conceptual framework, gaps in the literature are identified and the paper is concluded with propositions for future research.

Revenue Drivers of Pay-What-You-Want Pricing
Pay-what-you-want (PWYW) pricing models are classified as participative pricing mechanisms that utilize buyers’ participation in determining the price. Kim, Natter, and Spann (2009) define PWYW as a participative pricing mechanism in which buyers decide the price of the goods offered under PWYW conditions by the seller. The most notable difference to other consumer-driven participative pricing mechanisms (e.g., name-your-own-price, NYOP) is that, in PWYW, there is no lower threshold that the price has to exceed. Hence, the seller must accept prices as low as zero.

To formally review the existing literature, the most comprehensive academic research databases (Google Scholar, ProQuest ABI Inform, EBSCO Business Source, Wiley Online Library) were used to search articles including keywords...
“pay what you want,” “pay as you want” or “pay as you wish.” As a result of the search, ten articles were accepted for a detailed review of the studied effects and their key findings. The criteria for choosing the sampled studies were that the articles had to concern PWYW pricing (not NYOP pricing), they had to been published in a peer-reviewed academic journal, they had to involve empirical data and they had to use formal statistical methods to analyze their data. Table 1 summarizes the research contexts, studied effects and key findings of the sample studies.

<table>
<thead>
<tr>
<th>Sample Study</th>
<th>Study Context</th>
<th>Effects Studied</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gneezy et al. 2010</td>
<td>Souvenir photo (at a roller coaster)</td>
<td>Pricing mechanism, charitable contribution → % price increase, % sales volume increase, % sales value increase, % profit increase</td>
<td>PWYW increased sales volume but decreased paid prices; Charitable contribution increased PWYW prices paid but decreased sales volume; Charitable contribution + PWYW price increased profits while PWYW without charitable contribution decreased profits compared to fixed pricing; Pricing method did not cannibalize other products sold.</td>
</tr>
<tr>
<td>Gneezy et al. 2012</td>
<td>(1) Souvenir photo (at a tour boat), (2) buffet restaurant*</td>
<td>(1) Pricing mechanism, fixed price level → % price increase, % sales volume increase, % sales value increase; (2) Payment anonymity, information about others’ price decisions → PWYW price paid</td>
<td>(1) PWYW decreased sales volume but increased sales value compared to low regular price. No difference to high regular price; (2) Uninformed anonymous payments higher than uninformed observed payments.</td>
</tr>
<tr>
<td>Jang &amp; Chu (2012)</td>
<td>(1) Music album, mobile phone, coffee (hypothetical purchase), (2) coffee</td>
<td>(1) Cost information, information about others’ price decisions → PWYW price stated, (2) Information about others’ price decisions → PWYW price paid</td>
<td>Providing cost information increased PWYW prices particularly if costs were considered low. Information about others’ price decisions increased PWYW price paid if the information was norm-consistent.</td>
</tr>
<tr>
<td>Johnson &amp; Cui 2013</td>
<td>Concert ticket (hypothetical purchase)</td>
<td>No reference price cue, minimum price, maximum price, suggested price → PWYW price stated</td>
<td>Minimum and maximum price levels decreased PWYW price stated compared to using no reference price cue; Suggested price increased PWYW price stated if the suggested price was close to respondent’s reference price point.</td>
</tr>
<tr>
<td>Kim, Kaufmann &amp; Stegemann 2013</td>
<td>(1) Cinema ticket, DVD, digital album, flight ticket, hotel room, rental car, opera ticket, wine bottle (hypothetical purchases), (2) Restaurant, (3) Cafeteria</td>
<td>(1) Social distance, product value, reference price cue, seller reputation, sales promotion, price consciousness, preference for fairness, age, gender → PWYW price stated; (2) and (3) Reference price cue, social distance, product value, loyalty, satisfaction, price consciousness, preference for fairness, importance of social approval, income, gender → PWYW price paid</td>
<td>(1) Social distance and high product value decreased while external reference price cue and age increased stated PWYW prices; (2) and (3) High product value decreased while external reference price cue, reputation, loyalty, preference for fairness, importance of social approval, and income increased paid PWYW prices; Men paid higher PWYW prices than women.</td>
</tr>
<tr>
<td>Kim, Natter &amp; Spann 2009</td>
<td>Buffet restaurant, cinema ticket, hot beverage</td>
<td>Pricing mechanism → % price increase, % sales volume increase, % sales value increase; Preference for fairness, altruism, satisfaction, loyalty, price consciousness, income → PWYW price paid</td>
<td>Mean prices decreased in two contexts but increased in one compared to fixed pricing; Sales volume increased in one context; Sales value increased in one context; Preference for fairness and satisfaction increased and price consciousness decreased PWYW price paid.</td>
</tr>
</tbody>
</table>
As the past research illustrates, success in PWYW pricing depends primarily on two factors: whether a seller is able to generate average prices above the regular fixed price level and whether he or she is able to attract more customers than usually. Next, predictors of a higher PWYW price as well as predictors of a higher sales volume due to PWYW pricing are discussed in more detail.

**Predictors of a Higher Price**

According to the classic economic theory, customers should be selfish and exploit the opportunity of being able to set a price in economic transactions and pay zero. However, this is seldom the case. PWYW pricing studies have revealed that free-riding—paying a price of zero—is rare and in nearly all cases PWYW payments are, on average, significantly different from zero (e.g., Kim, Natter and Spann 2009; Schmidt, Spann and Zeithammer 2014; Schons et al. 2013). Interestingly, Kim et al. (2009) observed that none of over 600 customers paid a price of zero for a buffet lunch, movie ticket or a hot beverage. In the latter case the researchers even found that the average PWYW price was over 10% higher than the regular (non-disclosed) fixed price. Schons et al. (2013) found very similar results in their study as only 1% of the customers paid nothing for iced coffee sold under PWYW conditions. However, not all studies have reached as unambiguous results. For example, León, Noguera and Tena-Sánchez (2012) found that over 40% of customers did not pay anything for holiday packages offered with PWYW.

When setting a PWYW price, a consumer must be able to determine the product value in monetary terms. According to Kim, Natter and Spann (2009), a PWYW price paid depends on two factors: (1) the consumer’s internal reference price and (2) the proportion of that reference price he is willing to discharge to the seller. Thus, the concept of reference price is central in PWYW pricing. Consumers’ reference prices are subject to influence, and external reference price cues anchor consumers’ price perceptions and also facilitate the price setting process—given that the price cue is plausible (Gwebu et al. 2011; Mazumdar, Raj, and Sinha 2005). Indeed, most PWYW research shows that a correctly set reference price cue has a strong positive effect on consumers’ PWYW price decisions (e.g., Kim, Kaufmann and Stegemann 2013; León, Noguera and Tena-Sánchez 2012). The second part of PWYW price formation—the proportion of the reference price the customer is willing to give away—is more complex to determine. Research has found several factors that influence it. For example, consumers’ price consciousness and preference for fairness (Kunter 2015; Schons
et al. 2014) and seller reputation (Kim, Kaufmann and Stegemann 2013) have been identified to be influential.

Predictors of Higher Sales Volume

Past literature has witnessed positive sales revenues, profits and even abnormal profits. For example, Gneezy et al. (2010) found that selling souvenir photos with PWYW instead of a fixed price increased sales revenues. In Riener and Traxler’s (2012) study it was shown that even though PWYW payments in a buffet restaurant slowly decreased over time, the average number of customers increased steadily from the beginning of the price offer resulting in a higher valued business. In both of the cases the seller has benefitted of increased number of customers or increased number of purchases per customer even though average payments may have been lower to their usual level.

Schmidt, Spann, and Zeithammer (2014) argue that there are two primary reasons why PWYW pricing can be an attractive pricing strategy from the demand perspective. Firstly, it may increase sales volume thanks to the marketing effect (word-of-mouth, media attention) of the special pricing mechanism. This was the case Kim, Natter and Spann’s (2009) lunch restaurant study, for example. Secondly, Schmidt, Spann and Zeithammer (2014) propose that PWYW pricing functions as a competitive strategy against sellers with fixed prices. However, competitors’ fixed prices will most likely form an upper bound for the PWYW prices and thus firms using PWYW pricing may suffer from a small reference price range particularly in contexts with high price transparency. Interestingly, however, there is evidence of PWYW pricing not cannibalizing the sales of other products sold in conjunction with a PWYW-priced product indicating that customers do not consider PWYW as a regular price discount scheme (Gneezy et al. 2010; Meredith and Maki 2001).

Overall, the reviewed studies differ on their key revenue driver: average price or sales volume. Contexts that reached either of the goal can clearly be divided into two: businesses that were able elicit higher prices than usually through attracting fair-minded customers and influencing reference price perceptions (e.g., Gneezy et al. 2012; Jang and Chu 2012) and businesses that were able to reach a large number of people and sell a large number of products with a low marginal cost (e.g., Kim, Natter and Spann 2009; Riener and Traxler 2012). Next, a conceptual framework for the review of PWYW research is proposed.

Conceptual Framework

As a result of the literature review, a conceptual framework for the review of PWYW research is presented. The framework is based on four categories of sales revenue drivers: consumer characteristics, buyer-seller relationship, price offer tactics, and other exogenous factors. The detailed variables under each category are variables that have been found to significantly influence PWYW price paid, sales volume, or both. The list of variables is not exhaustive since there are several variables that have not yet been investigated in academic research, and it is also lacking the variables that have not been found to have a statistically significant effect on the sales value of a PWYW offer. Next, each revenue driver category is discussed in more detail.

Consumer Characteristics

As expected, research supports the idea that consumers differ in how much they are willing to pay for a product when it is sold with a PWYW price. The most often studied consumer characteristics are preference for fairness, price consciousness, altruistic tendencies, age, gender, and income. Empirically strongest support has been found for the positive effect of preference for fairness (Kim, Kaufmann and Stegemann 2013; Kim, Natter and Spann 2009; Schons et al. 2014), age (Kim, Kaufmann and Stegemann 2013; León, Noguera and Tena-Sánchez 2012) and for the negative effect for price consciousness (Kim, Natter and Spann 2009; Schons et al. 2014). Furthermore, Kim, Kaufmann and Stegemann (2013) found that men paid higher PWYW prices than women. Nevertheless, the existing literature does not reveal a demographic, sociographic or a psychographic characteristic that would clearly set consumers apart when it comes to setting a PWYW price.

Buyer-Seller Relationship

The relationship that the buyer has with the seller is an often studied determinant of PWYW success. Some assume that loyal customers would patronize the seller and pay higher PWYW payments than first-timers (Kim, Natter and Spann 2009). However, another scenario is that PWYW pricing would be particularly risky for a company with a loyal customer base as implementing PWYW would jeopardize its current profitability (Schons et al. 2014). The theoretical reasoning for this question can be based on consumers’ strategic behavior (hope for the seller to survive and perhaps continue the lucrative price offer) (Kim, Natter and Spann 2009; Schmidt, Spann and Zeithammer 2014) and, like in the context of tipping, on the buyer’s fear of social judgment due to a low price if he or she is acquaintances with the seller (Conlin, Lynn and O’Donoghue 2003; Lynn and McCall 2000).

The evidence is diverse. On the one hand, Kim, Natter and Spann (2009) did not find in two of three field studies with companies with an existing customer base that customer loyalty would have had an impact on paid PWYW prices while in one of the studies, buffet restaurant, loyalty increased...
prices paid. Similarly, Kim, Kaufmann and Stegemann (2013) found that loyalty increased prices paid. Note, however, that these findings represent attitudinal loyalty, not necessarily behavioral loyalty. This is important since other studies have reported decreasing payments over same individuals—regardless of their attitudes towards the seller (Riener and Traxler 2012; Schons et al. 2014). On the other hand, Riener and Traxler (2012) showed that a sales offer using PWYW for a longer period of time increased sales volumes (either through new customers or through more frequent purchases by same customers), and, despite the decreasing mean payments, overall sales value increased over time.

Thus, strong customer relationships benefit companies if they decide to use PWYW pricing and the strategy seems to be more beneficial for companies operating in monopolistic markets than in markets with high transparency between competitors (Schmidt, Spann and Zeithammer 2014). This conclusion is further supported by research that shows that satisfaction with the seller (Kim, Natter and Spann 2009; León, Noguera and Tena-Sánchez 2012; Schons et al. 2014) and seller reputation (Kim, Kaufmann and Stegemann 2013; Kim, Natter and Spann 2009) increase PWYW prices paid.

**Price Offer Tactics**

Research regarding price offer tactics and their influence on PWYW prices paid is probably the most abundant because of the easy controllability of how a PWYW price offer is presented. The most often studied variable regarding the price offer tactics is a reference price cue—how do consumers behave when the seller provides a cue of the normal price, suggested price, or average price paid by others? The PWYW research clearly aligns with general reference price research: externally provided reference price cues have a strong positive impact on the paid PWYW prices (Gwebu et al. 2011; Jang and Chu 2012; Kim, Kaufmann and Stege-
An interesting finding is, however, that while a high product value (measured in money or otherwise) increases PWYW prices paid in absolute terms, relatively higher payments are paid to less valuable products (Kim, Kaufmann and Stegemann 2013; Kim, Natter and Spann 2009). Therefore, if we assume the same contribution margin, PWYW pricing is more attractive to less valuable products. Indeed, the least successful example of the sampled studies with actual purchases can be found in the study investigating the sales of the most expensive product: holiday packages (León, Noguera and Tena-Sánchez 2012). Naturally, the risk related to PWYW pricing is intrinsically greater for more valuable products but it could also be that more valuable products attract a greater share of price conscious customers aiming to capitalize on the possibility to pay nothing or an extremely low price. This was the case with the holiday package sale study. To counter fight this effect, the provision of cost or investment information has been found to be an effective mean to increase PWYW prices paid (Jang and Chu 2012; Schmidt, Spann and Zeithammer 2014).

Another strategy to influence PWYW payments is to appeal to the social norms and social responsibility of the customers. Indeed, studies regarding generosity and anonymity posit that social distance decreases generosity intentions (Ariely, Bracha and Meier 2009; Aguilar Brañas-Garza and Miller 2008), which is thought to apply in PWYW situations as well. Kim, Natter and Spann (2009) speculate that the highest prices out of their three studies were witnessed at a delicatessen in which face-to-face interaction between salespersons and customers was particularly high. In the same study, customers’ reported altruism was the highest, which was argued to result from the strong presence and persona of the owner. Also, the small share of zero-paying customers in most PWYW studies could also be seen to support the assumption that social norms and social responsibility are at play in consumers’ PWYW price decisions (Kim, Natter and Spann 2009; Gneezy et al. 2012; Riener and Traxler 2012).

However, research evidence remains ambiguous regarding this assumption: Kim, Kaufmann and Stegemann (2013) reported that social distance in a purchase setting decreased PWYW prices paid (hypothetical internet purchase vs. hypothetical personal purchase) but in a restaurant (real) anonymous payments did not differ from (real) observed payments. On the other hand, Gneezy et al. (2012) reported that, when no information about other customers’ price decision was given in a restaurant, anonymous payments were higher than observed payments. Utilizing social responsibility could still be beneficial in a different way: Gneezy et al. (2010) found that donating a part of PWYW sales proceeds to a charity increased PWYW prices paid and sale profits.

**Exogenous Factors**

Finally, there are undoubtedly some other, exogenous factors that affect whether consumers want to buy a product that is sold with PWYW and how much they are willing to pay for it. Consider, for example, that you only have a $5 bill in your wallet and you are offered to buy a $10 lunch for whatever price. It is extremely likely that you pay $5 because that is the amount of cash you have and it seems like a plausible price to pay. In a similar vein, Riener and Traxler (2012) found that higher PWYW payments were paid in a restaurant during autumn and winter months when the sun was shining. The researchers speculate that the effect was due to mood: consumers pay more when they are in a better mood.

**Research Propositions**

Research about PWYW pricing is in its infancy—the earliest PWYW study that fulfills the search criteria of this review was published in 2009 in Journal of Marketing (Kim, Natter and Spann 2009). It is therefore inevitable that there are some distinct gaps in the current literature that need to be identified and filled as PWYW becomes increasingly popular in business practice. Moreover, PWYW can effectively be used as a vehicle to study consumers’ value assessments and purchase desire, which highlights its importance to the marketing scholars; consumers’ needs and wants are increasingly scattered, and similar needs can be realized in a variety of ways. Therefore, consumers’ individual value assessments become more important for a seller to know—seemingly similar customers may assess the value of a product or a service dramatically different.

As the literature review revealed, most research is concentrated on the formation of the PWYW price and on the comparison of a fixed price scheme and PWYW price scheme. Significantly less attention has been focused on the antecedents of sales volume in PWYW-priced sales offers, probably due to the methodological challenges related to reliable measurement of demand increase. Therefore, the main determinants of the sales volume of a PWYW sales offer remain unsolved. A distinct feature of PWYW sales
offers seems to be that some consumers enjoy buying a product for which they can set the price while others prefer to buy a product for a fixed price (Schmidt, Spann and Zeithammer 2014). Also the social aspect of PWYW payments makes one to assume that buying a PWYW-priced product is not always as lucrative as it first seems due to the message the price sends to others (Gneezy et al. 2010). Both of these notions indicate that the more controllable the purchase situation is from the customers’ perspective, the more likely she buys a PWYW-priced product. This idea is supported by the goal theoretic framework (Chandran and Morwitz 2005) that argues that perceived self-efficacy increases the purchase probability of a product sold with a participative pricing mechanism.

Proposition 1: Perceived self-efficacy has an impact on consumers’ willingness to buy a product with PWYW price.

A striking notion of the existing PWYW research is that most field studies have been conducted in very similar settings: restaurants, cafés, and amusement parks, for example. This creates a gap in the literature as many of the real-life examples of PWYW have been conducted in online settings and for digital products—think for example Radiohead, a rock band that used PWYW for the sale of its digital album among the first ones in the world (Wired Magazine 2007) and Humble Bundle, an online game vendor continuously offering new online game bundles with PWYW (Newman 2010). There is no published research with field evidence of the effectiveness of PWYW in online settings or of the effects the digital purchase environment on PWYW prices. There are several aspects to consider: the anonymity of the payment, perceived product value (for most digital products variable cost approaches zero), ease of transaction, the global spread of the offering, and so forth. In general, research has shown that consumers approach online and offline purchasing differently, and the motivational mindset determines the way each channel is used (Rajamma, Paswan and Ganesh 2007). Therefore, it is also assumed that PWYW prices differ depending on the environment in which the purchase and the price decision are made.

Proposition 2: PWYW payments made online differ from PWYW payments made in physical environments.

Another limitation regarding the existing research contexts is that an average consumer is very familiar with most of the studied products and services, which decreases variation in reference prices (Mazumdar, Raj, and Sinha 2005). Completely new products or highly differentiated products would be an interesting future research avenue. It is expected that newness or uniqueness of a product would affect the paid prices, and the price decision would depend on the reference price anchors the seller sets. Besides the paid price, uniqueness could also affect the sales volume of the offer. As stated earlier, perceived self-efficacy is expected to have an impact on how likely a person buys a PWYW-priced product (Chandran and Morwitz 2005; Schmidt, Spann and Zeithammer 2014). Thus, if it is difficult to retrieve a reference price or if the reference price is subject to large variation over time, a person could feel uncertain about the price and the purchase altogether.

Proposition 3: Uniqueness of a product has an impact on purchase probability of a PWYW offer and on PWYW price paid.

In regard to completely new products, PWYW could also be utilized as a mean to test new markets and to determine prices to new products. This is a completely untouched research area and would contribute to research regarding willingness-to-pay (WTP) (e.g., Wertenbroch and Skiera 2002)—how do consumers’ hypothetical WTP prices differ from their actual PWYW payments? In particular, PWYW creates an opportunity to study consumers’ differential WTPs and actual purchase behavior simultaneously and thereby contribute to the existing transaction data and survey data methods (Wertenbroch and Skiera, 2002).

Proposition 4: Consumers’ WTP prices differ from actual PWYW prices paid.

Finally, as satisfaction has been seen to affect paid PWYW prices (Kim, Natter and Spann 2009; León, Noguera and Tena-Sánchez 2012; Schons et al. 2014), it would be interesting to study the effect of timing of the payment on PWYW prices. Based on expectation-confirmation theory and disappointment theory (Homburg, Koschat, and Hoyer 2005), it is a different kind of decision if the payment is made before versus after a product is purchased or a service is experienced—an idea that holds particularly for experience goods. Currently, it is not known which option would be more beneficial for the seller yet it is expected that satisfaction with the service moderates the effect.

Proposition 5: Timing of the payment in relation to product or service consumption has an impact on PWYW price paid.

Conclusion

The amount of PWYW research has increased significantly during the past years indicating a need to better understand the logic of this new pricing mechanism. The current research evidence is however mixed in terms of how profitable the mechanism is: some report increased profits while others report terrible losses. There are multiple reasons for the outcomes of the studies and the current paper identifies
four main categories of revenue drivers in PWYW pricing: consumer characteristics, buyer-seller relationship, price offer tactics, and other exogenous factors. All of these variables affect the factors that finally determine the sales value of the offering—paid PWYW prices, sales volume, or both. As a result of the literature review, five research propositions are offered for future research. The research propositions and PWYW research in general can advance our knowledge on several fronts—it can reveal new aspects about modern consumer behavior in the digital era but it can also be used as a research method to contribute to established theories about consumers’ value perceptions and willingness to pay. Also, the fact that PWYW pricing engages the customer in the determination of a key aspect of a product or a service allows for the study of new co-creative marketing strategies.

For managers, designing PWYW setups and using PWYW for improving business performance has become a distinct business capability. Using PWYW successfully is not easy, but can at best be very efficient; PWYW is versatile and flexible. The first areas of application are already well established—consumer services and digital products are at the forefront. Continuous use of PWYW is a reflection of a durable competitive advantage, which is different from using PWYW to generate attention and utilize novelty, both of which are useful purposes. From value creation perspective, a model of five value steps of PWYW pricing is proposed: PWYW can increase attention to the seller, hit rate, average price, customer base, and, finally, customer loyalty. In theory, most profitable uses of PWYW aim to capture the value of all the steps, but the context in which PWYW is used determines its profitable use in practice.

Figure 2. Model of Five Value Steps of PWYW Pricing

![Diagram of PWYW Pricing Model]

**References**


The practice of preordering has garnered a lot of attention from researchers (e.g., Chu and Zhang 2011; Hui, Eliashberg, and George 2008; Li and Zhang 2013). This is largely because both retailers and consumers seem to perceive preordering products as beneficial. Retailers can gauge the market demand and adopt the discriminatory pricing strategies necessary to generate optimal sales revenue (Li and Zhang 2013; McCradle, Rajaram, and Tang 2004). On the other hand, consumers are assured to receive the prompt delivery of the product with a discounted price at the time of product release (Chu and Zhang 2011; McCradle, Rajaram, and Tang 2004).

Research Question

Although current findings on preorder research suggest a win-win situation for retailers and consumers, behavioral research suggests that people differ in terms of how they place greater or lesser importance on present versus future delayed consequences of their actions (Strathman et al. 1994). Individuals can evaluate a preordered price perception based on discount size information and also the time of product release, but the effect of discount size will be reliant on individuals’ inclinations towards present versus future time periods. This suggests that the positive effect of discount size for a preordered product is likely to disappear for people who are future-oriented with regard to temporal orientation. A natural question arises as to whether retailers can see the positive effects of discount size for such people through typical preorder selling techniques.

Our interest in understanding the effect of temporal orientation and discount size on preordered price perception is largely motivated by the finding that many retailers and manufacturers use preorder tactics to positively influence consumer price perceptions (Chu and Zhang 2011; Hui, Eliashberg, and George 2008; Li and Zhang 2013). This study extends the role of exaggerated discount size in price promotion literature by examining the effects of discount size and temporal message framing on value towards the deal and purchase intentions. Our findings are likely to be useful for both online and offline retailers.

Method and Data

Grounded in this theoretically and managerially relevant research, we conduct several pretests and one experimental study to test our assumptions. A 2 (Discount Size: Low vs. High) × 2 (Temporal Focus: Present vs. Control Condition) between-subjects experiment was used to test the hypotheses. A national sample of 152 adult participants was obtained using Amazon mTurk. The sample had a median household income of $30,000–$39,999 and 41.2% of the participants were females. The mean age of the participants was 34.1 years (SD = 12.1). Given predictions concerning moderating effects, hypotheses were tested using multiple regression analysis, and for conditional mediation we used PROCESS (Hayes 2013).

Summary of Findings

Study findings provide several key managerial insights. It is common practice for online retailers to frame pricing using temporal elements, but our results suggest that this strategy may not always be useful. Results suggest that retailers have to be careful while designing a temporal product release advertising message with a price discount, such that they...
should highlight the value of the deal in the message to enhance positive consumer response.

**Key Contributions**

This study extends the role of exaggerated discount size in price promotion literature by examining the effects of discount size and temporal message framing on value towards the deal and purchase intentions. First, the study highlights the benefits associated with a preorder strategy. A preorder discounts program extends the selling season without the need for immediate delivery of product. This enables the retailer to sell the product over a longer period of time while being less constrained by production capacity. Second, this study contributes to the findings of previous work which suggests that discounts and their size have positive impacts on consumer purchase intentions. Our findings suggest that researchers and practitioners will have a better understanding of how the values of discount sizes are perceived (Value towards the deal) by considering consumer temporal orientation in preorder deals. However, extending this research to other products, using other dependent measures, has the potential to provide additional theoretical understanding of the use of temporal framing in price promotion while offering insight to marketing managers.

*References are available on request.*
Why Shoppers Spend More as They Shop Longer: A Perspective from the Self-Control Strength Model

Mark Yi-Cheon Yim, Canisius College

Keywords: shopper behavior, self-control strength model, consumer impulsiveness, ego depletion

EXTENDED ABSTRACT

Research Question
This study aims to empirically test and explain shoppers’ purchase behavior in a retail store by applying an elaboration of the strength model of self-control. Specifically, the first goal of the current study is to expand the strength model of self-control by considering consumer impulsiveness. The second goal of this study is to empirically test the relationship between the inconsistent purchase behavior that differs from an initial purchase plan and shoppers’ overall spending.

H1: Shoppers high [low] in consumer impulsiveness will make more [less] frequent purchase decision changes than will those low [high] in consumer impulsiveness.

H2: Shoppers who more [less] frequently make purchase changes will purchase more [fewer] expensive items than those who less [more] frequently make purchase changes.

H3: Shoppers who purchase more [less] expensive items will spend more [less] money overall during their shopping trip.

H4a: As shoppers stay longer in a retail store, they will spend more.

H4b: As shoppers walk further in a retail store, they will spend more.

H5: There will be a moderating effect of shopping duration on the relationship between consumer impulsiveness and purchase decision changes.

Method and Data
Based on all the proposed hypotheses, a model is constructed. To test the hypothesized relationships in the model, a pretest and a main study were conducted in the grocery section of a superstore. A pretest was used to identify representative products based on 500 average shoppers that a majority of shoppers purchase in their one-time visit. The main study based on 166 average shoppers was designed to test our proposed hypotheses.

Summary of Findings
It was found that shoppers’ impulsiveness does not directly affect their purchase changes, but that shoppers who frequently change their purchase decisions are more likely to purchase more expensive items, resulting in increased overall spending. In addition, the current study results reveal that shoppers high in impulsiveness follow an inverted U-shaped pattern of purchase decisions changes as shopping duration increases, while the opposite is true for shoppers low in impulsiveness.

Key Contributions
The current study empirically confirms and elaborates on the applicability of the strength model of self-control through field studies designed to increase the external validity of the findings. To the best of our knowledge, our research is the first to apply and empirically test the strength model of self-control in the field to explain shopper behavior and highlight the importance of understanding shoppers’ changed purchase decisions.

References are available on request.
How Paying with Company’s Money Affects Judgment of Price Fairness

Adam Nguyen, Siena College
Juan Meng, Minnesota State University

Keywords: price fairness, fairness heuristics theory, economic fairness, social fairness

EXTENDED ABSTRACT

Research Question
Fairness is a pivotal ethical principle governing seller-buyer exchange relationships. Concerns for fairness are highly salient in the realm of pricing. Perceptions of price unfairness may lead to negative consequences for companies, including buyers leaving the exchange relationship and spreading negative information. Accordingly, knowledge of the determinants of price fairness judgment is important for marketers.

Extant research has traditionally examined fairness judgment in the most common scenario: when the buyer pays for the goods/service with his/her own money. In practice, there are situations when the buyer does not pay with own money. For example, a business person who goes on a personal trip will likely pay for transportation and hotel expenses with own money; if it is a business trip, s/he will likely pay for these expenses with company fund. The research question is: How does paying with company’s fund (versus own money) affect the buyer’s judgment of price fairness? This question is relevant for scholarly understanding of the role of the economic versus social aspect of price fairness judgment, and for companies that target both the business and personal segments (e.g., airlines and hotels). Drawing on fairness heuristics theory, we propose and test the argument that when paying with company’s fund, the price difference plays a less significant role, while the social acceptability of the pricing practice underlying the price difference plays a more important role in judgment of price fairness.

Method and Data
We tested the hypotheses in a scenario-based experiment. As part of a class assignment, MBA students who enrolled in a marketing research course collected data from people off campus. Final sample size was 203. Average age was 35, 57% were males and 43% females.

We seek to capture the subjective nature of fairness evaluation by both manipulating and measuring price difference and social acceptability. The relative contributions of price difference and social acceptability on perception of price fairness are measured by comparing the coefficients of their effects. Social acceptability of the seller’s pricing practices was manipulated by varying the type of preferential pricing (offering lower price to frequent customer versus to sales representative’s friend). Price difference was manipulated by varying the level of discount. Additionally, we manipulated whether the buyer pays with own money or company’s fund (whose money). This resulted in a $2 \times 2 \times 2$ between-subjects experiment in which the type of preferential pricing practice (offering lower price to frequent customers versus to an employee’s friends), magnitude of price difference (low [10%], high [30%]) and whose money (own money, company’s money) were manipulated. The dependent variables were perceived price fairness.

Summary of Findings
Drawing on fairness heuristics theory, we propose that compare with when paying with own money, when paying with company’s fund outcome information (perceived price difference) is more ambiguous, and thus its role in shaping fairness judgment declines while the role of procedural information (the social acceptability of the seller’s pricing practices that underlie the price difference) increases (the fair process effect). To test the hypotheses, we ran moderation regression analyses with the help of the PROCESS

For further information contact: Adam Nguyen, Associate Professor of Marketing, Siena College (anguyen@siena.edu).
macro written by Hayes. As predicted, whose money moderates the effect of price difference on price fairness, b=.22, p<.05. To interpret the moderation effect we examine the coefficients of the conditional effects. When paying with own money, there was a significant negative effect of price difference on price fairness, b=-.21, p<.01; when paying with company’s fund, the effect was insignificant, b=-.01, p>. Moreover, whose money moderates the effect of perceived social acceptability of the seller’s pricing policies and practices on perceived price fairness, b=.31, p<.05. When paying with company’s fund, there was significant positive effect of social acceptability on price fairness, b=.41, p<.01; but when paying with own money, the effect was insignificant, b=.10, p>.1.

**Key Contributions**

The findings extend the fair process effect to a different context. Prior studies found that the fair process effect occurs when comparative outcome information is missing. We found this effect when comparative outcome information is available but ambiguous.

Judgment of perceived price difference versus the social acceptability of the pricing practices underlying the price difference captures the economic and social aspect of price fairness judgment, respectively. While early research emphasizes economic aspect, later research highlights the social aspect of price fairness judgment. Our research contributes toward a contingency perspective by examining the role of the economic versus social aspect of price fairness judgment as a function of whose money.

The findings generate advices for companies that serve both the business and personal segments (e.g., airlines and hotels). Buyers in the personal segment typically pay with their own money. To persuade these buyers that a price is fair, it is crucial to show that the price represents a good deal for them. Buyers in the business segment often pay with company’s fund. Companies have more flexibility in charging different prices, but they should make sure that the reasons for the price difference are socially acceptable.

*References are available on request.*
Part M  
Selling and Sales Management

Track Chairs
Bulent Menguc, Kadir Has University
Jeff Boichuk, University of Virginia

Sales Force Incentives and Forecasting
Dimensions and Contingent Effects of Compensation System Changes
Arvind Agrawal, Jeff S. Johnson, Scott B. Friend
Disentangling the Effects of Asymmetric Information and Overconfidence in Goal Selection
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Drivers of Sales Performance
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Russell K. Lemken
Dimensions and Contingent Effects of Compensation System Changes

Arvind Agrawal, University of Nebraska–Lincoln
Jeff S. Johnson, University of Missouri–Kansas City
Scott B. Friend, University of Nebraska–Lincoln

Keywords: compensation system changes, salesperson, sales management, survey

EXTENDED ABSTRACT

Compensation systems are organizational resources motivating and influencing business-to-business (B2B) salespeople to display desired behaviors (Krafft et al. 2012). Organizations need to change compensation systems in response to changing internal and external task environments (Lopez, Hopkins, and Raymond 2006). What is not known is whether or not the sales force will accept the compensation changes (Dearden and Lilien 1990) and how changes influence salesperson performance and turnover patterns (Bartol 1999). This study conceptualizes multiple dimensions of compensation system change (CSC) relevant to the sales force (frequency, magnitude, speed) in order to understand the desirable and undesirable influences on salesperson performance and job satisfaction. The moderating influences of environmental conditions (technological turbulence, competitive intensity) are included to gauge if they accentuate or attenuate the CSC’s effects on outcomes.

Findings show a mixture of positive and negative effects of the CSC dimensions, as well as a mixture of environmental factors leading to both desirable and undesirable outcomes. The results extend existing sales force literature on CSC effects, highlighting the importance of conditions under which CSC are made. Sales managers can apply these findings to appraise using CSCs as a reaction to fluctuating environments balancing CSC effects on long-term salesperson behaviors.

Research Question

CSC dimensions uniquely influence the salesperson’s expectancy, but are moderated by their interaction with environmental uncertainty—i.e., technological turbulence and competitive intensity (Basu et al. 1985; Jaworski and Kohli 1993; Joseph and Kalwani 1995). Based on motivation and expectancy theory, we support the following hypotheses regarding the effects of CSC dimensions on salesperson job satisfaction and performance contingent upon these environmental conditions:

H1: The environmental conditions of (a) technological turbulence and (b) competitive intensity positively moderate the effect of CSC frequency on salesperson performance.

H2: The environmental conditions of (a) technological turbulence and (b) competitive intensity positively moderate the effect of CSC magnitude on salesperson performance.

H3: The environmental conditions of (a) technological turbulence and (b) competitive intensity negatively moderate the effect of CSC speed on salesperson performance.

H4: The environmental conditions of (a) technological turbulence and (b) competitive intensity positively moderate the effect of CSC frequency on salesperson job satisfaction.

H5: The environmental conditions of (a) technological turbulence and (b) competitive intensity positively moderate the effect of CSC magnitude on salesperson job satisfaction.

H6: The environmental conditions of (a) technological turbulence and (b) competitive intensity negatively moderate the effect of CSC speed on salesperson job satisfaction.

For further information contact: Arvind Agrawal, Ph.D. student, University of Nebraska–Lincoln (arvind.agrawal@huskers.unl.edu).
Method and Data
A sample comprising 306 B2B salespeople was obtained. Respondent average age was 45.6 years, average experience 15.4 years, gender split 29.4% female and 70.6% male. Respondents represented a wide variety of industries (Technology/Communications 32.0%, Consumer Goods 16.0%, Financial Services/Consulting 14.7%, Industrial Goods and Chemicals 12.7%, Medical/Pharmaceutical 10.1%, Transportation/Logistics 4.9%, other 9.5%).

Two-stage method was employed for testing and analyzing the data (Fang, Palmatier, and Evans 2004). In stage one, a CFA was performed to evaluate the measurement model using EQS, which indicated good model fit: $\chi^2(443) = 664.53, p < .01, CFI = .98, IFI = .98, RMSEA = .05, SRMR = .05, AOSR = .04$ (Hair et al. 2010). All constructs showed good reliability, as well as convergent and discriminant validity. CMV was accounted for by loading all items onto their respective factors as well as to a single common factor (Bagozzi 2011).

The proposed model paths were tested using EQS 6.1 in stage two. Standardized factor scores were multiplied to create the interactions and the three control variables were drawn to both dependent variables. The path model statistics evidenced good fit: $\chi^2(52) = 81.36, p < .01, CFI = .97, IFI = .97, RMSEA = .04, SRMR = .05, AOSR = .03$ (Hair et al. 2010).

Summary of Findings
Results show mixed effects of technological turbulence and competitive intensity on CSC relationships with salesperson performance and job satisfaction. Technological turbulence positively moderates frequent CSC effects on salesperson performance (H1a: $\beta = .15, p < .05$) and salesperson job satisfaction (H4a: $\beta = .20, p < .05$). However competitive intensity did not have any effects on the CSC frequency relationship with salesperson performance (H1b: $\beta = -.01, p > .05$) or job satisfaction (H4b: $\beta = .02, p > .05$). Technological turbulence did not have any effects on the CSC magnitude relationship with salesperson performance (H2a: $\beta = -.11, p > .05$) or job satisfaction (H5a: $\beta = .04, p > .05$). Competitive intensity did moderate the CSC magnitude relationship with salesperson performance (H2b: $\beta = .21, p < .05$), but not job satisfaction (H5b: $\beta = .01, p > .05$). Technological turbulence did not have any effect on the relationship between speed of CSC and salesperson performance (H3a: $\beta = -.07, p > .05$), but did moderate job satisfaction negatively (H6a: $\beta = -.11, p < .05$). Competitive intensity negatively moderated the CSC speed relationship with salesperson performance (H3b: $\beta = -.18, p < .05$) and job satisfaction (H6b: $\beta = -.12, p < .05$). Thus, CSC effects are conditional on the market environment, sometimes producing results counterintuitive to existing salesperson compensation theories.

Key Contributions
Dynamic market environments exert influence on organizations to adapt and change. Organizations in turn re-align sales force compensation hoping to influence sales force behaviors to bring them in line with the new strategic direction. This study contributes to the sales compensation literature by (1) conceptualizing dimensions of sales force CSC, (2) exploring contingent effects of the environmental factors of competitive intensity and technological turbulence on CSC relationships with salesperson performance and job satisfaction, and (3) identifying empirical results which point to both positive and negative effects of CSC dimensions. Therefore, CSC is not just a motivation tool, but it can also be harmful to sales force motivation and satisfaction under certain conditions.

This research builds upon the opportunity that sales managers have to use CSCs as a strategic tool to drive salesforce behaviors. Our findings pertaining to environmental moderators of the hypothesized relationships should be taken into account. In doing so, managers can better balance sales force expectations and instrumentalities while taking into consideration short-term behavioral effects.

References are available on request.
Disentangling the Effects of Asymmetric Information and Overconfidence in Goal Selection

Erik B. Johnson, University of Richmond
Patricia A. Norberg, Quinnipiac University

Keywords: goal choice, graduated goal structure, asymmetric information, confidence, precision, incentive programs

EXTENDED ABSTRACT

Research Question
In this paper, we seek to understand factors that influence sales managers’ selection of sales goals when participating in incentive programs. We focus on the effects of sales manager knowledge of their own performance capabilities that might not be known by corporate (information asymmetry) and overconfidence on goal choice, in line with previous research. Our interest is in disentangling the effects of these two factors, as most studies examine one factor or the other, but not both. We hypothesize that salespeople mostly rely on asymmetric information when selecting goals during incentive periods (assuming the incentive is of sufficient value) and that significantly fewer goal choices are influenced by overconfidence.

Method and Data
We examine the effects of asymmetric information and overconfidence by using a unique, two-stage identification strategy that incorporates a structural model of a graduated goal incentive program. Sales performance data from a tiered goal incentive program run by an automotive manufacturer was used for analysis. In the program, sales managers were able to choose from a set of goal options that required meeting increasingly difficult objectives for increasingly attractive rewards. The goal program structure, actual goal choices of sales managers, sales manager performance and dealership characteristics were considered in the development of the model.

Summary and Findings
We show that asymmetric information largely explains the selection of goals by sales managers in our study and that differences in overconfidence play a second, smaller role. If the majority of goal level decisions are based upon asymmetric information, then companies developing and/or instituting goal programs may choose to devote more resources to accurate forecasting, either through more intensive market estimates or through mechanisms that will induce managers to reveal some of the information asymmetries, prior to corporate setting the sales baselines. Additionally, because the best estimates of goal choice result from considering both the effects of asymmetry and overconfidence, institutions may also want to mitigate the effects of overconfidence. Here, firms may want to devise strategies that assist individuals in better understanding factors that influence variations in performance.

References are available on request.

For further information contact: Patricia A. Norberg, Associate Professor of Marketing, Quinnipiac University (patricia.norberg@quinnipiac.edu).
Enhancing Salesperson Performance Through Improvisation: The Impact of Resources and Customers

Abena Yeboah, University of Leeds
Nathaniel Boso, University of Leeds
Magnus Hultman, University of Leeds
Dayananda Palihawadana, University of Leeds

Keywords: salesperson improvisation, sales performance, resource availability, customer demandingness, structural equation modeling

EXTENDED ABSTRACT

The predominant approach in sales scholarship tends to emphasize rational planning processes where selling decisions are based on sequential process, market information processing, and optimisation. While useful, such a perspective ignores the potential of a descriptive approach to selling under conditions of exigency. We use the concept of salesperson improvisation (creative and spontaneous responses in sales situations) to understand how salespersons make selling decisions under conditions of bounded rationality and time deprivation. Working from the premise that, as competition renders markets unpredictable, firms are forced rely on their salespeople to maximize the detection and response to unforeseen customer needs and competitive surprises. We specifically argue that salespersons’ improvisatory responses may be vital. Indeed, because salespersons must often respond to customer demands and competitive actions in unclearly structured circumstances, their sales success may not necessarily be explained by how much planning they start with, but by the extent of their improvisatory responses to such situations. This study, therefore, proceeds to examine the sales performance implications of salesperson improvisation. A new scale is developed to assess the extent of improvisation among a sample of industrial salespersons based in Ghana. The nature of the relationship between salesperson improvisation and sales performance examined through structural equation modelling. Critically, the influence of two boundary conditions, resource availability and customer demandingness are also examined. Key findings show that high levels of salesperson improvisation are associated with increases in sales performance and that the nature of this relationship varies as a function of the extent to which a salesperson’s customers are demanding and the level of resources available for carrying out the sales job. Resource availability enhances the performance benefits of salesperson improvisation while customer demandingness on the other hand weakens improvisation–performance link. The study also finds that both resource availability and customer demandingness have dual roles in their relationship with the salesperson improvisation construct, tending also to act as contrasting drivers of salesperson improvisation. While resource availability is associated with low levels of salesperson improvisation, having demanding customers, on the other hand, appears to drive them towards more improvisatory choices.

References are available on request.

For further information contact: Magnus Hultman, University of Leeds (m.hultman@leeds.ac.uk).
Entrepreneurial Motivation as a Key Salesperson Competence: Trait Antecedents and Performance Consequences

Reza Rajabi, University of Massachusetts Amherst
Thomas G. Brashear Alejandro, University of Massachusetts Amherst
Cristian Chelariu, Suffolk University

Keywords: salesforce performance, entrepreneurial motivation, self-efficacy, competitiveness trait

EXTENDED ABSTRACT

In today’s fast changing economy, sales processes are evolving from selling single products into selling integrated solutions (Storbacka et al., 2009), hybrid offerings (Ulaga & Reinartz, 2011), or value (Terho et al., 2012). Today’s customers have access to substantial information, and traditional process-oriented sales approaches are no longer adequate. In the new era of “insight selling” (Adamson et al., 2013), salespeople must display adaptability and creativity and surprise customers with disruptive insights. Successful selling requires new competencies, such as recognizing and understanding value and new business development (Töytäri et al., 2011). To define, create, and deliver value in the current business environment, salespeople must adopt an entrepreneurial approach (Evans et al., 2012).

Research Question

In this paper, we focus on this approach by analyzing the interplay of self-efficacy, the competitiveness trait, and the entrepreneurial motivation. Furthermore, we use goal orientation theory (Chai et al., 2012; Park & Holloway 2003; Silver et al. 2006) to propose entrepreneurial motivation as a goal orientation that has been overlooked in the salesforce literature and we explore its relationship with job effort and sales performance.

We define entrepreneurial motivation as a type of goal orientation directed toward creating new ventures, starting a business, and disregarding constraints. Studies on entrepreneurial motivation indicate that interpersonal competitiveness and self-perceived mastery are two key work orientations that affect individual performance (Carsrud & Oln 1986; Carsrud et al., 1989; Spence and Helmreich, 1983). A tendency to compete with others also is also an antecedent of entrepreneurial motivation (Carsrud and Brännback, 2010), because competitiveness is a “the enjoyment of interpersonal competition and the desire to win and be better than others” (Spence & Helmreich, 1983, p. 41). Shye (1978, p. 332) asserts that entrepreneurial motivation relies on a “readiness” to face challenges and overcome unpredictable problems.

Accordingly, as a first step, it is posited that competitiveness and self-efficacy represent two antecedents with direct, positive effects on entrepreneurial motivation; competitiveness also influences the level of self-efficacy. Second, the salesperson’s competitiveness and self-efficacy have positive, direct relationships with effort, and effort in turn relates positively to entrepreneurial motivation. Third, a higher level of effort leads to better performance (Naffziger et al., 1994; Shane et al., 2003).

Method and Data

The sample for this study came from a pool of 500 B2B salespeople, located in a large southeastern U.S. city, though their sales territories covered most of the United States. These salespeople provide both services and products and work full-time. Following Babin and Boles’s (1996) proce-

For further information contact: Reza Rajabi, Ph.D. student in Marketing, Isenberg School of Management, University of Massachusetts Amherst (rezara-jabi@som.umass.edu).
dures, the collection efforts produced 285 valid responses, for a 58% response rate. Approximately 48% of the valid respondents were men, and the average age was 37 years.

The test of the model relied on distribution-free partial least square structural equation modeling, with SmartPLS version 2.0 (Fornell & Cha, 1994; Ringle et al., 2005). A nonparametric bootstrapping method provided the test of the hypotheses’ paths. As a test of common method bias, additional analyses featured a marker variable and calculated the t-statistics and other path coefficients for 5000 resamples.

**Summary of Findings**

This study examines the pivotal role of entrepreneurial motivation in determining salesperson performance. Entrepreneurial motivation relates directly and positively to effort: Salespeople with a greater entrepreneurial motivation exert more effort to perform their sales-related tasks. In addition, competitiveness and self-efficacy are two antecedents of entrepreneurial motivation in a sales context.

Regarding the relationship between competitiveness and self-efficacy, the path estimate ($\gamma = .42, t$-value = 8.50) is significant ($p < .01$), in support of $H_1$. The results also affirm the relationship between competition and entrepreneurial motivation predicted in $H_2$, with a $\gamma = .25$ path coefficient and $t$-value of 3.90 ($p < .01$). In line with $H_3$, the relationship between competitiveness and effort is significant, with a $t$-value of 4.06 ($p < .01$). The results offer support for $H_4$, including a $t$-value of 2.18 ($p < .01$) and $\gamma = .26$. Similarly, $H_5$ also is significant since its $t$-value is 4.09 ($p < .01$). The sixth hypothesis, regarding the effect of entrepreneurial motivation on effort, receives support ($t$-value = 5.03, $\gamma = .28$). Finally, in support of the relationship between effort and performance, the $t$-value is 14.60, and the estimation shows that the path coefficient is $\gamma = .61$. Beyond these path coefficients and $t$-values, the proposed model explains 18% of the variation in self-efficacy, 19% of entrepreneurial motivation, 37% of effort, and 37% of performance.

The Lindell & Whitney (2001) marker variable technique can test for potential bias caused by common method variance. Top management risk taking served as the marker variable; the measure of how much risk top managers in a firm would take featured four items on seven-point, Likert-type, agreement scales. In the model with the new path correlation, all paths remained significant. The results of calculating the structural model paths with the marker variable included as a control variable (Grayson, 2007), revealed no significant differences between the path coefficients and R-square values.

**Key Contributions**

Finding the right mix of extrinsic and intrinsic incentives is one managerial challenge, because entrepreneurially minded salespeople likely appreciate monetary incentives, as well as status recognition and greater autonomy (Chelariu et al., 2008). Multiple studies on entrepreneurs using diverse samples (e.g., China & Vietnam, Perri & Chu, 2012; Venezuela (Zimmerman & Hung 2013) or Latvia US, Canada and Mexico (Sloka et al. 2014), generate consistent sets of motivators through: independence, income, personal satisfaction, and proving an ability to succeed. From a leadership perspective, entrepreneurially minded salespeople, who exhibit competitiveness and self-confidence, instead may be less appreciative of supervisor support. Thus, an entrepreneurial salesforce likely requires deeper changes to the organizational structure and culture, away from centralization and formalization. Managers should provide guidance and control based on performance, but also empowerment and resources. Finally, competitive, self-confident salespeople can spot business opportunities and may be less loyal or more likely to leave the organization, in search of better prospects in another organization or to start their own business. Managers should constantly benchmark their firm’s competitiveness in terms of attracting, motivating, and retaining entrepreneurially minded salespeople.

To our knowledge, this study is the first in the sales literature to investigate the effect of entrepreneurial motivation in a model of salespeople’s performance. Further work should continue to examine the impact of entrepreneurial motivation on other, related factors, such as team-selling behaviors. As team selling becomes more important (Ahearne et al., 2010; Ahearne & Lam, 2011), researchers should determine how competitive, self-assured, entrepreneurially minded individual members interact with their peers in a team-based environment. Although entrepreneurial motivation has a positive impact on salespeople’s performance in this study, it also might increase the individual tendency to create a unique working environment and change some in-role task requirements (Morris et al., 1990).

The current study uses effort as a mediating variable; additional research should analyze other mediation paths, such as working smarter instead of harder, which involves the ability and desire to alter and improve effort directions (Weitz et al., 1986). Salespeople can work smarter by adapting their selling approaches to particular customers or learning new sales approaches.

Finally, entrepreneurship and entrepreneurial motivation are processes that evolve over time. Previous entrepreneurial experiences, such as former successes or failures, thus might affect future entrepreneurial motivations (Collins et al., 2004). Longitudinal studies should address how entrepreneurial motivation and its effects on performance evolve over time.

**References are available on request.**
A Lifestyle Check-Up: Does Salesperson Wellness Influence Individual and Organizational Outcomes?

Frederic B. Kraft, Grand Valley State University
Stephen S. Porter, Wichita State University
Devdeep Maity, Delaware State University
Cindy Claycomb, Wichita State University

Keywords: salesperson wellness lifestyle, time–problem–emotion-focused coping, stress, job satisfaction, turnover intentions

EXTENDED ABSTRACT

Research Question
Does salesperson wellness influence individual (coping in response to job stress) and organizational (job satisfaction and intention to leave) outcomes?

Method and Data
A convenience sampling methodology was employed to collect the data for the current study. Interactions with the participating sales organizations were made by the authors, graduate assistants and undergraduate students based on personal knowledge and contacts. The authors instructed the graduate research assistants and undergraduate senior marketing majors to contact full-time professional salespeople in two Midwestern Metropolitan Statistical Areas (MSAs) one with a population of approximately 600,000 and the other with a population of about one million. The research assistants contacted salespeople by phone, and arranged personal visits to either administer the questionnaire, or leave it for completion and later pick-up or a mail-back. Each respondent provided a business card which provided information about the job title of the sales employee as well as the name of the business and was used to avoid duplicate entries. A total of 441 completed questionnaires were obtained; 162 were from the smaller MSA and 279 from the larger MSA.

Regression analysis was conducted to test the hypothesis using SAS 5.1.

Summary of Findings
The study validates the hypothesized relationship between salesperson wellness lifestyle and two of the three types of coping. The results indicate that a salesperson wellness lifestyle enhances a salesperson’s ability to use problem-focused and time focused strategies to cope with job stress. The study also validates the positive association between problem-focused coping (as well as time focused coping) and job satisfaction as well as negative association between job satisfaction and intention to leave.

Key Contributions
The study examines the influence of salespersons’ individual wellness on both personal and on organizational outcomes. Specifically, the relationships among salesperson wellness lifestyle, coping behaviors, job satisfaction, and turnover intentions are empirically investigated. The study employs a comprehensive multi-dimensional wellness lifestyle measure that comprises active efforts toward physical fitness, personal health responsibility, stress management, nutritional awareness, social support, and spirituality. The present investigation extends previous research by demonstrating the direct influence of salesperson wellness on coping behaviors and the organizational outcomes of job satisfaction and intent to leave. Managerial implications and directions for future research are presented.

References are available on request.

For further information contact: Frederic B. Kraft, Professor of Marketing, Grand Valley State University (kraftf@gvsu.edu).
Competitive Selling: Unintended Effects of Salesperson Skepticism Toward a More Credible Competing Product

Devon Johnson, Montclair State University
Breagin K. Riley, Syracuse University

Keywords: skepticism, competitive selling, salesperson expertise, multilevel selling techniques

EXTENDED ABSTRACT

Research Question
Experts will sometimes persuade consumers to forego a highly reputable product in favor of a less reputable or proven competing product. One area in which this occurs is in direct selling, especially in multilevel or network selling. Many doctors are joining multilevel marketing companies such as Amway International Inc. as full time or part-time distributors of dietary supplements and cosmetics. Using these techniques multilevel marketing firms typically sell products to consumers at a premium price compared with what a similar product is sold at in a retail store.

The main objective of this study is to evaluate a trigger with the potential to create an inflection in consumers’ response to the persuasive arguments of an expert. More specifically, this study examines the potentially counter-persuasive effects of skeptical statements made by an expert about a more reputable competing product. We examine this research question in the context of doctors selling dietary supplements and using the competitive selling technique of criticizing a federally approved drug used to treat patients’ experiencing high levels of cholesterol. This study also addresses a second research question concerning the effectiveness of inoculating consumers with counter-persuasive messages to resist the persuasive efforts of their doctors selling them dietary supplements. The dependent variables are likelihood of purchasing the supplement mentioned in scenario experiment and perception of the dietary supplement category.

Method and Data
To address our research questions we designed a scenario experiment involving reactions to persuasive sales messages from a high credibility/expertise source (a medical doctor) and a low credibility/expertise source (a construction worker and part-time dietary supplement salesperson). Subjects were randomly assigned to six possible conditions. Expertise, skepticism and inoculation were manipulated whereas initial product category involvement was measure as a continuous variable. We recruited 1,447 individuals living in the United States via Amazon’s Mechanical Turk to participate in the experiment. After removal of incompletes and selecting our sample of interesting, namely people with close relatives experiencing high cholesterol, our sample was reduced to 551 participants (42% female and 58% male).

Summary of Findings
Consistent with findings of prior research our study finds that a high expertise sources (doctor) is more persuasive than a low expertise source as subjects reported a higher likelihood of purchase in response to the medical doctor’s sales pitch compared with a construction worker. Salesperson skepticism toward a competing drug was found to have an insignificant effect on the dependent variables. The effect of skepticism is moderated by initial involvement. Skepticism has a negative effect on purchase likelihood as consumer involvement increased. Finally, the results indicate that the negative effect of skepticism on the dependent variable can be significantly increased by inoculating participants against skepticism toward a drug prior to exposure to skeptical statements from a salesperson.

Key Contributions
This study contributes to the literature on competitive selling by identifying a boundary condition for competitive

For further information contact: Devon Johnson, Associate Professor of Marketing, School of Business, Montclair State University (johnsonde@mail.montclair.edu).
selling claims. Experts are likely to get away with claims regarding the superiority of their products until they attack a more credible product such as an FDA-approved drug. Such an attack is likely to have a counter-persuasive effect among high-involved customers, reducing perceived effectiveness and diminishing perception of the product category. The second finding of our study, of relevance especially to public policy makers, is the critical role of consumer involvement in the dietary supplement category.

Only when consumers are sufficiently involved in the product category can they be effectively inoculated against the biasing effects of skepticism toward a credible product. This means that under-involved consumers are not in a position to protect themselves against the selling efforts of experts, at least as far as the selling efforts of doctors are concerned.

References are available on request.
Enablers and Barriers: A Qualitative Investigation into Millennial-Age Business Students’ Intent to Pursue Sales Careers

Ryan McCafferty, University of South Florida
Carlin A. Nguyen, University of South Florida
Andrew B. Artis, University of South Florida

Keywords: intent to pursue sales, regulatory focus theory, sales education, sales training, millennial

EXTENDED ABSTRACT

Three groups—sales recruiters, sales managers and business-college instructors—have called for research to better understand why millennial-age adults are so resistant to careers in professional selling. Sales recruiters want to better understand what messages might catch the interest of potential hires. Sales managers want to better understand how to motivate and retain these new hires. Business-college instructors want to know the strategies that help students overcome their reservations about and harness their strengths for professional sales careers. Content analysis of written responses from millennial-age students and non-students is used to identify themes that promote and prevent the pursuit of a career in professional selling. Twenty-three themes—10 “enablers” and 13 “barriers”—are identified.

Research Question

Why are some millennial-age adults resistant to careers in professional selling, while others are not? Leaders within business and academia are calling for more research to answer this question (Bristow, Gulati and Amyx 2006; Deter-Schmelz and Kennedy 2011; Peltier et al. 2014). Regulatory focus theory (Higgins, 1997, 1998; Pham & Higgins, 2005) is used to frame the phenomenon and explain how two regulatory systems—promotion focus and prevention focus—shape how millennial-age adults evaluate the gains and risks of future careers in professional selling. Promotion focused students have a stronger orientation toward gains that enable their eagerness for success; we call these gains “enablers” because they emphasize the reasons for pursuing a sales career. Alternatively, prevention focused students have a stronger orientation away from risks that challenge their vigilance over safety and security; we call these risks “barriers” because they emphasize the reasons for not pursuing a sales career.

Method and Data

Written comments from 287 millennial adults were collected and content analyzed. First, 204 millennial-aged college students provided three reasons why they would and three reasons why they would not consider a career in professional selling. A total of 612 enablers and 612 barriers were generated. Content analysis was used to determine 23 thematic categories: 10 enablers and 13 barriers. In general, respondents framed enablers as the gains in a sales career worth pursuing and framed barriers as the risks of a sales career worth avoiding. Second, 83 millennial-aged non-students were recruited to test the robustness of the themes identified by the student population. No new themes emerged from the additional comments, suggesting the nonstudent population is similar to the student population.

Summary of Findings

Three types of perceived gains—comprising ten enablers in total—motivate promotion-focused students to pursue a career in professional selling: perceived career gains, perceived interpersonal gains, and perceived personal gains. Perceived career gains include (1) income potential, (2) flexible work environment, (3) constant job supply, (4) entrepreneurial mindset, and (5) travel opportunity. Perceived interpersonal gains include (6) cultivating a professional...
network, (7) satisfaction from helping others, and (8) learning how to socialize. Perceived personal gains include (9) mental stimulation and (10) the passion for success.

Three types of perceived risk—comprising thirteen barriers in total—motivate prevention-focused students to avoid a career in professional selling: perceived industry risks, perceived interpersonal risks, and perceived personal risks. Perceived industry risks include (11) income insecurity, (12) stressful work environment, (13) sacrificing personal time for work, (14) dealing with unpredictable market forces, (15) too much travel, (16) limited promotion opportunities, and (17) lack of a structured schedule. Perceived interpersonal risks include (18) dealing with too many people and (19) inferior social skills to deal with people. Perceived personal risks include (20) dealing with negative sales stereotypes, (21) mentally unstimulating, (22) having inferior personality traits, and (23) lack of personal fulfillment.

**Key Contributions**

Recruiters and sales managers benefit from this research. First, this research provides recruiters with a framework to segment potential recruits into two groups: those with a strong promotion-focus and those with a strong prevention focus. By providing clear themes, recruiters can craft specific but different messages for promotion-focused and prevention-focused millennial-age candidates. Second, sales managers can use the 23 themes to evaluate their current strategies for motivating and retaining millennial-age employees.

This research benefits instructors by giving them the means to reach out to a population of students largely ignored by current approaches. Currently, instructors teach students the gains of a sales career (e.g., income potential), but this approach fails to resonate with prevention-focused students who avoid the perceived risks of a sales career (e.g., income insecurity). New approaches are needed to attract prevention-focused students who don’t perceive themselves as potential salespeople, yet still excel in complex selling situations (e.g., sales engineers). Instructors ultimately need to help students find strategies that fit with their focus.

An additional contribution is the application of regulatory focus theory to solve a two generation-old problem in the sales literature. Regulatory focus theory is a motivational theory that helps to define, explain, and predict why some millennial-age adults are resistant to careers in professional selling, while others are not.

*References are available on request.*
Rethinking Social Media’s Potential in Selling: How Social Media Literacy Relates to Sales Performance

Melanie Bowen, Justus Liebig University Giessen
Alexander Haas, Justus Liebig University Giessen

Keywords: social media, business-to-business, sales performance, sales management

EXTENDED ABSTRACT

Social media has been suggested to create great opportunities for improving sales performance by researchers and managers alike (e.g., Rapp and Panagopoulos 2012). Researchers investigating the effect of social media usage on sales performance and managers who implement social media in their sales processes seem to typically assume that salespeople are innately able to effectively use social media. This stands in sharp contrast to research which shows technology-related user competence as highly relevant for increasing performance outcomes when using a technology (Marcolin et al. 2000). Such a salesperson competence is likely to be even more important to effective social media usage given the great amount of social media tools, the complexity of the social media landscape and the variety of selling situations in which social media may or may not be functional.

Research Question

Against this backdrop, this research aims at bringing social media literacy (i.e., an individual trait relevant for the effective use of social media) to the forefront of sales research. To this end we conceptualize and develop a measure for salespeople’s social media literacy and investigate its relationship to salespeople’s performance. Specifically, we propose a conceptual model which indirectly links salespeople’s social media literacy to the salespeople’s sales performance, through three important mediators (i.e., salespeople’s value orientation, adaptiveness, and proactiveness). As translating salesperson competences into behavior depends on the job context, our model also contains social norms and job autonomy as potential moderators of the literacy-mediator relationships.

Method and Data

To test the hypotheses, we conducted a large-scale online survey among salespeople working in a variety of business-to-business firms in Germany. We received a total of 186 usable questionnaires. Respondents had an average of 11.3 years of experience in sales, were predominantly males (77.1%), and were 25 to 65 years old, with a mean of 40.3 years.

Whenever possible, existing measures of the constructs were used. We developed new scales for two of our constructs: social media literacy, for which scale development was based on research on individual media-related competence; and the proactiveness scale, which is based on existing conceptual work on proactive postsales servicing.

We ensured high quality of our measurement instrument in several ways and results provided strong evidence for the reliability and validity of our measures. We ran a nine-factor confirmatory factor analysis using AMOS 22 to assess the reliability and discriminant validity of the multi-item measures. Overall, the confirmatory factor model fit the data well. A series of regression analyses with SPSS 22 were employed to analyze the hypothesized relationships.

Summary of Findings

We found support for the positive effect of salespeople’s social media literacy on the salespeople’s sales performance. More specifically, the results showed that salespeople’s social media literacy increases salesperson value orientation, adaptiveness and proactiveness. While we did not find an association between value orientation and salespeople’s
sales performance, we find that salesperson adaptiveness and proactiveness increase salespeople’s sales performance. We did not find support for a direct relationship between salespeople’s social media literacy and sales performance. Our results suggest that, in general, the effect of salespeople’s social media literacy on salespeople’s sales performance is fully mediated by salesperson adaptiveness and proactiveness.

Investigation of the potential moderators showed that job autonomy strengthens the effects of salespeople’s social media literacy on salesperson value orientation, adaptiveness, and proactiveness, respectively. In addition, we found top management support, and peer usage and customer usage of social media to strengthen the direct relationship between social media literacy and sales performance.

**Key Contributions**

We introduce the construct of social media literacy into sales research. This construct enables us to better understand the performance effects of social media. We identified the mechanism which translates salespeople’s social media literacy into sales performance: The performance effects of social media literacy are mediated by salesperson adaptiveness and proactiveness. And we highlight the importance of job autonomy, top management support, and peer usage and customer usage of social media for driving the performance effects of salespeople’s social media literacy.

Managerially, the construct’s content and the measure for social media literacy tell managers what characteristics a salesperson must possess in order to effectively use social media and increase sales performance, and support the managers in recruiting the right people and training the sales force in a way to exploit the great potential of social media for improving sales performance. Our research contributes to better decisions about social media-related investments in sales. It suggests that a narrow, technological focus on social media investments is short-sighted. Rather, companies should invest in their sales forces and increase the sales force’s social media literacy, since salespeople’s social media literacy is an important determinant of effective social media usage and, ultimately, sales performance.

*References are available on request.*
Dual Effect of Envy on Sales Performance: A Conceptual Framework

Elika Kordrostami, Old Dominion University
Vahid Rahmani, Old Dominion University
Melika Kordrostami, Iowa State University

Keywords: envy, justice, sales, emotions, job satisfaction

EXTENDED ABSTRACT

Research Question
What are the antecedents and consequences of the social emotion of “envy” in a sales department performance?

Key Contributions
Previous studies have shown the importance of emotions in sales context. This paper studies the social emotion of “envy” to scrutinize its outcomes in sales department. Borrowing from different theoretical framework such as emotion theory, equity theory, goal attainment theory and self-evaluation maintenance theory we argue that whenever salespeople perceive injustice (interactional, procedural, and distributive), the negative emotion “envy” may exist, also if salespeople perceive themselves as to be inferior compare to their colleagues as a result of a continuous self-evaluating process, the social emotion of envy may be observed. This emotion can have both negative and positive consequences for sales department. It can be destructive as it can lead to lower job satisfaction. We know that lower job satisfaction is related to lower performance, decrease in organizational citizenship behavior of employees, and specifically for salespeople, it may cause them to be less lenient to incorporate adaptive selling strategies. However from an optimistic point of view, this perceived injustice and inferiority can work as a wake-up call and motivate salespeople to work harder.

References are available on request.
Salesperson Value Measurement for Successful Sales Force Development

Joon-Hee Oh, Creighton University
Wesley J. Johnston, Georgia State University

Keywords: sales force management, sales force training, salesperson value, salesperson value measurement

EXTENDED ABSTRACT

Research Question
American companies spend about $20 billion annually on sales force trainings. These investments account for a significant portion of any single sales organization’s investment. However, a recent survey found that a majority of training programs fail to contribute to the success of business. This indicates that sales organizations have not been successful in aligning their sales force development investment strategies with organizational goals. Surprisingly, this important aspect of sales management has not gained serious attention thus far. To fill the research gap and to help sales organizations ensure an effective alignment of sales force development strategies with corporate goals, this study develops a quantitative basis that measures salesperson value.

Method and Data
With the quantitative approach, this study conducts a simulation to identify the most effective organizational development investment decision. In the simulation, this study includes three different types of salespersons who generate three typical types of sales performances that we can observe in the real world. The sales volume considered in the simulation is of products like personal loans, typically offered at financial services industry that is a vital component of the U.S. economy. The simulation study also considers four different organizational development investment allocation strategies. Each strategy denotes sales organizations’ development intervention decision and is different from one another in their allocation of a development investment to different salesperson lifecycle stages.

Summary of Findings
This study finds that organizational development interventions must focus on the earlier salesperson lifecycle stages. Contrary to such allocation strategy, a strategy that delays development investment for later lifecycle stages has a potential to generate a higher firm salesperson value over a longer period but may not be an optimal choice for sales organizations that are required to manage sales force over the short salesperson tenure. These findings, therefore, answer to the questions that should be addressed in organizations’ interventions decision making: when to invest. This finding indicates that there is a significant difference between the development intervention decisions when they are considered for an effective allocation of limited resources within a sales organization. The finding further implies that organizational development interventions for salesperson development must be stage-specific to correctly address the different salesperson demand in order to help align their program and practices with the overall organizational goals.

Key Contributions
For sales organizations, this study provides a strategic tool, the quantitative basis, to measure salesperson value and manage sales force. Measured on the quantitative basis, individual salesperson values within the same lifecycle stages are comparable performance indices. Such comparative assessments may lead to the rearrangement of the current sales force for better productivity in the current sales force or more efficient management of teams, sales offices, and/or branches. The quantitative basis can also be used for another comparative assessment that evaluates the effectiveness of the salesperson compensation system by allowing sales organizations to measure individual salespersons’ value.

Valuing individual salespersons, in conjunction with organizational development intervention strategies, also merits

For further information contact: Joon-Hee Oh, Creighton University (joonheeoh@gmail.com).
scholarly attention. As a contribution to literature, the suggested quantitative basis can provide a resolution of the longitudinal nature of the sales training that is being evaluated because it employs the stage-specific development intervention strategies for the resolution. This tool also contributes to the field because it measures salesperson value by reflecting the value of training and development interventions with easily quantifiable and accessible data found at workplaces. Moreover, the salesperson value serves as heuristic alternatives to the earlier debates regarding the methodology for evaluating organizational employee development interventions.

References are available on request.
How Salesperson Opportunity Recognition Affects Sales Performance: The Important Role of Product Adaptability

Stephan Volpers, Justus Liebig University Giessen
Alexander Haas, Justus Liebig University Giessen

Keywords: salesperson opportunity recognition, sales performance, salesperson creativity, personal selling, product adaptability

EXTENDED ABSTRACT

Research Question
Compared with other salespeople, star salespeople do not solely ask their customers for the specifications a product should have. Top performers focus on the business needs of their customers. As customers often cannot express or are not even aware of their needs, it is important for salespeople to recognize opportunities, in which the business needs of the customers can be satisfied by the offering of the salespeople. While conceptual sales research has stressed the importance of salesperson opportunity recognition, empirical research has largely neglected the construct.

To advance our knowledge, we investigate how salesperson opportunity recognition (SOR) leads to performance. Drawing on the creative cognition approach, we develop a conceptual model and suggest an indirect effect of SOR on sales performance, through salesperson creative performance. In addition to a direct effect of SOR on salesperson creative performance, the model suggests that SOR increases salespeople’s adaptive selling and value-based selling, which in turn affect salesperson creative performance. The model also includes product adaptability as a potential moderator of the creative performance-sales performance relationship. Although not hypothesized, we account for possible direct effects of SOR, adaptive selling, and value-based selling on sales performance.

Method and Data
In order to test the hypothesized model, we collected data with an online survey from a sample of 239 B2B salespeople. Respondents were mostly male (89%), had over ten years of experience (55%) and worked as field salesperson (34%), sales manager (27%), key account manager (16%), internal salesperson (15%), or business developer (8%). The final sample contained data from various industries such as automotive, chemical, electronic, energy, metal, plastics, industrial service and trading.

Whenever possible, existing measures of the constructs were used. Measurement items were randomized in the questionnaire. The model fitted the data well. The model’s goodness-of-fit indices were clearly better than the threshold values recommended in the literature. Furthermore the values of Cronbach alpha, composite reliability, the average amount of variance extracted of every factor and results of validity tests provided strong evidence for convergent and discriminant validity of the constructs.

Summary of Findings
Overall, our results demonstrate that SOR is a strong predictor of sales performance. Specifically, the results show a positive effect of SOR on salesperson creative performance. Furthermore SOR positively affects adaptive selling and value-based selling, which enhance salesperson creative performance respectively. Additionally, higher salesperson creative performance leads to better sales performance. Finally, the effect of salesperson creative performance on sales performance increases as product adaptability decreases.

Key Contributions
The key research contribution of this study is threefold. First, the results reveal SOR as an important determinant of...
sales performance, supporting the suggestion of many theorists that salespeople who work in business relationships must be able to recognize opportunities in order to perform well. Second, we identified the mechanism of how SOR translates into performance and show that adaptive selling, value-based selling and salesperson creative performance play important roles in this regard. Third, the results confirm that product adaptability is an important moderator of the creativity–performance relationship.

References are available on request.
Tensions Between Strategic Adaptation and Personal Relationships in Sales Contexts: Managing Succession for Key Client Executives

Russell K. Lemken, Iowa State University

Keywords: selling and sales management, succession, key accounts

EXTENDED ABSTRACT

Research Question
In succession scenarios stemming from the retirement of key account managers, these senior sales executives are often replaced by someone younger and less experienced. This kind of substitution can be perceived by clients as declining commitment from a provider leading to retention challenges for large accounts. Current research in marketing and management does not address the challenge of succession for critical boundary-spanning roles, leaving unanswered questions about the implications for sales and service management (Armstrong et al. 1993; Kesner and Sebora 1994; Pecotich and Crockett 1987). This study addresses questions in both theory and practice. It advances theory in selling and sales management scholarship by identifying and exploring an important challenge in the management of key accounts. Using an inductive approach to analysis, the study offers a novel framework for understanding succession for boundary-spanners and addressing the practical challenges. This is a growing threat to organizations today as an increasing number of senior sales professionals reach retirement age. I also use the strategic taxonomy for succession to address areas of equivocal findings in prior research on executive succession and to offer specific recommendations for creating more robust succession planning processes in practice.

Method and Data
The study is based on 53 individual depth interviews, 41 with experienced financial advisers and 12 with industry subject matter experts and uses grounded theory methodology for the analysis. This approach has two advantages. First, prior research concerning succession remains equivocal and existing sales and sales management scholarship does not address succession for relationship management executives. Consequently, an exploratory methodology focused on theory development is needed to create the opportunity for fresh thinking and insight. Second, retirement succession is a highly personal subject as well as a critical business challenge. The open-ended, qualitative nature of the grounded theory method allowed me to consider both the personal and business challenges inherent in succession, and more importantly, how these two different aspects of the succession process interact. While the fundamental research approach is qualitative, the findings are a product of rigorous fieldwork and qualitative data analysis using NVivo 10 computer-aided qualitative data analysis software with a disciplined grounded theory approach.

Summary of Findings
The grounded theory analysis produced the mid-range theory of the personal-professional succession paradox for relationship managers. The three primary axial codes identifying key challenges in succession for boundary-spanners, (1) business issues, (2) successor issues, and (3) incumbent issues highlight the paradox by showing that advisers who focused on successor and incumbent issues (approximately 54% of all coded references) tended to struggle with the problems of matching, compatibility and the daunting proposition of one-to-one replacement of a highly experienced and beloved relationship manager. The practices that were more focused on business issues (approximately 46% of all coded references) were far more likely to address practical issues concerning the sustainability and perpetuation of
a single-adviser practice model. The analysis provides the foundation for a new taxonomy for succession based on strategic enactment where succession plans are categorized according to their focus on evolving the business in a way consistent with a broader set of strategic objectives. The purpose can be defined as either “alignment” of the successor to fit the current structure or as “adaptation” to enact a strategy.

**Key Contributions**

This study makes three contributions. First, it identifies and explores a previously unstudied but critically important phenomenon in selling and sales management—succession for key account executives who control critical client relationships. It then applies a mid-range theory and insights from the grounded theory analysis to construct a new taxonomy for succession using strategic enactment as the lens. In this context, strategic enactment is defined as the degree to which succession plans are used as an opportunity to change the skills and structure of the relationship management function to more closely fit strategic priorities. Enactment of strategy is contrasted to the most common conception of succession as a simpler and more direct process centered on one-to-one replacement of a key contributor consistent with making no additional changes to organizational structure. This new taxonomy is based on matching the succession planning approach to the firm’s strategic purpose. Lastly, I offer specific recommendations for sales and service leaders that will help to create more robust succession planning processes for firms facing the retirement of relationship managers.

*References are available on request.*
Part N
Services Marketing

Track Chairs
Clay Voorhees, Michigan State University
Stacey Robinson, East Carolina University

Sabotage, Revenge, and Disaster
From Revenge to Reconciliation: The Effects of Form and Content of Questionnaires on Customer Desires for Revenge and Reconciliation
   Mina Rohani, Yany Grégoire, Renaud Legoux, Katherine N. Lemon, Jean-Charles Chebat
Understanding Negative and Positive Outcomes of Customer Mistreatment at the Service Encounter
   Ruth Maria Stock, Alexander Kock
Why Sabotage Customers? The Role of Moral Disengagement and Ethical Leadership
   Yu-Shan (Sandy) Huang, Rebecca Greenbaum, Julena Bonner, Cynthia Wang
A Conceptual Application of Disaster Relief Services in the Context of Markets and Globalization
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Coproduction and Cocreation
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How Personal Pride Is Formed and How It Affects Turnover Intentions Among Frontline Employees

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From Revenge to Reconciliation: The Effects of Form and Content of Questionnaires on Customer Desires for Revenge and Reconciliation

Mina Rohani, HEC Montréal
Yany Grégoire, HEC Montréal
Renaud Legoux, HEC Montréal
Katherine N. Lemon, Boston College
Jean-Charles Chebat, HEC Montréal

Keywords: expressive writing, pre-formatted survey, mere measurement, the effect of time, desire for revenge, desire for reconciliation.

EXTENDED ABSTRACT

Research Questions
1. How do different forms of questionnaires influence customer desire for revenge over time? In other words, can expressive writing and pre-formatted survey attenuate customer desire for revenge?

2. If so, which content of questionnaires (i.e., cognition only, emotion only, both cognition and emotion) reduce customer desire for revenge?

3. Is there a specific form and content of questionnaire that can promote desire for reconciliation over time?

Method and Data
In this research, we explore the effects of time and mere-measurement on the evolution of customer desires for revenge and reconciliation following a double deviation. In other words, we examine the effect of different forms (i.e., expressive writing vs. pre-formatted survey) and contents (i.e., cognition only, emotion only, both emotion and cognition) of the questionnaires over time on customer desires for revenge and reconciliation. We use a longitudinal field experiment with real online complainers of Consumer Affairs.com, which is an online review website.

Summary of Findings
The results demonstrate that (1) individuals who participated in pre-formatted surveys over time reported significantly lower levels of desire for revenge and a higher level of desire for reconciliation, and (2) the “pre-formatted survey” that asked about both cognition and emotion over time is the most effective questionnaire design in reducing customer desire for revenge and promoting desire for reconciliation. We performed PROC MIXED from SAS 9.3 to analyze the longitudinal data.

Key Contributions
This research also offers managers an inexpensive and practical solution—by sending well-crafted questionnaires—to reduce customer revenge and promote reconciliation. It proposes that answering pre-formatted surveys about both thought and emotion have catharsis “calming effect” on customer desire for revenge that also promotes desire for reconciliation.

References are available on request.

For further information contact: Mina Rohani, postdoctoral fellow, HEC Montréal (mina.rohani@hec.ca).
Understanding Negative and Positive Outcomes of Customer Mistreatment at the Service Encounter

Ruth Maria Stock, Technische Universität Darmstadt
Alexander Kock, Technische Universität Darmstadt

Keywords: emotional customer mistreatment, cognitive customer mistreatment, innovative service behavior, customer-directed sabotage, customer aggression

EXTENDED ABSTRACT

Research Question
Frontline employees (FLEs) are often faced with inappropriate customer behaviors. As previous research reveals, customer mistreatment negatively affects FLEs’ well-being and leads to job dissatisfaction and exhaustion. Furthermore, customer mistreatment may provoke reciprocation in the form of negative behaviors displayed by FLEs. But inadequate customer behaviors may not always have adverse effects on FLEs. Rather, research in organizational psychology suggests that stressful job situations can offer potential for growth, if they stimulate effort to overcome the associated challenges. Although previous research offers valuable insights into customer mistreatment, to our knowledge, no study examines both negative and positive behavioral FLE responses to customer mistreatment.

The current study addresses this gap by distinguishing between emotional and cognitive customer mistreatment. For example, verbal customer aggression represents a common emotional form of customer mistreatment. Ambiguous customer expectations, which occur if customers are not able or willing to articulate their expectations, instead constitute a common form of cognitive customer mistreatment. This study addresses the question, whether these forms of customer mistreatment differently affect negative FLE behavior (customer-directed sabotage) and positive FLE behavior (innovative service behavior). In addition, we examine several contingency factors that might affect the strength of these relationships.

Method and Data
We test our hypotheses on a dyadic sample of 150 FLEs and 450 customers in different business-to-consumer industries. We matched customer responses to the FLE and aggregated their responses to the FLE level. Construct measurement relied on existing scales taken from extant literature using seven-point Likert scales. FLEs assessed verbal customer aggression and ambiguous customer expectations. Customers assessed FLEs’ innovative service behavior and FLEs’ customer-directed sabotage behavior, as well as customer loyalty. FLEs assessed emotional resources (emotional support by colleagues and customers) and cognitive resources (organizational learning opportunities and cognitive support by customers) that were hypothesized to moderate the central relationships. Furthermore, we controlled for job satisfaction and job engagement of FLEs, length of relationship, and frequency of interaction.

In order to verify reliability and validity of our measures, we performed a confirmatory factory analysis. Hypotheses were tested with structural equation modeling. Moderating effects were estimated using latent interaction terms.

Summary of Findings
Our results show that verbal customer aggression (emotional customer mistreatment) significantly predicts customer-directed sabotage, and ambiguous customer expectations (cognitive customer mistreatment) positively affect innovative service behavior. Emotional customer mistreatment is reciprocated by negative FLE behavior, whereas cognitive

For further information contact: Ruth Maria Stock, Professor of Marketing and Human Resource Management, Technische Universität Darmstadt (rsh@stock-homburg.de).
customer mistreatment results in extra effort by FLEs to resolve problems. FLE behavior, in turn, is significantly related to customer loyalty. While customer-directed sabotage exerts a negative influence, innovative service behavior has strongly positive effect on customer loyalty. The study also examined emotional resources as moderators of the emotional customer mistreatment–FLE behavior relationship and cognitive resources as moderators of the cognitive customer mistreatment–FLE behavior relationship. Results show that emotional resources reduce the effect of verbal customer aggression on customer-directed sabotage, and cognitive resources reduce the effect of ambiguous customer expectations on innovative service behavior.

**Key Contributions**

This study is the first to investigate the distinct behavioral consequences of different forms of customer mistreatment and simultaneously consider positive and negative FLE behaviors. Three key contributions are worth mentioning. First, there is common agreement that customer mistreatment generally has adverse effects on FLEs. However, customer mistreatment includes both emotional and cognitive demands with potentially different behavioral consequences. Previous research has largely examined customer mistreatment as a single umbrella construct. Our findings suggest a more differentiated perspective is necessary, since different forms of customer mistreatment have distinct consequences for FLE behavior. Second, our study extends understanding of behavioral responses to customer mistreatment by integrating three theoretical perspectives. Following previous research, we combine the perspective on individual resources and the emotion-based perspective to understand the customer aggression–customer-directed sabotage relationship. However, we extend previous work by adding the largely neglected cognition-based perspective to our exploration of the relationship between ambiguous customer expectations and innovative service behavior. Our study therefore contributes a more nuanced understanding of the behavioral outcomes of customer mistreatment. Finally, this study further advances understanding of these mechanisms by examining the contingencies that affect the customer mistreatment–FLE behavior linkages.

*References are available on request.*
Why Sabotage Customers? The Role of Moral Disengagement and Ethical Leadership

Yu-Shan (Sandy) Huang, Oklahoma State University
Rebecca Greenbaum, Oklahoma State University
Julena Bonner, Oklahoma State University
Cynthia Wang, Oklahoma State University

Keywords: customer-directed sabotage, customer mistreatment, moral disengagement, ethical leadership

EXTENDED ABSTRACT

Research Question
Although “the customer is always right” is a common presumption in service industries, frontline employees (FLEs) have been found to be mistreated regularly by customers (Grandey, Dickter, & Hock-Peng, 2004) and respond to mistreatment with customer-directed sabotage (Skarlicki, van Jaarsveld, & Walker, 2008), which refers to “a severe violation of the ‘service rule’ mandating that customers receive professional, friendly, and patient treatment” (Wang, Liao, Zhan, & Shi, 2011, p.312). Because preventing FLEs from sabotaging against customers is essential to organizational success (Giacalone, Riordan, & Rosenfeld, 1997), prior research has attempted to address this issue by using justice (Skarlicki et al., 2008) and emotion (Wang et al., 2011) perspectives. However, little attention has been paid to the ethical mechanism involved, and ways to manage it. Given that sabotage behavior is deviant in nature and can be viewed as outside the moral norms, we draw on the social cognitive theory of moral disengagement (Bandura, 1999; Bandura, Barbaranelli, Caprara, & Pastorelli, 1996) to examine how customer mistreatment prompts FLEs’ sabotage directed toward the misbehaved customer, and other customers, through the dehumanization moral disengagement tactic, and when ethical leadership helps reduce sabotage behavior.

Method and Data
Students at a large university in the United States served as organizational contacts and recruited a total of 167 customer-contact employees. Following previous research collecting data with similar methods (e.g., Lee & Allen, 2002; Skarlicki & Folger, 1997), to help ensure the quality of responses, we emphasized the importance of integrity to organizational contacts and randomly followed up with 10% of respondents to confirm that they were currently employed in a customer contact capacity. This research utilized a mixed method with the combination of a manipulated variable (i.e., customer mistreatment) and measured variables (i.e., moral disengagement, ethical leadership and customer-directed sabotage). Participants were assigned randomly to one of the manipulated conditions, ruminating about a customer mistreatment experience (n=82) or a neutral customer encounter experience (n=85). Given that customer-oriented employees are generally motivated to treat customers well (Brown, Mowen, Donavan, & Licata, 2002), we controlled for customer orientation. Using seven-point Likert scales, we measured moral disengagement (Detert, Treviño & Sweitzer, 2008), ethical leadership (Brown, Treviño & Harrison, 2005), customer-directed sabotage (Wang et al., 2011) and customer orientation (Brown et al., 2002).

Summary of Findings
The manipulation check was successful such that participants in the mistreatment condition rated the customer mistreatment measure (Wang et al., 2011) significantly higher than those in the neutral condition. Additionally, all measured variables indicated satisfactory reliability and discriminant validity so we used the composite scores to examine the conceptual model with Preacher–Hayes PROCESS model 7
in SPSS 22. Using 5,000 bootstrap samples, the model explains 30.28% variance in dehumanization, 38.73% variance in the sabotage directed at the misbehaving customer, and 44.56% variance in the customer-directed sabotage toward customers in general, controlling for the customer orientation of FLEs. Serving customer mistreatment manipulation as a dummy variable (1 = mistreatment; 0 = neutral), the results suggest that customer mistreatment increases FLEs’ dehumanization reaction of moral disengagement ($\beta = 1.85$, $p < 0.05$, LLCI = 0.44, ULCI = 3.27), that dehumanization encourages sabotage behavior toward the misbehaving customer ($\beta = 0.39$, $p < 0.01$, LLCI = 0.26, ULCI = 0.51), as well as toward other customers ($\beta = 0.41$, $p < 0.01$, LLCI = 0.29, ULCI = 0.53), and that ethical leadership mitigates the effect of mistreatment on dehumanization ($\beta = -0.29$, $p < 0.05$, LLCI = -0.55, ULCI = -0.03).

**Key Contributions**

In summary, this research contributes to literature and practices by explaining that customer mistreatment triggers FLEs’ customer-directed sabotage though the dehumanization of customers, however, ethical leadership helps FLEs refrain from dehumanizing customers. First, it extends the literature on ethical leadership by investigating its influence on the way employees treat customers. Second, it broadens the literature on customer-directed sabotage by examining it from the ethical perspective such that the moral disengagement tactic of dehumanization is a key contributor to FLEs’ reaction of customer-directed sabotage and that ethical leadership can discourage FLEs from dehumanizing customers. Lastly, it provides implication for service organizations. To stop FLEs from reacting to customer mistreatment with customer-directed sabotage, frontline managers first need to understand that moral disengagement is a key explanation of FLEs’ customer-directed sabotage, and it is essential for managers to set a good example for their frontline workers by being ethical role models and emphasizing the value and importance of following moral standards.

*References are available on request.*
A Conceptual Application of Disaster Relief Services in the Context of Markets and Globalization

Nese Nasif, University of Texas–Pan American

Keywords: disasters, disaster relief services, globalization, services marketing

EXTENDED ABSTRACT

Research Question
A disaster can be defined as a natural or man-made event that results in substantial physical damage to the natural environment, destruction of man-made infrastructure, or significant loss of life. The past decade has experienced the highest economic costs ever recorded from disasters. Concurrent to the increasing costs of major disasters has also been the changing landscape of the global responses to them. Disasters, victimization, and globalization can be viewed and studied as social constructs. Moreover, since social processes are inherently dynamic, effective disaster relief in the context of globalization has requirements beyond the basic provision of rescue services and subsistence aid. For academia, the social phenomena present within disaster relief efforts have introduced an array of issues that have just begun to be addressed by researchers. The full conceptual piece reviews some of the prior scholarly research and burgeoning issues regarding disasters from the perspective of marketing and the globalization of disaster relief. In order to articulate ways that services marketing can have a role in disaster relief issues, it is necessary to delineate the ways in which globalization and markets have changed the contexts of this particular type of service provision.

Summary of Findings
Marketing, as a discipline that is in large part concerned with the efficient distribution of resources in order to assess and fulfill demands, has a role in disaster studies. Indeed, services marketing has noted that services, specifically, tend to vary in their characteristics generally. As such, there is a great deal of opportunity for services marketing scholars to study, for example, the victim (consumer) dimension of disaster relief consumption as well as the provision of disaster relief services outside of the typically researched arena of its technical provision and management. Disaster relief has become globalized in at least five evident ways: (1) the widespread global economic impacts of disasters due to the interconnectedness of global markets, (2) more rapid and streamlined responses of relief providers on a global scale as a result of advancing communication technologies, (3) the increasing prominence of the marketization of disaster relief funding and consumption philanthropy, (4) the increasing disparity of relief efforts and resources afforded to different disastrous occurrences, which are seemingly connected to the political, social, and economic priorities produced by globalization and mirrored in the disparate media coverage of different disasters, and (5) the cultural challenges that are present when human responders from a variety of cultural backgrounds attempt to meet the survival and coping needs of diverse victims. The literature reviewed in the body of the current research lays some groundwork for more investigations into these areas.

Key Contributions
Disasters cannot be avoided, but the responses to them can be, to an extent, managed. Aside from the management of the planning, implementing, and controlling of the technical aspects of disaster relief, marketing has a great deal of potential to contribute to the understanding of the social issues surrounding disaster relief. As a discipline that deals with resource distribution and demand construction and fulfillment, marketing scholars are among the most qualified to study and comment on the ways in which globalization and marketization has changed the provision and consumption of disaster relief services. It is the hope of the author that this piece helps to illuminate the timeliness and
 urgency of the work that is necessary to understand disasters and disaster relief in the context of both globalization and services marketing. It is a forthcoming body of work that has the potential to truly impact individuals, communities, and the environment during the times of their greatest vulnerability.

*References are available on request.*
Advancing understanding of business models is often touted as offering great promise in explaining why some firms are more successful in providing higher levels of service than others. To date, this promise has not materialized. To aid realization of this promise, this research reconceptualizes the business model. More specifically, we conceptualize the business model as an important integrator and combinatory evolver of internal and external resources (i.e., knowledge, skills and abilities), that facilitates coordination and action of such resources to continually assess and implement market solutions. In so doing, these resources and market solutions continually produce and reproduce changes in the practices, assumptions, values, beliefs, and rules that comprise business models and markets through translation. Hence, business models play an important role in continuously shaping and being shaped by both resources and markets. Implications to practice and theory are offered.

Research Question
What are business models, and how can actors use business models to provide higher levels of service?

Summary of Findings
The business model literature needs to embrace a perspective that views value flows as multidirectional and occurring within service ecosystems—dynamic constellations of actors who apply knowledge and skills directly for the benefit of one another. Business models can be conceptualized as perceptions of problems and solutions, since they not only provide perceptions of resources and the value of their integration (i.e. solutions) but also the perceptions of what problems need to be solved. Problem perceptions, can be viewed as being based on intra-institutional inconsistencies and contradictions that are part of any social system. These inconsistencies and contradictions propel the ongoing emergence of new business models and markets. Solutions, on the other hand, are shared conceptions of resources and resource integration practices. A service ecosystems view points to the fact that all social and economic actors do the same things: they integrate resources and exchange service. Consequently, it is insufficient to choose an individual actor, and his or her business model, as the level of analysis as is often the case in firm centric views.

This conceptualization of business models highlights that their creation is a representational practice since business models, by definition, shape images of markets. Consequently, translation processes conceptually connect business models and markets. Institutional arrangements influence which ideas and practices are picked up or dropped. Ideas or practices aligned with existing institutional configurations will have a higher chance of being adopted and adapted. Thus, the occurrence of new markets (i.e. the formation and institutionalization of novel market practices) needs to be conceptualized as systemic processes in which multiple actors, all possessing their own business models, engage in “ongoing negotiations, experimentation, competition, and learning” (Zietsma and McKnight, 2009, p.145) until actors arrive at shared, but always imperfect, conceptions of problems and solutions.

For further information contact: Heiko Wieland, Assistant Professor, California State University, Monterey Bay (hwieland@csumb.edu).
Business models, through translation processes, influence the current enactment of market practices, while at the same time, due to the performative nature of markets, influence how markets are enacted. It is through an iterative and dynamic process, involving firms, customers and other actors, that institutionalization, the maintenance, disruption and change of rules, norms, meanings, symbols that guide exchange, normative, and representational practices, and thus, business models form, stabilize, and change. In other words, a service ecosystems view highlights the actions and interactions that collaboratively contribute to value creation, including those that help to maintain and disrupt practices and the institutions they reflect.

**Key Contributions**

Resources and resource integration practices are the fundamental elements of business model. Business models can be conceptualized as perceptions of problems and solutions, since they not only provide conceptions of resources and their value but also the contents, structures, and governance mechanisms for resource integration processes and markets. Business models are not unique to producers but all economic and social actors continuously use business models in their enactment of resource integration practices. Conceptualizing business models as perceived problems and solutions or as ways in which actors form perceptions of resources and value creation processes highlights that their creation is a representational practice since business models aim to shape images of markets. A service ecosystems approach can refocus the study of business models on explaining how institutions are formed and reformed, or how institutional change occurs.

*References are available on request.*
Service Value as an Agential Cocreation

Kerimcan Ozcan, Marywood University
Venkat Ramaswamy, University of Michigan

Keywords: service value, cocreation, agency, engagement platform, service ecosystem

EXTENDED ABSTRACT

Research Question
Whereas scholars have moved from coproduction of service with customers to cocreation of value with all stakeholders as the new normal in services marketing, the concept of service value that occupies such a central place in services marketing remains undertheorized. The role of service interactions between a subject and an object in how service value is experienced is recognized by many, but how service value is really created, let alone cocreated, is still not well understood. The research challenge consists in bridging the phenomenology and “ecology” of value. In this paper, we approach the hard problem of service value creation by opening up the conceptual space between individuals and systems through the logic of agency and seeing service value as an agential cocreation. Doing so requires rethinking the nature and role of agency in value creation everywhere in service networks, so as to generate mutually valuable states of agency with all stakeholding cocreators.

Summary of Findings
Service value emerges from virtual capacities immanent in ecosystems of capabilities, is enacted through intensive agencies in platforms of engagements, and embodied as outcomes in actual environments of interactions afforded by engagement platforms. An agential cocreation logic to service value as advanced in this paper requires a shift in thinking to (1) engaging stakeholders personally and collectively in creating service value together, expanding how the enterprise connects service value cocreation opportunities with service agency; (2) conceiving platforms of engagements as purposefully designed assemblages of artifacts, interfaces, processes, and persons, which afford environments of interactions to intensify agency and generate mutually valuable outcomes; (3) recognizing that actualized value is subjective and varies as a function of individuated experiences of outcomes; (4) leveraging the capabilities of fields of social, business, civic, and natural systems in which individuals are embedded, to virtualize new potentialities of value-creation; and (5) building ecosystems of capabilities together with consumers and other enterprises.

Key Contributions
We first discuss theories of value and how agency expresses value, thus leading to a definition of service value cocreation as emergence and embodiment of joint agency in creation of service value. Starting with the basic definition of value as all kinds of critical or pro/con predicates pertaining to an object or states of affairs, and recognizing the nature of value as property versus affect and the source of value as extrinsic versus intrinsic as its fundamental ontological dimensions, we derive a typology along whose quadrants we can position various major theories of value. The property/affect and extrinsic/intrinsic dimensions of value can be put in dynamic tension by seeing value as a developmental and dialectic process. Multiplicity of values can be brought together under a more dynamic explanatory framework using dialectic approaches, and in particular, a dialectic of agency. Cocreating agency actualizes intensive engagements into events and outcomes of value, through assemblages enabled by the conjugated capacities of virtual capability ecosystems. This is the theoretical essence of agency as virtual-intensive-actual value creation. Subsequently, we discuss the theoretical underpinnings of this agential cocreation logic. Accordingly, value as a cocreation can be viewed in terms of three registers of joint agency: the actual outcomes of agency, wherein value is enveloped in domains of service experiences; the intensive actions of agency, wherein value is enacted through engagement platforms; and the virtual capacities of agency, wherein value is conjugated in capability ecosystems. We conclude with research implications for services marketing.

References are available on request.

For further information contact: Kerimcan Ozcan, Assistant Professor of Marketing, Marywood University (ozcan@marywood.edu).
The Impact of Customer Integration and Customer Coproduction on Service Quality Performance

Zyad Alzaydi, Albaha University
Chanaka Jayawardhena, University of Hull

Keywords: quality control initiatives, service quality performance, customer coproduction

EXTENDED ABSTRACT

Despite an emerging interest in customer integration and customer coproduction in the literature, little attention has been paid to investigation of the relationship between customer integration, customer coproduction and service quality performance. Based on the facilities-transformation-usage framework of service delivery and control theory, we develop a conceptual framework that examines the impact of combining quality control initiatives (QCIs) on service quality performance in a business-to-business setting. We explicitly consider quality control initiatives with formal and informal control mechanisms as well as the selected organization’s internal environment as antecedents of such initiatives. The data is drawn from a survey of hotel industry service providers. The results of this study would benefit managers to gain a better understanding of how QCIs affect the relationship between customer integration and customer coproduction and service quality performance.

In service organizations, service intangibility and customer coproduction in the process of service delivery are of particular relevance (La et al., 2005). Intangibility indicates that services are not seen, touched, or tasted (Knight, 1999; La et al., 2008) and coproduction of customers “involves the participation and integration of customer resources in the core offering itself” (Lusch et al., 2007: p. 11). Coproduction leads to an interaction among service encounter staff (employees) and customers while delivering services (Sizoo et al., 2005). As a result, services are heterogeneous; “no one service performance is identical to another” (Knight, 1999: p. 349). This makes standardization and hence quality control difficult to achieve (Dahringer, 1991). Moreover, intangibility means that it is difficult for customers to examine or experience the service before they have used it (La et al., 2008). Hence, service quality is assessed only during the service encounter, when the customer interacts directly with the service (Shostack, 1985). The facilitation-transformation-usage (FTU) framework offers a way of understanding and identifying causes of quality failure, while control theory points to different types of QCIs that can be applied in various stages of the service delivery process.

Research Questions

Specifically, this research addresses these questions:

• To what extent do customer integration and customer coproduction affect service quality performance?

• How do different QCIs formal and informal mechanisms improve service quality performance?

To address these research questions, the data is drawn from a survey of hotel industry service providers in different cities in Saudi Arabia. Statistical tests can then be used to determine the relationships between the variables.

Key Contributions

This research will contribute towards a new way of understanding the phenomenon of service quality by looking at the employees’ perspective and by a novel combination of Snell’s (1992) control theory with Moller’s (2008) FTU framework, representing an implementation perspective of Vargo and Lusch’s (2004) service dominant logic. Moreover, it will compare the relative effectiveness of different QCIs (Snell, 1992; Moeller, 2008; Vargo and Lusch, 2004). The
findings of this study will give marketers a better understanding of a managerial (practical utility) perspective, by providing empirical evidence of how QCIs affect customer integration and coproduction, and service quality performance, and the relative effectiveness of different QCIs. This may provide pointers towards the use of QCIs to improve service quality.

References are available on request.
Atypical Shifts Post–Service Failure: Level of Cocreation Influences Future Motivation to Cocreate

Praveen Sugathan, Indian Institute of Management Bangalore
Avinash G. Mulky, Indian Institute of Management Bangalore

Keywords: cocreation, service failure, attribution, customer participation, service recovery

EXTENDED ABSTRACT

Research Question
Encouraging customers to cocreate has been recognized as the next frontier in competitive effectiveness and has gained increased attention in present academic literature. Cocreation involves customer participation in the production and consumption of services through application of their knowledge, skill, and efforts (Vargo and Lusch 2004, 2008). The cocreation research so far has mainly been concerned with successful cocreation. A number of studies have examined the consequences of successful cocreation, but not much attention has been given to the failure of cocreated services (Dong, Evans, and Zou 2008; Heidenreich et al. 2014). In this paper, we examine consequences of failed cocreation. We specifically examine how attribution of failure and motivation to cocreate in future services gets influenced when cocreated services fail. We attempt to answer the following questions: (1) How can customer responses be improved following failure using cocreation? (2) How are attributions following failure influenced by level of cocreation? (3) How do failure attributions following failed cocreation affect customer motivation to cocreate in future?

Method and Data
We test our hypotheses in a scenario-based study, in which respondents were asked to cocreate a fictional service named “design your cycle.” Following manipulations using these scenarios, we measured their attributions for failure and motivation for future cocreation using scales adapted from previous studies. We check for the success of manipulations and analyze responses using ANOVA and structural equation modeling.

Summary of Findings
Our theoretical analysis and statistical results suggest that when level of cocreation increases internal attribution of failure increases and firm attribution of failure decreases. Our results also indicate that when cocreated services fail, internal attribution for failure increases the customer motivation to cocreate in recovery and cocreate future services. We also found that firm attribution for failure reduces customer motivation to cocreate in future services. We found that these relations between attributions for failure and motivations for future cocreation are mediated by customer expectancies.

Key Contributions
We make four significant contributions to the cocreation literature through this research. First, we expand the theoretical frame in traditional service failure and cocreation research by complementing attribution theory with expectancy theory. Second, we provide reasons for firms to use the cocreation route to manage customer motivation following failure. Third, we demonstrate the effect of cocreation in improving the customer motivation to initiate and take part in traditional recovery efforts postfailure. Fourth, we find an application of “atypical expectancy shifts” in marketing, where expectancies and motivation for corresponding behavior increase following failure, and thereby encouraging further research on consequences of failed cocreation.

References are available on request.
Customer Satisfaction: The Moderating Role of Relationship Stages

Stephanie Mangus, Michigan State University
Travis Walkowiak, Michigan State University

Keywords: relationship marketing, experiential, functional, customer satisfaction

EXTENDED ABSTRACT

Research Question
The authors assess the impact of relationship on the effects of antecedents of customer satisfaction, including product quality, product value, customer service, and in-store atmosphere. This is examined across three relationship stages: exploration, expansion, and commitment.

Method and Data
Using a sample of over 500 consumers in a retail setting, the authors examine evidence that relationship stages significantly moderate how functional and experiential factors impact customer satisfaction.

Summary of Findings
The positive main effects of product value, customer service, and in-store atmosphere on customer satisfaction are supported. The results of the moderated hypothesis tests show that the main effects of product value and customer service on customer satisfaction are moderated by relationship stage between exploration and expansion. The main effect of in-store atmosphere is moderated as hypothesized for the commitment stage.

Key Contributions
This study makes a unique contribution to the customer satisfaction and customer-firm relationship literatures by examining the moderating effect of relationship stage on four established antecedents of customer satisfaction. Partial support for hypothesized moderating effects suggest avenues for future research on relationship stages and their moderating effects on drivers of customer satisfaction.

References are available on request.

For further information contact: Stephanie Mangus, Assistant Professor, Michigan State University (mangus@broad.msu.edu).
The Effect of Utilitarian, Hedonic, and Economic Value in Consumer Make-or-Buy Decisions

Thomas Hollmann, North Carolina State University

Keywords: make or buy, hedonic value, utilitarian value, economic value

EXTENDED ABSTRACT

The investigation of make-or-buy (MoB) decisions has a long-standing tradition for business-to-business exchanges, usually applying transaction cost theory to explore make versus buy as alternative governance structures for firms. In contrast, MoB decisions in consumer markets have been largely ignored. The phenomenon of MoB decisions by consumers is as ubiquitous as it is understudied. We present and empirically test a model for consumer decisions in the service MoB context. The model evaluates the role of utilitarian value, hedonic value, and economic value in consumer decisions to engage or fail to engage in buy behavior. This research thus investigates not only what determines whether consumers engage in buy-behavior at all, but also what drives high versus low share of make versus buy. This research also contributes to the research stream on customer value by looking at the role of hedonic, utilitarian, and economic value in the same setting empirically. To investigate the role of utilitarian, hedonic, and economic value in consumer MoB decisions, two studies were performed. The buy decision is modeled as a logit model. We find that utilitarian value acts as a threshold to engaging in buy behavior. Once consumers have been convinced of the practicality of engaging in co-production, hedonic value and utilitarian value jointly determine the co-production versus self-production shares of production. In some contexts, it is merely economic value that influences the share of Make versus Buy. The result of the two studies adds to our emerging understanding of the consumer make or buy decision and has implications for marketing theory and practice. For the first time, practitioners have guidelines on what aspects of their products to emphasize to encourage non-buyers versus what aspects to emphasize to increase share-of-wallet for existing users. In all contexts investigated in this research, utilitarian value is a key driver for engaging potential users that have not yet been convinced to use co-production to fulfill their category needs. Marketers should thus emphasize the utilitarian aspects of their products when attempting to entice consumers into the category. For existing buyers, hedonic value also plays a strong role and needs to be addressed when increases in share-of-wallet are the primary goal of marketing efforts. Of further note to practitioners is the finding of this research that product quality played no role in the BuyShare decision.

References are available on request.
Difficult Choices: Minimizing Postdecision Regret for Medical Services Consumers

Tatiana Barakshina, University of Illinois at Chicago
Alan J. Malter, University of Illinois at Chicago

Keywords: difficult choices, medical consumers, patient–doctor dyad, postdecision regret

EXTENDED ABSTRACT

Research Question
This research investigates the effect of individual versus shared decision making on emotional outcomes for medical consumers. We aim to bridge the gap between clinical evidence obtained through medical studies of decision effectiveness in the healthcare domain, and a consumer perspective on the decision-making process for emotionally difficult decisions. Specifically, we examine how a patient’s involvement in a medical decision (decision sharing between patient and doctor) and how consensus between patient and doctor regarding treatment/procedure choice influence the emotional outcomes of the decision (postdecision regret) for the medical consumer (patient). We further investigate whether the effect of the decision mode (self-made, doctor-made, or shared patient–doctor together) on postdecision regret varies, depending on the degree of emotional difficulty of the decision for the medical consumer.

Method and Data
Participants were recruited through a paid online panel, 394 female respondents from the U.S., between ages 18 and 50, who indicated that they have children, completed an online questionnaire. The survey focused on decisions related to the respondent’s pregnancy with her youngest child. Women were asked to identify medical procedures that they decided to undergo or not to undergo during the pregnancy (triple screening test, amniocentesis, cordocentesis). For the decisions that were described as “preference-based,” i.e., when multiple options were possible and medically warranted, respondents evaluated the emotional difficulty of each decision, providing a self-reported rating. Participants also reported the decision mode that best described their decision-making experience (patient-made decision, doctor-made decision with varying degrees of patient involvement, shared decision). Participants further commented on the level of their agreement with the doctor about the selected course of action. Postdecision regret was measured on a 5-item scale commonly used in the medical decision-making literature (Breahaut et al, 2003).

Summary of Findings
The patient–doctor shared decision mode emerged as the decision-making approach that minimized postdecision regret, lead to lower levels of negative emotions associated with making an emotionally difficult choice, and left patients more certain that the right decision was made at the time of the decision implementation. Similarities between shared and autonomous (patient-made) decision ratings suggest that these decision modes are part of the same continuum of direct patient involvement with medical choices. Consensus between doctor and patient (even when the doctor made the decision, but the patient was in agreement with it) leads to lower postdecision regret, compared to situations when no consensus is reached.

The hypothesized moderation effect of emotional difficulty was not confirmed based on the current sample of two procedures—one of low emotional difficulty and one of moderate emotional difficulty. A possible reason for lack of hypothesized effect is perhaps not enough distinction in the emotional difficulty associated with pregnancy decisions for these particular procedures. Investigating postdecision regret for decisions that involve higher risk (i.e. some of childbirth decisions, such as a C-section) will potentially shed light on the interaction effect of decision mode and emotional difficulty on postdecision regret.

A number of factors can expand the basic model described above. Individual differences, in addition to consumer’s trust

For further information contact: Tatiana Barakshina, Ph.D. student, University of Illinois at Chicago (tbarak2@uic.edu).
in the physician tested in this paper, can contribute to the model, including risk aversion and ability to respond under time pressure. Characteristics of intellectual curiosity, attentiveness to inner feelings, which define the openness-to-experience trait, may also affect individual preference for autonomy in decision making.

**Key Contributions**

Our paper seeks to contribute to consumer behavior theory by expanding on the prior work by Botti et al (2009), which focused on the highest extreme of emotionally difficult decisions (life or death). Under those circumstances, Botti and colleagues concluded that decisions made by doctors were preferred, and yielded the best emotional outcomes for patients. In the current paper, we hypothesized that under more moderate and lower levels of emotional difficulty, preferences would shift toward patient-made and shared decision modes. A better understanding of patient preferences for particular decision modes will improve patient–physician interaction, help develop better decision aids, and provide guidance to practitioners and consumers of health services.

While particularly important in the healthcare field, the issue of shared decisions versus autonomous decisions is relevant to a broad domain of consumer behavior including complex services consumption.

*References are available on request.*
You Might Want to Engage Your Customers, but Choose Them Wisely: The Mixed Effects of Company-Initiated Customer Engagement on Customer Loyalty

Andreas Eggert, University of Paderborn
Lena Steinhoff, University of Paderborn
Carina Witte, University of Paderborn

Keywords: customer engagement, customer loyalty, service category involvement, relationship marketing, experimental research

EXTENDED ABSTRACT

Research Question
In recent years, customer engagement has been promoted as an effective differentiator that helps service companies build, sustain and extend strong relationships with their customers. However, despite its recent popularity, understanding and managing customer engagement remains a challenge. In particular, to date, the vast majority of customer engagement research is conceptual in nature. Empirical evidence on the link between customer engagement and relationship outcomes such as customer loyalty is still scarce and many design questions require empirical investigation. Our study addresses this call for empirical evidence. The aim of this research is to empirically analyze the effect of customer engagement on customer loyalty and disentangle the effectiveness of company-initiated versus customer-initiated customer engagement.

Method and Data
We conducted an experimental scenario study with a German consumer sample. The study used a uni-factorial between-subjects design and manipulated customer engagement on three levels (company-initiated customer engagement, customer-initiated customer engagement, no customer engagement). Thus, we had two customer engagement treatment groups and a no customer engagement control group. We tested the hypothesized effects in our two conceptual models using partial least squares (PLS) analyses.

Summary of Findings
First, we find a positive effect of customer engagement (i.e., versus no customer engagement) on customer loyalty, which is mediated by company image. Second, however, we show that depending on customers' service category involvement, company-initiated customer engagement, i.e., where engagement takes place because of the company's explicit efforts to stimulate customers to engage, has mixed effects. Specifically, for high involvement customers, company-initiated engagement positively affects customer loyalty by enhancing company image and reducing reactance toward the company. In contrast, for low involvement customers, company-initiated engagement has a negative effect on customer loyalty in that it decreases company image and increases reactance toward the company.

Key Contributions
We offer three key contributions to service research and management. First, taking an experimental approach to study engagement’s loyalty impact, we empirically establish a posi-
tive relationship between customer engagement and customer loyalty, explicitly accounting for the direction of causality. Second, we disentangle the differential effects of company-initiated versus customer-initiated engagement, thereby adopting a finer-grained view of customer engagement effectiveness and providing guidance to managers on how to design their engagement strategies. Third, we theoretically and empirically underscore the need to consider customer-specific characteristics when targeting customers with engagement initiatives, establishing service category involvement as an important contingency variable to determine the effectiveness of company initiatives to spur customer engagement.

References are available on request.
Customer Participation in Services: What Is or Should Be the Domain?

Beibei Dong, Lehigh University
K. Sivakumar, Lehigh University

Keywords: customer participation, mandatory participation, replaceable participation, voluntary participation

EXTENDED ABSTRACT

Research Question
Extant service research considers several aspects of customer participation (CP) without a clear delineation of its domain or boundaries. To address this gap, the authors examine the boundaries of CP. After reviewing various terminologies and definitions used in CP research, the authors consider whether the activity is essential for service provision and whether only the customer can perform such activity, and classify CP into three categories: mandatory, replaceable, and voluntary. The authors demonstrate the comprehensiveness and utility of the framework in incorporating a wide variety of CP behaviors in various service contexts, providing conceptual clarity and synthesis, reconciling conflicting empirical findings, and offering guidelines for service management.

Summary of Findings
CP can be classified into three categories—mandatory, replaceable, and voluntary—according to whether the activity is essential for service provision and whether only the customer can perform such activity. Our proposed framework adds clarity to existing conceptualizations of CP. Our framework also provides a holistic context to map extant empirical research in this domain.

Key Contributions
By focusing on the nature of CP, we offer a classification framework that covers a wide variety of CP behaviors and service contexts. With such a unified framework of CP, we clarify the conceptual confusion in research studies by incorporating their respective approaches in our broader framework, offer a comprehensive platform to compare empirical findings across studies, and demonstrate the importance of taking the type of CP into account when comparing the impact of CP magnitude. Our work also answers the call of Journal of Service Research, which recognizes value creation as one of the top 12 research priorities in service research for 2015.

References are available on request.
The Relationship Between Diversity and Unit-Level Performance in Service Establishments: An Investigation of Moderating Effects

Mahesh Subramony, Northern Illinois University

Keywords: diversity, sales, service evaluations, services management

EXTENDED ABSTRACT

Research Question
While diversity is viewed as a source of strategic advantage for organizations, empirical literature linking workgroup diversity with organizational performance has provided mixed results and led to calls for investigating the presence of contextual factors moderating the diversity-performance relationship. I investigated the direct and moderated relationship between workgroup diversity in the form of racial composition and the performance of service establishments. Specifically, I hypothesized that (1) diversity at the store-level will be positively related to sales and negatively related to service evaluations provided by secret shoppers, (2) the positive diversity-sales relationship will be stronger in contexts where race diversity at the store level represents customer diversity, and (3) the negative diversity-service evaluations relationship will be buffered or mitigated by employees’ customer service orientation.

Method and Data
The sample for this study consists of data on store-level diversity, sales, and secret shopper evaluations, as well as customer orientation scores from an employee survey, obtained from a privately held firm that operates and manages college bookstores across the U.S. In addition, data on campus diversity were obtained from a database maintained by the National Center for Education Statistics (nces.ed.gov). All hypotheses were tested using moderated multiple regressions.

Key Contributions
This study extends service literature by testing and demonstrating the value of demographic (racial) diversity for service establishments. Methodological strengths include: rigorous measures of diversity and racial representativeness, data gathered from multiple sources, and a time-lag between the predictors and outcomes. Findings of this study also contribute to practice by providing insights into the composition of diverse service workforces, and the limitations of using subjective measures of service performance.

Summary of Findings
Results indicate that workgroup diversity was negatively related to secret shoppers’ service evaluations, i.e., secret-shoppers rated racial diverse bookstores more negatively during their visits, than they did less diverse stores. In contrast, there was a positive relationship between diversity and sales when the diversity makeup of the stores represented the racial composition of the customer base. These results imply (though not confirm) the presence of demographics-based bias in external subjective ratings of service establishments, while also supporting the proposition that diversity can benefit service establishments when the racial composition of the establishment represents that of the customer base.

References are available on request.

For further information contact: Mahesh Subramony, Northern Illinois University (msubramony@niu.edu).
Impact of Personal Cultural Orientations on Intercultural Service Encounters

Piyush Sharma, Curtin University
Wu Zhan, University of Sydney
Yong Su, Fudan University

Keywords: independence, interdependence, risk aversion, ambiguity intolerance, interaction comfort, intercultural service encounter, perceived cultural distance

EXTENDED ABSTRACT

Research Question
How do the differences in customers’ personal cultural orientations (i.e., independence, interdependence, risk aversion and ambiguity intolerance) moderate the impact of perceived cultural distance and service outcome (failure vs. success) on their interaction comfort, perceived service quality and satisfaction?

Method and Data
A large-scale study with customers in two countries (Australia and China) using an experimental approach to manipulate perceived cultural distance and service outcome with intercultural service encounter scenarios. Australia and China represent contrasting cultural values and high levels of consumer ethnocentrism with low levels of intercultural competence (Pecotich and Rosenthal 2001; Wang and Chen 2004) as reflected in the negative perceptions among ethnic minorities about their experiences in intercultural service encounters (Barker and Härtel 2004; Tsang and Qu 2000). In addition, both are becoming culturally more diverse with about one-third (32%) of Australian population above 15 years old being born overseas (ABS 2013) and the number of foreigners living and working in China growing by 35% during 2000-10 (Weiyun 2014). Hence, services companies in China also need to understand how culturally diverse customers evaluate their experience of dealing with local Chinese service employees.

Key Contributions
This paper is one of the first efforts to explore the role of personal cultural orientations in intercultural service encounters and to step towards the development of a general ICSE model. Findings about the moderating impact of personal cultural orientations would also help explain some of the mixed and inconclusive findings about the influence of PCD on various customer outcomes. Finally, in addition to the main effects of variables such as PCD and service outcome, it is critical to examine variables that may moderate their effects on outcome variables such as interaction comfort, perceived service quality and customer satisfaction.

Summary of Findings
All hypotheses are supported except two (H4b and H4c). Specifically, PCD and service failure have a negative impact on interaction comfort but these relationships are also moderated by three personal cultural orientations (i.e., independence, risk aversion and ambiguity intolerance). Moreover, these personal cultural orientations also have a direct effect on interaction comfort. There is also a negative effect of interdependence on interaction comfort (H4a) but there is no support for the moderating effect of interdependence on the influence of perceived cultural distance (H4b) and service outcome (H4c) on interaction comfort.

References are available on request.

For further information contact: Piyush Sharma, Professor, Curtin University (piyush.sharma@curtin.edu.au).
How Personal Pride Is Formed and How It Affects Turnover Intentions Among Frontline Employees

Tobias Kraemer, University of Koblenz-Landau
Matthias Gouthier, University of Koblenz-Landau
Sven Heidenreich, Saarland University

Keywords: personal pride, turnover intentions, frontline employees, emotion

EXTENDED ABSTRACT

Research Question
A wide range of research has examined the formation of turnover intentions but largely ignored the influence of personal pride (i.e., pride individuals feel for their own performance), which is one of the most frequently felt workplace emotions (Verbeke, Belschak, and Bagozzi 2004). This study explores how personal pride develops and how it affects turnover intentions among frontline employees. Thereby, it is expected that personal pride triggers two processes that have contrary effects on turnover intentions. First, we propose that personal pride is accompanied by pleasant feelings (Louro, Pieters, and Zeelenberg 2005) and thus increases job satisfaction. Job satisfaction in turn is expected to reduce turnover intentions (Chen et al. 2011). Second, we suggest that due to the fact that personal pride signals superior performances, it increases self-efficacy. Because self-efficacy influences the perceived ability of finding and succeeding in a new job, it is assumed to enhance turnover intentions (Maertz and Griffeth 2004).

Method and Data
This research applies a three-study design to examine the research questions. In Study 1, a qualitative ten-day diary study with 74 frontline employees is conducted to identify events that cause personal pride in the work environment of frontline employees. The data is analyzed with critical incident technique. Study 2 relies on questionnaire data of 221 frontline employees and applies variance-based structural equation modeling to test hypotheses regarding which job characteristics promote personal pride-causing events. Study 3 uses three-wave panel data of 559 frontline employees to test how personal pride influences turnover intentions. Covariance-based structural equation modeling is conducted to test the research hypotheses.

Summary of Findings
The central aims of this research were to explore how personal pride develops among frontline employees and how it influences turnover intentions. Building on affective events theory (Weiss and Cropanzano 1996), we proposed that personal pride develops through certain work events and that it affects turnover intentions through job satisfaction and self-efficacy. In Study 1 and 2, we detected the work events that primarily cause personal pride and job characteristics that promote these work events. Particularly, we found that personal pride is in the vast majority of cases caused by perceived success or performance acknowledgement (by customers, supervisors, or coworkers). Events of perceived success and performance acknowledgement are essentially promoted by the job characteristics autonomy, supervisor consideration, and team support. Autonomy, which represents the degree to which employees can decide how to perform work tasks (Mukherjee and Malhotra 2006), is a major factor for personal pride, because it allows the attribution of successes to one’s own capabilities and efforts. Supervisor consideration and team support are important, because social appraisal and social support play a central part in the development of personal pride (Webster et al. 2003). With regard to the effect of personal pride on turnover intentions, our assumptions are supported. Personal pride triggers two pro-
cesses that have contrary effects on turnover intentions: (1) personal pride enhances job satisfaction, which decreases turnover intentions, and (2) personal pride increases self-efficacy, which enhances turnover intentions. However, additional analyses highlight that the latter effect is not relevant for satisfied employees and that overall, increasing personal pride results in reduced turnover intentions, suggesting that companies should increase personal pride to retain their frontline employees.

**Key Contributions**

This research provides three main contributions to research: (1) We detect the events that primarily cause personal pride among frontline employees (i.e., performance acknowledgment by supervisors, coworkers or customers and events of perceived success, without the explicit recognition of others). (2) We reveal which job characteristics promote these events (and, thus, the development of personal pride). Thereby, it is shown that autonomy, supervisor consideration and team support crucially promote the evocation of events of performance acknowledgment and perceived success. (3) We shed light on the relationship between personal pride and turnover intentions. Thereby, we reveal that personal pride, because of its complex nature triggers to processes that contrarily affect turnover intentions. However, in total, increasing personal pride clearly leads to a decline of turnover intentions, which entails central implications for organizations.

*References are available on request.*
Part O
Social Responsibility and Sustainability

Track Chairs
Jan Wieseke, Ruhr University Bochum
Laura Schons, Ruhr University Bochum

Corporate Philanthropy: Donations, Cause-Related Marketing, and Customer Participation
Donating to the Underdog: The Impact of Persuasion Knowledge on Strategic Decisions in a Cause-Related Marketing Context
Joshua T. Coleman, Michael C. Peasley, John A. Narcum
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Who Deserves What? The Differential Effects of the “One-for-One” Promotional Model on Hedonic and Utilitarian Products
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Conditional Corporate Philanthropy: Target Markets and Marketing Mix
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Does Corporate Social Responsibility (CSR) Wear Out? The Impact of Perceived CSR Novelty on Consumer Skepticism
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What Makes Them Tick? Understanding Consumers’ Sustainable Attitudes and Behaviors
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Strategic Sustainable Purchasing and Organizational Sustainability Performance: An Empirical Investigation
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Donating to the Underdog: The Impact of Persuasion Knowledge on Strategic Decisions in a Cause-Related Marketing Context

Joshua T. Coleman, University of Memphis
Michael C. Peasley, University of Memphis
John A. Narcum, University of Memphis

ABSTRACT

Though extant literature purports high brand/cause fits as necessary for social partnerships, managers may not always rely on this idealistic supposition when choosing charitable partners. This paper proposes that these decisions can be evaluated in the light of the persuasion knowledge model and offers implications on this novel consideration.

Keywords: cause-related marketing, persuasion knowledge model, managerial cognition, brand/cause fit, marketing strategy

Introduction

When it comes to choosing a charitable partner for a cause-related marketing (CRM) campaign, managers may not always make the most rational decision. Varadarajan and Menon (1988) describe CRM as the marketing communications that relate the purchase of a product, service, or brand to the simultaneous contribution to a social cause. North American companies have spent billions of dollars in recent years on CRM (Robinson, Irmak, and Jayachandran 2012), and the marketing tactic has been demonstrated to lead to more positive brand evaluations (Lafferty and Goldsmith 2005), better brand positioning (Moosmayer and Fuljahn 2013), favorable behavioral responses (Bigne-Alcaniz et al. 2012), and even higher stock value (Luo and Bhattacharya 2009). A recent nationwide survey revealed that 91% of respondents desire to see more brands contributing to social issues (Cone 2013).

However important CRM may be to consumers, though, responses to CRM efforts are not necessarily homogenous (Bhattacharya and Sen 2004). Barone, Miyazaki, and Taylor (2007) explain that “simple support of charitable causes is not necessarily sufficient to elicit positive responses from consumers” (p. 258). Consumers tend to be skeptical of a firm’s motives for engaging in CRM campaigns (Ellen, Mohr and Webb, 2000), and for good reason: as Varadarajan and Menon (1988) point out, “Corporations often spend more money on advertising their contributions and their association with causes than on the actual contributions” (p. 69). In essence, managers can no longer simply choose the most popular social cause and rely on the positive feedback traditionally associated with philanthropy. The strategic managerial choice of social causes with which to partner is thus a critical and underexplored issue.

One of the most commonly investigated aspects of company/cause collaborations is the notion of brand/cause fit. Described as the perceived link between the brand and the social cause (Varadarajan and Menon 1988), Kim, Sung, and Lee (2012) sum up extant literature by stating, “It is generally agreed that a high level of fit affects firms more positively than a low level of fit” (p. 163). However, several authors illuminate the complex nature of the relationship between fit and effectiveness (Lafferty 2009; Robinson, Irmak, and Jayachandran 2012; Sohn, Han, and Lee 2012). While it would seem straightforward for managers to choose...
the social cause with the highest company fit for CRM campaigns, the literature is mixed on the effectiveness of such a strategy. Sometimes a low fit simply works, as is the case with fast food mogul McDonald’s and the Ronald McDonald House that supports families with ill children. Thus, while fit plays a role in the evaluation of company/cause collaborations, managers may need to look beyond congruence to select the most advantageous charitable partners in CRM efforts.

**Managerial Cognition and the Persuasion Knowledge Model**

Guiding this idea that the reasonable concept of fit may not be enough to make the best decision is the notion that managers are not completely rational decision makers. As Hodgkinson and Healey (2011) state, managers are “always boundedly rational, but manifestly driven by emotion” (p. 1512). Day and Nedungadi (1994) discussed the variability of managerial cognitive frameworks, which are the mental models managers use to structure their knowledge toward a given environment. Scholars have extended this notion to consider the influence cognitive frameworks have on rational decision-making tasks (Marcell, Barr, and Duhaime 2010), and Bendoly (2011) even used physiological measures such as pupil dilations and blink rates to conclude that emotions hindered managers from making completely rational decisions.

In light of this tendency for managers to make irrational choices, this paper looks to the consumer oriented persuasion knowledge model proposed by Friestad and Wright (1994) to explain these phenomena. The model purports that, over time, consumers gain knowledge of the persuasion tactics marketers employ and become more adaptable and responsive to such tactics to achieve personal goals rather than the intended objectives of the marketing efforts. Rather than viewing consumers as unidimensional, effortless receptors on whom marketers can subjugate persuasive tactics resulting in attitude change, the model explains that consumers allocate cognitive resources to react to persuasive attempts in ways that align with their own goals (Friestad and Wright 1994). In discussing the model, Hibbert et al. (2007) state, “Consumers do not simply succumb to marketing communications but incorporate inferences about the message framing, source credibility, and communications context” (p. 726).

Though its applicability to strategy has been limited in the literature, this paper utilizes the persuasion knowledge model in a decision-making setting under the presumption that managers are consumers outside of their corporate contexts. Are managers able to turn off their susceptibility to persuasive tactics simply because they are in key strategic decision-making roles? As much as they may try, oftentimes managers succumb to basic persuasive tactics no matter how well they have been trained to respond with rationality. In fact, under stressful circumstances or time-sensitive situations, a manager’s susceptibility to persuasion may even be greater than it normally would (Bendoly 2011). Thus, drawing on managerial cognition and the persuasion knowledge model, this paper explores the irrationality inherent in managerial decision making in a CRM context and proposes that this susceptibility can be explained through three critical facets of Friestad and Wright’s (1994) model, referred to as knowledge structures: persuasion knowledge, topic knowledge, and agent knowledge.

**Persuasion Knowledge**

The crux of the persuasion knowledge model is the knowledge structure of, logically, persuasion knowledge. Friestad and Wright (1994) describe persuasion knowledge as the cognitive resources consumers use to evaluate the implicit intentions of persuasive tactics. While almost all consumers can admit to being “duped” at some point by persuasive tactics such as seemingly irresistible sales promotions or product guarantees that quickly fall through after purchase, persuasion knowledge increases as they learn from these undesirable marketplace encounters. Thus, persuasion knowledge is grounded in a consumer’s history and experience with persuasive techniques.

This paper previously asserted that managers cannot simply turn off their susceptibility to persuasive tactics when in a managerial context. This is, in part, untrue. Taken holistically, individual cognitive differences have been shown to influence managerial performance in decision-making contexts (e.g., Bendoly 2011). However, when considering the three knowledge structures of persuasion, topic, and agent knowledge, it is persuasion knowledge that is perhaps the least effective in changing managerial thought. When placed in a strategic decision-making role, managers are trained to think rationally and economically, thus decreasing the likelihood that they will succumb to persuasive tactics alone. Whereas consumers gain persuasion knowledge over time, managers enter their positions with training and corporate advice, alerting them to possible persuasive tactics that have been encountered in the firm’s past. For example, an employee of an animal rescue organization may approach a company manager looking for funding by utilizing a labeling technique. This donation seeker may label the manager as the type of person who cares about the wellbeing of animals in an attempt to endow such a belief on the decision maker. However, a manager well versed in sales tactics such as labeling will be likely to identify such efforts and be less affected by the persuasive attempt. Thus, the aforementioned susceptibility may be more impacted by the topic and agent knowledge structures.
**Topic Knowledge**

The cognitive structure of topic knowledge is, simply put, “beliefs about the topic of the message” (Friestad and Wright 1994, p. 3); that is, how familiar consumers are with the advocated message will impact their receptivity to the persuasive attempt. When topic knowledge is high, consumers are more likely to lower their defense mechanisms, and persuasion knowledge is less likely to be triggered, due largely to the familiarity they have with the subject of the persuasion. In contrast, low topic knowledge leads to a higher likelihood of persuasion knowledge being triggered since consumers must rely on the advertiser for education as well as assimilation into their current cognitive frameworks.

As Grau and Folse (2007) stated, “individuals who are more involved with a cause should be more compelled to like and participate in campaigns relative to those who are less involved” (p. 20). Extant research has shown that the more important a social cause is to a consumer, the more positive his or her response will be to CRM tactics (Bester and Jere 2012; Lafferty 2009; Lafferty, Goldsmith, and Hult 2004). On a more personal level, some managers may bring in topic knowledge from outside the firm. Hemingway and Maclagan (2004) suggest that managers’ personal values can have an impact on their strategic choices of which corporate social responsibility (CSR) efforts to pursue. In a CRM context, a manager who has survived breast cancer may be more partial to support breast cancer research than one who has no personal association with the disease.

Managers with high topic knowledge will be less likely to trigger their persuasion knowledge, allowing them to succumb more easily to persuasive tactics, especially when they perceive the topic in question positively. Consider a scenario in which the manager and the nonprofit representative do not have an established relationship and the representative is coming across as potentially manipulative. In this case, agent knowledge may be low and persuasion knowledge high, thus providing a situation in which defensive mechanisms would likely be triggered. However, if the charitable cause being supported were personally relevant to the manager (Lafferty 2009), such topic knowledge could mitigate these defense mechanisms triggered by the low agent knowledge and high persuasion knowledge and result in a successful sponsorship.

**Agent Knowledge**

Friestad and Wright (1994) define agent knowledge as the “beliefs about the traits, competencies, and goals of the persuasion agent” (p. 3). For consumers, coping mechanisms are triggered depending on factors like how familiar the consumer is with a particular advertiser or how loyal he or she may be to the brand in question. When high agent knowledge exists, implying favorable partiality toward the persuading agent, consumers will be less likely to enact their coping mechanisms, allowing the persuasion to impact them more fully. On the other hand, when low agent knowledge is present, insinuating a lack of familiarity with the persuader, consumers will be more likely to enact their coping mechanisms in an attempt to block the persuasive attempt.

In a managerial setting, knowledge about other parties involved in a strategic decision is not a new concept. Dwyer, Schurr, and Oh (1987) proposed that relationships can have a significant impact on how decisions are made. Morgan and Hunt (1994) confirmed this by developing a contingency framework for managerial decision-making based more on commitment and trust than the previously purported relational concepts of power and conflict. Marketing literature is clear in that relationships are critical to managerial decision-making (Doney and Cannon 1997; Scheer, Miao, and Palmatier 2014; Varadarajan and Cunningham 1995), and the persuasion knowledge model purports that these relationships can also impact coping mechanisms to persuasive tactics. Managers seeking partners in strategic alliances may not always make their decisions on the most rational or economical criteria but on the strength of relationship as well (Swaminathan and Moorman 2009). When considering the subject at hand, managers seeking the best partner for a CRM campaign may be more influenced by previous charitable relationships than any economical gains that could be accrued.

**Putting It All Together**

As Friestad and Wright (1994) intone, the “allocation of mental resources devoted to each of the three knowledge structures (persuasion, topic, agent) will vary across different persuasion episodes” (p. 4). That is, not every knowledge structure will play an equal role in responding to persuasion attempts, and these roles may change in different contexts. Table 1 outlines the three knowledge structures and provides examples of how various strengths of them might be interpreted in a managerial decision-making setting. Examples like those given in Table 1 conceptually demonstrate irrationality currently explained through concepts such as managerial cognition.

**Discussion and Future Research**

When faced with the myriad of charitable opportunities to make the world a better place, it can be said that virtually all nonprofit organizations are deserving of support. How can one say that cancer research is a more pressing social cause than world hunger, or that community restoration deserves more volunteers than natural disaster relief efforts? However, these are exactly the kinds of choices managers with limited resources to allocate to CRM efforts are forced to
make. While extant research does not prolifically address the strategic decision-making tasks of choosing charities for company/cause collaborations, many scholars have determined that companies and social causes with the highest fit, or most natural congruence, are the most ideal pairings (Kim, Sung, and Lee 2012). However, by drawing on the persuasion knowledge model (Friestad and Wright 1994), this paper proposes that such a choice is not always based on logical congruence between the company and the cause but on more subtle persuasive tactics that have hitherto remained unexplored.

Theoretically, this paper extends managerial cognition in an attempt to explore the subtle complexities of strategic decision-making by providing a unique and understudied context for the persuasion knowledge model. Much of the literature on persuasion knowledge has focused on the impact of marketing tactics on consumers, especially in advertising contexts for which the model was originally developed. However, this paper extends the understanding that, as consumers in environments outside the walls of their corporate offices, managers are susceptible to persuasive tactics in key strategic decision-making tasks. Thus, empirically linking the consumer-focused theory of persuasion knowledge to strategic contexts provides a multitude of avenues for future research in this domain.

For managers, this research would provide a deeper understanding into the multifaceted nature of charitable sponsorships. Some managers choose to sponsor nonprofits simply based on personal choice or past experience with the organization; others are required to justify their company’s use of financial resources and have less freedom to pick and choose charities at will. Managers must recognize that consumers are both wanting companies to act for social good more than ever before (Cone 2013) and becoming more skeptical of company intentions for doing so (Sohn, Han, and Lee 2012). Managers cannot simply pick the most popular social cause and expect positive benefits to accrue; the choice of charitable partners is a complex strategic decision that few have previously considered. Acknowledging the impact of persuasion knowledge on these decisions facilitates the comprehension of tasks such as these and provides guidance for how to act more strategically moving forward.

On the other hand, for nonprofit managers, the knowledge that managers may choose charitable partners based on more criteria than fit alone should provide encouragement. In essence, when seeking corporate sponsors, nonprofit managers can strategically present their organizations in such a way as to override traditional evaluative criteria such as fit. While almost all nonprofits are striving to make the world a better place, they are also realistically in competition with one another for resources like funding and volunteers. Nonprofit managers can carefully position their organizations to increase the likelihood that they will be selected as philanthropic corporate partners, regardless of how well their organization may fit with a given company. They can also take advantage of relational marketing and communication authenticity to ensure that managers notice and remember an organization’s appeals for collaboration. Nearly every nonprofit organization is deserving of support; persuasion knowledge may be the factor that determines which ones achieve the most success in corporate sponsorships.

References


Who Deserves What? The Differential Effects of the “One-for-One” Promotional Model on Hedonic and Utilitarian Products

Riley G. Dugan, University of Dayton
Joshua J. Clarkson, University of Cincinnati

Keywords: corporate social responsibility, cause related marketing, hedonic and utilitarian products

EXTENDED ABSTRACT

Research Question
For-profit firms have long implemented corporate social responsibility (CSR) initiatives as an integral part of their overall corporate mission. Recently, a new initiative popularized by firms such as TOMS Shoes and Warby Parker Eyewear promises to donate one product to charity for each one purchased by a consumer. This “one-for-one” promotional model has received considerable popular acclaim, but little is known regarding consumers’ reactions to this unique promotional model. The current research proposes that the one-for-one promotional model has differential effects on purchase intentions on the basis of product type. That is, we expect that one-for-one promotions will increase purchase intentions for utilitarian products but undermine purchase intentions for hedonic products. Two studies are presented in support of this hypothesis. We conclude by providing implications for managers and directions for future research.

Method and Data
Participants in the two studies presented here were recruited from Amazon Mechanical Turk and paid a nominal fee. In analyzing the data, the current research utilizes analysis of variance to measure the effect of product type (hedonic v utilitarian) and CSR content (one-for-one model vs. control) on purchase intentions. The two studies demonstrate that utilitarian (hedonic) products associated with the one-for-one promotional model increase (decrease) purchase intention.

Summary of Findings
The results of the present study provide additional evidence that CSR strategies may not be unequivocally beneficial for firms. The one-for-one promotional model is one such example. While this promotional model has received popular acclaim, reasons for its success are not well known. The present research provides a framework for understanding when—and why—this model is successful. Two studies demonstrated that associating the one-for-one promotional model with utilitarian (hedonic) products may increase (decrease) purchase intentions.

Key Contributions
We contribute to the expanding field of research which demonstrates that CSR initiatives may not be unequivocally beneficial for firms. More specifically, we find that utilitarian (hedonic) products associated with the one-for-one promotional model increase (decrease) purchase intentions. Interestingly, this effect even holds when the same product is framed as either utilitarian or hedonic. Additionally, our findings run counter to the stream of research which suggests that hedonic or luxury products associated with charitable initiatives provide their purchaser with a “warm glow” that increases purchase intention. Future research will provide a better understanding of the mechanisms driving the effects presented here.

References are available on request.

For further information contact: Riley G. Dugan, Assistant Professor of Marketing, University of Dayton (rdugan1@udayton.edu).
Conditional Corporate Philanthropy: Target Markets and Marketing Mix

Anh Dang, Old Dominion University
Olga Butenko Moseley, Old Dominion University
Hangjun Xu, Old Dominion University

Keywords: conditional corporate philanthropy, consumption values, value creation

EXTENDED ABSTRACT

Research Questions
Conditional corporate philanthropy (CCP) is corporate philanthropy that requires a firm’s customers to actively engage and participate in the campaign through actions such as purchases and monetary or non-monetary donation. Previous research on corporate philanthropy has produced conflicting results on what motivate consumers to participate. Factors found to encourage consumer participation in some studies are often found to be non-influential or even harmful in others. The current research suggests that these conflicting results are at least partly due to a lack of considering the different values (e.g., altruistic, social, economic, and hedonic values) pursued by different types of consumers (i.e., primary contributors, economically motivated participator, and non-participator). Accordingly, the study strives for answers to the following questions:

RQ1: Which consumer group desires which consumption value from CCP?

RQ2: How should the firm design CCP to create values for its consumer?

Summary of Findings
As different customers desire different values, identifying the values that they want should be the starting point. If the targets of the main product are primary contributors, they will be most likely interested in the campaign that offers significant altruistic values. Meanwhile, economically motivated customers will be more involved with CCP which provides some economic value. Still, non-participators will pay more attention to social and hedonic values than to altruistic and economic ones.

Considering CCP as a giving offer helps the identification of more sources of values for customers. Particularly, improvements in the attributes of the giving offer such as the choices of the cause and firm’s intended impact boosts altruistic values. Meanwhile, giving consumers some incentives to donate, through different types of sales promotions, brings in economic value. Gratitude expression from the firm and option to donate time vs. money can be considered as sources of hedonic values. Finally, with regard to place, public participation context will induce more perceived social value in the mind of consumers.

Key Contribution
Firms’ giving strategy has not been paid much attention in the extant literature. Therefore, the identification of values desired by the target markets and the analysis of the marketing mix for the giving offer discussed in this paper sheds light on the important steps of the firm’s giving strategy. Since CCP is now widespread among businesses, differentiating CCP is essential in adding value to the corporate brand and augmenting the corporate competitive advantage. Firms have already started to employ different tactics such as sales promotions and expressed gratitude which are beyond the characteristics of the causes and the firm’s motives. Therefore, the target markets and different elements of CCP’s marketing mix, which are overlooked in the extant literature, deserve research effort.

References are available on request.

For further information contact: Anh Dang, Old Dominion University (adang@odu.edu).
Does Corporate Social Responsibility (CSR) Wear Out? The Impact of Perceived CSR Novelty on Consumer Skepticism

Yoon Hi Sung, University of Texas at Austin
Wei-Na Lee, University of Texas at Austin

Keywords: corporate social responsibility (CSR), perceived CSR novelty, consumer skepticism toward CSR

EXTENDED ABSTRACT

Research Question
This study explored the extent to which consumers perceive corporate social responsibility (CSR) activities as novel and how this perception influences their skepticism toward CSR. In addition, the moderating role of CSR support in this relationship was examined.

R1: To what extent do consumers perceive CSR activities as novel?
R2: Does the extent of perceived CSR novelty vary by CSR types?
H1: Consumers with a higher level of CSR novelty perception tend to have a lower level of consumer skepticism toward CSR.
H2: There is an interaction effect of perceived CSR novelty perception and CSR support on consumer skepticism toward CSR.

Method and Data
An online survey was conducted through Amazon Mechanical Turk (MTurk). Data from a total of 226 participants were analyzed. Perceived CSR novelty and consumer skepticism toward CSR were assessed by five CSR types (cause promotion, cause-related marketing, corporate philanthropy, community volunteering, and socially responsible business practices). In addition, general CSR support was measured. Finally, demographic information was obtained from study participants.

Summary of Findings
The general CSR novelty perception was found to be 3.76 on a 7-point scale from study participants. In addition, perceived CSR novelty for each type of CSR activities was found to be less than or around 4.0. Those figures suggest that CSR-related activities were no longer perceived to be novel. Among the five CSR types, socially responsible business practices received the highest perceived novelty score, followed by community volunteering, cause promotion, corporate philanthropy, and cause-related marketing. It seems that CSR activities requiring corporate involvement in the form of resources and efforts such as socially responsible business practices are likely to be considered novel. This is not necessarily the case for CSR activities involving a company’s simple donations or marketing strategies such as corporate philanthropy or cause-related marketing.

Furthermore, findings revealed that those with higher perceived CSR novelty tended to have lower skepticism toward CSR activities. Given that consumer skepticism toward CSR activities may lead to negative CSR outcomes, these results imply that CSR novelty perception would be helpful to enhance CSR effectiveness. Also, there was a significant interaction effect of perceived CSR novelty and CSR support on consumer skepticism. Interestingly, the effect of perceived CSR novelty was only significant for those with low CSR support. The findings suggest CSR activities for different target audience should be considered.

Key Contributions
Despite a vast majority of research on CSR, limited work has been conducted on the relationship between consumer perception of CSR activities as novel and their skepticism towards CSR. These two issues are likely to decrease consumers’ support of and engagement in corporations’ CSR activities.
initiatives, which reduces the impact of CSR in the end. Findings from this research contribute to our understanding of the negative consequences of CSR proliferation these days. This study also provides insights for CSR practitioners on how to manage CSR initiatives in terms of novelty and consumer skepticism.

References are available on request.
Going Green to Get Clean: Moral Cleansing and the Link Between Materialism and Green Behaviors

Christian Hinsch, Grand Valley State University
Yihui (Elina) Tang, University of Illinois at Chicago

Keywords: moral licensing, moral cleansing, CSR, environmentalism, materialism

EXTENDED ABSTRACT

Research Question
This paper explores the concepts of green behaviors and materialism and links them through the concepts of moral licensing/cleansing. The primary question pertains to the discrepancy visible when environmental advocates display materialistic behaviors in their consumption. For example, many individuals who advocate for environmental protection reside in large, inefficient homes or travel in environmentally unfriendly ways. The authors suggest that moral licensing/cleansing might explain the incongruity between environmental advocacy and materialistic consumption.

Method and Data
Two scenario-based survey studies were conducted, with data collected from student subjects in exchange for course credit. The first study used repeated measures ANOVA to test whether contemplating a materialistic (or utilitarian) purchase influenced the subject's desire to engage in pro-environmental behaviors. The second study tested a conceptual moderated mediation model using conditional process analysis in SPSS.

Summary of Findings
In Study 1, subjects were initially questioned about their willingness to pay (WTP) for several types of environmental programs. Subjects in the materialistic conditions were told that they received the same $50,000, but these subjects were told to envision the purchase of an expensive toy (like a boat or a sports car) or an expensive wardrobe. After describing their ideal purchase, these individuals were asked to respond to the same WTP items. The utilitarian group showed no change in WTP when comparing the pre to the post measure while the materialistic groups both displayed a significant increase.

Study 2 used a cross sectional survey to show that the subject’s level of environmental knowledge (EK) mediated the link between their environmental attitudes and their level of environmental behaviors (EB). Further, their naturally occurring level of materialistic values moderated the link between EK and EB with higher levels of materialism resulting in higher levels of EB. The results of both studies suggest that individuals are using environmental behaviors to morally license/cleanse their materialistic consumption.

Key Contributions
Our research contributes by extending the theory of moral licensing/cleansing to explain the relationship between materialism and environmental behaviors. Further, this research articulates how environmental attitudes impact environmental behaviors through environmental knowledge. The results suggest that consumers do view environmental behaviors as a way to offset the damage done by their materialistic purchases. A wide range of implications are then discussed for both environmental concerns and firms who engage in CSR programs.

References are available on request.

For further information contact: Christian Hinsch, Assistant Professor of Marketing, Grand Valley State University (hinschc@gvsu.edu).
The Greener Wave of Life: Brand Experiences and Sustainability Orientation in the Cruise Industry

Nadine Hennigs, Leibniz University of Hanover
Steffen Schmidt, Leibniz University of Hanover
Evmorfia Karampournioti, Leibniz University of Hanover
Franziska Labenz, Leibniz University of Hanover
Klaus-Peter Wiedmann, Leibniz University of Hanover

Keywords: brand experience, sustainability orientation, brand image, booking intention, cruise industry

EXTENDED ABSTRACT

Research Question
Experiences as the basis for value creation and competitive positioning are increasingly placed at the center of marketing activities to create an emotional customer-brand relationship. Especially in the travel and tourism market, the demand for brand experiences becomes apparent and is reflected in a wide range of services ranging from transport and accommodation to entertainment and relaxation. The cruise ship industry as the fastest growing segment in the travel industry provides a holistic experiential package designed to meet the travelers’ expectations for pleasure and satisfaction.

However, the cruise ship industry is often confronted with the argument that “taking a cruise is more harmful to the environment and human health than many other forms of travel.” Along with the rising awareness of environmental and ethical issues, consumers increasingly consider social and ecological aspects in their travel decisions. Therefore, to meet consumer expectations and address their environmental concerns, but also to gain a competitive advantage, travel providers strengthen their focus on incorporating sustainability in their branding strategy. Against this backdrop, the aim of this paper is to empirically investigate the impact of sustainability orientation and brand experiences on consumer perception and related consumption behavior.

Method and Data
Concerning the investigation of the introduced conceptual model, a quantitative study was applied within the social group of cruise ship customers. PLS structural equation modeling was applied for hypotheses testing against the backdrop of the incorporated reflective and formative constructs within the introduced conceptual model.

Key Contributions
With special focus on brand experiences in the cruise industry, the results of our empirical study reveal that consumers have an increasing demand for personal and authentic experiences combined with a rising concern regarding ethical and environmental issues. Therefore, the incremental value of this study lies in the exploration of the interactive relationship between sustainability excellence and experiential value and their significance in determining customer perception and behavior.

Summary of Findings
The results reveal that consumers have an increasing demand for personal and authentic experiences combined with a rising concern regarding ethical and environmental values. As a consequence, addressing sustainability orientation and brand experience is a promising way to create successful differentiation strategies in the travel and tourism industry.

References are available on request.

For further information contact: Nadine Hennigs, Leibniz University of Hanover (hennigs@m2.uni-hannover.de).
Can Older Consumers’ Green Behavior Be Explained by Their Age and Personality in the UK?

Sianne Gordon-Wilson, University of Portsmouth
Pratik Modi, Institute of Rural Management Anand

Keywords: green behavior, ecologically conscious consumption behavior, older consumers, personality traits

EXTENDED ABSTRACT

UK citizens will have to significantly change their green behavior if the government’s target for reducing greenhouse gas emissions is to be achieved (Longhi 2013). Different types of behavior can be adopted to protect the environment, such as purchasing green products, recycling, disposing of household rubbish in a responsible way and voting for Green political parties. An interesting segment within the UK is older consumers, due to their growing numbers (Sudbury and Simcock 2010). Less is known about their consumer behavior compared to other important segments (Williams, Hartman, and Cavazotte 2010; Yoon et al. 2005).

Few articles can be found specifically addressing the green behavior of older consumers in the UK. The few that exist have found that older adults adopt the greenest behavior (e.g. Gilg, Barr, and Ford 2005; Longhi 2013; Sandahl and Robertson 1989; Sudbury and Simcock 2010). However, older consumers are not homogeneous. People in their 50s are in a constant state of flux, and actually change more than those of people in their 20s (Silvers 1997). Additionally, older consumers become more dissimilar in terms of lifestyles, needs and consumption habits as they age (Moschis 1996) due to the different life-changing events they experience, such as the death of a partner or a divorce, along with differences in how they age physiologically, socially and psychologically (Moschis 2003).

Previous research has found that older adults tend to adopt greener behavior than younger adults (e.g. Gilg et al., 2005; Longhi, 2013; Lynn & Longhi, 2011; Sandahl & Robertson, 1989; Sudbury & Simcock, 2010). Consumers aged 50-64 years (young old consumers) have the highest levels of income, savings and expenditure than the other older consumer segments, along with being more physically and mentally fit. This is in comparison to consumers aged 75+ (old older consumers), who are among the most economically and socially vulnerable of all in society due to having the highest occurrence of poor health and physical immobility (Help The Aged, 1999). Therefore, the money and/or physical and mental effort that Stanley & Lasonde (1996) found to be associated with the adoption of green behavior would be less of an obstacle for young old consumers. Consistent with these findings, this article hypothesizes that:

H1: Young old consumers (aged 50-64 years) exhibit the greenest behavior, followed by mature old consumers (aged 65-74) and old older consumers (aged 75+) respectively.

The “Big Five” framework has become the most widely used model in research into personality (Gosling, Rentfrow, and Swann Jr, 2003). It shows that most personality differences can be represented by five dimensions: (1) neuroticism, (2) extroversion, (3) openness, (4) agreeableness, and (5) conscientiousness (McCrae and Costa, 1990). Research supports that the openness personality trait (Hirsh and Dolderman 2007; Markowitz, at al. 2012; Soliño and Farizo 2014) and the extroversion personality trait (Fraj and Martinez 2006; Soliño and Farizo 2014) are positively related to green behaviors and attitudes. No consistent support has been found in the literature for a link...
between conscientiousness, neuroticism and agreeableness with green behavior. Consistent with these prior findings, we hypothesize that:

H2: Older consumers exhibiting open and extroverted personality traits adopt the greenest behavior.

Research Questions
Are some age groups of older UK consumers greener than others? Can older consumers’ personality explain their level of greenness in the UK?

Method and Data
We used the Ecologically Conscious Consumption Behavior (ECCB) scale (Roberts 1996) to measure the green behavior of the respondents. To measure the personality traits of the respondents, we used Gosling et al.’s (2003) short scale of the Big Five personality domains. The data was collected in person at older consumer group meetings following a brief introduction to the research that did not reveal the focal constructs of the study. After deleting any surveys that were largely incomplete, we were left with 204 usable completed surveys from older consumers.

Summary of Findings
Our results find the openness personality trait is positively linked to green behavior, whilst the extroversion personality type is negatively related to green behavior. Additionally, that older consumers’ level of green behavior increased with their age. The mean scores are highest for old older consumers (3.56) and decrease as age decreases (medium olds = 3.36 and young olds = 3.25). However, the study fails to find a significant impact of the age of older consumers on their green behavior. This result is contrary to our expectations.

Key Contributions
Overall, our study has found that older consumers in the UK are moderately green. Their mean green behavior was shown to be average (3.32, with a SD of .9 on a scale from 1 to 5, where 1 could be interpreted as adopting very little green behavior and 5 as adopting a high amount of green behavior), indicating that they do have scope for further improvement. These results indicate to the UK government, industry, marketing practitioners and consumer researchers that there is a need to educate older consumers about adopting greener behavior.

References are available on request.
The Influence of Cultural and Consumption Values on Consumers’ Adoption of a Public Bike-Sharing Scheme: The Mediating Role of Ethical Evaluation

Juelin Yin, Xi’an Jiaotong-Liverpool University
Lixian Qian, Xi’an Jiaotong-Liverpool University

Keywords: sustainable consumption, public bike-sharing scheme, values, ethical evaluation, sharing

EXTENDED ABSTRACT

Research Question
The specific research question addressed in this paper is what are the antecedents and their influencing mechanisms of consumers’ adoption of a public bike-sharing scheme (PBS), a more sustainable mode of transportation with sharing feature, from cultural, socio-psychological and ethical perspectives.

We follow the “value-attitude-behavior” framework (Homer and Kahle 1988) to develop our research hypotheses. Specifically, the PBS is distinctive for two features: sustainable consumption and shared practice. The former is concerned with consumers’ relationship with the nature, while the latter is about consumers’ relationship with others (Belk 2010). Therefore, we first examine the influence of two cultural values (man-nature orientation and collectivism) on consumers’ attitude towards adopting PBS. Then we discuss how consumption values transmit the influence of cultural values. Next, we argue that consumers translate the influence of cultural and consumption values into positive ethical evaluation, which is linked to their behavioral intention at last.

Method and Data
We collected data in a city in eastern China that has one of the world biggest bicycle-sharing programs in terms of the number of bicycles (Krause-Jackson 2014). At the time of this study, there were 1,055 public bicycle stations in five urban districts of this city. From randomly selected 53 stations, we collected survey data from over 800 respondents in August 2014. After removing responses with missing data on key questions, we finally got 755 valid responses used for further analysis.

We employed structural equation modeling (SEM) approach to analyze the data. We first conducted exploratory factor analysis (EFA) and confirmative factor analysis (CFA) to test the reliability and validity of measurement instruments. Then we implemented path analysis to test the research hypotheses using the software package of AMOS. Furthermore, we used bootstrapping analysis and followed Zhao et al. (2010) to test the role of ethical evaluation in mediating the effects of cultural and consumption values on consumers’ adoption intention of PBS.

Summary of Findings
The empirical results from this study confirm the significance of cultural values (collectivism and man-nature orientation) and consumption values (materialism and face-consciousness) as key determinants of the adoption of PBS. We also find that such values and beliefs need to be effectively translated into ethical judgment of the adoption action.

As expected, both cultural values (collectivism and man-nature orientation) are found to have negative influence on materialism and face consciousness respectively. Further-
more, we find materialism does have negative influence on the teleological evaluation of adopting PBS, but surprisingly face consciousness positively influences deontological evaluation of the adoption. Finally, both types of ethical evaluation have significant and positive effects on consumers’ intention to adopt PBS. Ethical evaluation therefore constitutes a cognitive strategy that allows consumers to justify and defend their adoption or rejection of sustainability practices.

Regarding the effects of control variables, we find that all demographic characteristics, including age, gender, income, education level and employment status, are insignificant at 5% statistical level. Also, the ownerships of other means of personal transport (including bicycles, e-bikes and cars) have limited impacts on the adoption of PBS.

**Key Contributions**

This is one of the first studies examining consumers’ adoption of PBS in the Chinese context from cultural, psychological and ethical perspectives. This study makes theoretical contributions and provides policy implications in the following ways. First, we confirm that values function as important antecedents influencing consumers’ consumption values and then ethical judgment regarding their behavioral intention of adopting sustainable consumption such as PBS. Second, this study highlights the hedonic feature of sustainable consumption. When sustainable consumption becomes shared responsibility, consumers may find it easier to identify with the practice and have greater motivation to participate in PBS. Third, we reveal ethical evaluation as a crucial mechanism to influence consumers’ decision to adopt sustainability practice. Therefore, at the individual level, sustainable consumption can be promoted based on ecological ethics or the goodness of being an ethical consumer; at the level of community, it is useful to promote group identification with sustainability by projecting it as part of the sustainability discourse.

References are available on request.
Do Consumers Value Responsible Products? Fair Trade Orientation and Its Impact on Product Loyalty, Price Premium, and Buying Intention

Sascha Hendrik Langner, Leibniz University of Hanover
Nadine Hennigs, Leibniz University of Hanover
Steffen Schmidt, Leibniz University of Hanover
Klaus-Peter Wiedmann, Leibniz University of Hanover

Keywords: fair trade food consumption, customer perceived value, ethical behavior

EXTENDED ABSTRACT

Research Question
An increasing number of consumers pay special attention to moral values and responsible acting companies. Especially in the field of food and beverage, the concept of Fair Trade seems to be an adequate solution to many concerns of ethical consumers. The enormous increase in sales of Fair Trade products, reflects the growing importance of social product features such as working conditions or fair wages. To advance current understanding of consumer Fair Trade orientation and related links to actual food buying behavior, the aim of our study is to examine the following questions: What motivates consumers to buy Fair Trade products? And what are the perceived value dimensions of Fair Trade product consumption?

Method and Data
To measure the underlying perceived value dimensions and behavioral outcomes of Fair Trade orientation we introduce a multidimensional causal model consisting of formative indicators (Fair Trade orientation) and reflective constructs (customer perceived value as well as product loyalty, price premium, and product buying intention). To empirically test our research model and the proposed hypotheses, PLS structural equation was applied.

A web-based survey was developed to investigate the research model. The online-based recruitment of interviewees was organised using a consumer research panel. To address the issue of social desirability bias and the respondent’s inclination to conform to social norms, as in previous research on the ethical consumer (Shaw and Clarke 1999; Newholm 2005; Chatzidakis et al. 2007; Papaikonomou et al. 2011), purposive sampling for which the units of observation are habitually Fair Trade consumers, was preferred. Only those respondents who had bought Fair Trade foodstuff during the last three months were allowed to complete the online questionnaire. In this context, consumers were not asked about future behavioral intentions; the focus was on past behavior. In February 2011, a total of 227 valid questionnaires were received.

Key Contributions
We present a unique approach that links Fair Trade orientation with customers’ perceived value regarding Fair Trade products in order to better predict buying behavior of food and beverage products in terms of product loyalty, price premium and actual buying intention.

Summary of Findings
Our study results show that depending on the individual Fair Trade orientation, Fair Trade products offer a higher customer perceived value resulting in higher product loyalty, a greater willingness to pay higher prices and an increased buying intention. Still not all value dimensions equally drive buying behavior; whereas the social value shows no significant effect, the economic value almost outweighs all other dimensions.

References are available on request.

For further information contact: Sascha Hendrik Langner, Leibniz University of Hanover (langner@m2.uni-hannover.de).
What Companies Can Do (Wrong) in Selling Sustainable Products

Laura Marie Schons, Ruhr University Bochum
Gina Mende, Ruhr University Bochum
Sankar Sen, Baruch College
Jan Wieseke, Ruhr University Bochum

Keywords: sustainable products, motivation theory, signaling theory, crowding-out of intrinsic motivation

EXTENDED ABSTRACT

Having introduced comprehensive portfolios of sustainable products, companies face the challenge to appeal to their customers’ motivation to switch from conventional to sustainable product alternatives. The psychological literature on human motivations has identified three major dimensions of motives for pro-social or pro-environmental behaviors: (1) an intrinsic motivation (i.e., the individual’s interest in the well-being of others or the natural environment), (2) an image motivation (i.e., the desire to be liked by others), and (3) an extrinsic motivation (i.e., the wish to save money and/or time and effort) (Andreoni 1989; Ariely, Bacha, and Meier 2009; Bénabou and Tirole 2006; Glazer and Konrad 1996; Minton and Rose 1997). As green products often provide benefits that can speak to all three of these basic motives, companies could potentially address any of these in their corporate appeals. Thus, managers are left with the question which benefits of green products will be more appealing for customers—the benefits they entail for people and planet, the image rewards they imply, or the potential cost savings?

Moreover, taking a closer look at real corporate appeals used in practice reveals that many companies currently appeal to multiple motivations at the same time. For instance, Xerox introduces their resource-efficient printers explaining “How Saving the Environment Can Also Save You Money.” This prevalent technique of using “mixed appeals,” i.e., to appeal to combinations of motives is not surprising, as intuitive logic would suggest that two reasons should always be superior to one.

Importantly, research has so far neglected the question of which types of appeals are most effective to motivate customers to buy sustainable products and thus lacks guidance for managers who are faced with this challenge. Understanding the psychological mechanisms triggered by different types of appeals is of paramount importance not only to researchers but just as well for managerial practice. To remedy this gap, this paper seeks to answer two highly relevant research questions, i.e., (1) what is the best way to appeal to customers to switch to sustainable product alternatives? And (2) which are the underlying psychological processes that help explain the effectiveness of these appeals?

Based on self-determination theory (Deci and Ryan 2008) and psychological theories on crowding-out effects of the intrinsic motivation (Bénabou and Tirole 2006; Brekke, Knerndokk, and Nyborg 2003; Frey 1994; Frey, Jegen 2001; Frey and Oberholzer-Gee 1997; Titmuss 1970) we propose that, in contrast with existing managerial practice, appealing to the intrinsic motivation alone is most effective to enhance customers’ willingness to switch to sustainable product alternatives. Beyond the effects on the motivational path, we propose that intrinsic appeals significantly affect customers’ attributions of companies’ motives and that these two paths (i.e., motivations and attributions) jointly come together to determine the customers’ willingness to purchase sustainable products.

To test our conceptual framework, we conducted three comprehensive experimental studies among real customers of a large international retail company (N1=1,757; N2=2,959; N3=2,091) using real-life examples of sustainable products that the retailer offers. Our results consistently reveal that, in line with our theorizing, addressing the intrinsic motivation...
alone represents the superior option in terms of maximizing customers’ purchase intentions for green products. These results are robust across various types of sustainable products. Furthermore, we find significant crowding-out effects for mixed appeals. In support of our conceptual framework, we find that intrinsic appeals affect purchase intentions via two paths: (1) through an increase in customers’ own intrinsic motivation and (2) through an increase in customers’ intrinsic attributions of the companies’ motives.

By being the first study to explore the effectiveness of different appeals for selling sustainable products, we make three important contributions: First, our findings extend existing knowledge on individual motivation processes. Although (in contrast to purely pro-social or pro-environmental activities like donating blood or recycling) purchasing green products is a behavior of market exchange, we reveal that appealing to the intrinsic motivation is the strongest driver of customers’ purchase intentions. Second, whereas prior research has examined crowding-out effects of the intrinsic motivation for pro-environmental or pro-social behaviors, as, e.g., donating blood, we reveal that the same behavioral patterns can be observed in the realm of sustainable consumption. Third, this is the first study that reveals the link between different types of corporate appeals and customers’ attributions of the company’s motives.

From a managerial perspective, the robust results of our three studies (including five different real-life examples of sustainable products) build a foundation for understanding what companies can do right and wrong in selling sustainable products. Appealing to the intrinsic motivation is the best way for a company to (1) increase customers’ purchase intention and at the same time (2) positively affect customers’ attributions of companies’ motives and their perceptions of companies’ CSR. Appealing to a combination of intrinsic with either image or extrinsic motives consistently leads to significant crowding-out effects of the intrinsic motivation; obviously, two reasons are not always better than one.

References are available on request.

Myriam Ertz, University of Québec at Montreal
Fabien Durif, University of Québec at Montréal
Manon Arcand, University of Québec at Montréal

Keywords: product second life, redistribution marketplaces, product service systems, perceived impacts, motivations

EXTENDED ABSTRACT

Research Questions
The main research objective of this paper is to investigate the extent to which the impacts that consumers perceive of their product second-life practices (PSLPs) have an effect on their motivations to engage in such practices. More specifically, the three main research questions investigated in this study are as follows:

1. How do consumers perceive the impacts of acquisitions and dispositions made through PSLPs?

2. What motivates consumers to engage in acquisitions through PSLPs?

3. How do consumers’ perceived impacts of their PSLPs relate to their motivations to engage in acquisitions via PSLPs?

Method and Data
The study is empirically grounded but evidences an exploratory flavor given the lack of previous literature on the holistic conceptualization of PSLPs. More specifically, theory development is followed by a measurement development process comprising first a qualitative phase (three discussion groups involving 15 consumers in total, and 15 in-depth interviews conducted with a further 15 consumers, all of whom had engaged in some form of PSLP in the past 12 months) and then a quantitative phase.

This latter phase consists of a first study based on a randomly selected online panel of 400 Québec consumers, and aimed at purifying and refining the scales and subsequently performing an initial examination of the structural model (influence of impacts on motivations). A second study was then undertaken based on a randomly selected online panel of 1,783 Canadian consumers. Data collection was weighted in accordance with gender, age and place of residence (i.e. province of residence) and any lacking representativeness between the samples and their respective population was statistically adjusted prior to data analysis. The second data collection exercise served to cross-validate both measurements and the structural model.

Summary of Findings
According to reinforcement theory, the perceived impacts of a behavior do exert an effect on the level of motivation to re-engage in like behavior at some point in time. More specifically, the impacts consumers perceive with respect to their PSLPs significantly and substantially predict their motivations to engage in further product acquisitions by means of these same practices.

The impacts consumers perceive with respect to their PSLPs only marginally influence economic motives but account significantly for a broad range of other motivations such as social contact, ecological, protestor, nostalgia and, to a lesser extent, treasure hunting motives.

Green and human ecology impacts are the sole predictors of economic motives but do also trigger ecological and, to a lesser extent, treasure hunting motives. Surprisingly, they negatively influence social contact. Self-expression impacts

For further information contact: Myriam Ertz, Ph.D. student in Marketing, Marketing Department, School of Management Sciences, University of Québec at Montreal (ertz.myriam@uqam.ca).
influence mostly protester aspects, followed by nostalgia, social contact, treasure-hunting and ecological motives. Lastly, socialization impacts strongly influence social contact but also affect nostalgia and treasure hunting and, to a lesser extent, protester motivations.

**Key Contributions**

This article presents two key takeaways:

1. It explores a relatively under-theorized field in marketing science, namely activities aggregated as PSLPs which contribute to the extension of product lifecycles. The originality of this study lies in the holistic consideration of all these activities routinely separated from one another in previous studies.

2. Although motivations have generally been deemed to provoke a given behavior, thereby leading to perceptions of the impacts generated by the said behavior, this study proposes a challenging theoretical perspective that supposes that consumers’ perceived impacts of their PSLPs play a significant role in motivating them to engage in practices of the like.

*References are available on request.*
From Nutrition Label to Nutrition Path: An Integrative Review of Consumer Nutritional Information Processing

Yu Chen, State University of New York, Farmingdale
Laurence Verdict, IESEG School of Management

Keywords: nutritional information, label, path, stakeholders

EXTENDED ABSTRACT

Research Question
Existing research focuses on consumer information processing of food nutrition labels at the point of purchase and on the most efficient nutrition label formats to promote healthier food choices. However, the nutrition label is one piece of the whole product information delivered at the point of purchase, and the nutritional information influence is a pervasive process that happens throughout the daily lives of consumers. The current research investigates whether nutrition labeling is one piece of the overall nutritional information processing which is influenced by consumer characteristics, food industry marketing practices, government regulations and policies.

Summary of Findings
The current research provides a holistic review of previous academic research on nutrition label use and consumer information processing, as well as industry practices and government regulations. It discusses both academic findings on consumer information processing and the existing practices in the industrial and governmental fields, and the implicit role of CSR in nutritional labeling. The research is organized to, first, review “inside the box”—the existing practices of nutrition labeling; and, second, investigate influences “outside the box”—notably, consumer information processing with regard to concrete nutrition label information, food industry marketing practices, government regulations and policies, and their combined influence on nutrition label information processing. As a key measure of obesity-prevention plans, nutrition labeling is largely encouraged by government and the food industry. It is intended to influence both consumer demand and industry offerings. Nutrition labeling originates from governments’ efforts to improve the nutritional quality of goods produced and consumed in most developed countries. Toward industry, governments issue qualitative norms and dietary guidelines, design nutrition and health logos to inform the consumers, and tax “unhealthy” foods to encourage reformulations and/or new product development. These measures also address food distributors with regard to nutritional information in shelf labeling.

Key Contributions
This research fills the gap by reviewing the current nutrition labeling systems in use, along with government regulations and industry efforts in different countries, and by synthesizing the consumer information processing theory and its application in nutrition labeling information processing, and then makes the following conclusions: first, nutrition label information processing efficiency is increased when the information is attractively displayed on the front of the package in a summarized, simple and user-friendly format, with the possible addition of health logos or nutritional claims; second, the nutrition label is one stimulus of the whole nutritional information process, and it needs to be integrated into the more comprehensive nutritional policy.

While some key issues remain on the amount of nutritional information to provide and its style, the authors would like to argue that it is better to agree on a minimal format than to dispute on more comprehensive ones, keeping in mind that the FOP nutrition label is mostly appropriate at bringing nutrition top-of-mind rather than empowering consumers to make informed choices.

For further information contact: Yu Chen, State University of New York, Farmingdale (cheny@farmingdale.edu)
A minimal solution could be the mandatory posting of calories per portion, essential information for the consumer, in a simple and visually attractive format on the front of the pack. A national health logo, endorsed by public health authorities, could supplement the energy value on eligible foods to help consumers identify healthier options.

Finally, nutritional and health claims need to remain authorized, under public regulation as is now the case, to encourage product reformulation or innovation by the food industry.

References are available on request.
Classification and Profiling of Socially Responsible Investors: A Value-Orientation Perspective

Fatima Yaqub Khan, Cardiff University
Sadia Yaqub Khan, Cardiff University

Keywords: socially responsible investors, socially responsible investment, financial return, social return

EXTENDED ABSTRACT

Investment has always been linked with money making and profit. According to early investment theories, considerations like social, ethical and environmental (SEE) issues were identified as a source of decreased profits and/or increased risk when conjoined with investment. This is the reason why socially responsible investment (SRI) was titled as an act carried out by a lunatic fringe (Sampson, 2000). However, the investment industry has seen a dramatic shift in past couple of decades. Since the early 1970s, the concept of SRI has emerged and spread across the globe at a very fast pace. Individuals have become increasingly interested in the SEE aspects of their investment. This is the reason why every $1 out of $9 being spent under U.S. management is invested in SRI (Social Investment Forum, 2009). This rapidly changing mindset of investors has attracted many researchers and marketers to understand who these investors are and what drive them to opt for SRI behavior. The majority of the studies, except for a few (e.g., Beal and Goyen, 1998; Nilsson 2008), have, however, largely neglected the differences in investors’ motivation to opt for SRI (Nilsson 2009) and have lumped the socially responsible (SR) investor group as a homogeneous group of SR individuals who are “truly” socially responsible, thus completely overlooking the financial aspect of investment undertaken by these investors. Therefore it is argued, based on the above, that there is a need to understand and explore this growing segment by analyzing their motive behind SRI selection. To generate clarity on this matter this manuscript aims to segment and profile the SR investors, based on the importance given by the individual investors to two important aspects of SRI, i.e. the financial return aspect and the social return aspect. Thus—unlike majority of the research to date—this research will analyze the investors’ heterogeneity based on their underlying preferences towards SRI selection. Nilsson (2009) carried out a similar project in which he analyzed the responses of individuals who had invested at least some amount of their overall investment in a specific SRI mutual fund. However, the drawback of his study was the possibility of presence of social desirability bias (SDB)—overreporting of what is socially desirable and/or underreporting of what is not (Nancarrow et al., 2001). This is because the selected mutual fund also offered regular investment options and whether the investor was involved in SRI or not was only identified by the participants’ self-reporting.

The present study thus attempts to fill this gap. The current piece of research is unique in two aspects: first, all the participants are current customers of a purely SR organization; thus, they all are currently involved in SRI, which minimizes the chances of SDB to occur. Second, this is the first research to focus on the customers of an SR bank. Majority of the SRI research is focused on mutual funds, and thus banks—an important governing body in the society—has been somewhat ignored. Thus, the focus of this manuscript on the customers of an SR bank makes it one of a kind.

Research Question

The study has two crucial objectives. The first objective is to segment the customers of SR bank using clustering variables that integrate the perceived importance given by these investors to both financial and SEE factors. This will help identify the motives behind SRI selection as the cluster analysis focuses on the relationship between the two returns,
i.e. financial return and social return. Secondly, in an attempt to better understand the characteristic associated with each cluster, the manuscript aims to analyze and formulate profiles of each cluster of SR investors with regard to differences in their value orientation.

**Method and Data**

The population of interest for this study is investors who have chosen SRI for their investment. Being a niche industry it is difficult to get access to population choosing to invest in SRI, therefore generating a sample from the general population was not a good option as this would have resulted in very few SR investors being included in the sample. To address this issue it was decided that the sample should be generated from the database of a SRI provider bank. In this way a large enough sample of SR investors is generated to meet the objective of the study. Although this sampling procedure means that the sample will not fully represent the investment population in general; however, as it will result in a sample focused on SR investors, the benefit of this method outweighs the disadvantages. Moreover, as the sample is generated from a larger SR banks in the UK, we argue that the sample will, at least to a certain extent, represent the greater private SR-investment population. A UK-based SR bank was contacted, which agreed to send out the survey link to its database of 1,200 customers. A total of 298 usable questionnaires came back, giving a response rate of 25%.

Using a two-step cluster analysis, 298 SR investors were classified into three clusters based on the importance given by them to the financial return and social return aspect of SRI. Furthermore, one-way ANOVA and Scheffe post-hoc test were opted for identifying differences in value orientation between the identified clusters.

**Summary of Findings**

Two-step cluster analysis yielded three distinct clusters with the average silhouette value above 0.5. The largest of the three cluster was named “return-driven investors” (n=114). This cluster exhibits high importance for both the financial return and the social return when undertaking SRI. The second largest cluster was labeled “social responsibility–driven investors” (n=102). These investors display high level of importance for SEE issues and thus give great importance to social return aspect of their investment, but at the same time display the lowest levels of importance and concern for the financial return. The last and the smallest cluster was identified as “moderate investors” (n=82). These investors score relatively low on social responsibility scale in comparison to the other two clusters; however, the importance given to social return is still at the upper end of the scale thus showing that the cluster values the social responsibility aspect of investment to a high level. On the other hand, these investors score low on financial return when compared to the return-driven investor group, but score high when compared to the social responsibility–driven investors. It could thus be said that these investors take a moderate approach and value social return as well as financial return but to a certain point.

After this clustering, one-way ANOVA test was carried out to identify the differences between the three clusters. ANOVA and post-hoc Scheffe test indicated a significant difference between the three clusters with respect to Benevolence [F (2,295) = 7.353, p = 0.001], Universalism [F (2,295) = 16.806, p = 0.000], Achievement [F (2,295) = 3.690, p = 0.026] and Power [F (2,295) = 9.813, p = 0.000]. Both cluster 1 (return-driven investors) [mean = 6.20, SD = 0.553] and 3 (moderate investors) [mean = 6.08, SD = 0.544] gave more value to benevolence as compared to cluster 2 (social responsibility–driven investors) [mean = 5.87, SD = 0.638]. Similar results were yielded for universalism as both cluster 1 [mean = 6.40, SD = 0.448] and 3 [mean = 6.35, SD = 0.493] gave more importance to universalism compared with cluster 2 [mean = 6.00, SD = 0.588]. In terms of achievement cluster 3 [mean = 4.99, SD = 0.880] gave more importance to this value than cluster 1 [mean = 4.68, SD = 0.909]. Lastly, power value was more important to cluster 2 [mean = 3.50, SD = 0.830] and 3 [mean = 3.22, SD = 0.964] as compared to cluster 1 [mean = 2.88, SD = 1.012].

**Key Contributions**

This study is first of its kind to not only formulate clusters within the SR investor group, but also to analyze and differentiate the groups on the basis of value-orientation. Further research is being undertaken which looks at additional profiling variables to better understand the three clusters. This study not only provides new insight into SRI behavior but also can help policy makers to understand what values motivate SR investors. Additionally, marketers can benefit from understanding the value differences between the SR investor clusters, so as to cater to them accordingly.

*References are available on request.*
Exploration of the “Insurance-Like” Effect of Corporate Philanthropy in the Event of Negative Events

Pamela Harper, Marist College

Keywords: corporate philanthropy, stakeholder, RBV, social responsibility, peer pressure

EXTENDED ABSTRACT

Research Question
Gardberg and Fombrun (2006) suggest that past explorations of the social performance-financial performance relationship may have lacked specificity. In addition, Hillman and Keim (2001) suggest that it is useful for researchers to conduct examinations of the individual components of social performance. Corporate philanthropy is one such important component (Carroll, 2004). Little is known regarding the differential effects of corporate philanthropy in the event of internally-generated failures. Therefore we ask, does corporate philanthropic activity offer ‘insurance-like’ protection in the face of negative events? Do the financial markets react differently to firms based on the nature (method of implementation and breadth) of the philanthropic activity? Do certain firm characteristics (i.e. philanthropic peer pressure and consumer orientation) serve as moderators?

Summary of Findings
Previous studies have considered the effect of social performance on financial performance, in the event of a negative event. While the results have supported the risk-reducing view of social performance, the analysis has been based on aggregate, psychometric measures that fail to reveal the differential effects based on the method and breadth of philanthropic implementation. We explore moderating effects of peer pressure and consumer-orientation when negative firm actions occur in the three areas pertaining to people, planet and profits (a.k.a. the “Three Pillars” of social responsibility). Our aim in this article is to propose a roadmap for future research and to contribute to the theory of corporate social performance or philanthropy, relying on resource-based view (RBV), stakeholder and social capital theories to develop propositions considering the effect of social performance on the market value of firms, facing negative events.

Key Contributions
We call for future research to empirically test our model, based on a specified sample and measurement formulation. Given the gaps in the literature, we seek to advance understanding of philanthropy by exploring its moderating effect on the relationship between a negative firm events and the resulting firm market value. Future research might also consider the impact of firm industry, age and length of time a firm is experiencing a negative event. Although our purpose was not to examine the causal mechanisms underlying relationships, such analysis might present an interesting contribution to the literature. Further study of the philanthropy may offer a unique perspective on marketing strategy.

References are available on request.

For further information contact: Pamela Harper, Assistant Professor, Marist College (pamela.harper@marist.edu).
Strategic Sustainable Purchasing and Organizational Sustainability Performance: An Empirical Investigation

Amit Arora, Savannah State University
Anshu Arora, Savannah State University

Keywords: strategic sustainable purchasing, organizational sustainability performance, environmental collaboration, firm-specific capability, relational capability, supply base

EXTENDED ABSTRACT

Research Question
This research addresses the gaps in strategic sustainable purchasing literature by adopting a holistic approach of (1) defining strategic sustainable purchasing (SSP) and organizational sustainability performance (OSP) of the firm, (2) studying the relationships and impact of firm-specific and relational capabilities occurring simultaneously and in conjunction with each other, and (3) empirically validating the significant effects of strategic sustainable purchasing on organizational sustainability performance through direct and mediating effects of environmental collaboration in addition to the moderating effects of supply base (the number of suppliers, and the level of differentiation and inter-relationships amongst them) on sustainability performance of the firm. Specifically, this research focuses on the following research questions:

- What is the relationship between strategic sustainable purchasing and sustainability performance of the firm?
- What is the effect of supply base on the relationship between strategic sustainable purchasing and sustainability performance of the firm?

Method and Data
Using survey methodology and structural equation modeling, a number of hypothesized relationships are tested. The survey instrument included items related to firm-specific and relation specific factors in supply management. Supply/purchasing managers occupying strategic positions in the purchasing function were targeted to answer questions in the survey. Items representing all the theoretical factors were captured using 5-point Likert scale with strongly disagree and strongly agree at the two ends. Items measuring performance were operationalized to assess the relative change in performance in the last 3 years. Therefore, these items were captured using a 5-point Likert scale with not at all and significant at the two ends. The questionnaire was put on a website and the survey link was emailed to about 250 supply chain/logistics managers. Two weeks after the initial emailing, reminders was sent. A second wave of emailing was sent to non-respondents five weeks after the initial emailing. Ten weeks after the initial mailing, 98 responses were collected. 39% response rate was reached.

Summary of Findings
The findings of the research suggest that both firm-specific capabilities (e.g., SSP) and relational capabilities (e.g., environmental collaboration) are critical success factors for achieving organizational sustainability. Our results further indicate that supply base is pivotal for the relationship between SSP and environmental collaboration. When the supply base is limited and includes typically first-tier suppliers, the focal firm finds it efficient and effective to reach out to this limited group of suppliers that is within the reach of the “visible hand” of the focal company (Choi and Krause 2006). Our findings show that with limited supply base, both strategic and environmental purchasing positively and significantly impact environmental collaboration. Many automobile, technology, electronics and aerospace companies have reduced their dependence by cutting the number of their suppliers in order to reduce transaction costs and
increase revenues (e.g., Ballew and Schnorbus, 1994). Such a move needs to be supported not just by reduction of suppliers but also by effective and strategic management of the supply base.

**Key Contributions**

This article provides insights to managers and researchers regarding purchasing’s role in achieving the elusive goal of sustainability. Strategic management research has highlighted the role of firm-specific and relational capabilities in achieving economic competitive advantage (e.g., Dyer and Singh 1998; Hart 1995). Strategic supply management literature has highlighted the role of strategic purchasing and enviropreneurship in achieving sustainability performance of an organization (e.g. Paulraj 2011). By considering strategic sustainable purchasing as a firm-specific capability and environmental collaboration as a relational capability, this research documents the role of both these capabilities in achieving organizational sustainability. Our study paves the way for researchers and managers to investigate and capitalize on the power and prowess of strategic sustainable purchasing, environmental collaboration and organizational sustainability performance from the supply management capabilities perspective.

*References are available on request.*
Part P
Trends in Marketing Education

Track Chairs
Andrea Dixon, Baylor University
Lingjiang Tu, Baylor University

Creating Institutional Impact in Marketing Education
Academic Integrity, Academic Misconduct, and Credential Embellishment Among Business Students
Sohyoun Shin

Are Asian Parents Superior? The Role of Self-Construal in Parental Education Spending
Lingjiang Tu, Jihye Jung, Yinlong Zhang, Vikas Mittal

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Objective: Winning or Learning? A Study of Marketing Simulation Games
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Academic Integrity, Academic Misconduct, and Credential Embellishment Among Business Students

Sohyoun Shin, Eastern Washington University

Keywords: academic integrity, academic misconduct, credential embellishment, business unethicality

EXTENDED ABSTRACT

Research Questions

H1: Students’ academic integrity knowledge has a negative relationship with their attitudes toward academic misconduct during college—(a) illicit collaboration, (b) plagiarism/fabrication, (c) exam cheating, (d) disrespectful behavior, and (e) slacker behavior.

H2: Students’ attitudes toward academic misconduct during college—(a) illicit collaboration, (b) plagiarism/fabrication, (c) exam cheating, (d) disrespectful behavior, and (e) slacker behavior—have a positive relationship with their attitudes toward credential embellishment—resume fraud and resume padding.

H3: Students’ attitudes toward academic misconduct during college—(a) illicit collaborations, (b) plagiarism/fabrication, (c) exam cheating, (d) disrespectful behavior, and (e) slacker behavior—have a positive relationship with their attitude toward business unethicality—workplace dishonesty, business-operation unethicality, and employee-practice unethicality.

Method and Data

All tests of mean differences between ratings of hypothesized groups (e.g., low vs. high level of reported academic integrity knowledge to test attitude differences toward academic misconduct; low vs. high in acceptance of academic misconduct to test perception differences toward business unethicality) used t-tests. Correlation coefficients between focal constructs, as an alternative method to observe the hypothesized relationships are reported as well.

The participants in the study consisted of students enrolled in the business program at a northwestern regional comprehensive university. The data were gathered from three classes—two principles of marketing classes and one marketing research class—and collected in classroom settings at the first week of the quarter. The research objective was introduced at the moment of data collection to minimize any possible influence of the research topic on the students’ behavior. The questionnaires were distributed by a research moderator, but the students were asked to choose to hand their finished survey into one of the three manila envelopes prepared to further secure anonymity and confidentiality of responses. Participants who volunteered to be engaged in the study received a minimal extra credit for their contributions. After discarding six unusable responses from the data collected, a total of 135 were pulled to analyze for the results.

Summary of Findings

There was a significant difference in the mean scores of the attitude toward exam cheating only between the two groups of academic integrity knowledge ($M_{low-know} = 1.33$ vs. $M_{high-know} = 1.15, p < .05$). Students who reported high level of academic integrity knowledge presented less accepting attitudes toward exam cheating. However, there were no significant differences in the mean scores of the attitudes toward other academic misconduct dimensions between the groups. Concerning academic misconduct and credential embellishment, two groups were formed based on the median values. There were significant differences in the mean scores of the attitude toward resume fraud ($M_{low-illicit col.} = 1.28$ vs. $M_{high-illicit col.} = 1.55, p < .05$) and resume padding ($M_{low-illicit col.} = 1.68$ vs. $M_{high-illicit col.} = 2.14, p < .01$) between the low-illicit col. group vs. high-illicit col. group.

For further information contact: Sohyoun Shin, Assistant Professor of Marketing, Eastern Washington University (sshin@ewu.edu).
A significant difference was found from the two groups—the low-plagiarism group vs. high-plagiarism—in terms of the mean scores of the attitude toward resume fraud ($M_{low-plagiarism} = 1.26$ vs. $M_{high-plagiarism} = 1.55$, $p < .01$) while a marginal significance was found for resume padding ($M_{low-plagiarism} = 1.80$ vs. $M_{high-plagiarism} = 2.08$, $p < .10$). Between two groups—low cheating vs. high cheating, significant differences in the mean scores of the attitude toward credential embellishment were found ($M_{low-cheat} = 1.31$ vs. $M_{high-cheat} = 1.65$: resume fraud; $M_{low-cheat} = 1.73$ vs. $M_{high-cheat} = 2.43$: resume padding; $p < .01$). Overall, students who are more accepting of academic misconduct were significantly more accepting of both dimensions of credential embellishment.

**Key Contributions**

There have been some prior studies suggesting how to avoid, detect, and deal with the issues in academic and professional ethics such as academic misconduct, resume fraud, employee dishonesty, and unethical business practices. However, there have rarely been integrative researches conducted to understand the complex relationships among these constructs. It is important for higher education educators to observe their links and bonds in order to figure out the possible causes, and to plan academic integrity trainings and ethics education for business school students. In this study, the relationships among relevant constructs—students’ academic integrity knowledge and attitudes toward academic misconduct, and their perceptions on credential embellishment and business unethicality are descriptively explored. Based on the results and findings of the study, several key alerts and recommendations are presented. Careful reviews on current academic integrity trainings are suggested because students’ reported academic integrity knowledge was associated with their attitudes toward exam cheating, only one of the five academic misconduct dimensions. Curriculum re-design in business communication classes is proposed to teach students not only how to write effective resumes for students’ better employment opportunities, but also how to prepare honest, correct, and sincere applications. In addition, ethics trainings should be designed and offered in consideration of gender differences and/or other critical characteristics such as work experience to effectively develop their ethical awareness, sensitivity and judgment both at colleges and in the workplace.

*References are available on request.*
Are Asian Parents Superior? The Role of Self-Construal in Parental Education Spending

Lingjiang Tu, Baylor University
Jihye Jung, Baylor University
Yinlong Zhang, University of Texas at San Antonio
Vikas Mittal, Rice University

Keywords: education marketing, parental education spending, self-construal, self-threat, identity salience

EXTENDED ABSTRACT

With the increasing importance of education in the Knowledge Economy and the decline in public funding of education around the world, the education market expands rapidly. The global education market is estimated to be worth $4.4 trillion (Strauss 2013). However, the research on consumer behavior on the education market remains relatively primitive. Given that parents are a major consumer segment of the education market, we focus on parents’ decision making on education market, and aim to answer such questions as why and when parents spend on their children’s education. More specifically, we investigate the role of self-construal in parents’ spending on their children’s education, the potential moderator, and the underlying psychological process.

Using social identity theory as a framework, we theorize that self-construal impacts parental education spending and parental identity salience is the underlying mechanism. Following social identity theory (Tajfel and Turner 1986), we posit that a parent’s self-concept includes two components: personal identity and parental identity. In terms of consumer behavior, the salience of an identity drives a parent to enact the consumption of identity associated products and services (Kleine, Kleine and Kernan 1993). For example, a parent pays for his/her child’s tennis lesson when parental identity is salient whereas the same parent pays for his/her own gym membership when personal identity is salient. We propose that parents with interdependent self-construal have more salient parental identity than parents with independent self-construal because (1) individuals with interdependent self-construal are found to have more salient relationship-based social identities than those with independent self-construal (Brewer and Yuki 200), and (2) interdependents view family obligation as above other social responsibilities whereas independents view family obligation as chosen and voluntary (Oyserman and Lee 2010; Triandis and Gelfand 1998). We further propose that self-threat moderates the self-construal effect on parental education spending. More specifically, when under self-threat, independent parents tend to distance themselves from the source of self-threat (i.e. personal identity), and associate with the unthreatened parental identity in order to restore self-worth. The more salient parental identity induced by self-threat stimulates independent parents to spend more on their children’s education. In contrast, interdependent parents tend to associate with the threatened personal identity, and consequently dissociate from parental identity. The less salient parent identity therefore leads interdependent parents to spend less on their children’s education.

With data at both country level and individual level, and also through both measuring and priming self-construal, we provided converging evidences across four studies to demonstrate the robust and systematic effects that self-construal and self-threat had on parental education spending. Study 1 showed a negative correlation between individualism and parental education expenditures with actual consumer education expenditure archival data at country level. Study 2 replicated the correlation with measured self-construal.
among married parents in the United States. Participants read a scenario about a parent making a family budget plan, and then were asked to indicate the exact amount of money they would allocate to children’s education if they were the parent. Study 3 and study 4 recruited married parents from some online panels. Study 3 found that the effect of chronic self-construal on parental investment was moderated by self-threat, and the effect was not confounded by affect. As expected, self-threat moderated the self-construal effect by stimulating the interdependent parents to increase and the independent parents to decrease education spending. Study 4 further established the causality between self-construal, self-threat, and parental education spending by manipulating both self-construal and self-threat. More importantly, we demonstrated that parental identity salience was the mechanism underlying the interaction of self-threat and self-construal on parental investment.

The present investigation makes several significant contributions. First, this research represents one of the first attempts to examine the causal factors and mechanisms underlying the variability of parental spending on education markets. Furthermore, this research contributes to parental investment research. Extant literature from various disciplines on parental investment behavior is largely of correlation nature. For the first time in literature, this research establishes a causal path between parents’ self-construal and expenditures on their offspring’s education, and identifies parental identity salience as the underlying mechanism. Finally, we contribute to both social identity and self-construal literature by applying these two important consumer behavior constructs to the understudied domain of parental expenditures on education markets. Our research shows that the psychological process underlying the effect of self-construal on consumer decision-making is task dependent. When it comes to spending on education markets, parent’s self-construal exerts its influence via parental identity salience.

Understanding parental investment decision making is of great importance to a wide range of individuals and institutions including policymakers, educators, parents, education companies, and marketing researchers. At a micro-level, parental investment impacts a household’s consumption pattern and influences the consumption behavior of the next generation. At a macro-level, children’s education can be viewed as the human capital infrastructure of a country. Investment in this area determines the competitiveness of a country in the global Knowledge Economy. Furthermore, understanding the process of parental investment decision making is imperative for the development of education markets and pivotal for the survival of education companies and other companies with parents as target consumers.

References are available on request.
Linking Student Satisfaction with Service Augmentation and Participation Behavior: The Case of International Students in the U.K.

Tamer H. Elsharnouby, Qatar University and Cairo University

Keywords: service augmentation, student satisfaction, participation behavior, brand choice attainment, higher education

EXTENDED ABSTRACT

Research Question
This paper integrates service marketing and higher education literature to develop and test a model that links customer participation behavior with student overall satisfaction that stems from satisfaction with service augmentation elements. It also examines the influence of brand choice attainment on both satisfaction and participation behavior.

Method and Data
An online questionnaire was developed to reach out international students enrolled in universities in different geographical areas in the UK. Over a period of three months, 238 usable questionnaires from 20 universities were collected. The study followed a two-step SEM approach using AMOS.

Summary of Findings
The results indicate that some specific augmentation elements have the potential to lead to student satisfaction. Maintenance augmenters (e.g., housing and food) and campus life augmenters (e.g., classroom instructions, physical safety, recreational facilities, and library facilities) are crucial elements in generating student satisfaction. This study provides empirical support to both the direct and mediating roles of student satisfaction. The direct relationship suggests that satisfied students are more likely than dissatisfied students to participate actively in coproducing the university services. Also, satisfaction fully mediates the effect of brand choice attainment on participation behavior. The findings also support the positive effect of university brand choice attainment on student satisfaction. This means that the level of satisfaction is believed to be higher among students enrolled in their preferred university compared to those enrolled in an alternate university.

Key Contributions
This study addresses three gaps in the extant higher education literature. First, a clear gap exists between service literature and higher education literature in the way they look at "service experience." Therefore, there is a pressing need to capture the varied aspects of the "service" in the HE sector. This study attempts to fill this gap by examining the impact of students' satisfaction with different service augmentation aspects on their overall satisfaction with the university. Second, a dearth of research addresses student participation behaviors in cocreating the university experience. A key question remains unanswered in the marketing of higher education literature: How do students participate in cocreating value in their interaction with higher education providers and the role of satisfaction in enhancing this behavior? The study attempts to answer this question. Third, while most customers buy the brand they want, occasionally customers end up with a product or service brand they had not wanted. This phenomenon is more prevalent in the higher education sector where students find themselves in an alternate brand choice for various reasons. Yet literature addressing the impact of brand choice attainment on both student satisfaction and participation behavior is lacking. This study attempts to redress this gap in the literature.

References are available on request.

For further information contact: Tamer H. Elsharnouby, Assistant Professor of Marketing, Qatar University and Cairo University (telsharnouby@qu.edu.qa).
Research Question
This study explores what constitutes students’ satisfaction with university experience and examines the influence of overall satisfaction with the university experience on students’ cocreation behaviors—namely, student participation behavior and student citizenship behavior.

Method and Data
A questionnaire was developed following a critical review of the services marketing and higher education literature. The questionnaire was developed to cover different facets of university experience, with a particular emphasis on students’ cocreation behavior of university services. Data were collected from a leading state-owned university in Qatar using online self-administered questionnaire during the 2014 spring semester. A total of 447 responses were obtained, of which 379 were usable questionnaires. The study followed a two-step SEM approach using AMOS.

Summary of Findings
The results suggest that not all university service attributes are equally important in creating satisfaction for students. Perceived university reputation and perceived faculty competency were found to be the key influential factors in determining students’ satisfaction with university experience. This study provides empirical support to the direct role of student satisfaction in enabling student participation in coproducing the university services. This implies that a higher level of satisfaction will enhance students’ intention to participate actively in coproducing the university services. The findings also support the view that satisfaction is related to students’ favorable behaviors. A higher satisfaction level reinforces the decision to engage in some forms of citizenship behavior.

Key Contributions
In the higher education domain, research on the applicability of cocreation concept is lacking. This gap in the literature is surprising given the attention this concept has been receiving in services marketing scholarship, particularly in terms of the way customers are viewed as “partial employees” of the organization. It is also important to realize that, with few exceptions, the considerable research attention on students’ university experience and satisfaction has been developed in Western contexts. The current study was conducted in the context of HE in Qatar. Therefore, within this largely unexplored research context, this paper advances knowledge in HE marketing literature in the GCC region and address the identified gap in the literature.

For further information contact: Tamer H. Elsharnouby, Assistant Professor of Marketing, Qatar University and Cairo University (telsharnouby@qu.edu.qa).
Lone Wolves, Self-Efficacy, and Simulations: Forming Successful Teams

Wendy Barnes McEntee, University of Memphis
George Deitz, University of Memphis
Eric Brey, University of Wisconsin–Stout

Keywords: simulations, lone wolf, self-efficacy, team performance

EXTENDED ABSTRACT

Research Question
How do students who exhibit lone wolf tendencies experience classroom simulations and are those experiences moderated by generalized self-efficacy? Furthermore, does anxiety play a role in the simulation experience of students who exhibit lone wolf tendencies?

Method and Data
For three consecutive semesters, students in an undergraduate principles of marketing class at a major southern university formed teams and took part in a simulation exercise. During the semester, the students completed both online and offline surveys with relation to the simulation itself, such as anxiety about the simulation, satisfaction with the simulation experience, increased learning about marketing due to the simulation, and an increased interest in marketing due to the simulation. Additionally, generalized self-efficacy and need for cognition as well as lone wolf tendencies were evaluated. All measures were drawn from existing literature or developed based upon prior conceptual work. At the end of the semester students were asked to rate their reactions to a series of statements on a Likert-type scale from one (strongly disagree) to seven (strongly agree).

Summary of Findings
The results of the proposed six-factor measurement model fit the data reasonably well. Moreover, five of the eight hypotheses were supported, indicating that students who exhibit lone wolf tendencies do experience higher anxiety regarding the simulation, are less likely to be satisfied with the simulation experience, and are less likely to be interested in learning more about marketing in general as a result of the simulation exercise. Likewise, students who demonstrate a high degree of generalized self-efficacy are even more likely to experience anxiety about the simulation than students who do not have a high degree of generalized self-efficacy. The relationship between lone wolf tendencies and an interest in marketing as a result of the simulation are moderated by generalized self-efficacy.

Key Contributions
In today’s educational environment, academics are examining a multitude of ways to make traditional lecture-based learning more relevant to students and many of those methods require teamwork. The cooperative effort of the team helps to mimic the group work environment prevalent in many workplaces. The key contributions of this paper revolve around assisting the instructor in forming effective teams for classroom activities, specifically simulations. Suggestions are offered to help identify students who may or may not work well together for successful team activities. Additionally, this research opens the door for further examination on the process of team formation.

References are available on request.

For further information contact: Wendy Barnes McEntee, Ph.D. candidate, University of Memphis (wmbarnes@memphis.edu).
Market Structure Analysis: Using Arithmetic and Likelihood Approaches in the Classroom

Leonard V. Coote, University of Queensland
Thomas J. Magor, University of Queensland
Usha L. Pappu, University of Queensland

Keywords: conditional logit, best-worst scaling, market structure analysis, stated preference experiment

EXTENDED ABSTRACT

Research Question
How can market structure analysis be taught in the classroom using methods that are readily accessible to a general undergraduate cohort? To answer this question we consider arithmetic approaches to market structure analysis as opposed to the more common likelihood approaches typical of formal choice models (e.g., conditional logit) that require knowledge of estimation methods generally outside the curriculum of undergraduate marketing programs. Market structure is one of the most central concepts in marketing and the methods and models of market structure analysis should be accessible to marketing educators and their students and to current and future marketing practitioners. The concepts of market structure are either not taught, or are taught with a lack of sufficient emphasis on the implementation of market structure analysis. Defining characteristics of market structure analysis are the use of stated preference (SP) surveys for data generation, analysis of choices made by individual consumers, and the use of the arithmetic operators for data analysis. Complications are the data structure(s) implied by the design of the SP experiments. Thus, we place considerable emphasis on data manipulation and analysis using Microsoft Excel. The approaches we put forward are ones that are accessible for use in the classroom.

Method and Data
Data were collected from a sample of consumers representative of the general Australian market in March 2013. In total, 263 usable responses were obtained using a best-worst task (object case) measuring consumers preferences towards smartphones. The brands included in our study were those most readily available from Australian retailers at that time: Apple, HTC, Samsung, Motorola, BlackBerry, LG and HP/Palm. We recognise that this market has changed considerably since then, although we stress the purpose of our research is to demonstrate the usefulness of this type data in conjunction with arithmetic models for the analysis of market structure. A best-worst task is a type of choice experiment in which the analyst presents respondents with a series of choice sets. The experimental design for our study has seven brands, seven choice sets, three brands per choice set, each brand appearing three times in total, and each pair of brands appearing once. This design was obtained using a balanced incomplete block design, which has the particular advantage for an arithmetic analysis; that is, each object or brand appears an equal number of times. Thus, by using a summation method, we can create scores for each brand on the same scale.

Summary of Findings
We estimated choice models using both an arithmetic approach and likelihood approach. We plot the regression coefficients obtained using the likelihood approach against the log of the scores calculated using the arithmetic approach and find an $R^2$ of .99, which is statistically significant. This suggests that the arithmetic approach to conducting market structure analysis fits the data equally as well as a maximum likelihood model. The arithmetically calculated scores on scale of best are estimates of the utilities for each of the brands and are ratio scaled. Thus, the scores have useful

For further information contact: Leonard V. Coote, University of Queensland Business School, University of Queensland (l.coote@business.uq.edu.au).
interpretations and can be subject to further manipulation and/or transformation by the analyst. From our data we find, for example, that Apple is chosen twice for every time Blackberry is chosen once. Further, the calculated scores when divided by the sum of the scores for all brands give choice probabilities which we interpret as implied market shares. From our data, we find Samsung has the highest choice probability (33%), thus implying a one third market share.

Key Contributions
The arithmetic approach to market structure analysis has several key advantages. Firstly, the approach is straightforward to implement. Students with knowledge of arithmetic operators and a preparatory knowledge of experimental design can implement best-worst tasks and compute scores for brands on a scale of best. No knowledge of formal choice models and their methods of estimation are required. Second, the arithmetic approach has the advantage of illustrating the key concepts of market structure analysis. Scores on a scale of best are a measure of the strength of consumer preferences for brands. This is the most fundamental component of market structure. Third, the scores are a very close proxy for the coefficients estimated via a formal choice model. The link between scores on a scale of best and the regression coefficients of a conditional logit model should be clear. Fourth, the scores on a scale of best give excellent interpretations. The scores are ratio scaled and can be transformed into choice probabilities and implied market shares. These are the metrics guiding marketing program evaluation and marketing strategy making. For these reasons, the arithmetic approach to market structure analysis has much to offer educators and their students and practitioners.

References are available on request.
Operation Valuation: Teaching Pricing Concepts in an Experiential Environment

Adam J. Mills, Babson College
Karen Robson, Simon Fraser University

Keywords: experiential learning, value-based pricing, negotiation, personal selling, targeting

EXTENDED ABSTRACT

Research Question
Is there an experiential approach to teaching value-based pricing to marketing undergraduates in a way that is hands-on and relevant to students, that improves and extends what educators have access to currently? This paper first reviews the literature on teaching price and pricing in marketing courses, noting that it is often one of the most difficult elements of marketing strategy to teach. Subsequently, a class exercise called Operation Valuation is described that can be used to teach, illustrate and reinforce the principles of pricing and value in a marketing course that leverages online and social platforms.

Method and Data
One-hundred twenty-eight students across five course sections of a capstone undergraduate marketing strategy class participated in the assignment. The assignment requires students to participate in the barter economy by acquiring free goods, trading for other goods via personal and social networks, and selling the final goods for cash or equivalent. Students were required to record transactions and item values through the process, then submit a brief individual memo outlining their experiences, traded goods, personal reflections on the process, and managerial recommendations to marketers regarding pricing strategy. First, total dollar values for each trade and item per student were recorded for quantitative analysis. Second, written memos were compiled into a single text corpus amounting to 109,000 words and subjected to thematic and conceptual text analysis via computer software Leximancer. A second text corpus was then compiled using only the “managerial takeaways” or learning points from the student memos, amounting to a single 13,000-word document.

Summary of Findings
The total value of goods was $7,939.47 with a mean final value of goods of $62.52 per student, with a standard deviation of $14.14. Initial analysis of the total text corpus of student memos showed concept maps representative of the key objectives of the assignment and student process, highlighting relationships between people, product, and perceived value. Subsequent analysis of the managerial implications text corpus highlighted buyer-seller relationships and the principles of worth as related to target marketing and the importance of understanding consumer needs. The two major themes of this analysis, building off of products and pricing, are the benefits and importance of targeting and positioning, and the prominence and centrality of consumers to the value equation. In addition to themes related to value-based pricing, additional themes also presented in the analysis related to marketing research, positioning, sales and personal selling, consumer emotion, and the distinction between price and value.

Key Contributions
This paper proposes a new, experiential approach to teaching value-based pricing in marketing education. Results of five implementations of the proposed value-based pricing exercise demonstrate that students indeed learn relevant and poignant takeaways via the experiential approach. The proposed exercise contributes to and extends the currently available, albeit limited, array of in-class exercises and experiential approaches to teaching value-based pricing available to marketing educators. This assignment is accessible and effective, and offers a great deal of adaptability to instructors in terms of both scale of deliverable and primary focus of pedagogy. The assignment has been designed for Pricing modules of Marketing Management courses, but is easily adaptable to modules on Negotiation, Personal Selling, Sales Strategy, Consumer Behavior, and Marketing Communications, by shifting the focal content of the assignment outline. It has been difficult for marketing educators to...
move beyond core principles of economic theory to teach students about value-based pricing in a realistic, tangible, experiential and resonant way. Operation Valuation serves as an assignment that is accessible and enjoyable for both students and educators, that offers a means of pushing pedagogy beyond theory and into lived experience.

References are available on request.
Objective: Winning or Learning? A Study of Marketing Simulation Games

Myriam Ertz, University of Québec at Montreal
Manon Arcand, University of Québec at Montreal

Keywords: simulation games, experiential learning, validity, learning outcomes, cognitive insight

EXTENDED ABSTRACT

Research Question
The main research objective of this paper is to investigate the extent to which marketing simulation games foster students’ learning process. More specifically, this study has the following three main research questions:

1. What are the theoretical foundations of simulation games?
2. To what extent are simulation games internally and externally valid?
3. What are the potential causes underlying simulation games invalidity?

Summary Findings
Simulation games exhibit evidence of mixed validity. Regarding internal validity, although simulation games seem to contribute to increase motivation to study, topical interest and time commitment (affective dimensions of learning), they seem to activate above all lower level competencies. External validity is somewhat more difficult to assess. Simulation games may have a positive impact on behavioural competencies such as relational capabilities and decision-making skills that are transferable to the professional realm. However, financial and professional success, relate less directly to simulation games and temper the external validity of the latter.

The absence of, at least, internal validity can be the result of an incompatibility of tools of measurement of learning through simulation games. Learning outcomes are deemed inadequate to reflect learning complexity and learner involvement. The absence of internal validity may also stem from a pedagogical deficiency inherent in simulation games. The latter may not trigger cognitive insight (learners understand the response functions of a game’s dynamic parameters) and subsequent cognitive-behavioural consistency (take decisions that are in accordance with the response functions understood) which may be engendered by noise and dispersion, both occurring typically under simulation games.

Key Contributions
This article provides a thorough literature review on the current theoretical and empirical developments pertaining to simulation games. It shows that although increasing in sophistication and realism, simulation games do indeed increase intrinsic motivation but may not necessarily lead to improved learning performances. The article further provides two theses explaining the relative invalidity of simulation games: the incompatibility of evaluation tools, on the one hand, and the deficiencies relating to simulation games, on the other hand.

Practical suggestions for the development of successful simulation games may overcome some aspects of invalidity. More frequent and more diversified evaluations should be performed before, during and after the simulation game. Also, learning objectives of the simulation game should be clear, concise and communicated to participants prior to the simulation activity. Instructors should also ensure that the parameters of the game reflect the real-world. Finally, all these measures will be even more effective in a program approach in which instructors work together with one another around a central training project. The instructor becomes also more of a coach. Overall, it appears that a program approach may truly render the whole learning experience more enriching from a pedagogical perspective.

References are available on request.

For further information contact: Myriam Ertz, Ph.D. student in Marketing, School of Management Sciences, University of Québec at Montreal (ertz.myriam@uqam.ca).
Part Q
AMA–GAMMA Joint Symposium: Bridging Asia and the World in Marketing Insight

Track Chairs
Roland T. Rust, University of Maryland
Jaewook Kim, Korea University

Marketing as a Convergence Discipline

Consumer Evaluation on Convergence Marketing Activities of Technology and Culture: Moderating Effects of Personal Innovativeness
Haesung Whang, Eunju Ko, Suhyun Park

Effects of Social Capital on Customer Value in Social Platforms
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Curvilinear Effect of Two Types of Customer Participation as Production Resources on Perceived Service Quality and Customer Satisfaction
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The Impact of Mood Management and Remembrance on the Intention to Replay Online Games
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Is It Cocreation? Effects of User-Created Programs on Online Games
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What Matters When Consumers Make Online Shopping Decisions? Evidence from Eye Tracking and E-Prime
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Customer Equity and Product Management

The Effects of Coproduction, Coinnovation, and Value Cocreation on Customer Equity in a Traditional Market
Sunghwa Yong, Eunju Ko

Customer Equity in Traditional Markets
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The Interactive Effects of New Product Design and Innovation on Willingness to Buy: A Case of South Korean Consumers
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How Disclosing Social Enterprise Certification on Product Labels Influences Consumers’ Product Evaluations and Purchase Intentions
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“It’s Complicated”: How Consumers Make Decisions Related to CSR

Consumers’ Consideration for Firms’ Resource Allocation
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Understanding How Firms Can Manage Their Corporate Social Responsibility Activities
  Darlene Walsh, Ohjin Kwon

Individual Differences of Empathy Can Determine Consumers’ Willingness to Pay for Products Related to Corporate Social Responsibility
  Eun-Ju Lee

Construal Level Theory Can Explain Individual Choices While Experiencing Moral Dilemma
  Jin Ho Yun, Seunjeun Yang, Eun-Ju Lee
In order to survive and thrive in the saturated market, businesses are drastically changing to communicate and deliver unique experiences to consumers. With the advent of hybrid consumers and conventional boundaries among polities, technology, culture, and ecology disappearing (Friedman, 1999), the importance of satisfying those diverse needs and capturing the receiver’s awareness is becoming the main issue within the brand marketing communications (Jung & Shin, 2010). Accordingly, the term convergence is gaining much attention more than ever. The popularity of the word convergence explains the environment we live in where unusual ideas merge. In addition, it is easy to witness situations where those from different fields are cooperating with each other (Lord & Velez, 2013).

Research Question
Despite the increasing importance of this field, researches on convergence marketing are very limited to case studies or conceptualizing the definition. Thus, this study aims to first, understand how consumers evaluate the brand performing convergence marketing activities, especially focusing on the two main streams found in fashion. Further, this study aims to examine the moderating effect of the personal innovativeness to provide useful marketing implications.

Method and Data
This study adopts survey method in order to explore how consumer evaluates the brand performing convergence marketing. Brand image, brand attitude and purchase intentions were looked into as to evaluate the brand. Technology was measured by the degree of novelty of the media and culture was measured by the classic-ness of the contents. The interview as a preliminary research was preceded for manipulating the concept of the terms, and further, for the selection of the stimuli. With 12 cases of each technology and culture, a total of 24 cases were provided for the participants to freely talk about each marketing types and select the more representing case for each type. With the selected stimuli, the survey was conducted with questionnaires reflecting the $2 \times 2$ experimental design. Each respondent was randomly provided with one of the survey to be completed. A self-administered questionnaire consisted sections with consumer characteristics and the evaluation towards the brand described in the stimuli. Four hundred eighty-five samples were collected. The overall fit of the path model suited the criterion suggested. The standardized factor loadings and squared multiple correlation were all over 0.5. All variables had a higher AVE value over squared correlation coefficient as well.

Summary of Findings
The findings indicate that convergence marketing influences building innovative and luxurious image of a brand. Similar to all the other studies, the result also indicates that brand attitude and brand image are tightly linked. However, the direct impact on purchase intention was only found with luxuriousness image of the brand. The moderating effects of
personal innovativeness were found to have significant difference. The result indicates that those of highly innovative build more luxuriousness brand image from novelty and classics compare to those of less innovative. In addition, whereas those of less innovative acknowledge the innovative aspect strongly from the convergence marketing, highly innovative group that are far more familiar in adopting new ideas recognize other aspects, in this case luxuriousness, from the convergence marketing more easily. Further, convergence marketing communication has the marketing performance, as it relates to brand image, brand attitude, and purchase intention.

**Key Contributions**

The results of this study have some theoretical implications because it was one of the first piece of empirical research made on the convergence marketing. In addition, this study combines the two discourses of technology and culture. It is expected to be helpful in understanding the new hybrid consumers and, further, provide useful knowledge for developing new marketing strategies.

*References are available on request.*
Effects of Social Capital on Customer Value in Social Platforms

Sung Hwan Yeo, Changwon National University
Kyung Hoon Kim, Changwon National University
Juran Kim, Jeonju University

Keywords: customer value, knowledge sharing, network property, social capital, social platform

EXTENDED ABSTRACT

Research Question
Customer value is a central core of competitive marketing strategies (Brennan & Henneberg, 2008; Fortuin & Omta, 2007). The heart of customer-oriented marketing approaches is the desire to create value and present it to customers (Brennan & Henneberg, 2008). Our purpose is to investigate (1) the effects of social network properties (interactivity, real-time, and entertainment) on knowledge sharing, (2) the effects of knowledge sharing on social capital, and (3) the effects of social capital on customer values.

In social platforms, the platform’s prominent network properties of interactivity, real-time, and entertainment would positively influence knowledge sharing motivators such as social relationships, reciprocity relationships, and the joy of helping others. Central motives for knowledge sharing include social relationships, the anticipation of reciprocity relationships, and the joy of helping others (Bock, Zmud, Kim, & Lee, 2005; Lin, 2007), which then form social capital.

The accumulated knowledge leads to the creation and integration of new knowledge, which in turn fosters innovative products and services. When members have mutually reciprocal relationships, they form cooperative rather than competitive relationships that include additional mutually reciprocal, cooperative, and innovative behaviors (Wasko & Faraj, 2005). Thus social relationships, the anticipation of reciprocity relationships, and the joy of helping others are important motives for knowledge sharing in social platforms, leading to the formation of social capital (Wasko & Faraj, 2005).

The social capital built by knowledge sharing in a social platform is a vital source for raising customer value (Wasko & Faraj, 2005) because customer value involves customer exchanges with products, brands, stores, and interactions with salespersons (Holbrook, 1994; Zeithaml, 1988). In social platforms, social capital as resources accumulated through relationships between people enhances customer values, especially customer expectancy value and transaction value (Okoli & Oh, 2007; Okoli, Oh, & Ramasamy, 2006; Kim, 2013). Thus, we propose key research questions:

RQ1: How do social network properties (interactivity, real-time, and entertainment) affect knowledge sharing (social relationships, reciprocity relationships, and the joy of helping others) in social platforms?

RQ2: How does knowledge sharing (social relationships, reciprocity relationships, and the joy of helping others) affect social capital?

RQ3: How does the social capital of a social platform affect customer value?

Method and Data
We surveyed 350 social media users from South Korea to investigate key questions about the relationships between social network properties, knowledge sharing, social capital, and customer value. We recruited participants from undergraduate and graduate courses at several different universities. With the permission of their instructors, the students completed a survey in return for extra credit. Participants were shown Lookbook, a fashion social platform, and were then asked to evaluate the platform. Our study participants comprised 129 (36.9%) men and 221 (63.1%) women from 21 to 35 years old.

For further information contact: Juran Kim, Associate Professor of Marketing, Jeonju University (jrkim@jj.ac.kr).
**Summary of Findings**

The overall goodness-of-fit for this measurement model is acceptable (chi-square = 73.562, DF = 18, $p < 0.001$, CMIN/DF = 4.087, RMR = 0.036, GFI = 0.978, NFI = 0.940, CFI = 0.954, RMSEA = 0.066). Regarding RQ1, interactivity shows statistically positive effects on social relationships ($\beta = 0.084$, $p < 0.05$), anticipated reciprocal relationship ($\beta = 0.143$, $p < 0.001$), and the joy of helping others ($\beta = 0.167$, $p < 0.001$). Real-time shows statistically positive effects on social relationships ($\beta = 0.214$, $p < 0.001$) and anticipated reciprocal relationships ($\beta = 0.107$, $p < 0.001$), but does not show significant effects on the joy of helping others. Entertainment shows statistically positive effects on social relationships ($\beta = 0.245$, $p < 0.001$), while showing insignificant effects on both anticipated reciprocal relationships and the joy of helping others.

Regarding RQ2, social relationships ($\beta = 0.122$, $p < 0.01$), anticipated reciprocity relationships ($\beta = 0.221$, $p < 0.001$), and the joy of helping others ($\beta = 0.154$, $p < 0.001$) all show statistically positive effects on social capital. Regarding RQ3, social capital shows statistically positive effects on customer values – expectancy value ($\beta = 0.202$, $p < 0.001$) and transaction value ($\beta = 0.123$, $p < 0.001$). In addition, expectancy value shows statistically positive effects on transaction value ($\beta = 0.495$, $p < 0.001$).

**Key Contributions**

Our findings contribute to social capital and customer value research. We address emerging theories of knowledge sharing, social capital, and customer value creation and thus provide evidence of the worth of integrating concepts from customer value. We show that knowledge sharing enhances social capital in a social platform’s key customer relationships and paves the way for the creation of new strategies for achieving customer value. We show how social interactions facilitate knowledge sharing and social capital.

We suggest managerial implications that will assist practitioners in leveraging customer value in social platforms. Managers should focus on sustainable knowledge sharing by creating and maintaining customers’ interactions and real-time experiences, and should assure that customers’ needs for entertainment are fulfilled. Customers who are motivated by social relationships, reciprocity relationships, and the joy of helping others will sustain social platforms, create social capital, and maintain customer value by contributing knowledge to others.

Social platforms encourage knowledge sharing and idea growth through user interactions and social relationships, which then generate social capital, which then drives customer value. Ultimately, new businesses and marketing opportunities are created across vast and various areas, all enabling the maximizing customer value. In this study, we contribute to understanding effects of social capital on customer value in social platforms. We show that real-time interaction and entertainment in a social platform are important forces for knowledge sharing that creates good customer value.

*References are available on request.*
Perceived Values of 3D Printing Technology and Acceptance Intention

Jinghe Han, Yonsei University
Eunju Ko, Yonsei University
Suhyun Park, Yonsei University

Keywords: 3D-printing technology, social influence, facilitating conditions, technology acceptance intention

EXTENDED ABSTRACT

The increasing importance of 3D-printing has made it, one of the fastest growing industries in the USA (Yeh, 2014). Having long been widely used in technical fields such as electronics, medical, aerospace, automotive, and engineering, the realm of 3D printing has recently begun expanding into artistic fields such as fashion design. Garnering ever more recognition, the global 3D-printing market reached 5.2 billion dollars in 2015, a whopping 56% increase over the previous year (Columbus, 2015). Gartner, Inc. forecasts that by 2016, the price of a 3D printer will decrease from its initial tag of $15,000 to around $2,000. Entry-level 3D printers are being released in anticipation of them becoming a necessity in homes and offices (Prentice, 2014). Yet, despite its renowned importance, the usage of 3D-printing technology is not yet popularized (Han, Ko, & Chae, 2014). Only a small number of previous studies have been conducted, and these are limited to the concepts of technology, patent, policy-relevant, or case studies; empirical studies have not been done.

Research Question

The present research thus has two objectives. First, to identify the influence of antecedent variables (e.g., 3D-printing technology characteristics, subjective norm, image, facilitating conditions) on perceived values (i.e., enjoyment, ease of use, usefulness) and acceptance intention. And second, to identify the moderating effects of fashion innovativeness and self-efficacy on these relationships.

Method and Data

Two hundred fifty-eight samples were collected, measuring antecedent variables, perceived values, acceptance intention, fashion innovativeness and self-efficacy. Data analysis was performed using SPSS 18.0 for descriptive statistics and exploratory factor analysis, and AMOS 18.0 was used for confirmatory factor analysis (CFA), validity test and multiple group analysis on the results. A measurement model was then estimated by examining the results of CFA.

Summary of Findings

This research has two main findings. First, the antecedent variables significantly influenced the perceived values. In specific, the characteristics of 3D-printing technology positively influenced the perceived usefulness, subjective norm on two perceived values (i.e., enjoyment, usefulness), image on the perceived enjoyment, and facilitating conditions on all the perceived values (i.e., enjoyment, ease of use, usefulness). Second, the perceived usefulness and perceived enjoyment of the technology significantly influenced the acceptance intention, but not the perceived ease of use. The reason for this is because, even though 3D-printing technology receives more and more recognition and is utilized in a growing number of fields, general consumers still face the difficulties in using 3D-printing technology. Therefore, companies and individuals from the 3D-printing technology industry should pay more attention on how to make it more approachable through service or method.

Key Contributions

This research provides an important resource for those who want to start a new business using 3D-printing technology, and is expected to make a significant contribution to the advancement of empirical research related to consumers’ usage of 3D-printing technology, products and services.

References are available on request.

For further information contact: Eunju Ko, Professor, Yonsei University (ejko@yonsei.ac.kr).
Curvilinear Effect of Two Types of Customer Participation as Production Resources on Perceived Service Quality and Customer Satisfaction

Jungyun Jeong, Hanyang University ERICA
Junyong Kim, Hanyang University ERICA

Keywords: customer participation, service outcome quality, service process quality, customer satisfaction, curvilinear relationship

EXTENDED ABSTRACT

Research Question
Due to inseparability of services, the degree of customer participation involved in service production and delivery processes is, at least partially, a strategic decision variable. For that reason, many researchers examined effect of customer participation on service outcomes. However, the extant empirical findings about the effect of customer participation are inconsistent. A possible reason why past research found mixed effects of customer participation is because most of the past research assumed linear and monotonic relationships between customer participation and service outcomes, while the true relationships between customer participation and service outcomes are nonlinear or non-monotonic. Dong et al. (2014) examined such nonlinear, non-monotonic effects of customer participation on service outcomes in low readiness condition, but there is a general lack of study on this issue in the extant literature. Therefore, this study proposes and delineates the hypotheses that the relationships between customer participation and service outcomes are curvilinear, U-shaped in particular, based on the dual process theory that analytic process and heuristic process would interactively occur and those process can change as strength of belief and knowledge in evaluation and cognition process.

Method and Data
This study test and verifies empirically the relationships hypothesized, based on a written survey of adult Korean consumers. In doing so, this study tests the effects of two different types of customer participation as productive resources—obligatory participation (OP) and deputized participation (DP). Obligatory participation refers to the customer participation behaviors that are essential to service production and service provider cannot perform for customers (e.g., attending classes, doing homework assignments in the case of education services). Deputized participation refers to customer participation behaviors that are essential to service production and service provider’s employees usually perform but delegated to customers (e.g., in the case of personal training service, making an exercise schedule or a diet plan, self-testing the physical ability). In addition, this study limits the context of the study to the kinds of services that involves inherently high degrees of interdependence between customers and service providers due to great needs for customer contact and customization. A total of 455 questionnaires from the survey were analyzed using unconstrained approach of structural equation modeling, after examining the construct validity and reliability of all factors and double mean-centering the all factors for resolving the multicollinearity problem.

Summary of Findings
The findings of the empirical study firstly shows that the model included quadratic term of customer participation is more significant rather than the model included only linear term of customer participation. This study hereby demonstrate the assuming the linear and monotonic relationships between...
customer participation and service outcomes, most of the previous research of customer participation has assumed, committed some fallacy and the study of customer participation should consider nonlinear or non-monotonic relationships.

Furthermore, obligatory participation has significant quadratic (U-shaped) effect on perceived process quality and satisfaction and indirect quadratic (U-shaped) effect on perceived process quality, while deputized participation has significant quadratic (U-shaped) effect on perceived process quality and satisfaction. Although both customer participation have quadratic (U-shaped) effect, the shape of graph about relationship between customer participation and service outcomes is different depend on whether obligatory participation or deputized participation. The graph of the effect of obligatory participation shows J curve-shape which formed sharply upward tail of curve over an inflection point, while the graph of the effect of deputized participation shows flipped J curve-shape that which formed steady downward tail of curve over an inflection point.

**Key Contributions**

This study provides three theoretical contributions and an important managerial implication. In the first theoretical contribution, the findings of this study offer more accurate picture of the relationships between customer participation and perceived service quality and satisfaction, which are curvilinear rather than linear. Second, in addition to showing the curvilinear relationships empirically, this study provides theoretical explanations for how customers’ cognitive mechanisms of evaluating a service experience change as their participation level changes. Third, this study offers a generalizable and managerial meaningful way of classifying customer participation as productive resources. Many of the classification frameworks used in past research (e.g., information sharing, making suggestions, decision making) are too fragmented or context-specific. However, a new way of classifying customer participation used in this study (obligatory and deputized participation) is simple and applicable to many types of services. Therefore, the implications of the findings of this study are relevant to diverse service contexts. Finally, by demonstrating that customer participation is not always beneficial and there would be the optimal level and non-optimal level of customer participation depend on types of customer participation, this study provide managerial guidelines to enhance perceived service quality and satisfaction through management of customer participation level in service design.

*References are available on request.*
The Impact of Mood Management and Remembrance on the Intention to Replay Online Games

Joonheui Bae, Kyungpook National University
Dong Mo Koo, Kyungpook National University

Keywords: online games, mood management, peak and end effect, affective motivation

EXTENDED ABSTRACT

Research Question
A lot of theories, such as flow theory, self-determination theory, theory of reasoned action, theory of planned behavior and use and gratifications theory, have been used to explain the sustaining usage of online games in an aspect of motivation, which are not sufficiently their popularity. Although the theories mentioned enjoyment or gratification, they could not explain affectional motivation to play online games.

The aims of this research are the following. First of all, we investigate the emotional motivation that a lot of people play or choose online games without special motivation based on mood management theory. Second, we examine the impact of mood state differences on replay intention and the moderating effect of peak and end effect on the relationship between mood state differences and replay intention in the base of interactionist of context and personality.

We suppose that individuals may select online games as internal and external stimulus to repair bad mood or enhance good mood. Thus, we suggest daily chronic stress may be related to the intention to play online games. It is suggested the difference of mood state between pre-games and post-game should be related to the intention to replay online games. Finally people tend to remember peak and end experience because the experience is retrospective. Thus, peak experience is expected to moderate the relationship between the difference of mood state and replay intention.

Method and Data
In the first study, the participants assigned into two groups (high stress or low stress) by screening questions because daily stress could not be primed easily. Then stress was manipulated by reading and writing essay associated daily stress. After manipulations, stress and play intention of online games were measured.

In the second study, we gathered participants who wanted to join in playing the online game League of Legends (LOL) on certain day and succeeding survey after one week. We asked them two mood dimensions (pleasure and arousal) of pre-play and post-play with self-report using PAD scales by Mehrabian and Russell. The peak and end effect was measured by the result of last match. In addition, we controlled variables associated with cognitive motivation such player skill, self-efficacy and whether they watch E-sports or not. As a result, all mood states have a positive influence on replay intention and peak experience moderates the relationship between enhanced mood states except for enhanced dominance and replay intention. Control variables, player skill and watching e-sports are not significantly.

Summary of Findings
The results of this research are the following: First of all, individuals under the daily stress are likely to play online games. Second, enhanced pleasure has a positive influence on the intention to replay online games. Third, self-esteem moderates the impact of the difference of mood state on replay intention.

Key Contributions
The contributions of this research are the followings. First we explain the drastic popularity of online games by examining the effect of affective motivation on the inten-
tion to play and replay proposed mood management theory. Second we believe that this research presents a clear approach of affective motivation to manage mood and an interaction effect between personality and situation on players’ behavior.

The research has the following implications. First, we explain the affective motivation to play online games with respect of marketing. Online games can be much more attractive stimulus than other entertaining stimulus because their experience elicit players’ mood states changed and improved. Second, our result shows that the one of success factors of online games is that they make players trigger emotion and improve daily mood states. Thus, online game companies consider how their game structures elicit more emotion. Third, individuals’ memory of mood can be affected by the peak and end effect. As a result, online game firms should understand when the players finish games.

References are available on request.
Customer Equity in a Traditional Market

Michael Hoffman, Tata Consultancy Services

Keywords: digital marketing, big data, analytics, predictive, mobile, mobility, Internet of Things

EXTENDED ABSTRACT

Research Question
Companies are recognizing the need to transform their businesses to the new digital media realm. To do so, they need to define what their current digital business footprint is, and develop a strategic roadmap to stay competitive. The key driving forces center on data collection and actionable machine predictive insights and outcomes. These actions then need to paired with an offer and be delivered in a timely manner using mobile and Internet of Things (IoT) devices.

Method and Data
Predictive analytics allow organizations make real-time decisions at the point of interaction to determine the type of content for an individual. In the consumer segment powerful algorithms and machine learning models are used to determine customized content in a segment based on an individual’s profile. The goal of these analytics is to understand the behavior of customers and to deliver the best content based on the individual’s needs, whether it is a product, an offer or an article across channels.

Retailers such as Amazon keep track of what customers bought, what they browsed, what website they came from and more. This data shows customers’ behavior, and the more an organization understands that behavior, the better it can predict which marketing strategies will be successful and which will not. Predictive analytics and big data go together hand in hand. The more data you have, the more you’ll be able to test your content marketing campaigns and other strategies. Web analytics is a good example. It’s helpful to know not only how many people are visiting your website, but how many people go on to download materials from that site and how many of those downloads then lead to a sale or a quality lead. This is the core of using analytics.

Big data analytics makes it possible to combine cross-platform data about consumers from many sources. For example, we can integrate audience measurement systems like Nielsen and Rentrak with social media data and digital consumer data from the Web. The differentiator of big data technologies/analytics is that they allow you to analyze down to transactional data sources whether they are structured and or unstructured data. The data is analyzed in real time with no sampling. This real-time analysis produces deeper insights that improve consumer experience more than looking at older sampled data. Most organizations are moving to a Hadoop-based platform such as Cloudera, MapR or Apache Hadoop, which is an open source software framework for storage and large-scale processing of data sets on clusters of servers. Combining predictive analytics with Hadoop allows for simultaneous operations across as many nodes as needed to get the response performance required. Hadoop can also co-exist with existing data warehouses or legacy systems. Big data analytics platforms exist so organizations can quickly perform forecasting and find correlations within very large data sets. Analytics can increase the understanding of how connected consumer diversity affects consumption behavior. This information can then be used to create more personalized marketing communications.

Summary of Findings
This research focused to understand how service quality, customer satisfaction and brand attitude influences customer equity and revealed significant relationships among the variables. The research tried to understand the concepts of service quality, brand attitude, customer satisfaction, relationships and customer equity. Cronin’s model was used to measure service quality in traditional markets. A measurement model was developed to explore the research model and hypotheses for three traditional markets. Previous research in the related areas was reviewed. Service quality was proved that influence brand attitude and customer satisfaction positively and brand attitude and customer satisfaction got positive influence on customer equity.

For further information contact: Michael Hoffman, Enterprise Architect, Digital Enterprise Software Services Group, Tata Consultancy Services (mlhoffman26@att.net).
**Key Contributions**

Predictive analytics are becoming increasingly more important in the digital mobility space. An organization’s ability to assimilate omnichannel activity to and from a customer and make accurate predictions about what to offer with a high probability of conversion is no easy task. What has changed over the last few years is the ability to inexpensively ingest the data for analysis. Our challenge now is to decide what to do with the data we now have. The science of machine learning has been around for decades. What is now needed are cost-effective cloud services that marketers can leverage to build predictive models, and efforts to train datasets that can be deployed in their environments to send their predictions to mobile devices. Today, modeling scientists with PhDs are creating the models for specific applications. In the near future, we shall see this skill set abstracted to deployable widgets that can be manipulated by marketers.

*References are available on request.*
Is It Cocreation? Effects of User-Created Programs on Online Games

Sang Jin Kim, Changwon National University
Kyung Hoon Kim, Changwon National University
Chang Han Lee, Kyungbook National University

Keywords: online game motivation, online game experience, mod, attitude toward online game, online game satisfaction

EXTENDED ABSTRACT

Research Question
Online games are widely popular among the young generation. Many online games have been published for millions of players to enjoy and watch all over the world. According to the BBC News, 40,000 fans visited stadium to watch the final of the 2014 League of Legends World Championship.

Online games offer experience-oriented services via the Internet, such as social network services platform. For example, online game companies provide virtual world sites where online game players can act, interact, and communicate with each other. Online players create useful and valuable cocreation programs in advance. Some players, called modders, create and distribute mods that give online players advantages in specific games. Modders’ creation activities assist not only other online game players, but also assist online game companies.

Online game markets are continually growing and developing. However, research is lacking regarding online game markets and the behavior of online game players. Therefore, our purposes for this study are (1) to discover the relationship among motivation, experience of online game players, attitude toward online game, and satisfaction, (2) to examine the role of user-created programs, and (3) to provide academic and practical implications.

Method and Data
In this study, we administered questionnaires to World of Warcraft and World of Tank online game players through the online game community (Both online games players use mod). A total of 97 both online games players participated in this study.

The structural equation model used to understand the relationships among variables. Because of small sample size, we used Smart PLS 3.0 program to identify research purposes of this study.

Summary of Findings
Online game motivation has positive influence on experience of online game players and benefit of user-created programs. Benefit of user-created program has positive influence on experience of online game players and attitude toward on online game. Experience of online game players has positive influence on attitude toward online game but doesn’t have influence on online game satisfaction. Attitude toward on online game has positive influence on online game satisfaction.

Key Contributions
This study benefits academics and make several practical contributions. First, some dismiss online or mobile game players as having no real reasons to play games. We examine motivations of online game players and show how they affect experience for a deeper understanding of online game players. The result of relationship between motivations and experience of online game players will help online game companies to design new online games.

For further information contact: Kyung Hoon Kim, Professor, Changwon National University (stride@changwon.ac.kr).
Second, we identify the benefits of using user-created programs on online game experiences and attitude toward online game, in turn, online game satisfaction. User-created programs can be a cocreation activity and deliver value online game players as well as online game companies.

Third, mobile game markets are rapidly extending their scale in the market. The results of this study can be used to better understand motivation of mobile game players.

References are available on request.
What Matters When Consumers Make Online Shopping Decisions? Evidence from Eye Tracking and E-Prime

Shali Wu, Kyung Hee University
Clifton R. Emery, Yonsei University
Longzhu Liu, Tsinghua University
Ping Zhao, Tsinghua University

Keywords: online shopping, eye tracking, e-prime

EXTENDED ABSTRACT

Research Question
This study explores the degree to which consumers focus on different types of information when they make online shopping decisions. We examine the impact of the text and pictorial information, number of reviewers and average product rating on consumer decision making. When consumers purchase products online, they often see a lot of similar products and are bombarded with lots of information like the price, product brand, competing products, reviews etc. Consumers need to integrate all the information in order to make a sound choice. So what kind of information is most important and affects consumer decision making? How do consumers integrate this multifaceted information to make the most "sensible" and "rational" judgments and choices? For e-business designers, online product information needs to be presented both artistically and scientifically. How marketers design online information to allow consumers to make the most rational decisions is the core concern of the paper.

The rapid development of the Internet has influenced people’s consumption patterns, with the increase in Internet usage, online shopping has become one of the most common forms of shopping. According to the 34th “China Internet Development Statistics Report Network” recently released by the China Internet Network Information Center, as of June 2014, the number of Internet users in China exceeded 600 million; the Internet penetration rate increased by 46.9%, compared to 2013. Among all internet users, online shoppers reached 33.2 million, an increase from 29.62 million at the end of 2013, a semi-annual growth rate of 9.8%. Compared with December 2013, the proportion of Internet users purchasing online increased from 48.9% to 52.5%. The sheer size and the rapid growth of online shopping shows the strong momentum of China’s e-commerce market. With the commerce for SMEs becoming more common, competition for online business is becoming stronger. At the same time, corporate marketing has also undergone tremendous changes wrought by e-commerce. The internet has created new ways to promote brands. At present, many scholars in a variety of network marketing areas have started exploration and research on topics such as network selection environment (Yuan Equality, 2008), the network’s credibility Comments (Jin India et al. 2008), and initial trust in online shopping (Jin, 2009), among many other issues (e.g., Li 2014).

In commercial studies, “Attention” has become the most scarce resource of human cognition (Adler and Firestone, 1997; Davenport and Beck, 2001). Consumer attention resources are limited. Increasing the degree of attention for some aspects may cause a decrease in attention to other aspects. This forms the so called “competition for attention” (Poffenberger, 1925; Wells et al, 2000.). Similar to traditional advertising, brand (Brand), picture (Pictorial) and text (Text) and other three elements constitute the main contents of online advertisements (Wang and Chen, 2003). Among these, the brand elements include brand names, trademarks and brand recognition related to visual cues (Keller, 2003); text refers to the elements of the text outside of brand mes-

For further information contact: Shali Wu, Kyung Hee University (swu.korea@gmail.com).
sages; pictures are all non-text information and non-brand elements. Each of the three elements for attracting the consumers’ attention has its own advantage, there are both positive and negative aspects of each form (Lohtia et al., 2007). Perception of the image depends on the automatic, parallel, edges and fast pre-attentional processes, and consumes less energy (Loftus, 1983; Ohman et al, 2001; Stolk et al, 1993.) In addition, picture information is more easily processed than text information (Childers and Houston, 1984). The perception of the text depends more on a voluntary, continuous, slow process of focused attention, which consumes more energy (Loftus, 1983; Rayner, 1998; Reichle et al, 1998.). So picture information takes little effort to process and understand (Henderson and Hollingworth, 1998, 1999), while the text message requires more attention. In actual online shopping, consumers are faced with not only the necessity of processing advertising but also the necessity of making purchasing decisions. Many different types of information will absorb consumers’ cognitive resources. Therefore, when the picture of the product, brand, location and other information co-exist, and consumers are faced with very clear decision tasks, consumers will try to find the most useful information for judgment and decisions. (This depends on the type of decision being made. If it is a decision the consumer has allocated to conscious control [an important one with no time limit] then yes, if it is a gut level quick decision or made under a deadline, then no.) Under this circumstance, the text information not only becomes more important, but also provides a more objective basis for judgment, which in turn may help to facilitate the decision process. This paper presents an experiment in which two products are displayed next to each other with half of the stimuli with a changed location. We propose H1:

H1: When consumers need to choose a preferred product in online shopping situation, they will process the text information more (as opposed to pictures and other information) to make final choices.

Some scholars have found that as uncertainty increases consumers will be more susceptible to group effects, which leads to herd performance (Walther et al., 2002). This may partially explain the contradictions within the marketing literature. On the other hand, cross cultural psychology findings imply that within East Asian cultures, subjects tend to be more sensitive to the environment and the extent to which variables are processed may be higher (e.g., Nisbett et al, 2001; Wu and Keysar, 2007). That implies that when product brands, pictures and other information are alike, it is difficult for consumers to make decisions based on the information from the product alone, so they are more susceptible to “the number of reviewers” effect and tend to choose in a more certain environment. That is, East Asian consumers may be place more emphasis on number of reviewers in their decision making because they are more sensitive to the context (source credibility) from which the valence ratings arise. Smaller numbers of reviewers make valences less less reliable. Hence, in the eyes of East Asians, a product with a very reliable good rating may be preferable to a product with an unreliable excellent rating. Hence, products with higher “number of reviewers” might be preferred. Therefore, H2 is as follows:

H2a: When consumers make decisions based on the reviewer information, more preference is given to more favorable evaluations of the product, i.e., the rating and products with higher number of reviewers.

H2b: When the text information provided contradictory information, namely high ratings with a lower number of reviewers vs. low ratings with a higher number of reviewers, the number of reviewers plays a more decisive role.

Method and Data
A total of 72 pairs of products from twelve different product categories were used as stimuli in the study. We use eye tracker RED4 to track eye movements and E-prime2.0 to present the visual stimuli and collect the behavioral decision data. The information examined includes product related pictorial and text information, the number of reviewers of the product and the average rating of the product. The product related pictorial information was manipulated by location (left vs. right). The effect of higher numbers of reviewers with lower average ratings (vs. low number of reviewers with high average rating) on consumers’ decision was analyzed.

Psychometrics point out that analysis by items or by subjects can sometimes be too conservative (e.g. Glänzel et al., 1999), because an enormous amount of information is thrown away. A more reasonable statistical approach might be a logistic regression model to avoid an excessively high rate of false negatives. This study uses stimuli from 28 different products in 12 different product categories, and different participants have different product choices. So we used a fixed effects regression model. Durbin-Watson and Hausman tests confirmed a fixed effects model as the appropriate approach. The dependent variables we use in the model are dichotomous preference variables.

Summary of Findings
The results show that when making online shopping decisions, participants often don’t rely on or pay much attention to the pictorial information. Location of the product (left or right) is not crucial either. What draws consumers’ attention is extreme numbers either in the form of a high number of
reviewers or high product rating. However, what matters for the final decision is mostly the number of reviewers. The fixed effects logistic regression model showed that the number of evaluations is clearly an important factor in the decision to select products ($B = 1.07, z = 4.83, p < 0.01$). $H_2$ was also supported. In the experiment, the highest number of reviewers is more than 1000, while the lowest number of reviewers is 20 or fewer. This indicates that when product categories are controlled, increasing the number of reviewers by 100 people is associated with a 7% increase in the odds of preference.

**Key Contributions**

The findings indicate the product review credibility is more important than the rating itself in an East Asian context. How the findings advance theories in marketing and implications are discussed.

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*References are available on request.*
The Effects of Coproduction, Coinnovation, and Value Cocreation on Customer Equity in a Traditional Market

Sunghwa Yong, Yonsei University
Eunju Ko, Yonsei University

Keywords: traditional market, coproduction, coinovation, value cocreation, customer equity

EXTENDED ABSTRACT

The traditional market is a place where large numbers of buyers and suppliers exchange goods and services. It functions as the commercial center for local communities, providing employment opportunities and economic livelihood (Ko, Choo, Lee, Song, & Whang, 2013). Traditional market characteristics are perfectly crystallized in Dongdaemun Fashion Market in South Korea. Positioned as a central clothing wholesale and retail district while playing the role of a national wholesale market, Dongdaemun Fashion Market decreases transactional costs, thus building a unique production system.

The traditional market structure meets customer demand through the processes of cooperation, partnership, and outsourcing between suppliers and resources (Nam, Kim, Yim, Lee, & Jo, 2009), composing a systematic network which provides space for segmented markets with unique tastes and functions. This in turn produces value cocreation through supplier collaboration. However, there are a limited number of studies related to value cocreation through the traditional market system. The shift to customer-centered thinking implies the need for an accompanying shift to customer-based strategies, which suggests that suppliers need to focus on improving their customer equity drivers (Rust, Lemon, & Zeithaml, 2004). Therefore, the dynamics of the value cocreation for the traditional market growth through customer equity should be studied further.

Research Question
The purposes of this study are as follows: First, to investigate the traditional market characteristics such as coproduction, coinovation, and value cocreation. Second, to analyze the relationship between traditional market characteristics and customer equity drivers. Third, to analyze the relationship between customer equity drivers and customer lifetime value.

Method and Data
One hundred thirty-three samples were collected to examine the influence of coproduction, coinovation, and value cocreation on the customer equity in the wholesale segment of Dongdaemun Fashion Market. The data were examined by using SPSS 21.0 for exploratory factor analysis, reliability analysis and descriptive statistics and AMOS 18.0 for confirmatory factor analysis and testing the research hypotheses.

Summary of Findings
The results indicate that coproduction positively influences coinovation as well as value cocreation in Dongdaemun Fashion Market. Value cocreation positively influences value equity, relationship equity and brand equity. Coinnovation positively influences brand equity. Value equity positively influences customer lifetime value.

Key Contributions
This research is one of the first empirical researches upon the relationship between coproduction, coinovation, value cocreation, and customer equity in traditional market. We found that coproduction, coinovation, and value cocreation jointly work to produce the competitiveness of Dongdaemun Fashion Market such as customer equity.

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References are available on request.

For further information contact: Eunju Ko, Professor, Yonsei University (ejko@yonsei.ac.kr).
Customer Equity in Traditional Markets

Huanzhang Wang, Changwon National University
Kyung Hoon Kim, Changwon National University
Sang Jin Kim, Changwon National University

Keywords: service quality, customer satisfaction, brand attitude, customer equity, traditional market

EXTENDED ABSTRACT

Research Question
The operating margins for traditional Chinese retail industries have been on a sustained downward trend as of 2008 to 2014; however, the operating margins for online stores have been increased. Online stores such as Taobao or Tmall have had a significant impact on traditional retail industries. The Chinese ecosystem (especially in traditional markets) has been completely subverted. This research is to understand how to improve traditional markets since 92.5% practitioners in the retail industry conduct business in traditional markets. There for the research objectives are: First, to understand the relationships among service quality, customer satisfaction, brand attitude and customer equity drivers in traditional markets; second, to understand how to improve the customer equity drivers through these variables mentioned above in traditional markets.

Method and Data
Customer equity can estimate customer lifetime value for the company. The firm can make proper marketing strategy based on its customer equity. Customer equity can help the company to satisfy consumers and generate a higher profit. This research constructed a research model to analyze the relationships among service quality, customer satisfaction, brand attitude, and customer equity. Customer satisfaction and brand attitude played the mediating roles in our research model. Store brand was found to be an important contributor to retail differentiation and basis to build store loyalty. Customer satisfaction was found to be related to the customer equity. Data was collected in the following ways. First, corporate data for each traditional market was acquired from corporate annual reports and financial statements and customer data was obtained through the questionnaires. Questionnaires were back-translated into English first and then translate in Chinese in order to reduce linguistic errors. The questionnaires were collected from Market A, Market B, and Market C in a medium-size city in China. AMOS 21.0 and SPSS 21.0 were used to analyze the data.

Summary of Findings
This research focused on understanding how service quality, customer satisfaction, and brand attitude influence customer equity and revealed significant relationships among the variables. The research tried to understand the concepts of service quality, brand attitude, customer satisfaction, relationships, and customer equity. Cronin’s model was used to measure service quality in traditional markets. A measurement model was developed to explore the research model and hypotheses for three traditional markets. Previous research in the related areas was reviewed. Service quality was proved to influence brand attitude and customer satisfaction positively and brand attitude and customer satisfaction got positive influence on customer equity.

Key Contributions
This study provides marketing implications for academics and practitioners. First, this study point out the importance of the service in the traditional market. This research provides a bridge for marketing between and Chinese traditional markets. Service quality, brand attitude, customer satisfaction and customer equity should be emphasized in Chinese traditional markets in order to improve their marketing performance. This study is one of a few the first studies of customer equity in Chinese traditional markets. Second, service quality is proved to have a significant influence on customer satisfaction and brand attitude in Chinese traditional markets. Environment quality had the most influence on customer satisfaction and brand attitude. Clean and convenient environment can improve the brand image of traditional markets. A clean and convenient environment can satisfy customers shopping in traditional markets. Third, customer satisfaction and brand attitude significantly influe-
ence the drivers of customer equity of Chinese traditional markets. Good market brand image and high satisfaction can improve customer equity in traditional markets. Environment quality and outcome quality are salient to improve brand image and satisfaction in Chinese traditional markets. Satisfaction and market brand image are improved by the reduced waiting time, the improved physical environment, convenient designs, and outward sincerity.

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References are available on request.
The Interactive Effects of New Product Design and Innovation on Willingness to Buy: A Case of South Korean Consumers

Sangwon Lee, Ball State University

Keywords: design, innovation, radically new product, incrementally new product, South Korea

EXTENDED ABSTRACT

Research Questions
The interplay of form and functional design in innovation context is still under researched area and marketing literatures have paid limited attention to the form based design (Khalid and Halander 2004; Norman 1998, 2004; Townsend et al. 2011). Further, given that global consumer’s perception toward the aesthetics is tied to the cultural values, (Bloch 1995; Ganesh et al. 1997; Townsend et al. 2011), it is essential to understand the impact of culture on new product design evaluation in the global context. But very little research has examined the effects of culture on new product design evaluation.

To fill this gap, using categorization theory and cultural typology as theoretical underpinnings, this paper examines the joint impacts of the form and functional design on South Korean consumers’ willingness to buy (WTB) the new products. First, does the relationship between form and consumer preferences vary depending upon whether the product is a radically new product or an incrementally new product among South Korean consumers? Second, does the effect of form on new product evaluation vary depending on whether the South Korean consumer is (1) technologically more innovative vs. less innovative and (2) more knowledgeable vs. less knowledgeable?

Method and Data
Sixty-three undergraduate students in South Korea participated in the between subject experiment in which two factors were manipulated (2 × 2 ANOVA): the degree of technological innovation (radically new product [RNP] vs. incrementally new product [INP]) and form (more typical vs. less typical). The degree of technological innovation (RNP vs. INP) was manipulated by two product descriptions. Verbal product description communicated the degree of technological innovation. Pretest results demonstrated that RNP condition (M = 5.85) records more newness level than INP condition (M = 4.35; F(1, 18)=14.41, p < .005). Form typicality was manipulated by two different pictures of cameras: very similar to the traditional camera design (more typical) and moderately different from the traditional camera design (less typical). Pretest results demonstrated that more typical design recorded higher similarity level to the existing product (M = 6.83) than less typical design (M = 4.25; F(1, 15)=2.42, p < .001).

Summary of Findings
Study results support the notion that the degree of technological innovation moderates the relationship between product form typicality and WTB (F(1, 59)=4.27, p < .05) such that in RNP conditions, a less typical form is likely to lead to higher WTB than a more typical form. On the other hand, in INP conditions, there is no significant difference between more typical form and less typical form. Study results also support the notion that the innovativeness (F(1, 59)=14.57, p < .001) and knowledge (F(1, 59) = 3.66, p = .06) moderate the relationship between form and WTB such that in higher innovativeness and higher knowledge condition, less typical form leads to higher WTB than more typical form for RNP and there is no significant difference between more typical and less typical form for INP.

Key Contributions
From a theoretical perspective, this research will fill the gap of an underresearched area in marketing, form-based design in global innovation diffusion focusing on Asian country, and will provide a more systematic approach to the empiri-
cal studies of form design issues in global marketing. Furthermore, this research extends the current design and innovation literatures by examining the two dimensional types of design (visceral form and functionality) and also their potential moderators such as the degree of product innovation (RNP vs. INP), consumer innovativeness, and consumer knowledge. The managerial implications are manifold. Depending on the degree of the technological innovation, the form of the new products should be strategically determined to increase the value of the products in South Korean market. While both form and functionality of the product determine the consumer preferences (Rindova and Petkova 2007), this paper suggests that the degree of the technological innovation and the form of the product jointly determine the customer assessments of the value of the new products in South Korean market.

References are available on request.
How Disclosing Social Enterprise Certification on Product Labels Influences Consumers’ Product Evaluations and Purchase Intentions

Gyuhyeon Choi, Hanyang University ERICA
Junyong Kim, Hanyang University ERICA

Keywords: social enterprise, certification effect, elaboration likelihood model, halo effect, balance theory

EXTENDED ABSTRACT

Research Question
In Korea, qualifying companies that contribute to provision of social services for or employment for socially vulnerable groups such as the disabled or the elderly are certified as social enterprises by the government according to “Social Enterprise Promotion Act.” According to the current regulation, only the certified social enterprises are entitled to use the term social enterprise and the certified social enterprise logo in their advertisements or on product labels, in addition to various financial supports, as marketing tools in order to boost the sustainability of their operations.

However, in practice, many social enterprises in Korea choose not to use the term social enterprise or the certified social enterprise logo. This non-use or non-disclosure of social enterprise certification information is largely a result of the fear that disclosing social enterprise certification information would negatively affect consumers’ perceptions of and purchase intentions for the companies’ offerings because social enterprise certification is often associated with employment of the socially vulnerable class with relatively low skills or productivity.

This study provides insights into how to utilize the information on a company’s social contributions in marketing communication effectively in the face of increased consumer skepticism.

Method and Data
Pretests were conducted by the following process. With classified vulnerable social group in Korea Social Enterprise Promotion Agency, experimental participants was carried out recognition survey of vulnerable social group. In the pretest, the following results were revealed: (1) experimental participants showed a positive attitude to the victims of domestic violence and single-parent family, (2) Experimental participants showed a negative attitude to the long-term jobless and the relief and rehabilitation person, and (3) experimental participants showed a neutral attitude to the disabled and career discontinuity woman.

Victims of domestic violence and single-parent family is because is a positive attitude, it is determined that the effect of the message and logo of the vulnerable social group in the formal experiment is small.

Experiments were conducted by the following process. To advance the experiment was actually manufactured cosmetics that contain messages for social enterprises logo, vulnerable social group. Targeting 225 people college students, carried out this experiment. And using the SPSS Statistics 22, carried out T-test and ANOVA.

Summary of Findings
Involvement of the social enterprises of the in central path affects of products attitudes and purchasing intention as a result of analysis of variance. Logo and message of the in peripheral route affects purchasing intention a result of analysis of variance. Logo and message was found not to affect the attitude because the information about the product.
Products labeled the logo was higher of purchasing than products the without logo and message. Product labeled with a message to the neutral vulnerable groups did not differ intention of purchase. Products labeled with a message to the negative vulnerable groups, more higher purchasing intention.

A message labeled for neutral vulnerable product as the higher purchase intention no more than the product without message. Product logo + a message is labeled as the higher purchase intention no more than the product without message. Only negative message about the vulnerable labeled product is purchase intention lower than the product logo and message. Product logo + a message is marked as the higher purchase intention no more than the product without logo and message.

**Key Contributions**

The study first used social enterprise certification scheme + marketing theory in force in the Korea Social Enterprise Promotion Agency. As a result, depending on vulnerable employment in social enterprises proposes a method that can be used as a logo in a positive message.

*References are available on request.*
Consumers’ Consideration for Firms’ Resource Allocation

Jungyun Kang, Sungkyunkwan University
Jongwon Kim, Sungkyunkwan University
Hakkyun Kim, Sungkyunkwan University

Keywords: CSR, trade-off, resource allocation, product life cycle

EXTENDED ABSTRACT

Research Question
Currently, corporations are engaging in a wide range of social responsibilities as well as economic and legal responsibilities. Extensive prior research has shown that CSR activities have a positive impact on consumers’ attitude toward the corporations and their products. Will CSR activities always lead positive outcomes for corporations? Some researchers found that CSR activities may reduce consumers’ purchase intentions (Luo and Bhattacharya 2006) and perceived innovativeness (Sen and Bhattacharya 2001). Building on these literatures, our paper examines whether an unintended outcome of CSR activities may emerge.

Trade-offs are defined as “a situation that involves losing one quality or aspect of something in return for gaining another quality or aspect” (Wikipedia 2015). In other words, trade-offs mean that resources allocated to one goal cause opportunity costs and constrain other goals (Fernbach, Kan, and Lynch 2015). These trade-offs can influence significantly consumers’ everyday decisions (Khan, Zhu, Kalra 2011; Payne, Bettman, and Johnson 1988). This paper suggests that CSR activities draw an unintended negative outcome when consumers are sensitive to trade-offs. Generally, available resources and budgets corporations have are limited, so an expenditure on a particular field means a loss of investment opportunities in other fields. Thus, we expect that when consumers are primed with the concept of trade-offs, they evaluate products of the corporation as inferior and less innovative although they tend to have positive attitudes toward the corporation. To test this hypothesis, we conducted an empirical experiment.

Method and Data
We used a one-factor design with two conditions (Trade-offs vs. Control). A total of 77 participants were randomly assigned to one of the two conditions. To prime trade-offs, we had participants read a short essay presenting the perspective of either a trade-off or an unrelated neutral issue. After reading the essay, participants were asked to summarize the main contents. Next, in an unrelated second study, all participants were exposed to an article about a 3D printer corporation that hugely invested in CSR activities. After viewing the article, participants completed a questionnaire measuring their attitude toward the corporation and their products. We assessed whether priming a trade-off had an impact on participants’ attitude toward the corporation and their products.

Summary of Findings
An analysis of variance (ANOVA), with attitude toward the corporation as the dependent variable and the trade-off condition as the independent variable, yielded a nonsignificant effect ($F(1, 75) = .56, \text{NS}$). The results showed that the perspective of trade-offs could not influence participants’ attitude toward the corporation. In contrast, exposure to the perspective of trade-offs appeared to have a negative impact on participants’ attitude toward their products ($F(1, 75) = 4.83, p < .05$). To be specific, participants in the trade-off condition indicated that the products were likely to be less functional, desirable, and innovative ($M_{\text{Trade-off}} = 3.98, SD = 1.11$), compared to those in the control condition ($M_{\text{Control}} = 4.49, SD = .89$). Thus, the perspective of trade-offs may significantly worsen people’s attitude toward the corporation’s products, which suggests severe detriment for the corporation.

Key Contributions
Together, these results demonstrate that an unintended negative outcome of CSR activities may emerge. Although CSR activities have a positive impact on corporations’ reputation, consumers may think that CSR activities mean a loss of the...
product quality. Our findings suggest that corporations should be cautious and careful in CSR activities especially when their products are very technology-intensive or require huge investment. At the same time, corporations should continuously communicate the quality, development, and innovation of their products.

References are available on request.
Understanding How Firms Can Manage Their Corporate Social Responsibility Activities

Darlene Walsh, Concordia University
Ohjin Kwon, Concordia University

Keywords: CSR, ethnocentrism, domestic markets, foreign markets

EXTENDED ABSTRACT

Research Question
Many companies support corporate social responsibility (CSR) initiatives, which cover a wide range of activities including traditional corporate philanthropy, cause-related marketing, socially responsible manufacturing practices and community involvement. One way to create positive public relations is by communicating to one’s stakeholders that one’s company is a good corporate citizen, and engages in such CSR activities. However, with more companies than ever before following this path, it is important that companies understand how their choice of CSR activities influence the way their company is perceived by specific stakeholders. In this research, we focus on one stakeholder, the consumer, and test whether consumer reactions to CSR activities are dependent on (1) whether the activity is related to the company’s sales related objectives or not, (2) whether the CSR activities are carried out in a foreign country or not, and (3) the company’s time commitment to the activity.

When companies promote their CSR activities, consumers begin to question whether these companies are “good corporate citizens” or just trying to make a profit. Consumers are particularly skeptical when companies with a negative reputation are involved in causes closely related to their business (e.g., Philip Morris’s recent campaign of “talk to your kids about not smoking”). But what about companies that are not linked with such negative reputations—are consumer reactions to their CSR activities dependent on whether they are related to this company’s sales-related objectives or not? We propose in this research that CSR initiatives, even among companies that are not associated with a negative reputation, will be perceived as less positive when those initiatives are related (vs. unrelated) to the industry (e.g., an airline firm promotes how it alleviates air pollution, compared to when they are not (e.g., an airline firm contributes to fighting homelessness). We reason that this is because the link between CSR activities and sales can activate consumer skepticism, and this occurs regardless of the company’s reputation.

In addition, consumers’ reactions toward CSR activities may depend on where those CSR activities are performed. For instance, a foreign company’s CSR activities may trigger defensive mechanisms and lead consumers to negatively view those activities. It is because consumers can attribute the motive of CSR activities to the company’s selling or market expansion motives, rather than to its benign motives of being a “good corporate citizen.” Thus, CSR initiatives may be perceived as more negative when a company conducts its CSR activities in a different country such as Air Canada (Korean Air) donating to Korea (Canada). Similarly, CSR initiatives will be perceived as more negative when a Canadian firm conducts its CSR activities in a foreign (vs. the home) country.

Method and Data
We invited 144 participants to read about a variety of CSR activities that two airlines (Air Canada and Japan Airlines) could realistically engage in. CSR activities were both related to the airline-industry (“Planting Trees for Cleaner Air”) and unrelated (“Food for Children”). Each activity could be carried out in three countries (Canada, Japan and Ghana), and varied in terms of the time commitment (1 year and 12 years). For each initiative, participants indicated their...
support by providing a score from 0 (no support) to 100 (full support).

To analyze the data, we conducted a series of rating-based conjoint analysis as it allowed us to identify consumers’ purchase intention in different conditions. The results show that (1) consumers perceived a firm’s CSR activities more positively (estimated effect is 4.57, while the standard error is 0.88) when the initiatives were unrelated to their industry; (2) consumers rated CSR activities occurring in Ghana most positively (estimated effect is 9.69, while the standard error is 1.21), followed by activities occurring where the firm is located (estimated effect is 8.27, while the standard error is 1.43); and (3) consumer ratings were higher for longer, relative to shorter, time commitments (estimated effect is 4.82, while the standard error is 1.08).

**Key Contributions**

The results from this preliminary study results provide practical contributions to the field of public relations, especially with respect to how firms should manage their communications (to consumers), while offering many exciting new research ideas. For example, preliminary evidence shows that CSR initiatives are perceived more negatively when they are related, versus not related, to the industry. Although we suspect that consumer skepticism is mediating this effect, future research must examine this hypothesis. We also found evidence showing that consumer reactions toward CSR activities depend on where those CSR activities are performed. CSR activities occurring in countries perceived to be less developed are perceived most positively, followed by activities occurring where the firm is located. Activities in foreign countries that are perceived as developed are least preferred, and research is needed to examine whether this CSR activity triggers defensive mechanisms, which may explain why consumers negatively view those activities. Finally, when we study time commitment, the results show that the longer the commitment, the more positive the initiative is perceived by the consumer. This ongoing research program is expected to make many valuable contributions both theoretically and practically.

*References are available on request.*
Individual Differences of Empathy Can Determine Consumers’ Willingness to Pay for Products Related to Corporate Social Responsibility

Eun-Ju Lee, Sungkyunkwan University

Keywords: CSR, empathy, willingness to pay

EXTENDED ABSTRACT

Research Question
I investigated empathy as a psychological mechanism underlying consumer responses to pro-social marketing messages. Actions related to corporate social responsibility (CSR) can invoke a sense of empathy among customers who respond to pro-social products with increased willingness to pay (WTP). The purpose of this paper is to determine the psychological and neural mechanisms of empathy by which a firm’s pro-social actions can enhance customer equity.

Summary of Findings
Study 1, a behavioral study, found that the message of CSR actions increased highly empathetic customers’ WTP for pro-social products, but not that of other customers. Using electroencephalograms (EEG), Study 2 identified the neural basis of consumer empathy as enhanced theta-band activities of the anterior cingulate cortex (ACC), a frontal brain area that neuroscience research has linked to affective empathic responses.

References are available on request.

For further information contact: Eun-Ju Lee, School of Business, Sungkyunkwan University (ele9@skku.edu).
Construal Level Theory Can Explain Individual Choices While Experiencing Moral Dilemma

Jin Ho Yun, Sungkyunkwan University
Seungeun Yang, Sungkyunkwan University
Eun-Ju Lee, Sungkyunkwan University

Keywords: neuroethics, construal level theory, moral dilemma, electroencephalogram (EEG)

EXTENDED ABSTRACT

Research Question
We investigated individual choices under the conditions of moral dilemmas. Recently, a number of major companies have violated ethical codes of conduct and have committed fraudulent acts, which have had broad negative influences on the nation’s economy. Such examples in the United States include Enron, America Insurance Group, and Lehman Brothers. These corporations were led by a small group of elite business leaders making decisions that were short-sighted and downright unethical, so that more profits could be gained by the direct stockholders of the companies. Enron, once a dominant natural gas pipeline company, emerged to become the nation’s seventh largest publicly held company. However, its shoddy business practices were implemented by 16 former Enron executives, including the CEO, who was sentenced to prison for committing serious accounting fraud. The increasing visibility of ethical failings in business call for a need to reestablish what the right things to do are when faced with business moral dilemmas, and how to teach moral principles to business students as systematic business curricula.

Method and Data
Among 186 students, those who showed either a high or low level of construal were selected as participants; 54 students (mean age = 22.5 years, 30 males) from a major university were initially recruited prior to the main experiment and further screened for the appropriate behavioral and physical traits. Students were senior business major undergraduates taking similar curricula as MBA graduates. The final sample consisted of 30 participants for electroencephalogram (EEG) analysis after excluding 24 participants due to the severe head and eye movement artifacts and keyboard errors. Participants who chose all the moral choices or immoral choices in all scenarios were also removed. Thus, EEG data from participants were utilized for the brain wave analysis. The experimental procedure was approved by the University Institutional Research Board (IRB).

Summary of Findings
The proposed research specifies the underlying mechanisms of the ethical decision making facing business moral dilemmas, from a neurocognitive approach. The direction of this paper is aligned with the emerging area of neuroethics. The cognitive approach focuses on identifying what the ethical agent thinks, while the neurocognitive approach specifies how ethical agents think. Human brains are known to receive the moment-to-moment first stimuli, process and interpret the transmission of electrochemical signals up to milliseconds, leading to the association with a particular ethical behavior.

We provide evidence on whether (1) construal level (a long term perspective) directs business leaders toward moral decisions (2) and brain signals of moral authenticity late positive potential (LPP) can be elicited when making moral decisions. We examined event-related potential (ERP) time windows whether moral decisions under the long-term condition activate the dorsolateral prefrontal cortex (DLPFC) brain area.

For further information contact: Eun-Ju Lee, School of Business, Sungkyunkwan University (elee9@skku.edu).
**Key Contributions**

Although previous studies have shed light on the moral decision-making discourse in the general decision domain, they fail to provide insights that are specific to the corporate ethical failings. Importantly, previous neuroethics research has unveiled diverse activated components in brain regions; however, no studies have revealed which brain component is superior to the other (i.e., decision hierarchy). Leadership functions in the brain, which can moderate a certain brain area for a systematic censorship, is unclear. Therefore, we believe that uncovering certain leadership brain functions will assist business executives to develop moral capacity, directing them toward sustainable decisions.

*References are available on request.*
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