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What Happens in Marketing, Stays Digital:
Rethinking Marketing in the Era of Unlimited Data

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What Happens in Marketing, Stays Digital: Rethinking Marketing in the Era of Unlimited Data

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Preface and Acknowledgments

We face a turning point in marketing history as consumers and managers alike find themselves confronted with the power of digitalization.

The profusion of digital channels and the challenges of digital brands have created numerous new strategic dilemmas for marketing academicians, for marketing practice, and for policymakers. And once the cost of deleting data exceeded the cost of storing it, marketing scientists found themselves endowed with more digital data than all the quarters in all the slot machines on The Strip. Further, digital capabilities have changed how we study consumer behavior, and digital services have changed the questions asked by CB scholars.

With this digital ubiquity in mind, it was our goal to encourage a conference that fully embraces this new world. One of the implications of our goal was to not include a separate “digital track” at #WinterAMA16. In fact as we look over the program we see the digital included in each and every track.

The conference opens with two exciting preconference events stressing different facets of our digital theme. In one, key challenges of “Social Media Marketing” will be discussed by an international group of experts, while Rob Kozinets and others will discuss “Netnography: Understanding Online Social Interactions” in the other. We hope you have the chance to attend one of these to jump start your conference experience.

A manifestation of our desire to explore the challenges and opportunities of contemporary marketing is a unique co-chairs’ special series on digitalization. Several leading digital thinkers have agreed to chair special sessions that run throughout the whole conference—please join (in chronological order) Caroline Wiertz, Bernd Skiera and Martin Spann, Manjit Yadav, Dina Mayzlin, Michael Haenlein, Mike Hanssens, P. K. Kannan, Aric Rindfleisch, Kay Peters, Jenny van Doorn, and John Deighton, along with their respective guests, as they explore various aspects of the digital.

In line with the digital’s disruptive nature, we have tried to shake up the traditional conference format at #WinterAMA16 with more interactive programming. For example, there will be a Pecha Kucha special session on Saturday morning at 8:00 A.M. Please also note an important theory-building workshop organized by Ajay Kohli.

At the same time, traditional formats remain (as will the offline world, or so we presume). The SIGs have done their usual fantastic job of putting together interesting and informative special sessions. To pick just one example, there are back-to-back special sessions on “Organizational Frontline Research.”

We conclude by thanking a large group of folks who put a lot of labor into #WinterAMA16. We start with the authors, the track chairs, and the numerous reviewers who toiled in anonymity. Thank you all so much! We also give special thanks to Matt Weingarden and Lynn Brown Reyes of the AMA whose behind-the-scenes work allowed us to focus on trying to create the best possible academic program. We conclude our thanks with a big shout-out to Robin Coulter and the AMA Academic Council team who indulged us—in fact, encouraged us—to produce an event worthy of the digital age in which we live.

Digital is dead. Long live digital. Welcome to #WinterAMA16, where marketing scholarship will address managerially relevant challenges in the digital age.

Now tweet with us #WinterAMA16!

Thorsten Hennig-Thurau
University of Münster

Charles F. Hofacker
Florida State University
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“Firing” Customers: Does It Pay Off And When? Customer Divestment Announcements and Shareholder Value: A Signaling Perspective

Hui Feng, Iowa State University
Neil Morgan, Indiana University
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Best Paper by Track

**Branding and Brand Management**

Does the Social Media Power of a Brand Alliance Partner Impact New Product Success? The Case of Movie Stars
Ann-Kristin Knapp, University of Muenster
Nora Pachler vor der Holte, University of Muenster
Thorsten Hennig-Thurau, University of Muenster

**Innovation and New Products**

Improving New Product Development by Integrating the Sales Force: Toward a Systematic Framework
Isabell Sieberz, University of Mannheim
Christian Homburg, University of Mannheim
Jana-Kristin Prigge, University of Mannheim

**B-to-B and Channels of Distribution**

Kamran Eshgh, McMaster University
Gaurav Ray, McMaster University

**Marketing Analytics, Metrics, and Research**

A New Method for Big Data Analytics
Prasad A. Naik, University of California Davis
Neeraj Bharadwaj, University of Tennessee
Yuexiao Dong, Temple University

**Consumer Behavior**

The Value in Lurking: The Effect of a Mere Opportunity for Two-Way Communication on Consumers’ Psychological Ownership and Valuation of Digital Content
Colleen P. Kirk, Mount Saint Mary College
Scott D. Swain, Clemson University

**Marketing Strategy**

Sales Impact of Sweepstake Promotions: Evidence from Field Experiments
Xueming Luo, Temple University
Yuchi Zhang, Temple University
Fue Zeng, Wuhan University

**Consumer Culture Theory**

Cents and Sensibility or Just Practice? Racial Representation in American Advertising
Erika Paulson, Quinnipiac University
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**Media and Entertainment**

Quality Kills The Mediastar? Career Paths of Intellectuals
Brinja Meiseberg, Universität Münster
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**Customer Relationship Management and Sales**

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Understanding Service Awards: Exploit the Bright Side, Avoid the Dark Side
Christina Cramer, University of Paderborn
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**Social Responsibility, Sustainability, and Public Policy**

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Factors Influencing the Intention to Use Location-Based Advertising: The Effect of Entertainment, Informativeness, and Irritation on Advertising Value and the Effect of Brand Trust and Self-Efficacy on Privacy Concerns

Michael Schade, University of Bremen
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Claudius Warwitz, University of Bremen
Christoph Burmann, University of Bremen

Keywords: location-based advertising, advertising value, privacy concerns, privacy calculus theory, brand trust, advertising value model, personalized advertising

EXTENDED ABSTRACT

Research Question
The increasing diffusion rate of GPS-enabled smart phones and the possibility to collect and handle a huge amount of data in real time (so called Big Data), equip marketing managers with an innovative advertising channel: Location-Based Advertising (LBA). Despite the vast opportunities offered by LBA, consumers are still skeptical about this innovative advertising channel. While consumers may see benefits of LBA, privacy becomes an important concern (so called personalization-privacy-paradox). Therefore, it is very important for LBA providers (e.g., Google, Facebook, Coupies, Gettings, Sprint, O2, Vodafone) to identify factors influencing the intention to use LBA and, thereby, the willingness to disclose personal information.

In order to identify these factors the privacy calculus theory offers a suitable conceptual framework. According to this theory, individuals calculate the perceived benefits (in the context of LBA advertising value) versus the perceived risks (in the context of LBA privacy concerns) of LBA usage to decide whether they disclose personal data.

Therefore, factors, which enhance advertising value and reduce privacy concerns, should be identified: Past research found “entertainment,” “informativeness,” and “irritation” as antecedents of advertising value. However, these studies only used student samples from one university, partly with small sample sizes. Research on factors, which reduce privacy concerns, is also limited. Some researchers discuss “self-efficacy” as an individual’s judgment of their capabilities to handle data disclosure. Moreover, we assume that brand-related factors like trust toward the LBA provider brand may reduce privacy concerns in a meaningful way. Based on the knowledge of the authors, the influence of brand trust to reduce privacy concerns in the context of LBA has not been empirically analyzed so far.

Consequently, the aim of this study is to empirically investigate the influence of perceived benefits (advertising value) and perceived risks (privacy concerns) on the intention to use LBA. Moreover, the antecedents of advertising value (i.e. entertainment, informativeness, and irritation) and privacy concerns (i.e. self-efficacy and brand trust) will be analyzed.

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Method and Data
In November and December 2014, 1,253 respondents were interviewed using an online-panel from a large German market research agency. The sample of participants were actual smart phone users from Germany. The participants rated the “advertising value” of LBA and their “self-efficacy” in the context of LBA usage. Moreover, each participant rated “privacy concerns,” “brand trust,” and “LBA usage intention” of one LBA provider brand. The participants only answered questions about a LBA provider brand they were familiar with. In total, we captured the evaluation of six LBA provider brands from the German market (Google, O2, Facebook, Gettings, Coupies, and Bild.de). After data cleansing, we had an effective sample size of 1,121 respondents. 58% were men and most of the respondents were 20-49 years old (42% from the age group of 20-29, 32% from 30-39, 13% from 40-49). Only 22% of the sample consisted of students.

To measure advertising value we used the validated scale by Xu, Oh, and Teo (2009). Privacy concerns were measured using a scale by Xu et al. (2012). The antecedents of advertising value (entertainment, informativeness, and irritation) were measured based on scales by Xu, Oh, and Teo (2009). Furthermore, the study consists of items relating to the brand trust scale by Chaudhuri and Holbrook (2001). To measure self-efficacy we used four items from scales by Lee and Hill (2013) and Youn (2009). Intention to use LBA was measured by a scale from Lee and Hill (2013). For the measures a five-point Likert-type response format with 1 = “strongly agree” and 5 = “strongly disagree” was applied.

To analyze the model we chose variance-based SmartPLS 2.0 (M3) because the research goal is to predict the intention to use LBA. Moreover, the research is exploratory in nature and the data are non-normal. Preliminary analyses were conducted with IBM SPSS Statistics 22.

Summary of Findings
According to our hypotheses, there was a significant positive effect of advertising value on the intention to use LBA. As expected, there was a significant negative relationship between privacy concerns and the intention to use LBA. The positive effect of advertising value on intention to use LBA was larger than the negative effect of privacy concerns. Supporting further hypotheses, there were significant positive effects of entertainment and informativeness on advertising value. In addition, there was a significant negative relationship between irritation and advertising value. Concerning the antecedents of advertising value, informativeness had the largest effect, followed by entertainment and irritation. Finally, brand trust and self-efficacy had a significant negative effect on privacy concerns. Comparing both antecedents of privacy concerns, brand trust has a stronger effect on privacy concerns than self-efficacy.

Key Contributions
The first key contribution to Location-Based Advertising research is the confirmation of previous research regarding the influence of perceived benefits (advertising value) and perceived risks (privacy concerns) on the intention to use Location-Based Advertising based on a more general (not student-only sample).

The second key contribution to Location-Based Advertising research is the confirmation of previous research regarding the antecedents of advertising value based on a more general (not student-only sample). Confirming the results of Xu, Oh, and Teo (2009), entertainment and informativeness have a significant positive influence on advertising value and irritation has a significant negative influence on advertising value. In contrast to Xu, Oh, and Teo (2009), informativeness had a larger effect than entertainment. One possible explanation for the different results is the difference of the student sample by Xu, Oh, and Teo (2009) and our more general sample. This raises the question if age is an important moderator of the relationships in the model.

The third key contribution to Location-Based Advertising research is the integration of brand trust as brand-related antecedent. Brand trust has a significantly negative effect on privacy concerns and thus is able to reduce the perceived risks of privacy invasion, which, in the end, increases the intention to use LBA. Comparing brand trust to self-efficacy as second antecedent of privacy concerns, brand trust has a stronger effect on privacy concerns than self-efficacy. Therefore, the most promising way to reduce privacy concerns is to consider the LBA provider brand. From the perspective of the LBA provider, companies should invest resources to build up a trusted brand. From the perspective of the advertising company, one of the main selection criteria for the LBA provider should be the brand trust of the provider as it will increase consumers’ usage intention of advertised content.

Overall, this is the first study, which shows the importance of the LBA provider brand for increasing the usage intention of LBA. Therefore, future studies should address the issue of brand-related aspects like brand trust.

References are available on request.
The current research examines whether prior exposure to an advertisement on social media impacts consumers’ subsequent emotional processing of advertisements and explores the impact on ad appeal, brand attitudes and purchase intentions. This study also examines the type of social media interaction—whether consumers watch, like and/or share advertisements on social media—and examines the differential motives behind each form of social media behavior.

Method and Data
The authors worked in conjunction with a marketing research and survey panel company to collect the data for this study. The survey panel company recruited a total of 651 consumers from 46 states in the United States to complete an online survey where consumers would watch and answer questions about the Super Bowl ads from 2013. Consumers were asked to evaluate either four or five advertisements in a session (depending on the length of the ads being tested) to prevent survey fatigue. We tested a total of 25 Super Bowl ads in a series of five sessions over one month. Advertisements were from different product categories including automobiles, milk, soft drinks, beer, salty snacks, fast food, sweets, insurance, web services, real estate, cleaning supplies and financial services.

Survey questions were designed to test 5 hypotheses and the dataset included panelists’ responses to the following:

- Use the following 10-point scale to indicate the level of positive or negative emotion while watching the following advertisement (resulted in a data point for each second of the advertisement).
- Have you seen this ad before? If yes, on television or social media? How many times have you seen this ad?
- If you have seen this ad on social media, did you watch the advertisement? Did you like the advertisement? Did you share this advertisement with others?
- How would you rate this advertisement on the following dimensions? appeal, information value, helpfulness, seriousness, engagement, humor, offensiveness.
- How would you rate the advertised brand on the following dimensions? brand attitude, product perception and purchase intention.

Multivariate regression and discriminate analysis were used to test the 5 proposed hypotheses.

Key Contributions
The research has many important contributions including:

1. Reconciles two conflicting predictions (theories of mere exposure and variety seeking) on whether prior exposure to a campaign is beneficial or detrimental to consumer.
attitudes and processing of subsequent advertisements. Relates the results to the concepts of advertising wearout, wearin and synergy.

2. Reveals two new characteristics of affect traces not addressed in prior research that illustrate higher emotional processing of advertisements that lead to higher ad attitudes, brand attitudes and purchase intentions.

3. Treats watching, liking and sharing of content on social media as three distinct behaviors and discovers different motivations for each behavior.

**Summary of Findings**
Specifically, this research finds:

1. Prior engagement with an advertisement on social media leads to higher levels of ad appeal, better brand attitudes and stronger purchase intentions than no prior engagement with an advertisement. The impact of prior social media on ad and brand attitudes is even stronger than prior exposure to the campaign on television.

2. Prior engagement with an advertisement on social media leads to affect traces characterized by a higher peak, final moment and linear trend.

3. Prior engagement with an advertisement on social media leads to affect traces characterized by a longer emotional peak with fewer moments occurring both before and after the peak level of affect.

4. Perceptions of an ad’s entertainment value (i.e. perceived engagement, humor and/or seriousness) are the biggest drivers of getting consumers to watch an advertisement on social media.

5. The ability of an ad to generate ad- and brand-related cognitions are the biggest driver of getting people to like or share an advertisement on social media.

*References are available on request.*
Brand Engagement by Means of Digital Interactions and Brand Love: A Predictive Model

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Keywords: brand love, digital marketing, engagement, PLS

EXTENDED ABSTRACT

Research Question
This research aims to estimate a prediction model for understanding how the engagement occurs considering a digital and emotional context for the brand. We proposed 7 hypothesis based on the literature review. This hypothesis consider the impacts among the following constructs: digital interactions between brands and consumers, brand attachment, brand love, loyalty and engagement.

Method and Data
The information was collected between September and November 2014. The sampling method was convenience which implies a non-probability sampling. 222 students from the Faculty of Economics and Business from the Universidad Anahuac Mexico Norte were asked. The sample was composed of 52% women and 48% men, whose age ranges between 18 and 23 years. The survey consists of 38 questions, 6 of them were demographic, 6 related to feelings and emotions to favorite brand, the rest item related to brand experience, brand attachment, loyalty, engagement and digital interaction. We use a seven-point Likert scale (1 = “completely disagree,” and 7 = “completely agree”).

They were asked about the favorite brand they use, buy or consume, regardless of the category to which it belongs, this because we consider it important to study the brand itself, but the emotional bond submitted by the respondent to that brand. 29 different brands were mentioned, the most mentioned: Apple, Starbucks, and Nike Michael Cors.

Smart PLS structural modeling was employed for testing the model using consistent PLS Algorithm Mode A (reflective measurement) in order to determine the validity of the scales and the estimates of the path analysis.

Summary of Findings
The outer model loading are acceptable, all of them are greater than 0.5. The AVE for brand attachment (0.581), brand love (0.597), engagement (0.678), digital interaction (0.537) and loyalty (0.725).

The inner model suggests that digital interaction has the strongest effect on brand attachment (0.531) followed by loyalty on engagement (0.525) and Digital interaction on loyalty (0.480). The hypothesized path relationship between constructs is statistically significant but in case of brand love and engagement, the relationship is negative. Thus we can conclude that digital interaction, brand attachment and loyalty are moderately strong predictors of engagement; and digital interaction is moderately strong predictor of brand attachment and loyalty.

According with the hypothesis stated, we can accept all of them. We test the relationship between brand love and engagement and the result shows that there is not a direct relationship in this model. But Brand love is highly explained by digital interactions, brand attachment and loyalty.

Key Contributions
The relevance of this research is taking the first step for testing the impact of digital interaction and experiences on the desired engagement. The aim is giving new marketing

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strategies for the theoretical and empirical support which has the importance of these factors for consumers.

In terms of a business involvement, we can say that for effective and strong relationship between brands and consumers, it should be considered how to participate in digital environment and provide experiences that generate attachment with the brand and therefore loyalty.

References are available on request.
Any Chatter Matters: The Effects of Marketer-Generated Appeals on User Engagement and Brand Equity

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Keywords: marketer-generated appeals, brand communities, brand equity, user engagement, social media marketing

EXTENDED ABSTRACT

Research Question
The rise of online brand communities has largely shifted control over the brand from firms to consumers—a trend of “brand democratization” that has significantly fueled consumers’ opportunities to voice and share their opinion about brands and hence to co-create brands (Muñiz and Schau 2007). Anecdotal evidence implies that firms can strengthen brand equity by proactively sharing control over the brand with consumers in brand communities, indirectly developing brands via consumers’ co-creation (Dholakia et al. 2009). Consequently, firms are increasingly using appeals to trigger users’ engagement in brand communities by highlighting what other brand community members do (“Share your brand experiences as your friends have done”) or how brand community members can gain benefits for themselves (“Share your brand experiences to win a $50 coupon”) (White and Peloza 2009). The authors’ research addresses the effectiveness of such normative and utilitarian appeals for engagement. Specifically, they answer the following research questions: (1) Are marketer-generated appeals effective to enhance users’ community engagement? (2) Which context factors leverage or threaten the effectiveness of appeals for triggering community engagement? and (3) Does community engagement enhance brand equity?

Method and Data
The authors conducted two studies to examine the dual role of appeals for enhancing user engagement and thereby building the brand and to explore the relevance of contextual factors—community characteristics, user characteristics, and characteristics of the user–community relationship—for shaping the impact of appeals. The first study builds on a unique dataset matching real-life marketing actions, actual user engagement behaviors (likes, shares, comments) and surveyed user perceptions in a Facebook brand community. The second study uses a large-scale experiment with actual online brand community members. The authors employed seemingly unrelated regression models and used the Heckman two-step procedure to account for sample self-selection bias.

Summary of Findings
The authors find that encouraging users to engage in brand communities through appeals can effectively enhance brand equity. Normative and utilitarian appeals’ positive impact on brand equity is mediated by engagement intensity and both appeals can function as an effective means of enhancing brand equity. Entertainment value—a community characteristic capturing the pleasure the community provides for a user—attenuates the effects of both appeals on user engagement and brand equity. Content consumption asymmetry—a user characteristic measuring whether a user prefers user-generated content over marketer-generated content—leverages the effect of utilitarian appeals. Membership duration—a user’s length of affiliation with the community as an important relationship characteristic—leverages the effects of both appeals.

Key Contributions
The contributions to research are threefold. First, the authors provide theoretical and empirical evidence that appeals pri-
arily designed to drive users to engage in communities are also effective tools for boosting brand equity as an overall long-term metric. Second, they show that engagement intensity mediates the relationship of marketer-generated appeals and brand equity and that this effect holds when they control for the effect of engagement valence. Contributing to the ongoing discussion concerning the role of volume and valence of online engagement, the findings suggest that for driving brand equity via online communities, any chatter matters. Third, the authors offer precise advice for brand managers on when either type of appeal is most impactful. Generally, the authors recommend that marketers partly cede control over the brand to the consumer to allow for collaborative brand building among consumers. Specifically, the results show that appeals are not universally effective and that managers should use a targeted approach in employing appeals in consideration of community, user, and relationship characteristics.

References are available on request.
Country Image and Foreign Brand Recall

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Keywords: country image, international experience, brand recognition accuracy, brand origin

EXTENDED ABSTRACT

Research Question
The issue of country of origin (CO) has aroused a great deal of debate among international marketing researchers. By assuming that “if brand origin plays a salient role in consumers’ everyday judgments and decision-making processes, it would be expected that consumers would possess reasonably accurate abilities to recognize brands’ CO,” Samiee, Shimp, and Sharma (2005) opened a new stream of research for CO effect. Specifically, the concept of brand origin recognition accuracy (BORA) was created and tested for variability. They found that consumers who have amassed greater international experiences should manifest higher levels of BORA for foreign brands because of “possession of greater knowledge of foreign brands.” However, just like walking in a department store does not mean we get to know the name of each clerk well; international experience does not necessarily increase knowledge of brands from foreign countries. The mechanism between international experience and BORA needs to be further clarified. In this study, we aim to answer the research question which aspect of country image (CI) influences consumers’ brand origin recognition accuracy most?

Method and Data
The hypotheses proposed were tested using an online survey conducted to evaluate American consumers’ BORA toward 36 Japanese and French brands. Japan and France are selected because they both have balanced brand portfolio regarding product involvement, eliminating the risk of biased BORA because of high or low product involvement (Hakala, Lemmetyinen, & Kantola, 2013). In the data collection process, a link to our questionnaires was sent by email to the pool of potential respondents in MTurk. Respondents were provided a small monetary incentive for participating in the survey. A total of 390 usable responses were received.

CI was measured by Martin and Eroglu (1993)’s multidimensional scale. To measure verbal brand recognition (BORA_{verbal}), we followed the procedures of Samiee et al. (2005). On a separate page, we randomized the order of brand logos and followed a similar procedure to measure visual brand recognition (BORA_{visual}). We measured global identification using an established scale by Westjohn, Singh, and Magnusson (2012). Based on past studies on brand recognition, we also controlled for brand equity, measured as brand value in the year our data was collected, and product category, which includes apparel, auto, computers, cosmetics, electronics, food, game, handbags, and tobacco.

Summary of Findings
A core contribution of our model is the suggestion that technological, economic, and political CI’s mediate the relationship between international experience and BORA. Conventional wisdom might suggest the strongest brands are from countries with advantages in political and economic influence or cultural significance. Contrary to conventional wisdom, our results suggest that the aforementioned factors contribute little to the process by which consumers recognize brands from foreign countries. Instead, we find that technological image mediates the relationship between international experience and CI. In addition, our results suggest that verbal cues and visual cues are equally important in foreign brand recall. Further, we find that heterogeneity in global identity alters the relationship between international experience and CI.

Key Contributions
Our study refines the long-held assumption in brand recognition accuracy research that international experience helps consumers to better recognize foreign brands. We find that CI is the mechanism between international experience and brand origin recognition accuracy. Also, we find that techno-
logical image explains more than economic image or political image regarding why international experience contributes to brand recognition. This is especially the case for consumers who identify themselves as more global-oriented. In addition, we find both visual and verbal cues are important to help consumers recall foreign brands. Our study has rich managerial implication as to the importance of technological CI and the match between company products and country competitive advantages.

References are available on request.
Exploring Brand Mind Perception: Does a Brand Have a Mind of Its Own?

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Keywords: brand mind perception, anthropomorphism, brand relationship

EXTENDED ABSTRACT

Research Question
Do consumers perceive brands, companies, products as having minds of their own? Extant research on brand and product anthropomorphism has revealed numerous important consequences, but has yet to consider the implications of perceiving brands and products as having minds or intelligence. This topic is of growing relevance under the trend of the internet-of-things and “smart-”products. To provide guidance to brand managers facing this trend, this research draws on mind perception research in psychology to introduce the concept of brand mind perception as the extent to which consumers perceive a brand as having mental capabilities. We empirically explore (1) which consumers are most predisposed to perceive a brand as having a mind, (2) what brand level factors facilitate the formation of such perceptions of brands, and (3) how such perceptions influence consumers’ judgments and attitudinal responses to brand actions. Loneliness (H1) and interdependent-self (H2) have positive effects on consumers’ mind perception tendency; in contrast, need-for-cognition (H3) has negative effects. Consumers are more likely to see a brand as having a mind when a brand is represented in high construal level terms than in low construal level terms (H4). Importantly, unlike other attributes, brand mind perception increases moral evaluations of brand actions.

Method and Data
A survey was conducted in the Amazon mTurk panel with 104 adults (42% female) from the U.S. to participate. All measures used 5 Likert scales, and SAS 9.4 was used for all analyses. We measured brand mind perception tendency (r = .85), and individual differences including interdependent-self (r = .70), loneliness (α = .74), and need-for-cognition (α = .84). We ran GLM with mind perception tendency as a DV and individual differences as IVs, controlling for demographics. The survey asked participants to name a brand they could perceive as having a mind and a brand they could not. They evaluated two brands for associations with “products,” “employees,” “leader/CEO,” “spokesperson,” and “logo,” as well as past experiences such as “purchase.” We ran logistic regression with brand associations as predictors and two brand (yes vs. no mind) as outcomes. Finally, participants indicated their moral judgments toward two brands (yes vs. no mind), including to what extent they will help, appreciate, or be loyal to a brand; and to what extent they will forgive, not forgive, or punish a brand for its wrongdoings. We ran mixed regression model with two brands as predictors of moral consequences, controlling for brand personalities and experience.

Summary of Findings
The GLM revealed that interdependent self-construal had significant positive effects on brand mind perception tendency (p < .05), as well as loneliness (p < .01); but need-for-cognition had negative effect (p < .10). These results suggest that the tendency to perceive a brand as having a mind varies among people and depends, at least in part, on their loneliness (H1), interdependence (H2), and need-for-cognition (H3). The analyses of logistic regression model with mind perception (yes, no) as the dependent variable revealed that association with “logo” positively correlated with the outcome of brand mind perception (p < .05), in contrast with the negative correlation with the association with “purchase” (p < .01). Because “purchase” is a more specific thought of a brand while a “logo” is a more abstract presentation of a brand, the results provide preliminary evidence supporting
H4. The mixed regression model revealed that brand mind perception had significant effects on moral judgments including help \((p < .01)\), appreciation \((p < .01)\), and loyalty \((p < .01)\), as well as forgiveness \((p < .05)\) and punishment \((p < .05)\) for brand wrongdoings, even after controlling for brand experiences and brand personalities. These results suggest that brand mind perceptions influence consumer moral judgments, and such effects are beyond those of brand personalities and experiences.

**Key Contributions**

This research shows that not all people perceive a brand having a mind similar as a person having a mind. The mind perception tendency varies depending on individual differences such as consumers’ social needs (loneliness and inter-dependent self) and thinking styles such as need-for-cognition. Our research also shows that brand associations can contribute to forming brand mind perception. For example, abstract (concrete) representations of a brand can positively (negatively) influence brand mind perceptions. Finally, our data suggests the positive consequences for a brand stemming from having a mind, and these consequences focus on moral judgments and intentions such as willing to help and appreciation. More interestingly, we find that consumers respond more strongly for a brand’s wrongdoing: they are less likely to punish a brand but also less likely to forgive the brand. It indicates that consumers apply social reactions towards a brand, and the strong reactions such as not-forgiving may result from possible destruction of trust. This research introduces brand mind perception into brand anthropomorphism research in marketing. By doing so, this research provides new insights on consumer-brand dyadic relationships, and opens a window to develop a stream of research to further understand consumer moral responses toward brand actions.

*References are available on request.*
Relationship Between Valence of Online Reviews and Brand Attitudes

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Keywords: valence, online reviews, brand attitudes, cross-cultural analysis

EXTENDED ABSTRACT

Research Questions
The online purchasing process usually follows the same pattern: Search the web; read recommendations and reviews; decide (Simonson & Rosen, 2014; Hong & Cha, 2013). Thus, reviews and recommendations are central to the online purchasing process (Jimenez & Mendoza, 2013). Reviews are becoming the new quality indicators, which might influence brand attitudes in the online environment. Traditional brand management, in which the company created the image of a brand, gives way to shared experiences between consumers about brands (Quinton, 2013). However, when it comes to the valence (positive vs. negative) of online reviews, contradictory findings exist on whether positive (East, Hammond & Lomax, 2008) or negative (Bambauer-Sachse & Mangold, 2011) valence has a stronger influence on purchase intentions. Therefore, the proposed conceptual paper provides a basis for empirical research on the relationship between the valence of online reviews and brand attitudes, which operate as a prerequisite for purchase intentions (Czellar, 2003), leading to following research questions:
(1) How does the valence (positive vs. negative) of online reviews influence brand attitudes (cognitive vs. affective)?
(2) And how do moderators as different types of brands (emotional vs. functional), online interactions (public vs. private and active vs. passive) and the self-construal (independent vs. interdependent) influence the link between the two main constructs?

Literature Review and Development of Hypotheses

Valence and Brand Attitudes
There is contradictory evidence about the impact of positive versus negative reviews on purchase intentions (Sen & Lerman, 2007). East et al. (2008) show that positive reviews have a stronger impact on brand purchase probability than negative ones. An explanation lies in the confirmatory bias, which drives consumers to seek information supporting an already made decision (Chevalier & Mayzlin, 2006). On the other hand, there is evidence that purchase decisions are more influenced by negative reviews than positive ones (e.g. Chang & Wu, 2014; Yoo, Sanders & Moon, 2013). Negative information is perceived to be more diagnostic and informative and therefore weighted more heavily in judgment processes than positive information (Bambauer-Sachse & Mangold, 2011). Consumers pay more attention to negative reviews and consider them as a more valuable source in their online purchase intentions (Sen & Lerman, 2007). As purchase intentions are directly affected by brand attitudes, these attitudes became an important predictor (Hansen, Jensen & Solgaard, 2004; Czellar, 2003) and therefore will be considered as the outcome. Brand attitudes consist of a cognitive and affective component (Brown, Homer & Inman, 1998; Fishbein & Ajzen, 1975). The cognitive component refers to the brand knowledge of consumers and implies product-related (functional and experiential) and non-product-related (symbolic and self-expressive) associations (Keller, 1993). The affective component refers to emotional associations with a brand (Loken & John, 1993; Boush & Loken, 1991). This leads to following hypotheses:
H1: Positive valence enhances cognitive and affective brand attitudes in the online environment.

H2: Negative valence lowers cognitive and affective brand attitudes in the online environment.

Valence, Type of Brand and Brand Attitudes

Sen and Lerman (2007) provide evidence that product categories moderate the effect of negative reviews, in that they have a stronger effect on utilitarian products than on hedonic products. Utilitarian products are designed for functional and practical purposes (Strahilevitz & Meyers, 1998). They are evaluated more analytically in product-related characteristics, where consumers make cognitive judgments. Since negative reviews refer more to product-related characteristics and emotions are less influential in decisions based on utilitarian criteria (Adaval, 2001; Pham, 1998), negative reviews have a greater influence on utilitarian products (Sen & Lerman, 2007). On the contrary, hedonic products are evaluated at an abstract emotional level. As consumers tend to search for a product which makes them feel good, positive reviews have a stronger influence on hedonic products (Adaval, 2001). This pattern can be applied for attitudes towards functional and emotional brands. The benefits of functional brands also corresponded to product attributes (Orth & De Marchi, 2007). Contrary to functional brands, emotional brands ought to establish an emotional attachment between the consumer and the brand (Thompson, Rindfleisch & Arsel, 2006; Roberts; 2004):

H3: Negative valence, compared to positive, has a stronger influence on cognitive brand attitudes for functional brands.

H4: Positive valence, compared to negative, has a stronger influence on affective brand attitudes for emotional brands.

Valence, Type of Online Interaction and Brand Attitudes

Consumers interact about brands in public with a large online audience of strangers or share information in a private online medium with a small number of close friends (Eisingerich, Chun, Liu, Jia & Bell, in press; Simonson & Rosen, 2014; Belk, 2013; Meuter, McCabe & Curran, 2013; Mandel, 2003). In such interactions, consumers either share fact-based aspects about a product and/or emotional experiences they made with a product (Simonson & Rosen, 2014; Park & Lee, 2008). Emotions are being considered as private (Simonson & Rosen, 2014; Hogg & Vaughan, 2008). Authentic expression of emotions comes through knowing each other (Kiely, 2005). In the presence of strangers—as one can imagine on a medium like Amazon—individuals are inhibited in expressing their emotions (Buck, Losow, Murphy & Costanzo, 1992) and keep their emotional distance (Hogg & Vaughan, 2008; Huston & Houts, 1998). Based on the insights, we can assume that public versus private online interaction differs in terms of their proportion of emotional and rational content. Research about the content of messages informs that rational messages are far more persuasive than emotional messages (Petty & Cacioppo, 1984; Petty, Cacioppo & Schumann, 1983), which leads to following hypotheses:

H5: Public online interaction increases the positive (negative) relationship between positive (negative) valence and cognitive brand attitudes compared to private online interaction.

H6: Private online interaction decreases the positive (negative) relationship between positive (negative) valence and affective brand attitudes compared to public online interaction.

Online interaction can be active or passive. Active interaction implies providing information about brands to other consumers. Online passive interactions refer to liking the brand or seeking information about it, but not actively discussing or commenting on it (Belk, 2013). Active versus passive online interaction can be linked with commitment theory. Commitment consists of psychological attachment, long-term orientation and the intention to stay in a particular relationship (Arriaga & Agnew, 2001). Usually, commitment develops when individuals make investments as they are convinced that investing in necessary resources helps to reach their objectives (Meyer & Hersovitch, 2001). Logically, high investments lead to high levels of commitment (Rusbult, 1983):

H7: Active online interaction about brands increases the influence of positive (negative) valence on cognitive and affective brand attitudes compared to passive online interaction.

Valence, Self-Construal and Brand Attitudes

Individuals from Western (individualistic) cultures tend to have an independent-self, while in Eastern (collectivistic) cultures individuals with an interdependent-self are more dominant (Markus & Kitayama, 1991; Triandis, 1989). The independent-self is mostly autonomous; feelings, thoughts, preferences and interests are widely unaffected by the social context. Contrary, the interdependent-self is highly responsive to the social context. The self is perceived as a part of other individuals and their self in turn as a part of the individuals self (Oishi, Diener, Scollon & Biswas-Diener; 2004). Consequences of decisions are being considered in
relation to close others (Cross, Bacon & Morris, 2000). Moreover, the structure of the self as independent or interdependent has a significant influence on cognitive and emotional processes (Torelli, 2006; Kim & Markus, 1999; Markus, Kitayama & Heiman, 1996). As attitudes consist of cognitive and emotional components (Hogg & Vaughan, 2008), it is assumed that brand attitudes are formed differently as a function of the self-construct in different cultures:

H8: Positive (negative) valence has a greater influence on cognitive and affective brand attitudes for individuals with an interdependent self-construal than for individuals with an independent self-construal.

Key Contributions
First, there is no agreement on whether positive or negative valence of online reviews has a stronger impact on purchase intentions (Chang & Wu, 2014; Yoo et al., 2013; Bambauer-Sachse & Mangold, 2011). We suggest looking at this issue through the lens of brand attitudes, as they have a significant impact on purchase intentions (Czellar, 2003) and are part of the brand equity concept (Keller, 2003). Our conceptual framework also provides a basis for analyzing pertinent moderators, such as the type of brand and the type of online interaction. Bearing in mind the importance of potential differences in online consumer behavior in different cultures, we also distinguish between cultures with predominantly interdependent and independent self-construal. Cross-cultural analysis is seen as a particularly important contribution, as research on the impact of valence in different cultures is very rare indeed (King, Racherla & Bush, 2014). Taken collectively, the topic addressed is of high importance, since consumers tend to rely strongly on online reviews (Jimenez & Mendoza, 2013; Prawono, Purwanegra & Indrani, 2013), which demystify brands and their image (Simonson & Rosen, 2014) and in turn, might reduce brand equity. Research on the conditions under which the valence of such reviews strengthens or weakens brand attitudes is therefore of relevance to both marketing manager and academic researchers.

References are available on request.
Are “Irrational Buyers” All Suboptimal? Not When They Are Self-Brand Connected!

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Keywords: seemingly irrational buyer, unique benefit perception, brand connection

EXTENDED ABSTRACT

Research Question
Though consumers definitely exhibit heterogeneous preferences, they still tend to agree on a common set of benefit perceptions towards a brand. Marketing researchers and practitioners may accordingly classify consumers who share majority benefit perceptions of a brand as “rational buyers,” because their thoughts represent average consumer needs. Meanwhile, consumers who exhibit fairly distinct perceptions and behaviors may be considered as “outliers.” It is not necessarily true that these buyers are irrational, since their preferences are certainly personal. Even, the subset of consumers can potentially represent a fairly loyal segment. Our research scope is examining whether “seemingly irrational buyers,” manifested by the interaction between unique benefit perception and self-brand connection, exist, exhibit loyalty towards a brand and engage in active search behaviors.

Method and Data
We obtained consumer-level data of all major brands in the U.S. automobile market from a large well-established international marketing research company. In study 1, we used a Bayesian estimation of GEE (Generalized Estimating Equations) Model to examine whether “seemingly irrational buyers” (high unique benefit perceptions and self-brand connected segments) demonstrate stronger loyalty comparing to generic “rational buyers” and “irrational buyers.” In study 2, we conducted a factor analysis under multidimensional latent item response theory model to investigate search behaviors of “seemingly irrational buyers” segment.

Summary of Findings
We identified a small brand favorable segment, namely, seemingly irrational consumers. They seem “irrational” because their benefit perceptions are distinctive from majority others (high unique benefit perceptions). Another critical trait is that they are highly self-brand connected. Their unique perceptions are enhanced by achieving self-identity. Interestingly, our empirical results demonstrated that they were more likely to show loyalty intention of a brand. The exploratory study 2 further examines that seemingly irrational consumers prefer self-motivated searching activities, and their searching behavior is distinct from others as well. The results implied that seemingly irrational consumers wanted to learn objective and expertise knowledge of a brand instead of listening to friends, families, advertising or other information source. They may also actively visit a brand event in person and investigate the performance of a vehicle themselves. In summary, seemingly irrational consumers are self-oriented savvy buyers who have strong self-centered relationship with a brand.

Key Contributions
Our study contributes to the marketing literature by empirically examining the relationships among uniqueness, self- and communal-brand connection, and loyalty intention. We define seemingly irrational buyers are those who are actually sure about what they are seeking for and exhibit different benefit perceptions, which may seem irrational to others. Due to their distinctive benefit perceptions, they may question themselves and tend to pursue support through brand connection. This study questions not only the direct influence of brand connection, but also whether and how self- and communal-brand connection assuages the decision risk of being unique.

References are available on request.
Innovative Recruiting Tools: Are Serious Games Useful to Attract Digital Natives of the Millennial Generation?

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Keywords: employer branding, serious games, brand management, digitization in recruiting

EXTENDED ABSTRACT

Research Question
Do “serious games” (i.e., games where the entertaining quality of a game is primarily used for education and training purposes) used in a recruitment context attract potential employees to a company and enhance the employer brand image and intentions to apply? Does this approach especially appeal to candidates that perceive themselves as innovative?

Method and Data
The study employs a web-based 2 x 1 experimental design. The control group saw a traditional advertisement with the job description of a product manager position at COTY, an fmcg company which is relatively unknown in Germany. The serious game group was given a game-like treatment (“One Day@COTY”) where the respondents took the role of a product manager and encountered several situations in which they had to make decisions during a simulated day. Data was collected among German students and young professionals, resulting in a final convenience sample of 276 participants (58.3% female).

Summary of Findings
This first exploratory study shows that using a serious game, which describes exemplary activities of a particular job, increases intentions to apply, especially for respondents that perceive themselves as being innovative. The serious game helps to get a better idea of what one might expect from the job in question, i.e., it positively influences specific facets of the employer brand image. Additionally, respondents perceived the serious game as innovative and indicated a high level of positive emotions. Moreover, these associations did not seem to interfere with the general perception of the usability of a game in a recruiting context and did not affect perceptions of professionalism and respectability toward the company.

Key Contributions
This is the first study to show that a serious game influences perceptions of an employer brand’s job attributes and intentions to apply. Moreover, perceived innovativeness is identified as important moderator of this relationship. Thus, the usage of a serious game in a recruitment context might especially appeal to innovative candidates. These findings thereby contribute to the employer branding literature indicating that novel recruiting tools, such as serious games, might be helpful in attracting talents of the millennial generation and enhancing the employer brand image, which represents an important competitive advantage in succeeding in the “war for talents.”

References are available on request.
Exploring Teaching Brands: A Multi-Method Study of Brand Attachment Through the Facilitation of Consumer Learning

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Keywords: brand attachment, brand experience, teaching brands, consumer learning, scale development

EXTENDED ABSTRACT

Research Question
Extant literature, using brand attachment and brand experience theoretical frameworks, speaks to the positive associations that result when consumers develop personal connections with brands. Such outcomes are linked to increased brand equity, and therefore understanding these phenomena are important. Nevertheless, there remains interesting yet unexplored questions regarding how such brand attachments develop. Do brands develop unique bonds with consumers by offering them an opportunity to learn? Does coming of age with a brand or learning new skills from a brand create a deeper emotional brand attachment? Why do consumers seem to form attachments with those brands that facilitate learning? This research builds on the brand experience literature by exploring the attachments that consumers form with brands that facilitate learning as they navigate significant life transitions. We model the idea of brands as continual teachers in that they form an attachment to consumers due to their perceived ability to stimulate learning and problem solving. Second, we develop a psychometrically reliable measure of consumer perceptions of brands as teaching brands.

Method and Data
We employ a multi-method approach to explore the concept of teaching brands. Based on focus groups and semi-structured interviews, we offer an initial conceptualization of teaching brands in our first study. Consistent with similar research efforts, a total of nineteen individuals from the student, staff and faculty population of a large university in the Mid-Atlantic participated in three 90 minute focus groups. We also conducted semi-structured interviews to explore the notion that consumers develop unique attachments to brands that facilitate learning. Study two develops and tests a teaching brand scale that measures consumer perceptions of a brand’s ability to teach skills such that they ultimately enhance brand attachment. The scale development procedures follow those widely recommended in the literature. A total of 423 participants from the United States completed a survey that contained 19 items representing those items that remained after earlier efforts to narrow down a larger set of potential items. Our final 12-item three factor model exhibits acceptable fit statistics and provides additional support for the conceptualization of teaching brands as having three separate dimensions—skill, attendant agency or power, and access to a level of status.

Summary of Findings
Our observations across two studies reveal that teaching brands appear to: (1) form attachments to consumers by offering the opportunity to develop a new and/or differentiated skill, (2) allow users to attain attendant agency or power, and (3) provide consumers access, in that they grant consumers a level of status, credibility or membership in what they consider to be an influential reference group at a
Focus group participants support the idea that some brands do form a unique attachment by facilitating learning and developing a new and possibly differentiated skill often during an important life transition. Teaching brands appear to rely heavily on skill development, but also on creating a sense of independence, and providing access to an aspirational membership group. Our scale development effort supports our conceptualization of teaching brands as a three-dimensional construct. In sum, we contend that brands that tap into the intellectual dimension of a brand experience encourage learning. Teaching brands are therefore capable of creating unique experiences and meanings by intellectually stimulating consumers in a manner that encourages various learning behaviors. Additionally, attachments that consumers form with teaching brands have a strong influence on their consumption choices.

**Key Contributions**

Brands attain their teaching status as a result of various associations or perceptions related to thinking or learning that consumers attach to them. These associations might be the result of certain attributes that a brand possesses, various benefits that it offers, or even attitudes that consumers have towards them. Most importantly, we suggest that these unique associations are linked to the intellectual aspects of a consumer’s brand experiences (Brakus et al. 2009). Because of their strategic advantages, managers should seek to deliver engaging brand experiences to their customers. Teaching brands may be particularly well-positioned to take advantage of the intellectual dimension of brand experience by targeting consumer segments that are motivated by learning. Thus, marketers should invest in the necessary resources (e.g., R&D, product upgrades and enhancements, retail environment, service personnel, etc.) that create intellectual consumer experiences in order to reinforce and sustain their teaching brand image long-term. Brand marketers commonly rely on undifferentiated tactics (e.g., musical cues or generationally relevant endorsers) to build brand connections across generations. Instead, our research provides a potentially different alternative that focuses on establishing a brand foundation of offering knowledge and education, when appropriate; brand value and relevancy can cross generations as a result.

*References are available on request.*
The Rise of Pop Up Brand Stores: The Effects of Store Characteristics on Brand Experience and Word of Mouth

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Keywords: brand experience, luxury brands, hedonic shopping value, pop up brand store, experiential store

EXTENDED ABSTRACT

Research Question
Despite the growing need for marketers in luxury retail to provide memorable customer experiences via their retail outlets, research investigating the effectiveness of experiential stores on brand and behavioral outcomes is scarce. To address this gap, we investigate the effectiveness of pop up brand stores, which we define as temporary stores that are open for a limited period of time. Such stores represent an increasingly popular experiential store format in the luxury fashion and automotive industry. Specifically, we seek to answer the following research questions:

1. Are pop up brand stores' characteristics effective levers to increase customers' brand experience and to trigger behavioral intentions?

2. Does brand experience act as a mediator in the relationship between store characteristics and customers’ behavioral intentions?

3. Are pop up brand stores suited to address both existing and new target groups of luxury brands?

Method and Data
We collected data from 345 visitors of two identical pop up brand stores of a luxury car brand in the USA and in the UK. Specifically, the survey was conducted via self-administered questionnaires directly in the store when the visitors were about to exit. Structural equation modelling was used to analyze the data. We analyzed an overall model in which the interaction effects were integrated based on the unconstrained approach. The mediation effects were assessed using the bias-corrected bootstrapping procedure.

Summary of Findings
We find that three characteristics of pop up brand stores—hedonic shopping value, store uniqueness, and store atmosphere—exert a positive effect on word of mouth (WOM) intentions towards the brand, either directly or mediated via brand experience. Surprisingly, store uniqueness does not strengthen customer experience with the luxury brand. Using brand familiarity as a moderator, we further unveil that the pop up brand store is an exceptional opportunity to create WOM in existing and new target groups alike. However, the store characteristics are not equally relevant for the two groups: Whereas new target groups are more affected by the hedonic shopping value and the overall brand experience, it is the store’s uniqueness that triggers WOM intentions in existing target groups. We argue that pop up brand stores are an effective experiential retailing concept to induce superior experiences for luxury brands and to foster positive behavioral intentions in both existing and new target groups.

Key Contributions
Our contribution is threefold. First, we contribute to the understanding of the effectiveness of customer experience based strategies, quantifying the effects of three crucial
experiential store characteristics—hedonic shopping value, store uniqueness, and store atmosphere—on brand experience and behavioral intentions. Thereby, our results empirically support findings from prior qualitative studies and extend experiential retailing literature by unveiling the role of brand experience as behavioral trigger. Second, by contrasting store visitor’s high and low on brand familiarity, we find that pop up brand stores are an exceptional opportunity to increase WOM in existing and new customer groups alike. This adds to research on luxury brand marketing, which faces the challenge that traditional luxury might be perceived as antiquated by new target groups, but typically highlights that being accessible and being exclusive exclude each other. Third, from a managerial perspective there is a need to justify the cost of stores built for experiences and not profits. By quantifying the effects of distinct store characteristics, we provide justification and guidelines for marketers regarding the use of pop up brand stores. Our findings specifically allow for a segment-specific store design for existing and new target groups.

References are available on request.
Does Minimalistic Product Design Equate to Maximum Liking? The Interplay of Branding, the Perceived Designer’s Ability and the Effort of the Design Process

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Keywords: minimalistic design, design complexity, branding, processing fluency

EXTENDED ABSTRACT

Research Question
Minimalistic product designs such as the Apple iPhone 5s are an increasingly observable phenomenon. The purpose of this research project is to provide insights about the circumstances in which minimalistic product design appears qualitative and aesthetic and to show a dependency on a brand’s prestige. Several studies state that there is an inverted U-shaped relationship between an individual’s arousal and the preference for a target stimulus. Low arousal (provoked by low design complexity) and a high arousal (provoked by high design complexity) equates to low preference. A medium level of information content, on the other hand, leads to maximum preference (Berlyne 1970; Noseworthy et al. 2014). This well-established equation does not explain the popularity of minimalistic product design. Drawing on literature about processing fluency (Schwarz 2004), this research project aims at extending this approach by taking into account a shift in preference through the naive theories “good art takes effort” (Kruger et al. 2004) and “good art takes talent” (Cho and Schwarz 2008). We argue that there are circumstances in which a minimalistic product design appears qualitative and aesthetic. This shift might depend on the brand’s prestige, as consumers seem to use this prestige as an indicator of the talent and ability of the designers working for this brand.

Method and Data
We conducted two experiments to test the interaction effect of design complexity and brand prestige. The experiments had a 2 (design complexity: high/low) x 2 (prestige of the brand: high/low) between subject design. We conducted online surveys in two Western countries with a sample size of 109 and 141 participants. Study 2 is a replication of Study 1, but uses a different product and data sample to investigate the generalizability and robustness of the findings of Study 1. To analyze the data sample we performed an ANCOVA. Both studies resulted in a highly significant interaction effect between the design complexity and the brand’s prestige. Additionally, a simple effects analysis confirmed these results.

Key Contributions
In both studies we found a highly significant interaction effect between the visual complexity of a product and the brand prestige. The results show that high brand prestige represents a crucial factor for the interpretation of a fluency experience that is provoked by a product’s design complexity. In case of a low-prestige brand, a low design complexity leads to a low perceived design quality of the product. An increased design complexity is associated with an increase in the perceived design quality. Consumers could infer that an increase in visual complexity requires a greater effort of the design process. In case of high brand prestige, both a low and high design complexity lead to a high perceived design quality. Consumers might assume a high effort of the design process regardless of the visual complexity level.

Summary of Findings
In summary our findings provide evidence for the moderating influence of brand prestige on consumers’ interpretation...
of varying design complexities. Consumers evaluate a minimalistic product design as being of high (low) design quality when it is paired with a high (low) prestige brand. In case of a complex product design, the design quality of the product was rated on the same level regardless of brand prestige. These results have numerous implications for researchers and managers. On a theoretical level we extended Berlyne’s inverted U-shaped framework (Berlyne 1970) for a preference of minimalistic product design. On a practical level we recommend that low prestige brands should avoid designing minimalistic products as consumers perceive them as being of low design quality. High prestige brands, on the other hand, should develop minimalistic as well as complex designs. Both lead to a perception of high design quality.

References are available on request.
Meaning Transfer in the Celebrity-Candidate Endorsement Relationship

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EXTENDED ABSTRACT

Research Question
How does a celebrity endorsement of a political candidate or political party affect the attitudes that individuals have toward both participants in the exchange—the celebrity and the candidate?

Does celebrity endorsement of a political candidate or political party affect voting intention?

Method and Data
A full factorial between-subjects 2 (source effect: high vs. low) x 2 (political party: Democrat vs. Republican) experimental design was conducted with voting intention, attitude toward the celebrity endorsing the political party, and attitude toward political endorsement by celebrities as dependent variables. The source effects “trustworthiness” and “attractiveness” were chosen for final implementation, resulting in eight different advertisements being presented to more than 200 respondents. Results were analyzed using MANCOVA and found significant interactions for an individual’s political values and the two independent variables.

Key Contributions
The paper confirms recent research suggesting that the meaning transfer model (McCracken 1989) is not suitable for celebrity endorsements of political candidates. It follows a recent paper that found one’s political preferences trump attitudes toward celebrities. By developing and implementing an experimental using visual cues and two source effects found most effective in celebrity endorsement research—trustworthiness and attractiveness—the results help confirm that meaning transfer in political marketing travels the opposite direction than in traditional endorser-brand relationships. That is, the political candidate and/or the political party effect attitudes toward the celebrity endorser, rather than the other direction. The research also sheds new light on the application of balance theory (Heider 1958) by demonstrating that in politics, voters are content to remain “unbalanced” and have no cognitive need to find equilibrium between themselves, the source, and the object (i.e. candidate/party).

Summary of Findings
Meaning transfer may not exist in the celebrity endorser-political candidate relationship. Results of this most recent study showed significant effects on voter intention when individuals seeing an advertisement of a celebrity supporting a political party were not in balance with the voter’s political values. The results held true for celebrities featuring both high and low trustworthiness, as well as high and low attractiveness. In all cases, voting intention was not affected by the celebrity alone, but only in concert with the individual’s political values and the party the celebrity was supporting. In all cases, party loyalty—as derived from political values—trumped celebrity endorsement whether the relationship was in balance or not. That is, individuals were less likely to vote for a political party being endorsed by a celebrity when they found themselves in a state of imbalance between a celebrity they considered high/low in trustworthiness and their political values, nor high/low in attractiveness and their political values.

References are available on request.

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Could Green Upgrade a Brand? The Role of Eco-Friendly Product Attributes in the Evaluation of Brands

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Keywords: brand attribute, eco-friendly, purchase intention, brand attitude, brand emotions

EXTENDED ABSTRACT

Research Question
Brands increasingly try to differentiate themselves on the basis of pro-environmental attributes. Only a few brands choose to position themselves as real “green brands” (e.g., Hartmann et al., 2005). Instead, most companies add environmentally friendly brand attributes to their existing brands. Within academic literature, an increasing number of studies examined how these environmentally friendly brand attributes are evaluated (e.g., Gershoff and Frels, 2015; Olson, 2013; Rokka and Uusitalo, 2008). However, it is often technically or financially not feasible to implement an eco-friendly attribute all in once. It is likely that consumers evaluate products that differ in their extent to which they use environmentally friendly attributes differently. This study examines the role of the degree of eco-friendliness of brand attributes in the purchase intention of a brand and additionally explores how this association between degree of eco-friendliness and purchase intention occurs. We therefore distinguish between two essential evaluative components that predict a brand’s purchase intention (i.e., brand attitude and brand emotions). Finally, this study examines whether different degrees of the use of eco-friendly attributes differentiate between those consumers who feel a stronger moral obligation towards the environment as compared to those consumers who feel a weaker moral obligation.

Method and Data
Two empirical studies are conducted to test the research question regarding the association of degree of eco-friendliness of brand attributes with the brand’s purchase intention. Data collection and sampling were identical for both studies: online panel studies were conducted among consumers from six different countries (i.e., Denmark, Germany, Italy, the Netherlands, Czech Republic, and Slovenia). An experimental design was used to test the degree of eco-friendliness of a brand. Respondents were randomly assigned to one of the following three conditions: a brand that did not contain eco-friendly materials, a brand that partially contained eco-friendly materials (e.g., 30%), and a brand that fully contained eco-friendly materials (e.g., 100%). Then, participants were asked to fill out a self-administered survey. In the first study, we used as a product example shampoo and a total of 1873 participants were obtained, equally distributed over the countries. Study 2 focuses on the packaging (bottle) of soft drinks (i.e., coke). In total 3741 participants, who did not participate in Study 1, took part in the experiment. In addition to replicating the findings from Study 1 for a different type of product, Study 2 also compared a global brand with a private label brand.

Summary of Findings
The results of Study 1 provide evidence that the level of use of eco-friendly materials matters when it comes to the purchase intention of a brand. Only when a brand offers 100% eco-friendly brand attributes, a positive effect on purchase intention, brand attitude and brand emotions could be accomplished. In addition, we found that both brand attitude and brand emotions mediate the effect of level of eco-friendliness on purchase intention of the brand. This study showed that the effects were more pronounced for those consumers who feel a stronger moral obligation towards the environment.

Study 2 provides further support for the effect of introducing eco-friendly brand attributes on purchase intention. In contrast to Study 1, in Study 2 all levels of use of eco-friendly

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materials are significantly different from each other. In addition, we again found that both brand attitude and brand emotions mediate the effect of level of eco-friendliness on the brand’s purchase intention. Also, the effects were more pronounced for those consumers who feel a stronger obligation towards the environment. Finally, when comparing the results of the global brand with the private label brand, effects appear to be stronger for the private label brand.

**Key Contributions**

The results of two cross-country studies reveal that introducing eco-friendly brand attributes has a positive effect on the brand’s purchase intention. This study advances understanding of consumer’s acceptance of eco-friendly brands in several ways. First, this study shows that the degree of eco-friendliness of brand’s attributes matters. We consistently found that brands that contain 100% eco-friendly product attributes are better evaluated than products than contain only partially eco-friendly product attributes. Second, the current study shows that both brand attitude and brand emotions explain why the degree of environmentally friendliness affects purchase intention. Building on previous studies (Koenig-Lewis et al., 2014; Onwezen et al., 2013), we found that consumer intentions towards eco-friendly brands are thus not only driven by rational evaluations of a product, but also by consumers’ feelings. Furthermore, the positive effect of introducing eco-friendly brand attributes seems to be more pronounced for the private label brand as compared to the global brand, implying that private labels could potentially benefit more from introducing eco-friendly brands. Finally, people who are more environmentally engaged are also more sensitive for the addition of eco-friendly attributes to a brand. This finding attests to the importance of considering individual differences when examining eco-friendly brand attributes.

*References are available on request.*
If You Want Happiness, Buy Luxury Brands: The Potential of Luxury Brands to Make Consumers Happy

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Keywords: brand happiness, conspicuous consumption, luxury brands, signal explicitness

EXTENDED ABSTRACT

Research Question
Research, so far, has neglected the relationship between luxury brands and brand happiness. This is especially remarkable because the happiness concept is of high behavioral relevance in the context of brands and seems, due to the great potential of luxury brands for inducing hedonic experiences, to be of particular behavioral relevance in the context of luxury brands. The present paper addresses this research gap. The purpose of this paper is twofold: in a first step, we examine the question whether luxury brands make consumers happy and whether their effect on happiness is stronger than the effect produced by non-luxury brands. Furthermore, luxury brands vary in the extent to which their brand logo or patterns are visible. Hence, in a second step, we examine how signal explicitness affects brand happiness.

Method and Data
To test our hypotheses, we carried out two preliminary studies and two experiments. The aim of the first preliminary study was to categorize brands into “basic” (“non-luxury”) and “luxury” brands. For this purpose, 20 consumers were asked to name one brand in each of the two categories in four different industries (watches/jewelry, automobile, fashion/accessories, perfume/cosmetics).

Then, we proceed with a second preliminary study to examine the question whether luxury brands make consumers happier than non-luxury brands. 294 consumers participated in the online survey.

The two experiments were conducted to analyze the influence of high versus low signal explicitness on high versus low expressive brand happiness. In experiment 1, 87 female German-speaking consumers (non-students) completed the questionnaire. In experiment 2, 109 male German-speaking consumers (non-students) agreed to participate in the study.

Summary of Findings
The results of the two preliminary studies confirm that luxury brands make consumers happy and that this potential is—for the product categories watches/jewelry and fashion/accessories—stronger than that of non-luxury brands. As a result of the two experiments, signal explicitness of luxury brands has no effect on the experience of different types of brand happiness. Surprisingly, however, signal explicitness has such an effect when considering gender differences.

Key Contributions
From a marketing academics perspective, the results provide deeper insights into luxury brands and their impact on brand happiness. From a marketing manager’s perspective, the findings provide information on which degree of signal explicitness is advantageous for consumers’ experience of brand happiness.

References are available on request.
When Underdogs Succeed: Managing Underdog Brand Biographies and Cultivating Supporters for the Long-Run

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Keywords: brands, brand biography, underdog, authenticity, markets

EXTENDED ABSTRACT

Research Question
We seek to answer three new research questions about the use of underdog brand biographies. First, what are the consequences of being perceived as an underdog? Second, do some consumer segments find underdogs more appealing than other segments? Third, over time, how should underdogs manage growth?

Method and Data
We employed a 3 (brand biography: hopeful underdog, oppositional underdog, non-underdog) × 2 (category dominance: high, low) × 2 (brand update: maintain control, relinquish control) between-subjects design. After reading the brand biography and category dominance descriptions, participants responded to the initial DV’s. Participants were then shown a brand update which described a situation in which the company had become the market leader. After reading the update, participants responded to a second set of items pertaining to the brand’s updated status (i.e., post-update measures). Three-hundred and eighty-two participants recruited from a national US panel completed the study for a monetary reward.

Summary of Findings
For both hopeful and oppositional underdogs, a brand’s perceived underdog status significantly and positively correlate with brand attitude, brand trust, and purchase intentions. Compared to a low-dominance competitive environment, a high-dominance competitive environment significantly enhances a brand’s perceived underdog status, brand attitude, and purchase intentions. Brand trust does not differ for high and low dominance environments. Highly innovative consumers, compared to less innovative consumers, have significantly higher brand attitude, brand trust, purchase intentions for underdog brands. For the non-underdog, attitude, trust, and purchase intentions do not differ across more and less innovative consumers. Although the brand update reduced a brand’s perceived underdog status, maintaining control significantly enhanced purchase intentions for both hopeful and oppositional underdogs, while relinquishing control significantly reduced purchase intentions for oppositional underdogs and had no effect on purchase intentions for hopeful underdogs.

Key Contributions
First, replicating prior findings (Paharia et al. 2011, Paharia et al. 2014), when a brand had greater perceived underdog status, consumers had more favorable attitudes and purchase intentions. Furthermore, we find that consumers trust brands that are storied as underdogs, which likely leads to their support. Second, we replicate Paharia et al.’s (2014) “framing-the-game effect” whereby a high-dominance competitive environment enhances perceptions of being an underdog and leads to more favorable outcomes (attitude, purchase intention). The “framing-the-game” effect was not successful for promoting brand trust, which indicates that brand trust originates from something inherent to the underdog brand, not the external competitive environment. Third, we show that

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highly innovative consumers are more likely to trust, have favorable attitudes towards, and purchase underdog brands. Fourth, we show that underdogs who achieve marketplace success can manage their underdog status through communication with consumers. Specifically, underdog brands should communicate that they have stayed true to their roots, with ties back to the underdog’s founders. When underdog brands are perceived as relinquishing brand control to a parent company, attitudes, trust, and purchase intentions suffer. Even if success does necessitate new ownership, the brand biography is a useful tool for minimizing perceptions of “selling out.”

References are available on request.
In the spirit of advancing knowledge on how brands relate to WOM outcomes, we investigate what types of brands are more or less likely to stimulate consumers’ intention to buy when someone received word-of-mouth (WOM) about a brand. The significance of our research is that we integrate our WOM impact results with those of recent findings about drivers of WOM volume creation (Lovett, Peres, and Shachar 2013) to create a more complete picture for academics and brand managers on how different brands are (dis)advantaged in the management and leveraging of consumer WOM. This study investigates brand WOM at the level of an individual conversation (e.g., immediate consumer response to characteristics specific to the conversations) while also incorporating aggregate brand characteristics—namely, a set of social, emotional, functional, and hybrid brand drivers identified by Lovett, Peres, and Shachar (2013). Our results imply that specific types of brands reap the benefit of more beneficially potent WOM.

In the study by Lovett, Peres, and Shachar (2013) research, fourteen brand characteristics were identified as being significantly associated with differences in the quantity of offline and online WOM generated about brands. Lovett et al. (2013) categorize these brand characteristics in three categories: social drivers of WOM, which include self-enhancement motives and opportunities to express uniqueness; emotional drivers of WOM, opportunities to express or ease emotional arousal; and functional drivers, which include motives to help others by exchanging information. They also identified brand characteristics that are hybrid motives (perceived risk and product category involvement).

We extend upon their research by theorizing and investigating how social, emotional, and functional brand drivers impact consumer purchase intentions to WOM. Further, unlike Lovett et al. (2013) we not only distinguish between offline and online WOM, but also distinguish between WOM by valence (positive, negative, neutral and mixed WOM about a brand).

The database of WOM conversations come from the Talk Track proprietary database. From this database, we included 168,645 conversations from 506 brands in the analysis. Each WOM brand conversation and the resulting behavioral intentions from that conversation are the fundamental unit of analysis for our investigation. We augmented the Talk Track WOM database with brand-level variables that came from a variety of other sources, including a data set of brand characteristics constructed by Lovett, Peres, and Shachar (2014) and the American Customer Satisfaction Index (ACSI). A Talk Track survey question asked how likely the respondent was to buy the brand. Purchase intention had a mean of 7.47 (σ = 2.09); this serves as the dependent variable for our study. We capture the valence of the WOM based on the WOM recipient’s evaluation of the conversation as being as generally positive, negative, neutral, or mixed about the brand. We dummy-coded the channel of the WOM episode as either offline or online (offline = face to face or telephone; online = e-mail, text message, blog, or Twitter).

We used six brand traits identified as social drivers of WOM: interestingness of the brand, how differentiated the
brand was from other brands, the esteem with which the brand is held, the price premium associated with the brand, the personal relevance of the brand, and the visibility of the brand in the environment measure. For brand trait emotional drivers, we used brand excitement and brand satisfaction. For brand functional drivers, we used the square root of the age of the brand, whether the brand was Search / Credence / or Experiential, the perceived complexity of the brand, and the overall familiarity people had with the brand. Hybrid brand drivers used were perceived risk and category involvement. Other covariates included advertising spend, brand equity, brand usage, WOM volume, and brand category.

To evaluate the hypotheses, we used a linear mixed model to model the data and investigate the research questions. The multilevel model accounts for brand-level and product category-level clustering. Following the estimation of the model parameters, we then estimated the relative impact of each brand characteristic on purchase intentions. We did this by estimating the marginal means for purchase intentions while each brand variable, one at a time, was adjusted +1 SD from its mean. Overall, brand characteristics had the most substantial moderating impact on purchase intentions resulting from received NWOM. Of the 36 estimated marginal effects for NWOM on purchase intentions, 22 were sig at the $p < .01$ level and 2 at the $p < .05$ level. The effect of PWOM on purchase intentions, meanwhile, had 11 brand characteristics sig, at $p < .01$ and 1 at $p < .05$. Even at this broad level, these results are interesting. They suggest purchase intentions as a result of WOM are shaped by the unique properties of a brand, but primarily in the case of negative WOM, not positive WOM, about the brand. Social driver brand characteristics tended to shield a brand from the adverse effects of NWOM. Specifically, brands that are perceived as interesting, highly differentiated, held in high esteem, and are highly visible in the environment (all social drivers) will tend to have higher purchase intentions in the case of NWOM.

Conversely, brands are likely to have particularly low purchase intentions scores when NWOM recipients are already very familiar or invested with a brand. The effect of brand characteristics on purchase intentions was generally the same regardless of whether the WOM was online or offline, but a few exceptions exist. First, purchase intentions for high familiarity brands were particularly lower in the case of offline NWOM compared to online WOM ($p < .05$). Secondly, purchase intentions were significantly lower for highly personally relevant brands in the case of online NWOM but there was no significant difference in the case of offline NWOM.

References are available on request.
Does the Social Media Power of a Brand Alliance Partner Impact New Product Success? The Case of Movie Stars

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Keywords: social media, brand alliance, ingredient branding, motion pictures, stars

EXTENDED ABSTRACT

Research Question
Does the social media power of a brand alliances partner impact new composite product success and which contingency factors influence this relationship? This research investigates whether an external installed social media fan base of a brand ally can help to enhance the sales of a new composite product. The authors are especially interested in the contingency factors that might moderate this effect. They thus also investigate different groups of contingency factors, namely brand success factors, product success factors as well as social media success factors.

Method and Data
The authors test the contingency model with a unique proprietary dataset from the motion picture context. They use extensive information on 303 movies which were released in North American theaters in 2012 and 2013. Those movies are matched with information on the lead actors and their social media bases. The authors compiled historic data about the actors and their respective social media communities on Facebook and Twitter, the two most prominent social media platforms for the data collection period. Furthermore, the authors coded about 30,000 individual tweets to gain insights into the actors’ social media activities. For analyzing the conceptual model, the authors employ ordinary least squares regression with robust standard errors.

Summary of Findings
Results show that a partner brand’s social media power, measured by its number of fans on Twitter and Facebook, is associated with an increase in new composite product sales, even after controlling for the partner’s traditional brand strength. The authors also find support that this effect is moderated by several contingency factors, including the partner brand’s posting behavior, the engagement of the partner brands’ social media community and the type of the composite product.

Key Contributions
This research is the first empirical investigation of the social media power of a brand alliance partner. As a first contribution, the authors provide compelling evidence for a positive link between the size of the installed social media base of a partner brand with the economic success of the composite product. As social media power is included on top of the pre-existing traditional partner brand strength, the authors capture the incremental impact of an externally acquired number of followers on product sales.

As a second contribution, the authors provide a systematic analysis of contingency factors that moderate this effect. Their extensive selection of moderating forces include brand success factors, product success factors as well as social media success factors. The results offer actionable implications both for the management of partner brands such as ingredients as well as for the management of host brands. They can guide managers in how to select partner brands and how to manage social media activities.

References are available on request.

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Research Question
Companies are increasingly turning to social media in order to connect with their customers and to strengthen consumer-brand relationships. Particularly Facebook brand fan pages constantly gain popularity which is also mirrored by increasing marketing spending. Despite these facts, little is still known about the effect of the observations of fan page visitors on purchase-critical outcomes. Given this lack of academic knowledge, our guiding research question was as follows: Do consumer fan page perceptions translate into consumer-based brand equity creation? This question enables us to study the effect of the diverse characteristics of marketer- and consumer-generated brand communication on Facebook (e.g., brand post vividness, interactivity, informational content, emotional content, message valence) on both brand- and community-related outcomes. These outcomes include changes of the customer brand mindset (e.g., brand image, brand attitude), community engagement (i.e., consumer’s involvement in Facebook activities) as well as brand engagement (e.g., brand loyalty, brand recommendation) and represent key drivers of consumer-based brand equity.

Method and Data
In order to test our conceptual framework and its nine hypotheses, this study uses empirical data collected from a sample of adult consumers. In total, 425 customers of an Austrian major grocery chain regularly visiting the company’s Facebook pages participated in an online survey. All constructs included in the questionnaire were measured with well-established and validated scales regularly used in the marketing literature. Responses were collected within two weeks in spring 2015. We used a series of regression analyses for a preliminary assessment of the data.

Summary and Findings
First empirical results provide support for 23 out of 24 hypotheses. Findings show that both marketer-generated and consumer-generated brand communication on Facebook affect key determinants of consumer-based brand equity. Particularly, our study demonstrates that activating and dialogic factors such as brand post vividness and interactivity increase the level of passive and active future community engagement (e.g., frequency of brand page visits and comments). In addition, positive perceptions of corporate brand communication on Facebook directly impact brand awareness as well as brand image and indirectly impact brand attitude. In turn, brand loyalty and positive word-of-mouth are both affected by the degree of community engagement and the consumer brand mind set. Consumer-generated brand communication (i.e., perceived comment valence) has considerable positive effects on key determinants of brand equity creation but does not increase brand awareness.

Key Contributions
To date, no research has profoundly addressed the effect of brand fan page perceptions on consumer-based brand equity. This study is one of the first contributions that recognizes the complexity of brand equity creation in the context of social media marketing communication and identifies the relationships among its key factors. By developing a conceptual model, this research makes a first step forward and
investigates the linkages between brand communication perceptions on Facebook and essential brand- and community-related outcomes. The study at hand grants some new insights for marketing research for evaluating the critical role of consumer perceptions in the context of brand fan pages and it further helps marketers by demonstrating effective ways to communicate with their target audience on Facebook.

References are available on request.
Managing the Pinball: Dimensions of Strategic Social Media Marketing

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**Keywords:** social media marketing, internal perspective, strategy

**EXTENDED ABSTRACT**

**Research Question**
Understanding strategic social media marketing, that is, the depth and breadth of the general management of social media, remains an area with little published research. The purpose of this research is to outline the dimensions that should be considered when developing a social media marketing strategy. Therefore, the current research attempts to explore the continua on which these strategic social media marketing decisions lie.

**Method and Data**
Because previous knowledge pertaining to strategic aspects of social media marketing is scarce, we employed a discovery-oriented, theories-in-use approach. Particularly, a two-step qualitative research approach was conducted among social media marketing experts with various backgrounds from Europe and the US.

**Summary of Findings**
We developed a strategic framework that employs four generic dimensions of social media marketing. These social media marketing dimensions are “scope,” “governance,” “structure,” and “culture.”

**Key Contribution**
Our comprehensive conceptualization of strategic social media marketing proposes a new integrative framework that expands beyond extant social media marketing research. Furthermore, managers can apply our framework to position their organizations on these four dimensions in a manner consistent with their overall strategy.

References are available on request.

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Brand Similarity, Cohesiveness, and Diversity in Extension Feedback Effects

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Keywords: perceived entitativity, brand similarity, brand cohesiveness, brand diversity, group level trait transference model, polarization effects

EXTENDED ABSTRACT

Research Questions
Research in brand evaluations has widely investigated the feedback effects of brand extensions, which involve the interplay of the three major elements of brand, brand extension and perceiver. The investigations mainly focus on the impacts of the characteristics of brand extensions and perceivers. However, less is known about the moderation of brand characteristics. Therefore, this article attempts to advance brand research by examining the moderation of brand characteristics (i.e., entitativity) on brand perception and extension feedback effects.

Method and Data
As similarity, cohesiveness, and diversity are antecedents of group entitativity, we examine the hypotheses from the perspectives of brand similarity, cohesiveness, and diversity with three experimental studies, respectively. Three cohorts of 138, 188, and 155 American residents participated in the first, second, and third experimental studies with between-subjects factorial design, respectively.

Summary of Findings
The findings reveal that, for brand perception, brand similarity and cohesiveness are compatible concepts. Brands with similar and dissimilar brand extensions are cohesive and incohesive brands and, thus, high and low entitative brands, respectively. Adversely, cohesive and incohesive brands are brands consisting of similar and dissimilar brand extensions and, thus, high and low entitative brands, respectively. However, cohesive brands with dissimilar brand extensions and incohesive brands with similar brand extensions seemingly do not exist.

For extension feedback effects, brand similarity and cohesiveness are partially compatible concepts. Brand similarity better supports group entitativity theories predicting brand perception and extension feedback effects. As a result, brand similarity (vs. cohesiveness) is a compatible concept, and an effective antecedent of brand entitativity. The finding is contrary to the result of the extant research in group perception, which states that group cohesiveness is a more effective antecedent of perceived entitativity than group similarity for group perception.

Moreover, the moderation pattern of brand diversity on brand perception and extension feedback effects is partially different from the moderation patterns of brand similarity and cohesiveness. Brand diversity is an effective antecedent of brand entitativity only when diversity is high because high-diversity information decreases brand entitativity and, thus, weakens brand quality. As a result, high-diversity information moderates extension feedback effects, where unfavorable brand extensions exert asymmetric feedback effects on high- and low-similarity brands. Specifically, high- (vs. low-) similarity brands are more saliently weakened by unfavorable brand extensions. The results partially match the findings of McGarty et al. (1995) and suggest that brand diversity is partially compatible with brand entitativity.

Key Contributions
The feedback effects of unfavorable brand extensions on brand evaluations may involve the three elements of brand, brand extension and perceiver. Extant research in extension feedback effects has widely discussed the influences of
brand extension and perceiver characteristics. However, less is known about the impacts of brand characteristics on extension feedback effects. Therefore, capitalizing on group entitativity theories, this research investigated the impacts of brand characteristics (i.e., brand similarity, cohesiveness and diversity) on extension feedback effects and brand perception. The findings reveal that brand similarity, cohesiveness and diversity are fully or partially compatible with perceived entitativity, which moderates extension feedback effects.

References are available on request.
New Conceptual Insights into Brand Fit and Co-Branding

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Keywords: co-branding, brand fit, brand alliances, similarity, brand management

EXTENDED ABSTRACT

Research Question
A substantial stream of research has addressed the drivers of successful co-branded products. The evaluation of corresponding brands and the degree to which these two brands “fit” together (i.e., brand fit) are drivers that influence consumers’ evaluations of co-branded products.

However, some brands that one would intuitively think of do not fit that well together (for example, the chocolate brand Milka and the cream cheese brand Philadelphia), launched quite successful co-branded products. But how can this be explained?

Co-branding theory puts forth two scenarios pertaining to when and why some brand combinations with a perceived low level of brand fit can be successful: First, one stream of research argues that a moderate fit is preferred in high-involvement settings as compared to a very high or very low fit. Second, besides brand fit, the complementarity of two brands can play an important role.

In this research, a third possible theoretical mechanism is proposed that explains why co-brand engagements can be positive, despite an initial low level of brand fit: We suggest that brand fit is not only an antecedent of co-brand evaluation, but also an outcome of co-branding processing. In other words, the initial brand fit that consumers perceive before processing a co-brand will be influenced by processing (or using) co-branded products, and thus adjust the initial brand fit evaluation.

Method and Data
A series of quantitative experimental studies were conducted to test the proposed framework. These studies covered established measurement scales of brand fit, brand attitude, and product attitude.

Summary of Findings
A core finding is that evaluations of brand fit can be changed by processing co-branded products. Further analyses provide additional insights into the underlying mechanisms of co-branded products.

Key Contribution
It is a widely replicated finding that brand fit causally influences the evaluation of co-branded products. However, we now know that processing a co-branded product also influences the level of brand fit. This is also an important finding from a managerial perspective, as we provide additional arguments why a high level of brand fit is not the only criteria managers should use for partner selection in co-branding.

References are available on request.

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Research Question
Social media has deepened and broadened marketplace relationships beyond brand-consumer relationships (Fournier, Breazeale, and Fetscherin 2012) into consumer-consumer relationships (Hennig-Thurau 2004; 2010). Recently, the brand-brand dyad has filled a gap in the marketplace we acknowledge as the interbrand relationship. Prior literature has largely focused on the tangible aspects of interbrand relationships, such as brand alliances, co-branding, and brand extensions (Park, Jun, and Shocker 1996; Rao and Ruekert 1994; Simonin and Ruth 1998). However, as consumers also derive meaning from brands’ intangible assets, firms have discovered how to use social media to create new, intangible aspects of interbrand relationships. Brand anthropomorphism (Fitzsimons, Chartrand, and Fitzsimons 2008; Guido and Peluso 2015) morphs a brand’s intangible aspects—including its personality, emotions, and language—into a humanlike object for the consumer to relate and communicate with via social media. These communications help balance the tangible dimensions of interbrand relationships.

While brand-consumer and consumer-consumer communications seem more “natural,” providing firms with value ranging from improved attitudes toward the brand to brand loyalty (Aggarwal 2004; Chaudhuri and Holbrook 2001), it seems counterintuitive consumers would care about interbrand communications. Not the least, these communications do not directly engage the consumer the same way parasocial interactions foster brand-consumer connection (Labrecque 2014). However, the fact that brands are interacting with each other on social media platforms makes a compelling argument that these interbrand communications close the gap on interbrand relationships.

Should brands bother to continue with the interbrand communication strategy? What is its impact on the interbrand relationship? Does it provide any value to either the firm or the consumer? This study looks at interbrand relationships via the interbrand communications—as embodied by anthropomorphized brands—that combine brands’ intangible assets. Using a controlled experiment, we test the effects of these interbrand communications on consumer brand attitudes. We determine interbrand communications positively increase consumer brand attitudes and have a greater effect on familiar brands, suggesting interbrand communications are not only valuable, but can help foster interbrand relationships. We briefly conclude with ideas for future research on the broad context of interbrand communications and interbrand relationships.

Method and Data
To test a model of the effects of interbrand communications on brand attitudes, we created an interbrand communication that mimicked the real-time nature of social networks. A mock microblog was chosen to communicate the stimulus, as we could readily control for identifying features, but offer seemingly authentic brand posts.

Design and Procedure
Participants (n = 252) were recruited from undergraduate business school classes (54% male, M age = 21.2) in exchange for course credit. Participants were randomly assigned to one of eight conditions in a 2 (focal brand A familiarity: high vs. low) x 2 (paired brand B familiarity: high vs. low) x 2 (product category congruency: high vs. low) between-subjects design. Materials were presented in an online instrument.

We first asked participants to evaluate a variety of brands, including those represented in the IBC stimulus as well as eight other brands that were included to mask the nature of the study. The brands were presented in random order. Par-
participants then completed a distracter task before the interbrand communication (Mtime = 6.32, SD = 2.45)

The interbrand communication was the target stimulus of the experiment and participants were randomly assigned to one of the eight IBC conditions. Participants were told that, upon checking their favorite social media page, they happened to see Brand A post to the network. After a five-second delay to ensure participants read the instructions, Brand A’s post appeared. After another five-second delay to ensure participants read Brand A’s post, another set of instructions appeared, telling participants another brand responded to Brand A’s post. After a five-second delay to ensure participants read the instructions, Brand B’s post appeared.

Following this IBC stimulus, participants answered questions regarding their attitudes toward both brands’ posts, perceptions of product category congruency, and likelihood to engage with both brands’ posts. Participants were again asked to complete a distraction task (Mtime = 2.03, SD = 1.14) and then asked to indicate their attitudes toward each brand in the IBC. Finally, participants answered questions about their familiarity with a range of brands, including the focal brands in the IBC. Again, the brands were presented in random order.

Analysis
We analyzed the structural equation model in Mplus. This allowed us to correlate the error terms between the pre-IBC exposure and post-IBC exposure brand attitude measures, rather than to use difference scores. Due to space limitations, we present results for only the overall model. However, we have performed additional analyses constraining measurement models to test the moderating, asymmetric effects of brand familiarity on the model.

Summary of Findings
The model was significant ($\chi^2(210) = 700.87, p = .000$) and fit indices (CFI = .921; TLI = .904) were within a satisfactory range. The model accounted for a substantial amount of variance ($\text{SRMR} = .066$; RMSEA = .096).

The effects of the interbrand communications on post-exposure brand attitudes are significant and positive, supporting H1. AttIBC had a significant positive effect on post-AttBrA ($\beta_{45} = .107, p < .05$) and on post-AttBrB ($\beta_{46} = .138, p = .000$). The pre-exposure brand attitudes also significantly positively affected post-exposure in support of H2. Pre-AttBrA positively affected post-AttBrA ($\beta_{15} = .744, p = .000$) and pre-AttBrB positively affected post-AttBrB ($\beta_{37} = .812, p = .000$). The IBC had a significantly positive effect on EngageIBC, in support of H3 ($\beta_{24} = .142, p < .05$). These results demonstrate that when consumers have positive evaluations of interbrand communications, there will be a positive spillover effect on both brands’ attitudes and engagement with the IBC. This empirical evidence supports the positive role of IBCs on brand value creation.

Pre-exposure attitudes had no significant effect on AttIBC, failing to support H4. Neither pre AttBrA ($\beta_{45} = .080, \text{n.s.}$) nor pre-AttBrB ($\beta_{46} = .059, \text{n.s.}$) were significantly related to AttIBC. However, product congruency had a positive, significant effect on AttIBC ($\beta_{47} = .642, p = .000$), supporting H5. To the extent that consumers perceive product categories are congruent, their evaluations of IBCs will be more favorable. Consequently, IBCs are more valuable when the products themselves are congruent.

Key Contributions
To summarize, we found evidence that interbrand communications have positive effects on post-exposure brand attitudes (H1a, H1b), that pre-exposure attitudes positively affect post-exposure attitudes (H2a, H2b), that attitudes toward IBCs have a positive impact on engagement with the IBC (H3), and that product category fit positively affects attitudes toward IBCs (H5). These results demonstrate that IBCs have a significant and positive impact on creating brand value (Keller 2003). In managerial terms, we show there is not only added value for brands to communicate with each other, but also for responding brands to give consumers material to help form or strengthen the interbrand relationship.

This initial research on IBCs has theoretical implications for social media, brand management, marketing communications, and interbrand relationship research. Our findings provide initial support for IBCs on interactive platforms, helping close the gap on interbrand relationship knowledge. The results of our findings also have practical implications for firms adding IBCs to their communications strategies. In our next study, we plan to research the impact of interbrand communications on attitudes toward strategic brand alliances in the form of co-branded product launches.

References are available on request.
The Impact of Emotional Brand Attachment on Brand Extension Success

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Keywords: brand extension success, emotional brand attachment, consumer-brand relationships, Johnson-Neyman Procedure, floodlight analysis

EXTENDED ABSTRACT

Research Question
Brand extensions, the use of established brands in new product categories, (e.g. Aaker and Keller 1990) do serve as an important marketing growth strategy for a lot of new product introductions. Given that new products are prone to failure the use of an established brand can help facilitate acceptance of the new product by reducing consumers’ perceived risk, enhancing efficiencies associated with distribution and promotional activities, and reduced overall costs associated with launching a new brand. Prior research on brand extensions has demonstrated that the fit between a parent brand and its extension is the most important driver of the extension’s success Völckner and Sattler (2006). The consumer marketplace, however, also provides a number of examples of successful brand extensions that are distant from their parent brand. The role of consumers’ emotional brand attachment with regard to reactions to a brand extension has largely been neglected in the literature so far. We believe that attachment theory (e.g. Bowlby 1979) can help explain why consumers differentially evaluate brand extensions. In particular, we propose that consumers who have strong emotional bonds to a brand will be less impacted by a lack of category fit of the extension with the parent brand.

Method and Data
In the current research, we investigate the moderating role of brand attachment on consumers’ reactions to brand extensions that vary in terms of fit with the parent brand. We begin by providing a review of the brand extension success and brand attachment literatures, along with offering hypotheses. We suggest that consumers who are emotionally attached to a brand will be less impacted by a lack of brand extension fit, compared to those who are less attached to the brand. In other words, consumers who are emotionally attached to a brand essentially wear “rose colored glasses” when evaluating brand extensions. Furthermore, we propose that brand image fit, rather than product category fit, will play a more central mediating role in the observed effects. We then report the results of an experimental study regarding the evaluation of different extensions for a real-world brand.

Summary of Finding
For our study we have data form a household panel available. We used a three level between-participants design and manipulate fit of the extension. A two-step regression analysis and follow-up floodlight analysis (c.f. Spiller et al., 2013) indicate that those who are emotionally attached to a brand are largely unaffected by lacking brand extension fit, resulting in positive attitudes and purchase intentions (compared to those who are less attached). Moreover, multiple mediator analyses indicate that brand attachment’s moderating effect is mediated through brand image fit.

Key Contributions
Overall, our empirical results underscore the importance to consider the impact of consumers’ emotional attachments to brands when making decisions about brand extensions. The results of the research suggest that prior work demonstrating the importance of brand extension fit with the parent brand should also consider consumers’ emotional brand attachment. While promising for brands that have a following of...
true brand aficionados, one needs to consider that brand extension fit has a significant influence on brand extension evaluations for those who are less attached to the brand. Moreover, our findings indicating that brand image fit mediates the moderating effects of attachment indicate the important role of a brand’s image in how consumers respond to brand extensions. Finally, we contribute to managerial perspective by giving implications for marketing practitioners.

References

Part B
B-to-B and Channels of Distribution

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Consequences of Alliance Portfolios for Systematic and Idiosyncratic Risk

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Keywords: marketing-finance interface, strategic alliances, alliance portfolio, firm risk

EXTENDED ABSTRACT

Research Question
Firms engage in multiple alliances with different purposes, thereby forming alliance portfolios. Despite the increased interest in alliance activities, little is known about the effect of alliance portfolios on firm value. This research focuses on the value creation effect of alliance portfolio composition through stock risk, a key aspect of firm value. Our central research question is how to best compose the alliance portfolio to shield firms from systematic and idiosyncratic risk of stock returns.

We argue that differences in alliance type and differences in alliance partners are sources of heterogeneity in terms of the resource endowments that are associated with alliances. To capture such differences in resource endowments, we distinguish between marketing versus R&D alliances and between horizontal versus vertical alliances. To capture firms’ overall access to external resources through alliances, we adopt a portfolio perspective and we examine the emphasis that firms place on these different alliances (marketing, R&D, horizontal, vertical) in their alliance portfolio.

Method and Data
We examine alliance portfolios of publicly listed US manufacturing firms over the time period 2003-2013. To ensure complete coverage of alliance portfolios in a five-year window, we track the alliances back to the year 1998. Our choice for a 5-year window to create portfolio variables is in line with previous alliance portfolio research.

We rely on four databases. We derive alliance data from the SDC Joint Ventures & Strategic Alliances database. Complete annual accounting information is collected from COMPUSTAT. Data for daily stock returns is obtained from the Center of Research on Stock Prices (CRSP) and details from the Fama-French four factors are obtained from Dr. Kenneth French’s website. The integration of data across sources yields a sample of 211 publicly listed US firms and 1892 firm-year observations.

We assess the impact of alliance portfolio emphasis on systematic and idiosyncratic risks with a random effects model that accounts for intra-firm correlation as we have multiple observations per firm.

Summary of Findings
The results show that a portfolio rich in horizontal marketing alliances, which allows a firm to pool the demand and resources of industry peers, enhances the competitive position of the focal firm and, thus, protects the firm against market downturns and cash flow volatility. In other words, as firms place more emphasis on horizontal marketing alliances, they can effectively decrease both systematic and idiosyncratic risk. Further, a portfolio that emphasizes vertical marketing alliances increases the vulnerability of the firm to external shocks by increasing the number of macro level forces it is exposed to, thus, increases systematic risk. Finally, an alliance portfolio rich in vertical R&D alliances creates a dependency on external knowledge bases, which may hamper the quick mobilization of relevant technical knowledge in case of a market downturn. In addition, the high set-up costs of these alliances with inherently uncertain outcomes increase the volatility of cash flows. In summary, as firms place more emphasis on vertical R&D alliances in their portfolio, both systematic and idiosyncratic risk are increased.

We find evidence for the firm heterogeneity in terms of benefitting from external resources depending on firm size. We show that resource-constrained firms benefit more from...
the risk-shielding effects of portfolios rich in horizontal marketing alliances. However, they are more susceptible to the systematic risk-enhancing effect of portfolios with an emphasis on vertical alliances.

**Key Contributions**

First, by adopting an alliance portfolio approach we seek to address concerns expressed in the literature regarding the limitations of focusing on single alliances. While progress has been made in the study of alliance portfolios (Lavie 2007; Wassmer 2010; Cui and O’Connor 2012; Wuyts et al. 2004), prior studies examined their consequences for market performance, innovativeness, productivity, and alliance termination. This study aims to establish a new link, between alliance portfolios and financial risk.

Second, this study complements prior literature on marketing and R&D alliances by exploring the impact of the emphasis on those alliances in a firm’s overall alliance portfolio. While there is some evidence linking marketing and R&D alliances with firm value creation through stock returns, only recently value creation through stock risk has been explored by marketing researchers (Mani and Luo 2015; Thomaz and Swaminathan 2015). By distinguishing marketing from R&D alliances and horizontal from vertical alliances, we provide a more fine-grained perspective on strategic emphases in alliance portfolio composition.

Third, we examine if accessing resources through alliance portfolios is more valuable for resource-constrained firms and investigate whether firm size moderates the relationship between the emphasis of an alliance portfolio and firm financial risk. We show that firms differ in how much they benefit from external resources, contributing to the study of contingencies in the RBV literature.

Finally, this study contributes to the literature on the marketing and finance interface. The accountability of marketing investments continues to be a key area of concern for researchers and practitioners. By linking alliance portfolios and firm risk, we extend nascent efforts to determine the effect of marketing investments.

*References are available on request.*
Boundary Spanner Ambidexterity in Business Solutions: Considering Resource Efficiency, Perceived Value and Satisfaction for the Supplier Firm

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ABSTRACT
The present study considers how striking the balance between exploitation and exploration (ambidexterity) in boundary spanner activities affects supplier firm outcomes. A survey of n = 293 supplier firm representatives shows that ambidexterity has significant positive effects on both perceived value and satisfaction. In addition, resource efficiency fully mediates these relationships.

Keywords: frontline employee; service worker; business market; business solutions

Introduction
Boundary-spanners are often faced with a dilemma. On the one hand, they must address the needs of the customer. On the other, they must also satisfy supervisor requirements (Marinova, Ye, and Singh 2008; Singh 2000). This can result in job stress and increase the possibility of burnout (Zablah, Franke, et al. 2012). Understanding how boundary spanners address this problem has, therefore, become an important issue. Current studies have begun to converge on the notion that customer orientation addresses this tension by reducing role ambiguity and role conflict (Zablah, Chonko, et al. 2012; Zablah, Franke, et al. 2012). However, few studies address the actual behaviors that contribute specifically to tension reduction.

By juggling between customer and supervisor requirements concurrently, this behavior could be described as ‘ambidexterity.’ Hailing from the management literature, ambidexterity is a concept commonly associated with the firm’s ability to concurrently exploit existing capabilities while also exploring new opportunities (Helfat and Winter 2011; O’Reilly and Tushman 2013; Yu, Patterson, and Ruyter 2012). Exploitation generally equates to profitability through existing resources while exploration involves investing for the future. The mix between these behaviors influences firm performance (Helfat and Winter 2011; O’Reilly and Tushman 2013; Yu, Patterson, and Ruyter 2012).

In the present study, ambidexterity is considered a boundary spanner behavior. As with the firm-level conception of ambidexterity, it is likely ambidexterity also affects boundary spanner performance outcomes. While a number of studies consider boundary spanner activities from the customer firm perspective, few focus on supplier firms (Ye, Marinova, and Singh 2007).

Therefore, the present study first develops the notion of boundary spanner ambidexterity by drawing on existing literature. Next, the study examines the relative impacts of boundary-spanner ambidexterity on supplier firm outcomes, including perceived value and satisfaction.

Conceptual Background
Overcoming the boundaries of the firm is an important requirement in customer-facing roles. In essence, this involves reconciling the requirements of external stakeholders with the requirements and capabilities present within the firm. For example, sales personnel can only offer the products and services that the firm can deliver. Boundary spanning activities have become essential in sales, customer service and implementation roles (Prior 2015; Zablah,
Ambidexterity is essential to supplier-friendly outcomes such as return on investment (Ye, Marinova, and Singh 2007). However, those that are frugal and focus on efficiency are adaptive and flexible approaches create positive customer outcomes (Agnihotri et al. 2013; Gwinner et al. 2005). Customers tend to focus on the activities of boundary spanners, which include reconciling between job demands and resources (Zablah, Chonko, et al. 2012) or using influence tactics (Nonis, Sager, and Kumar 1996).

While current studies are informative, there currently appears to be little in terms of a way to explain the links between coping strategies, behaviors and performance outcomes. The present study suggests that ‘ambidexterity’ is a concept that could fill this void. Ambidexterity involves four major components. First, the exploitation of existing resources requires considerable self-discipline. This allows the boundary spanner not to stray too far from the original implementation plan. The resulting effect should be to meet stated customer requirements directly. Therefore, this element of ambidexterity is termed ‘disciplined approach.’ Second, the need for customer centricity (including adaptability, creativity and flexibility) is an important part of boundary spanner implementation activity. This approach is likely to involve substantial interpretation of unstated customer requirements and the adaptation to these unexpected requirements. Therefore, this element of ambidexterity is termed ‘adaptability.’ The two remaining elements ultimately determine how ambidexterity manifests. ‘Effective prioritization’ involves determining which type of activity to focus on given prevailing circumstances. This resembles the boundary spanner’s attempts to reconcile between their disciplined approach and their adaptability. ‘Communicability’ involves the boundary spanner’s ability to interact with relevant stakeholders through the implementation process. This involves boundary spanner attempts to understand prevailing circumstances so that they can then prioritize between competing demands effectively.

**Hypothesis Development**

The present study suggests ambidexterity contributes positively to both supplier-perceived value and supplier satisfaction. Customers tend to focus on the activities of boundary spanners. Previous studies suggest that creative, adaptive and flexible approaches create positive customer outcomes (Agnihotri et al. 2013; Gwinner et al. 2005). However, those that are frugal and focus on efficiency are essential to supplier-friendly outcomes such as return on investment (Ye, Marinova, and Singh 2007). Ambidexterity involves understanding how and when to conduct each activity in addition to the appropriate mode of communication. Due to these characteristics, it is likely a boundary spanner with ambidexterity can match their behavior to the situational requirements.

The outcomes of central interest for this study include perceived value and satisfaction, both from the supplier firm’s perspective. The study adopts the cost/benefit approach to perceived value, whereby the supplier firm representative’s assessment relates to their perception that the benefits of their interaction with the boundary spanner exceed the costs (Gao et al. 2005; Ulaga and Eggert 2006). While early perceived value work tends to focus on the attributes of products and services, more recent studies suggest that benefits and costs also involve emotional, social and functional outcomes when considering perceptions of boundary spanner activities (Prior 2013). Satisfaction, on the other hand, is when the boundary spanner has addressed their requirements sufficiently (e.g. Lam, Shankar, Erramilli, & Murthy, 2004).

Hypothesis 1 explores the effects of boundary spanner ambidexterity on perceived value whereas hypothesis 2 considers the effects on satisfaction.

**H1:** Ambidexterity contributes positively to perceived value for members of the supplier firm.

**H2:** Ambidexterity contributes positively to satisfaction for members of the supplier firm.

Previous studies suggest that high perceived value has a positive influence on customer satisfaction (Blocker et al. 2010; Gounaris, Tzempelikos, and Chatzipanagiotou 2007). When considering boundary-spanners, however, an important type of ‘customer’ includes their supervisors and their colleagues within the supplier firm. These individuals stand to receive benefits through the activities of boundary spanners. Given the findings in previous research, the present study hypothesizes that if boundary spanners can create perceived value within the supplier firm, this will have a positive effect on satisfaction.

**H3:** Perceived value contributes positively to satisfaction for members of the supplier firm.

Resource efficiency involves accessing and utilizing resources with a minimum of time and effort while also generating considerable value. While the notion of efficiency is more naturally associated with exploitation-related activities (Marinova, Ye, and Singh 2008; Singh 2000), the present study takes a slightly different interpretation. While resource efficiency involves extracting the maximum value from an existing resource base, some of this may also involve explo-
rative or adaptive activities. These have a closer association with flexibility, creativity and adaptability. Therefore, there is likely to be a broader relationship with boundary spanner ambidexterity.

The present study suggests that resource efficiency is a mediator of the effects of ambidexterity on perceived value and satisfaction respectively. The reason for this is that it is likely that resource use is highly visible during business solutions implementation. While previous studies conceptualize resources in terms of time (i.e. the hours spent by the boundary spanner) (Marinova, Ye, and Singh 2008), the current study suggests resources also include the broad array of human, physical, financial and other resources available to the boundary spanner. This is consistent with research in resource-based theory (Peteraf and Barney 2003). Resource efficiency is likely a primary basis for supervisor evaluations of boundary spanner performance. Due to its role as a focal point of boundary spanner performance outcomes, it is likely to mediate the effects of ambidexterity on supplier outcomes.

H4a: Resource efficiency enhances the positive relationship between ambidexterity and perceived value for members of the supplier firm.

H4b: Resource efficiency enhances the positive relationship between ambidexterity and satisfaction for members of the supplier firm.

Method

The study involves an online cross-sectional survey of members of supplier firms that provide business solutions. Business solutions are most relevant in industries with a high degree of complexity and high capital requirements such as mining, capital goods industries and in government (Biggeman et al. 2013; Roehrich and Caldwell 2012; Windahl and Lakemond 2006). Consequently, the sample comprises key informants from government (24%), professional services (21%), IT (15%), engineering (6%), utilities and infrastructure (6%) as well as several other capital intensive industries. A comparison between early (64%) and late (36%) respondents shows no significant differences (Armstrong and Overton 1977).

The survey process began with an initial email invitation to a list of contacts available from a commercial list. About a week later, members of the sample frame were sent an invitation to complete an online questionnaire, with further follow-ups about four weeks later. The initial sample frame of supplier representatives was 2,813. After non-contacts and refusals, the final sample frame reduced to 2,623 individuals. Of these, usable responses were obtained from n = 293 respondents, representing an 11.2% response rate.

Since this study uses the same respondents to address both independent and dependent variables, there is potential for common methods bias (MacKenzie and Podsakoff 2012; Podsakoff et al. 2003). Therefore, this study adopts several provisions to address this issue. The questionnaire requests respondents to answer questions in a truthful manner. Questionnaire pre-testing also suggests that respondents are likely to consider the constructs under consideration as distinct. Several refinements of question wording helped to support this provision prior to fieldwork. In addition to questionnaire design features, the data also includes a Harman single factor test to assess whether all observed variables load onto a single construct (MacKenzie and Podsakoff 2012; Podsakoff et al. 2003). This process supported the four factor structure, with one single factor only accounting for 42.1% of total variance.

To measure ambidexterity, the study involved the development of a new scale. This process began with an initial canvass of the literature to identify items of potential interest. Following common practice in likert scale development (Churchill Jr, 1979), this process began by identifying a list of 25 potential questions. A series of interviews were then conducted with 17 individuals that have at least five years of experience as members of a supplier firm in industries that involve business solutions implementations. These interviews were used to refine the list of measures and the wording of specific questions. After this process was complete, the final scale comprised 10 items to represent the four components of the ambidexterity construct. All scale items have significant inter-item correlations (p < .01) and a Cronbach’s α score of .94, which exceeds the threshold of .7, thus suggesting high reliability (Fornell and Larcker 1981). An exploratory factor analysis also showed a Kaiser Meyer Olkin score of .95, an approximate χ² of 3749.28, degrees of freedom (df) = 45, and high significance (p < .01) for a single factor solution. All remaining measurement scales derive from previous studies. The resource efficiency scale was adapted from Palmatier’s (2008) scale. The study adapts Gao et al. (2005) and Ulaga and Eggert (2006) approach to measure supplier perceived value. To measure satisfaction, the study adapts the scale used by Lam et al. (2004). The study also controls for respondent age and gender as well as for industry classification and firm income.

To assess the validity and reliability of the measurement approach, the study includes a confirmatory factor analysis using AMOS version 21 (Byrne 2010; Kline 2011). An
inspection of the results shows an acceptable set of fit statistics ($\chi^2 = 663.48; df = 224; \chi^2$ to df ratio = 2.96; CFI=.929; TLI = .912 NFI = .890; RMSEA = .08), discriminant validity properties (no correlations exceed .4), average variance extracted scores (all exceed .5) and Cronbach’s $\alpha$ scores (all exceed .7) (Fornell and Larcker 1981).2

**Findings**

The study assesses the hypotheses using structural equation modelling in AMOS version 21 (Byrne 2010).3 The first model estimates the direct effects of ambidexterity on perceived value and satisfaction. The model shows that ambidexterity has a significant, positive effect on perceived value ($\beta = .758, p < .01$), thus providing support for hypothesis one. The model also shows that ambidexterity has a significant positive effect on satisfaction ($\beta = .325, p < .01$), thus providing support for hypothesis two. In addition, the model shows that perceived value has a significant positive effect on satisfaction, thus providing support for hypothesis three. The model shows reasonably good fit properties, which suggests these outcomes are reasonably robust ($\chi^2 = 595.68; df = 223; \chi^2$ to df ratio = 2.67; CFI = .928; TLI = .910 NFI = .890; RMSEA = .076). The full model also includes resource efficiency as a mediator. This model also has acceptable fit properties and shows that resource efficiency is likely to have a mediating effect ($\chi^2 = 768.26; df = 310; \chi^2$ to df ratio = 2.48; CFI = .926; TLI = .910; NFI = .883; RMSEA = .071). Hypothesis four suggests that resource efficiency mediates the relationships between ambidexterity and the two independent variables, perceived value and satisfaction. To assess these effects, the study includes comparisons between the unstandardized direct effects of ambidexterity on perceived value and satisfaction respectively, and, indirect effects (i.e. an assessment of the same paths, but with the inclusion of resource efficiency as a mediating path) (Baron and Kenny 1986; Zhao, Lynch Jr., and Chen 2010). Table 3 reports the results of this procedure.

By examining the direct effects in isolation, the influence of the mediator variable is not present (since it has been omitted from the direct effects only model). The outcome is a direct effect without mediation. To understand the effect of the mediator variable, a path was included between ambidexterity and resource efficiency, with paths from resource efficiency to both perceived value and satisfaction also being included. This allows observations of the path coefficients between ambidexterity and both perceived value and satisfaction respectively. A simple visual examination shows that the relationships between ambidexterity and the two dependent variables are now non-significant. A further comparison of heterogeneity in the form of z scores between these two outcomes (Altman and Bland 2003) confirms that these differences are statistically significant, which provides support for hypotheses 4a and 4b.

**Discussion and Conclusion**

While the length requirements of this paper prevent a full description of the implications of the study, it does offer insights into the relationship between boundary spanner ambidexterity and supplier firm outcomes. There appears to be a significant positive effect on perceived value and satisfaction, with perceived value also having a significant positive effect on satisfaction. This finding should resonate with existing studies by highlighting a link between boundary spanner attempts to reconcile between customer and supplier requirements in terms of supplier perceptions. The study also shows that resource efficiency mediates the effects of boundary spanner activities on supplier outcomes. This also is an important contribution since it shows how resources affect service delivery in complex situations.

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2Please contact the author for the full list of measures.
3Please contact the author for more details.

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Table 1. Correlations, AVE, Mean and Standard Deviation (full sample, n = 293)

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<th>1</th>
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<td>Ambidexterity</td>
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<tr>
<td>Resource Efficiency</td>
<td>.390**</td>
<td></td>
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<tr>
<td>Perceived Value</td>
<td>.257**</td>
<td>.317**</td>
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<tr>
<td>Satisfaction</td>
<td>.260**</td>
<td>.296**</td>
<td>.281**</td>
<td></td>
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<tr>
<td>AVE</td>
<td>.62</td>
<td>.64</td>
<td>.75</td>
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<tr>
<td>Mean</td>
<td>2.26</td>
<td>2.45</td>
<td>2.39</td>
<td>2.24</td>
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<td>Standard Deviation</td>
<td>1.00</td>
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**Correlation significant at the 0.05 level.**
From a practical perspective, this study suggests that ambidexterity is something to be encouraged in boundary spanners. There is scope to link boundary spanning to personalities, traits and experience. With this in mind, there is scope to develop performance management, recruitment and training processes that encourage ambidexterity.

Future studies could broaden the applicability of the findings beyond its current setting. The study also does not include controls for experience or industry setting, which may also prove worthwhile inclusions in future work.

References


Shedding Light on Outcome-Based Contracts: Benefits and Risks From the Buyers’ and Sellers’ Perspective

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Keywords: outcome-based contracts, contract types, contract performance, dual perspective

EXTENDED ABSTRACT

Research Question
Increasingly, complex industrial services rely on outcome-based contracts (OBCs); however, there is a dearth of research in this area of growth. The present research examines the benefits and risks of OBCs when they are based on payment for availability (aOBC) vs. payment for economic results (eOBCs). We offer a conceptual model that not only takes the different perspectives of both the buyer and the seller into account, but also the role of product innovativeness and market turbulence as important context characteristics.

Method and Data
To empirically test our model, we collected data from members of a global, independent contracting association, the International Association for Contract & Commercial Management (IACCM). 259 respondents answered the questionnaire, including 139 buyers and 120 sellers of OBCs. To test the conceptual model, we employed structural equation modeling using Mplus 7.

Summary of Findings
We find that both buyers and sellers attach higher benefits to eOBCs as opposed to aOBCs. With regard to the risks associated with both contracting forms, results reveal that buyers perceive both as equally risky, whereas sellers regard eOBCs as more risky than aOBCs. Furthermore, our results show that eOBCs are most beneficial for buyers and sellers when product innovativeness is low and technological turbulence is high. Hence, by systematically choosing the appropriate OBC type, buyers and sellers can substantially enhance the effectiveness of outcome-based contracting.

Key Contributions
This study makes several contributions to the academic literature and managerial practice. First, we shed light on the differential effects of OBCs from the buyers’ and the sellers’ perspectives. While previous studies looked at OBCs from only one of the two or a more general perspective, we show that such a granular perspective might be misleading. Second, our study explores differences between OBC types. Specifically, we find that sellers perceive higher risks with regard to eOBCs compared to aOBCs. Buyers must recognize and account for the sellers’ increased level of risk and design eOBCs in a way that compensates sellers with reasonable benefits. Third, we consider two important context characteristics that impact the effectiveness of OBCs, that is, product innovativeness and technological turbulence. In sum, our findings help managers to better decide which type of OBC promises to be most beneficial under the given contextual conditions.

References are available on request.
Business-to-Business Brand Narratives in a 140 Character World

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Keywords: B2B, branding, story, storytelling, social media, Twitter

EXTENDED ABSTRACT

Research Question
Research questions concern brand narratives, how they originate, how they are used in purchasing, and how firms can affect them. The paper explores the dynamic origination and use of brand narratives with special emphasis on the elements of the narrative that are under the influence of the firm. The rapid evolution of social media and other eOpinion sources makes the creation of firm-originated narratives more difficult than ever. Brand narratives are expounded and a framework of their origination in the marketplace and use in purchasing illustrated. Examples from actual branding efforts by business-to-business firms are examined in relation to the framework. Branding efforts are considered in light of both traditional branding communications and the new constraints imposed by social media such as Twitter’s 140 character message limitation, i.e. the 140 character world serves to represent these new constraints.

Method and Data
The inquiry examines firm-originated narratives focused on sources readily available to the public. Naturally this included websites, advertisements, and news releases or public relations efforts by the firms. Beyond what is said in these sources the firms also made various branding communication choices that impact the received narrative. Logos and other symbology, photographs and imagery, colors and even typeface choices all have important impacts on the viewer of these sources. Consequently, the method includes an analysis of the overall intention in the language and design of the communications by the firms.

Two well established international B2B services firms were selected for comparative analysis. Bechtel and Fluor are US based suppliers of engineering and construction services. They were chosen due to various factors such as their longevity, their branding success, and the availability of substantial sources of content for the inquiry. The goal of the analysis was to uncover elements and subnarratives of a holistic narrative that reasonably encapsulates the intentions of the firm’s branding communications.

Summary of Findings
While the approaches to the overall narrative differed substantially, both desired the basic gist of the overall narrative to be essentially the same thing: “We are big, old, reliable, and have vast expertise – consequently we can do any project, anywhere, anytime.” The narrative implied they possessed the iconic attributes desired by customers in their industry: quality, reliability, safety, and ethics combined to deliver on time and on budget.

The biggest differences occurred in the subnarratives and how they were presented to arrive at this overall narrative. Bechtel presented the more polished image that included much of the gist of the subnarratives already encapsulated in blurbs; they made more extensive use of social media; their imagery was more compelling especially in the case of grand views of their projects; and they tended to link to third party narratives such as newspaper articles and politicians’ statements to lend credence to their projects. Fluor used far more text detailing the nitty gritty parts of projects with actual employee activity; they left the amalgamation of these into a coherent narrative and the extraction of the gist of the stories more to the viewer; and they used customer testimonials when looking for corroborating narratives about their skill.

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**Key Contributions**

The results of the study indicate that the two competitive firms have approached audience selection, storytelling, and intended narrative differently. While we are not in a position to say which has achieved better results, it was profitable to elucidate how the two approaches differ in constructing narratives. The comparison makes clear that firms may choose overarching themes and a focus on completed, big-picture narratives or a more granular approach aiming stories at individual buyers.

*References are available on request.*
Information Quality, Customer Relationship Management, and Marketing Decision Making

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Keywords: information quality, customer relationship management, B2B, digital business resources

EXTENDED ABSTRACT

An estimated 40% of all business initiatives fail to achieve their potential due to deficiencies surrounding information quality (Friedman & Smith 2011). Information represents a valuable firm resource. The quality of this resource can benefit or adversely impact social and/or economic outcomes within the organization. Previous research has identified numerous information quality dimensions (e.g., Wang & Strong, 1996). But studies focus predominately on either a single global measure of information quality or a few dimensions, even though they acknowledge the selection of dimensions is not comprehensive in nature (e.g. Wixom & Todd, 2005). As a result, there is limited understanding of the impact of the diverse information quality dimensions on marketing decision making and ultimately firm performance.

In recent years technology advances have transformed information quality into a digital resource. Organizations are dedicating significant monetary and personnel investments toward procurement of advanced customer relationship management solutions (e.g., Zablah, Bellenger & Johnston, 2004; Mullins et al., 2014). A key reason organizations purchase information systems is to create a digital resource that improves information quality and thus decision making (e.g., Teo & Wong 1998). Based on extensive IT systems, organizations are now capable of integrating structured and unstructured data to obtain higher quality customer information, which in turn provides deeper insights, and therefore a valuable digital resource.

Research Question

Does information quality, conceptualized as a digital resource, potentially impact the organizational success of customer relationship management?

This study conceptualizes information quality as a digital resource and empirically investigates the dimensions that potentially enhance or impede organizational success of customer relationship management. Few studies in IS (Petter, DeLone & McLean, 2013) or marketing (Neslin et al., 2006; Verhoef et al., 2010) have investigated information quality dimensions as they relate to customer performance outcomes (Setia, Venkatesh & Joglekar, 2013). Studies do recognize, however, that the quality of information can improve profitability through increased customer level responses (Fruchter & Zhang, 2004; Shaffer & Zhang, 2002; Yadav & Pavlou, 2014). This research adopts the resource based view theory and builds upon the concept of digital business strategy, which considers IT strategy and business strategy completely integrated throughout the organization (Bharadwaj, El Sawy, Pavlou & Venkatraman, 2013).

Method and Data

In-depth interviews were conducted to examine the multidimensional aspects of information quality that are important to data consumers. Interviews lasted approximately 65 minutes in length on average and consisted of open-ended questions conducted one-on-one with industry and academic experts. Specifically, industry participants represented small, medium

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and large size software publishing firms (NAICS 5112) and had high-level management positions in information systems, operations, marketing and sales. Academic participants represented the marketing, management and information systems disciplines.

**Summary of Findings**

Industry and academic experts concede that information quality is an active, considerable hindrance to maintaining and enhancing customer relationship management. Participants communicated that organizations have and will continue to collect information from internal and external sources in hopes of placing it into use. However, they shared concerns with the overall quality of continuously stacking the barrage of available information onto the existing information. Respondents expressed that it was necessary to expand research beyond accuracy, completeness, format and currency. A summary of the identified themes resulted in twelve information quality dimensions of substantial concern.

**Key Contributions**

The current study explores information as a digital resource for the firm and suggests that higher quality information will yield better decisions. Twelve proposed digital information quality dimensions were proposed for further empirical study. Further knowledge about these quality dimensions will result in higher customer perceived relationship investment and relationship quality. It is anticipated that companies emphasizing higher digital information quality will dedicate the resources and capabilities that result in improved strategic interactions with customers.

This study will contribute to cross domain literature consisting of IS and marketing which is currently underexplored but necessary in this age of digital business. The study derives preliminary propositions from qualitative interviews and prior research to suggest further areas of exploration for digital resources.

*References are available on request.*
Determinants of Brand Equity in Business-to-Business Services: An Exploratory Study in the IT Services Context

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ABSTRACT
This study addresses two important research questions: (1) to examine marketing mix elements relevant to B2B service markets and their relationships to service brand equity through its dimensions and (2) to examine the nature of relationships between brand equity dimensions and brand equity in B2B services context.

Keywords: brand equity, marketing mix, business to business services, information technology services, India

Introduction
Effective brand management is a sine qua non for success of any organization in today’s hyper-competitive marketplace. However, branding research has disproportionately focused on business-to-consumer (B2C) branding, and that too on consumer goods and not on services. Interestingly, it is increasingly acknowledged in the marketing literature that branding could be more important for business-to-business (B2B) sector. For example, Mudambi (2002) observed a strong impact of branding across some segments of B2B, which are more branding receptive. There is a clear need for empirical research on B2B brand equity.

Further, unlike products where inputs and outputs are tangible and definable, inputs and outputs for services can be, and indeed are, difficult to grasp. That is why service intangibility and the problem of distinguishing one service over another give marketers powerful reasons to build strong brands with which customers can identify (Cowell, 1984). There are few valuable services brands, which may be due to the lack of services branding knowledge and the inappropriate use of product-based branding advice (de Chernatony and Segal-Horn, 2003). The challenge is even more pertinent in business-to-business services. Strong service brands give business-to-business firms a marketing edge by reinforcing the firms’ services in a way that is differentiating, important, and commanding to customers (Berry and Parasuraman, 1991). From the customer’s perspective, a strong service brand helps a customer to better visualize, understand, and believe in the service as well as to lessen the perceived monetary, social, or safety risk when buying a service that may be difficult to evaluate before purchase (Berry and Parasuraman, 1991). It may even enhance customer’s satisfaction with the use experience, through favorable quality perceptions and brand associations (Aaker, 1991).

Inconsistent with the fact that branding could be more important for B2B services than B2B goods (Roberts and Merrilees, 2007), branding studies focusing on B2B services have a disproportionally marginal share in extant literature compared with the studies on B2B goods. In the Indian business-to-business (B2B) information technology services context, the current study addresses the following objectives: (1) to examine marketing mix elements relevant to B2B service markets and their relationships to service brand equity through its dimensions and (2) to examine the nature of relationships between brand equity dimensions and brand equity in B2B services context.

Literature Review
Given the fact that there is little service-specific research in the B2B branding literature (Brodie et al., 2009), and much of what exists is only conceptual, there exists potential gaps for new studies in this field. Noting the gap in research on how specific marketing mix variables build brand equity, Yoo et al. (2000) built a conceptual framework that estab-
lishes marketing efforts as antecedents, through mediating brand equity dimensions of perceived quality, brand loyalty, and awareness/associations, to brand equity. Their conceptual framework mirrors that of Berry (2000). In Berry’s (2000) Services-Branding Model, Company’s Presented Brand, External Brand Communications, and Customer Experience with Company form the antecedent variables, while mediating and endogenous variables are extracted from Keller’s (1993) knowledge-based conceptualization of brand equity.

Although Yoo et al.’s (2000) study was conducted in physical product markets, the closeness in form and content of their conceptual model to Berry’s (2000) Services-Branding Model gives compelling reason to a pursuit of an extension into the services context. And in doing so, consistent with existing services branding research that examines the impact of service-specific characteristics when extending product market branding studies into services, the current study examines the marketing mix elements pertinent to service industries, in addition to some of the variables Yoo et al. (2000) previously researched.

Iacobucci (1992) provided empirical evidence that differences between goods and services are not only perceived by researchers and academicians, but indeed consumers as well. These findings indicate that services marketing problems require unique solutions as strategies developed from experience in physical product marketing are often insufficient for services marketing. Recognition of these service characteristics has brought about the inclusion of three additional marketing mix variables. They are: participants (people), physical evidence, and processes. These expanded marketing mix elements serve to address the unique characteristics of services (Zeithaml and Bitner, 1996), chiefly, by tangibilizing the service offerings. This study will include two key service-specific variables as brand-building antecedents: servicescape and service personnel, both of which make up the key components of service encounter evaluation (Bitner, 1990).

**Conceptual Framework and Hypotheses**

The research model employed in this study incorporates the expanded marketing mix elements including servicescape and service personnel. The model is presented in Figure 1. The conceptual model adopted in this study extends Yoo et al.’s (2000) research model, by adding service-specific variables, hypothesizing the relationships amongst brand equity and brand equity dimensions, and incorporating the relationships between marketing mix elements and brand equity dimension ‘brand loyalty.’ Consistent with the research objective of exploring the effects of marketing mix on brand equity dimensions in B2B services context nine constructs, the research model is presented in three layers with hypothesized relationships and directions.

**Brand Equity**

Brand equity is defined as the difference in consumer choice between focal branded product/service and an unbranded product/service given the same level of product features/service attributes (Yoo et al., 2000). It involves consumer’s reactions to an element of the marketing mix for the brand in comparison with their reactions to the same marketing mix element attributed to a fictitiously named or unnamed version of the product or service (Keller, 1993). Brand loyalty, perceived quality, and brand image are important components of consumer-based brand equity (Kim et al., 2003). Davis et al. (2009) measured brand equity through its two dimensions—brand image and brand awareness—in the context of logistics services. In Aaker’s (1991) conceptualization of brand equity, brand equity dimensions, such as brand loyalty, perceived quality, and brand awareness are shown to contribute to brand equity. Yoo et al. (2000) put forth that a separate brand equity construct is useful in understanding how different dimensions contribute to brand equity. In the following discussion, the brand equity dimensions of perceived quality, brand loyalty, and brand awareness with strong brand associations will be separately defined and their relationships to the endogenous variable brand equity hypothesized.

**Perceived Quality**

Parasuraman et al. (1988) define perceived quality as the consumer’s judgment about a product or service’s overall excellence or superiority. It is ‘an intangible, overall feeling about a brand’ (Aaker, 1991). This study employs a holistic view of perceived quality, as it aims to identify the impact of individual marketing mix elements on this brand equity dimension construct. Therefore, it is important that the use of perceived quality not be confounded with available service quality measurement scales employed in other contexts or studies.

Perceived quality directly influences purchase decisions and brand loyalty in situations where consumers are not inclined or unable to make detailed analysis of decision factors prior to purchases (Aaker, 1991). This is particularly relevant to services where intangibility forebodes pre-purchase evaluations. Repeat experience with a high perceived quality service brand will also prompt customers to recognize the differentiation and superiority of a brand (Yoo et al., 2000). In a controlled experiment research by Arora and Stoner (1996) on the effect of perceived service quality and name familiarity on service selection decision, results showed that perceived service quality does affect one’s intention to purchase a service brand over another. In sum, high perceived quality results in high brand equity. Thus we hypothesize that:
H1a: Level of brand equity is positively related to the degree to which perceived quality is evident in the service.

**Brand Loyalty**

Brand loyalty is defined as a deeply held commitment to rebuy or repatronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1997). There is a conceptual difference between brand loyalty and brand equity. As defined here, brand loyalty measures the attachment to a certain brand, in the face of possibilities that product features or service attributes or any other factors may change; while brand equity measures the differential effect of brands in choice intentions given that product features or service attributes are the same. Understanding this conceptual difference will aid the acceptance of brand loyalty as an antecedent to and mediating dimension of brand equity.

Customers who are brand loyal resist switching to other brands, even when the brand makes a change in price or other service features (Aaker, 1991). Loyalty can also help simplify or even habitualise the purchase decision (Solomon, 1994); much like previously mentioned high perceived quality. It has been empirically shown that loyal customers respond more favourably to a brand than non-loyal or switching customers (Grover and Srinivasan, 1992).

H1b: Level of brand equity is positively related to the degree in which brand loyalty is evident in the service.

**Brand Awareness**

Brand awareness may be defined as the strength of a brand’s name presence in the consumer’s mind, while brand association is defined as anything linked in memory to a brand (Aaker, 1991, 1996). These two constructs are closely interrelated. Brand associations result in high brand awareness, and brand awareness, when coupled with strong brand associations, creates a specific brand image (Yoo et al., 2000). Brand awareness has important implications when it comes to customer purchase decisions. High awareness helps a brand enter a customer’s consideration set (Aaker, 1991; Keller, 1998), and subsequently influences brand choice among alternatives within evoked set, through its use as a heuristic for choice and its influence on perceived quality (Macdonald and Sharp, 1996). Repeated exposure to a brand
can also create positive feelings, a fact proven by research in psychology (Aaker, 1996). Aaker (1996) argued that high brand awareness would still give high-involvement product and service brands the edge. Arora and Stoner’s (1996) controlled experiment research in the automobile insurance and copy service contexts too showed that name familiarity has a positive effect on the selection of service brands.

H1c: Level of brand equity is positively related to the degree in which brand awareness/associations are evident in the service.

David Aaker (1991), in conceptualizing the various dimensions of brand equity, put forth that there exist causal relationships among these dimensions (1991). This is validated by Yoo et al.’s (2000) study, where results showed significant intercorrelations. The authors went on to rationalize that ‘loyalty is a more holistic construct, closer to brand equity, whereas quality and awareness/associations are specific evaluative constructs.’ In Aaker’s (1991) conceptualization, brand loyalty is also identified as the core of a brand’s equity, due to the prerequisite of prior purchase and use experience. Thus, the following relationships are hypothesized.

H2a: Level of brand loyalty is positively related to the degree in which perceived quality is evident in the service.

H2b: Level of brand loyalty is positively related to the degree in which awareness/associations are evident in the service.

H3: Strength of positive relationship between brand loyalty and brand equity is stronger than those of perceived quality and brand equity, and awareness/associations and brand equity.

In this study, the contribution of perceived quality and awareness/associations to brand loyalty is specified as directional relationships, thus bringing into focus their nature as evaluative constructs, impacting the more holistic brand loyalty construct, as opposed to correlations in Yoo et al.’s (2000) research.

**Marketing Mix Elements**

Marketing mix refers to the controllable variables that an organization can coordinate to satisfy its target market (McCarthy and Perreault, 1987). Marketing mix elements in services include the traditional 4Ps of product, price, promotion, place, and three service-specific elements of service personnel, process, and servicescape. Five of the 7Ps will be examined in this study (see Figure 1).

Perceived price is a customer’s judgment about a service’s average price in comparison to its competitors (Chen et al., 1994). In an integrative review of past research on the price—perceived quality relationship in a consumer product context, Rao and Monroe (1989) found the existence of a positive, statistically significant relationship. If price is an important extrinsic cue of product quality in situations where further information is not readily available, its use would be as, if not more, vital for services due to its inherent intangibility (Zeithaml and Bitner, 1996). Whereas consumers use multiple cues to evaluate product quality, such as style, color, label, package, etc., in many cases, they can only rely on price and physical evidence to judge the quality of a service (Zeithaml, 1981). The more intangible the service, as seen in pure services such as medical or legal services, the greater likelihood of ‘price’ forming the basis for customers to make a final choice among alternatives (Yelkur, 2000).

H4a: Perceived quality of a brand is positively related to the degree in which price of a service is perceived to be high.

Price does not have a direct directional relationship to the other brand equity dimensions (Yoo et al., 2000). Brand loyal consumers are not influenced by price considerations (Helsen and Schmittlein, 1994) and either high or low priced services can form brand associations in the minds of the consumers (Yoo et al., 2000). This leads to the following hypothesis of relationship between perceived price and brand equity.

H4b: Level of brand equity is positively related to the degree in which price of a service is perceived to be high, through mediating brand equity dimensions.

Studies have demonstrated a positive relationship between promotional spending, namely advertising spending and perceived quality (Aaker and Jacobson, 1994). Higher advertising budgets generate greater brand awareness through repeated exposures to advertising messages, consequently contributing to the creation of specific brand associations (Cobb-Walgren et al., 1995). Advertising effects brand equity through perceived quality, brand associations, and use experience (Simon and Sullivan, 1993). However, in B2B services context, the relationships of personal selling intensity with perceived brand quality, brand awareness, and brand equity have not been investigated in the past. We hypothesize that personal selling intensity indirectly impacts brand loyalty through evaluative brand equity mediating constructs: perceived quality and awareness/associations.
H5a: Perceived quality of a brand is positively related to the degree in which personal selling intensity of a service provider is perceived to be high.

H5b: Awareness/association of a brand is positively related to the degree in which personal selling intensity of a service provider is perceived to be high.

H5c: Level of brand equity is positively related to the degree in which personal selling intensity of a service provider is perceived to be high, through mediating brand equity dimensions.

Service delivery channel is defined as the means by which a service provider (sometimes assisted by intermediaries) delivers one or more service elements to its customers (Lovelock and Wright, 1999). Intermediaries include franchisees, electronic media, and agents and brokers (Zeithaml and Bitner, 1996).

In information technology services, due to the simultaneity in production and consumption, using multi-site locations becomes vital in better serving customers (Carman and Langeard, 1980). As a result of increasing the accessibility of services through greater intensity of service delivery channels, customers can gain more time and place utility, thus resulting in greater satisfaction. Customer satisfaction invariably leads to higher perceived quality (Bitner, 1990; Bolton and Drew, 1991; Parasuraman et al., 1988).

Brand associations increase in tandem with customer satisfaction (Yoo et al., 2000), while brand awareness is positively related to intensity of service delivery channels and use of multi-site locations.

Service delivery channel intensity indirectly impacts brand loyalty through evaluative brand equity mediating constructs of perceived quality and awareness/associations, due to the absence of meaningful use experience related to this construct. The three hypotheses pertaining to marketing mix element ‘service delivery channel intensity’ follow.

H6a: Perceived quality of a brand is positively related to the degree in which service delivery channel intensity of a service provider is perceived to be high.

H6b: Awareness/associations of a brand is positively related to the degree in which service delivery channel intensity of a service provider is perceived to be high.

H6c: Level of brand equity is positively related to the degree in which service delivery channel intensity of a service provider is perceived to be high, through mediating brand equity dimensions.

Servicescape is the actual physical facility where the service is performed, delivered, and consumed (Zeithaml and Bitner, 1996). This research concurs with Brady and Cronin Jr.’s (2001) view that ambient conditions, facility design, and social factors better make up servicescape characteristics, a view supported by qualitative data in their research. Ambient condition is defined as ‘background characteristics of the environment such as temperature, lighting, noise, music, and scent’ (Bitner, 1992). Facility design refers to the ‘layout or architecture of the environment, which can be either functional or aesthetic’ (Brady and Cronin Jr., 2001). Social factor describes the number, type, and behaviour of customers found at a service encounter (Baker, 1987).

Due to the significance of servicescape as physical evidence or extrinsic cue, perceived servicescapes that exceed customer expectations result in service encounter satisfaction, and subsequently, high perceived service quality (Bitner, 1990; Rapoport, 1982). This relationship has been proven in numerous studies across different service industries (e.g., Crane and Clarke, 1988; Schneider and Bowen, 1984).

Besides signaling high quality, successful servicescapes also create distinctive brand associations (Zeithaml and Bitner, 1996). Associations to multiple cues within the service environment inevitably strengthen brand presence in the minds of consumers. Servicescape also has a direct impact on customer’s use experience. As such, successful servicescapes result in commitments from customers to repurchase from the same service providers, thus creating brand loyalty. The following hypotheses pertaining to servicescape are presented.

H7a: Perceived quality of a brand is positively related to the degree in which the servicescape of a service provider is evaluated favourably.

H7b: Awareness/Associations of a brand is positively related to the degree in which the servicescape of a service provider is evaluated favourably.

H7c: Brand loyalty is positively related to the degree in which the servicescape of a service provider is evaluated favourably.

H7d: Level of brand equity is positively related to the degree in which the servicescape of a service provider is evaluated favourably, through mediating brand equity dimensions.

The frontline customer contact employees delivering service benefits to customers are known as service personnel (Zeithaml and Bitner, 1996). They have been widely acknowledged as the key marketing mix element in service encoun-
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ters (Czepiel, 1990). Brady and Cronin Jr. (2001) identified three key interaction quality characteristics, i.e., attitude, behavior, and expertise. Attitude refers to service personnel’s demeanor or ‘how the service is performed,’ while behavior is analogous to ‘what is being performed’ (Brady and Cronin Jr., 2001). Expertise is defined as the possession of required skills and knowledge to perform the service (Parasuraman et al., 1985).

Numerous studies have shown that service personnel’s interaction with customers has significant impact on service quality (Bitner et al., 1994; Bowen and Schneider, 1985; Gronroos, 1982). In fact, all the available service quality conceptualizations in the services marketing literature explicitly include interaction quality as one of their measurement components (Brady and Cronin Jr., 2001; Parasuraman et al., 1988; Mittal and Lassar, 1996; Rust and Oliver, 1994), thus indicating the overriding importance of service personnel and their interaction quality on service quality perceptions.

While the exchange of goods in the marketplace may often occur at arm’s length, exchange in service encounters are perhaps the least visible (Czepiel, 1990). Correspondingly, service personnel play a significant part in building brand awareness and associations for the service provider. Service personnel’s immediate impact on consumer’s use experience also points to a direct relationship between service personnel interaction quality and brand loyalty.

H8a: Perceived quality of a brand is positively related to the degree in which attitude, behaviour, and expertise of a firm’s service personnel is evaluated favorably.

H8b: Awareness/association of a brand is positively related to the degree in which attitude, behaviour, and expertise of a firm’s service personnel is evaluated favorably.

H8c: Brand loyalty is positively related to the degree in which attitude, behavior, and expertise of a firm’s service personnel is evaluated favorably.

H8d: Level of brand equity is positively related to the degree in which attitude, behavior, and expertise of a firm’s service personnel is evaluated favorably, through mediating brand equity dimensions.

Method

Sample and Data Collection Procedures

The sample for the survey was based on a list of Indian private business organizations obtained from a leading national chamber of commerce. We approached the top one thousand business organizations by sales which purchase services from the information technology software companies. The senior managers in the purchasing/contracting functions of these organizations listed in the corporate directory were invited to participate in the mail survey. The final sample consisted of 370 respondents from various services industries including manufacturing (21%), engineering and construction (14%), financial services (12%), chemicals and pharmaceuticals (10%), transportation and storage (9%), healthcare (7%), tourism and hospitality (7%), media and entertainment (6%), marketing and advertising (5%), and private education (3%).

Measures

Except in instances where adaptation was necessary due to use in a different context (that of B2B services), development of measures for this study followed existing construct items. The four-item brand equity scale, six-item perceived quality scale, three-item price construct, three-item service delivery intensity scale, and three-item brand loyalty scale were all adapted from Yoo et al. (2000). To measure awareness/associations, we adapted three items from Yoo et al. (2000) and two items from Krishnan and Hartline (2001) and MacKay (2001). To measure the servicescape construct, a 7 item measure was used. 6 of the 7 items used to measure interaction quality of service personnel were extracted from Brady and Cronin Jr.’s (2001) study and the seventh item was adapted from Parasuraman et al.’s (1991) SERVQUAL scale.

We developed the personal selling intensity measure which includes three items: “Salespersons of Company X visit us on a frequent basis,” “Salespersons of Company X provide exhaustive information on the service offered” and “Personal selling expenses of Company X seem to be relatively higher compared to personal selling expenses for competing brands.” The fourth reverse item, viz., “Salespersons of Company X did not communicate effectively” did not load well on the construct and was therefore dropped. The Cronbach alpha for the remaining three-item measure was 0.92 which was well above the threshold recommended by Nunnally (1978).

To validate the items used in this study, exploratory factor analysis, reliability analysis, and MTMM analysis (using Pearson’s Correlation) were run. The results for the 3 analyses were put together and collectively evaluated. Items that performed poorly, in terms of low reliability, loadings on multiple factors, and/or multiple high correlations across constructs were dropped.
**Confirmatory Factor Analysis**

Confirmatory Factor Analysis (CFA) was performed on the group of exogenous constructs, followed by the group of endogenous constructs. Exogenous Construct Model goodness-of-fit measures were satisfactory: $c^2(138) = 445.437$; $p = 0.00$; GFI = 0.892; RMSEA = 0.077; TLI = 0.933; NFI = 0.923; AGFI = 0.852; Normed Chi-Square = 3.228; CFI = 0.946. For all exogenous variables, construct reliabilities were above the recommended value of 0.70 and variances extracted above 0.50 (Hair et al., 1998). Similar analysis procedures were performed for endogenous constructs, with satisfactory fit measures: $c^2(55) = 131.111$; $p = 0.00$; GFI = 0.949; RMSEA = 0.061; TLI = 0.976; NFI = 0.971; AGFI = 0.915; Normed Chi-Square = 2.384; CFI = 0.983. Endogenous construct reliabilities and variances extracted were all above recommended levels.

**Structural Equation Modeling**

The overall fit measures for the SEM model were satisfactory: $c^2(432) = 1303.367$; $p = 0.00$; GFI = 0.82; RMSEA = 0.073; TLI = 0.908; NFI = 0.885; Normed Chi-Square = 3.017; CFI = 0.919. Though 4 of the 8 measures fall marginally below the recommended criteria for model fit, the fitted measures here compare well with results from Yoo et al.’s (2000) pioneering study in the product context. Similar to Yoo et al.’s (2000) exploratory study, marginal fit for some of the measures can be explained by the fact that the range of exogenous variables included here is not exhaustive. Nonetheless, noting the overall presence of satisfactory fit measures, results heretofore can indeed be interpreted with confidence.

Measurement model fit was assessed by the significance of (1) indicator loadings on respective constructs; (2) construct reliabilities; and (3) variances extracted by constructs. Critical ratios for the entire set of indicators were greater than 1.645. Construct reliabilities and variances extracted from the 9 variables in the model were all greater than respective recommended values (Construct Reliability = 0.70 and Variance Extracted = 0.50). Finally, structural model fit was assessed. Here, size and significance of regression coefficients, as well as measures of fit for each structural equation were determined.

**Structural Equation $\eta_1$**

Of the 5 hypothesized relationships between marketing mix antecedents and mediating construct ‘perceived quality,’ 3 turned out significant, 1 not significant but in the hypothesized direction, and 1 insignificant. The standardized regression coefficients showed that servicescape had the strongest effect on perceived quality, followed by service personnel and price. Combined effect of the 5 marketing mix elements explained 70.4% of perceived quality variance.

### Table 1. SEM Structural Equations

<table>
<thead>
<tr>
<th>Exogenous Constructs</th>
<th>Endogenous Constructs</th>
<th>$R^2$</th>
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<tbody>
<tr>
<td></td>
<td>Perceived Quality($\eta_1$)</td>
<td>Brand Loyalty($\eta_2$)</td>
</tr>
<tr>
<td>Personal Selling Intensity($\xi_1$)</td>
<td>0.189* (4.352)</td>
<td></td>
</tr>
<tr>
<td>Service Delivery Intensity($\xi_2$)</td>
<td>0.049** (1.097)</td>
<td>0.631* (7.974)</td>
</tr>
<tr>
<td>Intensity($\xi_3$)</td>
<td>-0.019*** (-0.527)</td>
<td>0.208* (0.305)</td>
</tr>
<tr>
<td>Service-scape ($\xi_4$)</td>
<td>0.584* (7.683)</td>
<td>0.753</td>
</tr>
<tr>
<td>Service Personnel ($\xi_5$)</td>
<td>0.254* (3.478)</td>
<td></td>
</tr>
<tr>
<td>Perceived Quality($\eta_1$)</td>
<td>0.631* (7.974)</td>
<td>0.208* (4.170)</td>
</tr>
<tr>
<td>Brand Loyalty($\eta_2$)</td>
<td>0.208* (4.170)</td>
<td>0.753</td>
</tr>
<tr>
<td>Awareness/ Associations($\eta_3$)</td>
<td>0.291* (7.974)</td>
<td></td>
</tr>
<tr>
<td>Brand Equity($\eta_4$)</td>
<td>0.057** (0.635)</td>
<td>0.744* (7.297)</td>
</tr>
<tr>
<td></td>
<td>0.047* (0.824)</td>
<td></td>
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</table>

* Significant at $p=0.05$, one-tailed test.
** Not significant but in the hypothesized direction.
*** Not significant.
**Structural Equation \( \eta_2 \)**

As hypothesized, evaluative brand equity dimensions: ‘perceived quality’ and ‘awareness/associations’ had significant effects on brand loyalty. Of the two, the effect of perceived quality proved more significant at \( b_{21} = 0.631 \), as compared to awareness/associations’ effect of \( b_{23} = 0.208 \). Servicescape and service personnel, however, only had statistically insignificant effects in the hypothesized direction. 75.3% variance in brand loyalty was explained by the 4 constructs, perceived quality, awareness/associations, servicescape and service personnel.

**Structural Equation \( \eta_3 \)**

All 4 antecedents to brand equity dimension ‘awareness/associations’ turned out significant. Amongst them, service delivery channel intensity had the strongest effect, followed by service personnel and servicescape. The 4 marketing mix antecedents explained 41.9% variance in the awareness/associations construct.

**Structural Equation \( \eta_4 \)**

Of the 3 hypothesized dimensions of brand equity, only brand loyalty turned out statistically significant. Understandably, brand loyalty also had the strongest effect at \( b_{42} = 0.744 \). Perceived quality and awareness/associations had somewhat comparative hypothesized effects on brand equity, though both turned out insignificant at \( p = 0.05 \). The 3 brand equity dimensions explained 68.1% variance in brand equity.

**Hypotheses Test**

Brand Equity and Brand Equity Dimensions (H1a/H1b/ H1c/H2a/H2b). Noting the acceptance of hypotheses H1b, H2a and H2b and rejection of H1a and H1c, support exists for the respecification of relationships between brand equity dimensions: perceived quality, brand loyalty and awareness/associations and brand equity undertaken in this study. Instead of hypothesized (1) direct positive relationships between brand equity dimensions and brand equity, and (2) intercorrelations amongst the three brand equity dimensions, empirical support is found in (a) the separation of perceived quality and awareness/associations as evaluative brand equity dimensions that impact the mediating dimension of brand loyalty and not brand equity itself, and (b) the existence of significant correlation between perceived quality and awareness/associations. This respecification is further supported by the insignificant hypothesized relationships between both servicescape and service personnel and brand loyalty. In line with Aaker’s terminology use, brand loyalty thus becomes the ‘core brand equity dimension,’ with perceived quality and awareness/associations forming the ‘evaluative brand equity dimensions’ in this respecified brand equity dimensions to brand equity model. This proposed model presents a plausible synthesis of Aaker’s (1991) and Keller’s (1993) differing views concerning composition of brand equity dimensions.

Price (H4a). Findings in this research support the price – perceived quality relationship (H4a). In addition, high perceived price is seen to contribute positively to brand equity. Apart from the two service-specific marketing mix elements, relationship between price and brand equity has the strongest effect size. This is hardly surprising. As previously mentioned, even in the presence of search attributes and other objective cues in the B2B service context, customers frequently use price as a surrogate measure of quality. This is performed chiefly through the conveyance of both demand-related (high demand for superior quality) and supply related (high costs associated with high quality) information (Scitovsky, 1945). And with the inherent intangibility of most services, price becomes all the more important (Berry and Yadav, 1996). This study has empirically confirmed the long suspected price – quality relationship in the B2B services context. In sum, price plays a key role in building brand equity through perceived quality.

Personal Selling Intensity (H5a/H5b). A positive relationship between personal selling intensity and brand awareness/associations (H5b) is evidenced in the study, while the link between personal selling intensity and perceived quality

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Standardized Regression Estimate</th>
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<tbody>
<tr>
<td>Price ( \rightarrow ) Brand Equity</td>
<td>0.189 x 0.631 x 0.744 = 0.089</td>
</tr>
<tr>
<td>Personal Selling Intensity ( \rightarrow ) Brand Equity</td>
<td>0.144 x 0.208 x 0.744 = 0.022</td>
</tr>
<tr>
<td>Service Delivery Channel Intensity ( \rightarrow ) Brand Equity</td>
<td>0.334 x 0.208 x 0.744 = 0.052</td>
</tr>
<tr>
<td>Servicescape ( \rightarrow ) Brand Equity</td>
<td>(0.584 x 0.631 x 0.744) + (0.267 x 0.208 x 0.744) = 0.315</td>
</tr>
<tr>
<td>Service Personnel ( \rightarrow ) Brand Equity</td>
<td>(0.254 x 0.631 x 0.744) + (0.291 x 0.208 x 0.744) = 0.164</td>
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</tbody>
</table>
(H5a) proved statistically insignificant but in the hypothesized direction. Overall, the effect size of personal selling intensity on brand equity is significant but smallest among the marketing mix elements studied here. The insignificant relationship between personal selling intensity and perceived quality (H5a) could be attributed to a general adequate presence of quality cues in personal selling. In the general context of services, there is indeed greater likelihood that service marketers would provide maximum possible quality-laden cues in their personal selling processes, owing to the inherent challenge posed by intangibility of services. That said, future research is very much needed to ascertain the above postulations. But more importantly, the findings here suggest that though increased personal selling intensity results in greater awareness/associations, thus brand equity, a concurrent increase in personal selling effectiveness, thus perceived quality, would ensure the greatest impact on consumers’ brand choices.

Service Delivery Channel Intensity (H6a/H6b). Similar to the personal selling intensity antecedent, only service delivery channel intensity to awareness/associations (H6b) proved significant. The link between service delivery channel intensity and perceived quality (H6a) is not empirically supported. And on the whole, service delivery channel intensity has a significant positive relationship with brand equity. As explained earlier, the link between service delivery channel intensity and perceived quality draws upon the fact that intensity of service outlets accord customers greater time and place utility due to increased accessibility, thereby greater satisfaction and perceived quality. With accessibility intrinsic to this particular service market context, insignificance of H6a can be expected. Again, more research is needed before conclusive assertions are made. Bearing in mind the eventual need to match consumer demand with available capacity, findings in this study suggest a diminished role for multi-site service delivery channels in building brand equity, particularly in market contexts where accessibility is inherent. Nonetheless, marketers should note the significant impact of service delivery channel intensity on awareness/associations, thus brand equity.

Servicescape and Service Personnel (H7a/H7b/H7c/H8a/H8b/H8c) The two key elements in a service encounter—servicescape and service personnel—proved significant in driving evaluative brand equity dimensions, perceived quality & awareness/associations (H7a, H7c, H8a & H8c), and consequently, brand equity. Overall, these expanded marketing mix elements also have the strongest brand equity effect sizes. Expectedly and affirmatively, findings related to servicescape and service personnel in this research point to a need for marketers to channel substantial resources to effectively manage the service encounter in high contact services when trying to build brand equity. And high correlation between the two service encounter elements (r = 0.840) necessitates an application of equal importance to both elements.

Managerial Implications
Brand equity provides value to both the B2B customer and the service provider; the former in terms of brand choice decision and usage satisfaction (Aaker, 1996), the latter in the form of incremental cash flows and profitability (Simon and Sullivan, 1993). When undertaking marketing actions and investing organizational resources to build brand equity, prior knowledge of which mix elements are key to the task becomes vital.

In a business-to-business information technology services context, we examined marketing mix elements and their relationships to service brand equity which were mediated by brand equity dimensions. We extended the findings of Yoo et al. (2000) in services to B2B context by examining the nature of relationships between brand equity dimensions and brand equity. The study provided empirical evidence that marketing elements relating to the service encounter – servicescape and service personnel – hold substantial impact on brand equity of services business organizations. In addition to service encounter, price, personal selling intensity, and service delivery channel intensity are significant predictors of B2B service brand equity. Unlike past studies, both brand awareness/association and perceived quality were found to positively influence brand equity; however, such relationships were not statistically significant.

The results of this study offer several managerial implications. Customers in information technology services context base much of their brand choice decisions on the service encounter (Biedenbach and Marell, 2010). This study revealed strong effects of servicescape and service personnel on B2B brand equity. Therefore, B2B managers should invest substantial resources on building servicescapes and service personnel interaction quality that exceed customer expectations when trying to build service brand equity. The close association between the tangible and intangible elements also demands that managers adopt a holistic view when it comes to service design and implementation.

Price is another valuable marketing tool that has significant impact on B2B service brand equity. Even though industrial buying is thought to be a rational decision, high perceived price often acts as a proxy for high perceived quality. As such, frequent prices cuts or a low-price strategy should be avoided for brand equity. For first-time or inexperienced customer segments, besides the use of a high price strategy, service brand equity can be built by increasing customer
awareness/associations through increased personal selling intensity and service delivery channel intensity. The findings indicate that increased personal selling intensity results in greater awareness/association that eventually influences brand equity via brand loyalty. Thus, an IT service business can invest in personal selling to enhance its brand equity. Managers should account for the significant impact of service delivery channel intensity on awareness/associations. Increase in service outlets, for example, offering the service in the customer’s offices, accord customers greater time and place utility due to increased awareness and accessibility, thereby offering greater satisfaction and brand equity.

Limitations and Future Study

Though this research provides valuable theoretical and empirical explanation of the B2B service brand equity process, it has several limitations. This study utilizes only one type of service industry i.e., IT software service. Future research may investigate other B2B services e.g., consultancy, advertising, and accounting to enhance generalizability of the findings. Because this research employed a field survey method, as opposed to controlled experiments, causal inferences cannot be asserted. This study examined the effect of only a few marketing mix variables. Thus, there is an ample room for potential studies to exploit other marketing mix elements (e.g., service recovery and complaint handling). Future studies may also examine the interaction effect of brand dimensions on service brand equity.

References


A Dynamic Perspective of Relationship Repair

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Simon Bell, University of Melbourne
Danielle Chmielewski-Raimondo, University of Melbourne

Keywords: relationship repair, speed of recovery, willingness to repair, relationship history and future

EXTENDED ABSTRACT

Research Question
What are the factors influencing a damaged-party’s willingness to repair a business relationship that has broken down due to a serious transgression? What will affect the trajectory of trust repair post-transgression?

Summary of Findings
Relationship transgressions are a fact of organizational life. Transgressions within relationships, while not necessarily “ubiquitous,” are certainly not unusual. Damaged relationships are less profitable and less satisfactory to the partners involved. Thus, in the absence of relationship dissolution, speedy relationship recovery is highly desirable and economically rational.

This paper provides insights on the dynamics of relationship repair by examining the impact of time-specific factors on the relationship repair process. We propose an agenda for future empirical research by providing a conceptual framework that focuses on three main factors: (1) relationship history (both recent and distant), (2) the nature of the interaction between the damaged-party and the wrongdoer, and (3) the speed with which trust between two parties can be rebuilt following a relationship transgression. Five research propositions are advanced and directions for future research are explored.

The propositions developed and presented in this paper are based on an extensive review of the transaction cost analysis (TCA), social exchange theory (SET), relationship repair, marital and close relationships, and service recovery literatures. Focusing future research efforts on relationship repair would build on the existing body of literature and offer a more thorough and comprehensive examination of this strategically important issue.

Key Contributions
Given that transgressions are probable incidents within the context of ongoing relationships, understanding the relationship repair process is of paramount importance; this is because terminating a relationship is not always a viable choice. From a theoretical viewpoint, this study will extend existing perspectives on relationship repair by investigating the interorganizational relationship repair process. Our proposed model intends to extend SET, in general, and relationship dynamics, in particular, by focusing on five specific effects.

First, perceptions of the severity of the transgression by the aggrieved party will directly affect the damaged-party’s willingness to repair. Second, central to the aggrieved party’s calculations about whether or not to repair a relationship will be some consideration of the relationship’s recent past (i.e. commitment velocity). Third, we consider the effects of relationship volatility – the effect of the history of transactions (i.e. distant past) – on the decision to repair. Fourth, we examine the interaction between willingness to repair (i.e. the damaged-party’s response) and speed of response (i.e. the wrongdoer’s initial response). Finally, we argue that the speed of recovery is the most critical dependent variable, since the damage caused by the transgression is mitigated by how quickly the relationship can recover and get back to normal.

For further information contact: Ali Shamsollahi, PhD candidate in marketing, University of Melbourne (ali.shamsollahi@unimelb.edu.au).
Given that relationships with damaged trust are more likely to suffer from both lower cooperation and performance, as well as from a higher cost of implementing other formal governance mechanisms, there are several important managerial implications to emerge from this study. First, it will help wrongdoers to understand their partner’s intention toward maintaining a damaged relationship. This will enable them to justify their initial response. Second, relying on their understanding, they have a better sense of how quickly they must attempt to resolve the damaged relationship. Finally, both the damaged-party and the wrongdoer will understand the degree to which they can rely on a recovered relationship.

References are available on request.
How to Design and Coordinate Differentiated Multichannel Sales Systems: Development of a Comprehensive Analytical Model and Empirical Application

Markus Bergmeier, University of Passau
Dirk Totzek, University of Passau

Keywords: multichannel management, channel design, channel coordination, pricing, game theory

EXTENDED ABSTRACT

Research Question
Firms are confronted with the questions of how to design and coordinate more and more differentiated sales systems. The goal of this study is thus to address the following three issues: (1) How does the channel design of a differentiated sales system affect pricing strategy implications for the channel members and the channel members’ profits? (2) What is the optimal channel design for the manufacturer or the retailers under certain environmental conditions? (3) How do major channel coordination mechanisms interact and affect channel members’ profits?

Method and Data
To address these three issues we rely on an analytical modeling approach, using a reverse manufacturer Stackelberg game and a Bertrand-Nash game between oligopolistic retailers as followers. We calibrate our model parameters with empirical data from two manufacturers (one firm selling durable goods and one selling non-durables). We analyze alternative channel configuration options for both manufacturers.

Summary of Findings
First, our results underline that a thorough design of differentiated multichannel systems is crucial to ensure profitability for both the manufacturer and the retailers. In the durables business case, for example, adding a direct online channel to the sales system currently in place increases the manufacturer’s profits by 28%.

Second, we show that channel design recommendations are closely intertwined with channel coordination issues depending on various market potential, elasticity, and service level parameters. For example, while adding indirect channels benefits the manufacturer and hurts the offline retailer in the durables business case, the situation is the other way round in the non-durables business case.

Third, we show that profit-maximizing prices of all channel members tend to decrease when adding indirect channels but tend to increase when adding direct channels. Optimal direct channel (online) prices tend to be lower than indirect channel (offline) prices. Moreover, the positive effects of service differentiation may outweigh the counter-intuitively negative effects of brand differentiation.

Key Contributions
First, we propose a more general analytical approach by integrating theoretical modeling and an empirical application based on real data input of two firms. The presented combination of a reverse manufacturer Stackelberg game and a Bertrand-Nash game between oligopolistic retailers as followers is able to account for the complexity of differentiated systems currently in place.

For further information contact: Dirk Totzek, Chair of Marketing and Services, University of Passau (dirk.totzek@uni-passau.de).
Second, we contribute to the literature on channels of distribution through an integrative analysis of channel design and channel coordination issues. We are able to confirm findings of previous work based on simpler channel designs. In addition, we add new insights regarding differentiated sales systems.

Third, we provide managerial implications with regard to effective management of differentiated sales systems. For example, both the manufacturer and the retailers should not excessively focus on sales channel expansion. Besides, before automatically opting for lower online prices, firms should evaluate their customers’ preferences and its sales channels’ service levels. Setting online prices below offline prices might lead to a decline in profits. In addition, a strategic direct channel price point below indirect channel prices may increase the manufacturer’s and, contrary to expectations, the retailers’ profits. Finally, we indicate that firms are better off differentiating prices and services across channels.

References are available on request.

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Keywords: distribution channels, channel conflict, channel performance, meta-analysis

EXTENDED ABSTRACT

Research Question
In this study, we assess the empirical results in the extant literature on channel conflict to test two rival views of channel conflict. In the first view, conflict is a residual outcome of business processes that reduces joint profit and is efficiency depleting. Reduction or elimination of conflict is an objective of the firms. In the second view, conflict is an inevitable part of the channel’s business process. The firm’s effort is directed not so much to conflict “reduction” as on conflict “management,” with focus on conflict resolution techniques to maximize business performance. In this view, conflict is a mediating construct that affects business performance.

Despite widespread research on channel conflict since the 1960s, scant attention has been paid to the differences between these two views and the implications thereof. There are also several unresolved questions about the construct of channel conflict, robustness of some of the results, and the conflict-performance relationship.

In this study, we aim to assess the conflicting views of channel conflict as well as shed more light on the seemingly inconsistent findings at the heart of the conflict-performance link. We adopt the Trust-Commitment and Interdependence frameworks as our theoretical bases and draw upon Rosenberg and Stern’s intrachannel conflict model to synthesize the available empirical evidence.

Method and Data
To compare the two rival views, we use the meta-analytic structural equation modeling and pairwise correlation analyses with conflict as the focal construct. Empirical studies of channel conflict were identified using a computer bibliographic search of scientific databases and marketing journals. Our comprehensive search generated 101 samples from 74 empirical studies, in which a total of 232 correlations were obtained with a total aggregate N of 19,003.

The principal empirical method we deploy is the two-stage meta-analytical structural equation modeling (TSSEM). For this, we analyze the collected correlation matrices in a two-stage process. In the first, we obtain both the pooled correlation matrix as well as asymptotic covariance matrix (ACM). The values of the ACM are used to correct the pooled correlations in the second stage of analysis. We conduct both fixed-effect and random-effect models in the first stage to investigate whether there is heterogeneity of effect sizes across studies. We use pooled correlation matrix and the asymptotic covariance matrix from the first stage of TSSEM, and the aggregated sample size of all studies to conduct SEM analysis in the second stage.

Summary of Findings
The results show that models in which conflict acts as a mediating construct outperform the models in which conflict is considered as the outcome. The customized Trust-Commitment model shows a high level of goodness-of-fit. The customized Interdependence framework (conflict acts a mediating role) also exhibits a high level of goodness-of-fit. The result of meta-analysis helps us unpack the aggregate empirical evidence about the relationship between conflict and performance. Both the results of pairwise correlation
analysis and path analysis report that overall effect size is negative and significant. Moreover, Trust-Commitment models show a higher level of goodness of fit in comparison to the Interdependence models. In particular, we find trust, commitment, and conflict mediate the relationship between interdependence and exchange outcomes. In sum, our findings provide compelling support for the second view in which, conflict acts as a key mediating construct.

**Key Contributions**

This study contributes to the marketing channels literature in four ways. First, to the best of our knowledge this meta-analysis study is the first one that focused exclusively on channel conflict and channel performance. Second, our study is the first effort to identify the significance of the two rival views of conflict in the context of interfirm relationships. Our findings show that based on current empirical evidence, models in which conflict acts as a mediating construct exhibit a higher level of goodness-of-fit and outperform models in which conflict acts an outcome construct. Third, we integrate the current stream of research on the relationship between channel conflict, performance and other important inter-firm relational constructs such as trust, commitment, satisfaction, and interdependence. We assess the robustness of individual study findings; establishing several empirical generalizations in the process. We find that the empirical evidence compellingly supports a negative conflict-performance link, and that the Trust-Commitment framework outperforms the Interdependence framework in explaining the relationships among key channel constructs. Finally, to the best of our knowledge, we are among the first in marketing to use the TSSEM technique which provides more accurate estimates than other techniques in vogue.

*References are available on request.*

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Keywords: business-to-business marketing, electronic markets, network governance, social network theory

EXTENDED ABSTRACT

Research Questions
1. How can compound network structures influence the effectiveness of network governance mechanisms in a B-to-B electronic marketplace?

2. How can a market maker control different network flows (e.g. information, cash and material) in a B-to-B electronic marketplace to motivate participant firms to comply with different network governance mechanisms?

Summary of Findings
This paper explores the nature of compound networks in a B2B electronic market (EM) context and builds a conceptual model of how different network structures may influence network governance mechanisms. The model has the following propositions. Community building (e.g. online forums) is more effective in high-density cooperative networks, less effective in high-density competitive networks, centralized cooperative networks and networks with more cliques. For reputation mechanisms, negative gossip (e.g. thumbs down buttons) is more effective to reveal real inter-firm interactions in high-density cooperative networks, while positive gossip (e.g. like buttons) is more effective in high-density competitive networks. Tertius gaudens (e.g. product ranking) is less effective in high-density cooperative networks, and more effective in high-density competitive networks and centralized cooperative networks. However, tertius iugens (e.g. suggesting suppliers) is more effective in high-density cooperative networks and highly diverse networks, less effective in high-density competitive networks. Two-step leverage (e.g. boycotting) is more effective in centralized cooperative networks. Social psychological mechanisms including trust, reciprocity, power imbalance, group norms influence the relationships between network structures and governance. A market maker also needs to control different material and immaterial network flows (e.g. cash, material and information) to influence participant firms’ motivations to comply with the governance mechanisms.

Key Contributions
1. This study is the first study to bring the network governance concept into the context of B2B EMs, which provides a novel angle to study the effectiveness of platform governance. It also applies a structural and network-level view to study coopetition or compound relationships in B2B marketing in an online context. This structural view leads to a contingent theory of network governance effectiveness.

2. This study advances the understanding of social network theory in a B2B electronic market (EM) context. It proposes an innovative application of combining two competing streams in social network theory (structuralist and connectionist approaches) to tackle the main limitations in network governance literature, which contributes to ongoing debates about agency and structure in the network literature.

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3. For managerial implications, the findings will help market makers decide on how to adopt the right network governance mechanisms to manage conflicts and opportunistic behaviours. The findings will also lead to better platform design for maximizing the effectiveness of governance mechanisms by controlling different flows (e.g., cash, information, materials).

References are available on request.
Optimal Timing of Transfer Pricing in Multiple Integrated Marketing Channels

Kenji Matsui, Kobe University

Keywords: channels of distribution, vertical integration, transfer pricing, decision timing, game theory, marketing science

EXTENDED ABSTRACT

Research Question
Currently, many firms across a wide range of industries vertically integrate with one another to become multidivisional firms that encompass both manufacturing and marketing functions. Such multidivisional firms that distribute products through multiple marketing channels routinely confront intrafirm frictions. In a channel management context, conflicts of interest between upstream divisions that manufacture products and downstream divisions that market products have firms struggling to determine the effective internal transfer price. Indeed, previous marketing studies have often portrayed transfer pricing as an instrument to facilitate transactions within distribution channels. If, for example, a channel is separated between a manufacturing firm and a retailing firm, the determination of the wholesale price is crucially important for channel coordination. Meanwhile, if the two functions are vertically integrated as one firm that includes a manufacturing division and a marketing division, the transfer price between the divisions has a crucial role for channel management. Hence, the role of the transfer price in a vertically-integrated firm corresponds to that of the wholesale price in a vertically-separated channel. In this respect, the investigation of channel coordination not only through wholesale prices but also through transfer prices is important from the marketing perspective.

In the marketing literature, the question of “how much” transfer price a vertically-integrated firm should choose for the purpose of coordinating distribution channels has commanded significant attention and has been substantially discussed from both academic and practical perspectives. However, research investigating “when” the transfer price should be determined is missing in the existing literature, although this is a critical practical issue for decision-making in channel management. Our marketing science model constructed in this paper provides an answer to this question: we investigate the optimal timing of transfer pricing in a vertically-integrated firm with multiple marketing channels, where an upstream division produces and transfers products to downstream divisions that differentiate and compete to sell the products, by introducing an observable delay game framework established in the game theory literature. Ultimately, our research question is summarized as: “How much” transfer price should a vertically-integrated firm choose, and “when,” for the purpose of coordinating multiple marketing channels?

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

Summary of Findings
The first major finding from our marketing science model is that the firm can achieve exactly the same profit by selecting appropriate transfer prices irrespective of the order of setting the transfer and the retail prices. The second finding is that a desirable level of the transfer price depends crucially on the timing of when the central management of a firm transfers products to downstream divisions. The key factor leading to the two findings is that each downstream division manager has an incentive to accelerate the timing of retail pricing.

Key Contributions
Major contributions from this paper are twofold. First, we identify a desirable transfer pricing policy that can be directly used for practical decision-making about channel management by vertically-integrated firms. For example, our results indicate that if a vertically-integrated firm sets transfer prices of different products at different time points, the firm must set the transfer price of an earlier-transferring
product relatively lower than that of a later-transferring product. As such, a vertically-integrated firm must control the transfer prices at appropriate levels depending on the timing of the transfer of products to downstream divisions. Second, this study contributes to the academic marketing literature because, to date, no research has investigated “when” a vertically-integrated firm should set its transfer price, even though a significant number of marketing studies have investigated various channel coordination problems. Hence, it is worth noting that this paper is the first to introduce the framework of the timing game in the transfer pricing problem. This paper addresses such an unexplored issue, providing the above practical implications based on a rigorous game theory framework.

References are available on request.
Part C
Consumer Behavior

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Lauren Labrecque, Loyola University Chicago

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The Role of Cultural Communication Norms in Social Exclusion Effects

Jaehoon Lee, L.J. Shrum, Youjae Yi
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A review of the literature revealed researchers have developed studies to understand how global brands utilize global consumer culture and political ideology plots in traditional advertising (Zhao and Belk, 2008a; Okazaki, Mueller, and Taylor 2010; Oyedele and Minor, 2012; Taylor and Okazaki, 2015). However, despite this effort by researchers, numerous scholars have argued the topic of global consumer culture and political ideology in advertising studies is limited (Zhao and Belk, 2008a; Oyedele and Minor, 2012; Taylor and Okazaki, 2015). For instance, Taylor and Okazaki (2015) contended there is a gap in the literature regarding the evaluation of global consumer culture in advertising studies. Likewise, Zhao and Belk (2008a, 2008b) and Oyedele and Minor (2012) contended studies investigating global consumer culture and political ideologies plots in advertising is limited and they suggested that researchers develop studies in this area.

In response to the call in the literature, we employ semiology to investigate the plots and stories used in promoting global consumer culture and political ideologies in social media campaigns targeted to U.S. millennials. The selected social media campaigns evaluated are from nineteen different global consumer brands and across seven industry sectors namely: automotive, food and beverage, electronics, personal care products, fast food, athletics and financial sectors. Of the nineteen global consumer brands evaluated, nine were foreign multinationals in the U.S. and ten were U.S. multinationals.

We make four unique contributions in this study. First, in this study, we will help to fill the theoretical gap in the literature on assessing consumer culture and political ideology plots utilized by global brands in social media advertisements. Second, this study will shed light on characteristics of global consumer culture and political ideology plots in advertisements targeted to U.S. millennials. Third, this study will augment our understanding of contrasting and similar consumer culture plots used in social media advertisements across consumer industry sectors. Fourth, this study will reveal market characteristics that can be utilized by marketing professionals who desire to create social media campaigns targeted to U.S. Millennials.

The study methodology is based on the theoretical models of semiotics (Mick, 1986), visual rhetoric (Barthes, 1977; Scott, 1994), and the theories of dramatic performance in advertising and motion picture narrative structure (Boller and Olson, 1991; Wright, 1975). These theoretical models are appropriate when the underlying goal is to assess the content (e.g., visual, sound imagery settings, story lines, characters) of the advertisement beyond the obvious message implied by the advertisement (Zhou and Belk, 2004). Semiotic framework was employed to evaluate plots and subplots within the advertisement, character descriptions, dialog analysis, and identifies any beliefs and values prevalent within advertising campaigns. The evaluation and interpretation of the ads were conducted by the authors. One of the coders has extensive industry experience developing marketing campaigns targeted to millennials. Each coder worked independently, and the findings were linked together for comparative evaluation and interpretation. The categories of social media advertisement evaluated in the study include automotive, food & beverage, electronics, personal care products, fast food, financial and athletics.

The results of the study revealed six plots. A closer examination of these initial plots and extensive iteration resulted in the identification of one unique main plot called “identity-of-self” and three subplots: (1) successful and young
living, (2) Peter pan syndrome and (3) purposeful connectedness. Identity-of-self is the main plot that cuts across most of the consumer product industries on social media platforms targeting U.S. millennials. The gist of this plot suggests global brands utilize identity-of-self plot in their advertisements as a way to convince U.S. millennial consumers that their product(s) will help them find out who they are and where they belong in this world. Semiotically, in the U.S. context, this search for identity could be due to influence from American exceptionalistic rhetoric that is engrained in American citizen’s psyche conflicting with an ever increasing global environment that calls for symbiotic relationships between countries and corporations (Engle, 2014). It also could be a reflection of the inner turmoil middle-class citizens face as they try to find their identity in a land of relative social and political equality. Without predetermined hierarchy, one hopes to create an identity to be different from the masses. This mentality is clearly visible in the main plot and the subplots described and is critical to understanding the mindset and characteristics of the American millennials (Meinel, 2014).

In terms of managerial implications, the consumer culture plots identified in this study could prove to be very useful for marketing professionals across industries in helping them to create advertising messages towards U.S. Millennials on social media platforms. Marketing professionals could benefit by incorporating plots and themes regarding identity, self-expression, successful young living, purposeful connectedness, and Peter pan syndrome when trying to target the elusive U.S. Millennials with social media campaigns. Marketing managers could also enhance the benefit of these research findings by tailoring their advertising messages according to the individual industry preferences regarding consumer culture plots.

References are available on request.
The Role of Interpersonal Attachment Styles in Consumer Tendencies to Engage in Social Projection

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Keywords: social projection, consensus, interpersonal influence, attachment style

EXTENDED ABSTRACT

Research Question
It is not uncommon that, in everyday life, we have to predict the preferences of others. Unfortunately, however, individuals frequently engage in social projection, which biases their predictions of others’ preferences. The present research adopts an attachment theory (Bowlby, 1969) perspective to provide a richer understanding of consumer tendencies to engage in social projection. Specifically, this research explores the question of how individuals’ interpersonal attachment styles impact their likelihood of engaging in social projection.

Method and Data
Study 1 (140 US adults, 42% f) explored whether individuals’ attachment styles, and levels of attachment anxiety in particular, impact their tendencies to engage in social projection. Participants indicated their attitudes and thoughts of others’ attitudes toward a series of 14 products. The results showed that attachment anxiety is negatively related to one’s engagement in social projection. Study 2 (132 US adults, 40% f) then tested the prediction that individuals who are higher in attachment anxiety are likely to consider more counter-valence attributes which drives their lower levels of social projection.

Study 3 (199 undergraduate students, 48% f) provided additional process evidence using a moderation-of-process design (Spencer et al., 2005), in which the availability of counter-valence attributes was manipulated. In addition, study 3 explored the robustness and generalizability of the findings in studies 1 and 2 by manipulating, rather than measuring, attachment style.

Summary of Findings
The present research identifies a new moderator of social projection, namely, individuals’ attachment styles. Across three studies, the results show that individuals higher (versus lower) in attachment tend to naturally consider more counter-valence attributes of a product, and this availability of counter-valence attributes lowers social projection.

Key Contributions
The present paper contributes to an emerging stream of research which utilizes attachment theory to explore how interpersonal attachment styles impact consumer behavior. In addition, the present research extends the extant body of literature on social projection and the false consensus effect (cf. Gershoff et al., 2008; Goelthals, 1986; Hoch, 1987) and sheds light on the relationship between false consensus bias and social networks. Although one might reasonably predict that securely (vs. anxiously) attached individuals should be less susceptible to the false consensus bias because they are more closely connected to others and thus have an information-based advantage (Flynn & Wiltermuth, 2010), our results suggest otherwise. Specifically, the findings provide evidence to suggest that securely attached individuals are more susceptible to the false consensus bias. Thus, the findings also contribute to the scant literature which suggests that more interpersonally networked individuals tend to be less accurate in predicting others’ preferences (Krackhardt, 1987; Flynn & Wiltermuth, 2010).

References are available on request.
When Friends Show Off: Facebook and Well-Being

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Keywords: subjective well-being, Facebook, envy, social networking sites, social comparison

EXTENDED ABSTRACT

Research Question
In recent years however, the rules of interaction have changed quickly with the increasing use of social networking sites (SNS) which refer to “web-based services that allow individuals to (1) construct a public or semipublic profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system” (Boyd & Ellison, 2008, p. 211). With Facebook permeating the daily lives of a billion people worldwide (“Facebook Newsroom,” 2012), social networking is a phenomenon that has cast its spell on people everywhere. As a consequence, the phenomenon of accumulating an extensive online friend network has gained even more importance. Something hitherto inconceivable, like having a network of thousands of friends and being constantly informed about their activities, has been rendered not just possible, but normal. But is this connectivity positive for people’s well-being? Or can too many friends on social networking sites be detrimental to people’s well-being? As such, the conventional wisdom that more friends translate to a better life needs to be questioned.

Method and Data
For Study 1, participants (238 Facebook users) were recruited online on Mturk and randomly assigned to one of three conditions: (1) building relations (i.e. adding friends), (2) maintaining relations (i.e., viewing updates), or control. In the building relations condition (i.e., add-friends), participants were asked to go to their Facebook page and view the name of the last friend they had added or accepted on Facebook. In the maintaining relations condition (i.e. view-updates), participants were asked to go to their home page and list five most recent updates posted by their friends. The control participants only completed the main dependent variable: which was Satisfaction with Life scale, and Social Comparison Orientation scale (Gibbons & Buunk, 1999).

Since one of the dominant consequences of social comparison that yields in one feeling poorly about themselves is envy (Smith & Kim, 2007), we further hypothesize that people feel less satisfied with their lives after reading others’ ostentatious posts because they feel envious of their Facebook friends (Salovey, 1991).

All 245 Participants were Mturk workers. The Mturkers were led to believe they were reading updates by people in a social network composed of MTurkers.

We used a 2 (number of friends: high vs. low) X 2 (ostentatious updates: high vs. low) design. After the cover story task participants were assigned to a number of friends (high vs. low) condition. Participants in the high (low) number-of-friends condition were told that 320 (40) Mturkers from the US had agreed to update their status as they would on Facebook and this would be presented to them in the subsequent screens. The participants were then assigned to one of the two ostentatious updates conditions (high, low). Participants in the high (low) ostentatious updates condition were presented with 15 updates out of which 8 (2) were ostentatious in nature. Following the manipulations, respondents completed the following scales:

Envy scale (Van Dijk, Ouwerkerk, Goslinga, Nieweg, & Gallucci, 2006), which served as our main dependent
variables and Satisfaction with Life scale (Diener, Emmons, Larsen, & Griffin, 1985).

Summary of Findings

A regression and spotlight analysis (Aiken & West, 1991; Irwin & McClelland, 2001; McClelland & Irwin, 2003) was conducted to compare the effect of strong ties—viewing updates—(vs. control) on participants’ life satisfaction with a large number (one SD above the mean) and small number (one SD below the mean) of Facebook friends. When the number of Facebook friends was small, viewing-updates did not have an impact on life satisfaction ($b = -0.002$; $t(229) = -0.006$; $n.s.$). When the number of friends (given the sample) increases to 160 and beyond we start to notice a decrease in life satisfaction. We found a significant main effect of adding friends ($t(229) = 2.024$; $p < .05$). When people viewed the recently acquired friend on Facebook, they reported an increase in life satisfaction irrespective of the number of friends they had in the SNS.

For the second study, we tested if the manipulations’ impact on life satisfaction was mediated by envy using a bootstrapping procedure (Preacher & Hayes, 2004; Zhao, Lynch, & Chen, 2010). An indirect effect of ostentatious updates on satisfaction with life via envy was obtained ($CI_{95\%} = [-.351, -0.028]$), providing evidence for a full mediation. First, there was a significant effect of ostentatious updates on envy ($b = 0.82$; $t(242) = 5.33$; $p < .01$). Second, there was a significant main effect of envy on satisfaction with life ($b = -0.20$; $t(241) = -2.59$; $p < .05$; See Figure 2). These results provide strong support for our hypothesis, suggesting that amount of ostentatious information posted in SNS leads to feelings of envy and this is the key intervening mechanism that explains the significant decrease in life satisfaction while viewing online updates.

Key Contributions

Taken together, the results of our studies establish an important and previously undocumented phenomenon—that maintaining social capital online reduces life satisfaction because of feelings of envy associated with the ostentatious information shared in SNS. As more and more of our Facebook friends show off, our happiness levels drop. In contrast, building social capital on SNS can have positive effects on well-being. When people add new friends on Facebook, they feel more satisfied with their lives. Thus, we show an intriguing well-being paradox of SNS—people are prompted to increase their online friend count in the first place as they experience an increase in their subjective well-being however, as the number of Facebook friends increases and as people try to keep up with their connections, they tend to experience a decrease in life satisfaction when reading their friends’ updates because of the ostentatious information they see.

The results of these studies can help guide Facebook users towards emotional regulation they may need to engage in on experiencing envy. An experience of envy and reduced life satisfaction on viewing ostentatious content on Facebook might help people become self aware and conscious towards their priorities and needs. So even though there might be a down side to increasing ones friend count on Facebook and viewing ostentatious content, it may actually enable people to come to terms with particular life domains that warrant their attention.

References are available on request.
Antecedents and Consequences of Emotional Disclosure in Social Media: A Case of Facebook

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Keywords: emotional disclosure, Facebook, social support, social media, Big Five Personality

EXTENDED ABSTRACT

Research Question
As a specific form of self-disclosure, emotional disclosure focuses on the expression and communication of a personal emotional experience. Social media have provided a new platform for emotional disclosure. Given the structural specificity and diversity of social media (SM), it is important to understand if the amounts and kinds of emotions shared on SM platforms differ from those in real life (RF) or simply extend and reflect them. In addition, these proposed differences in sharing emotionally charged messages in SM are expected to influence the extent of their virality (probability of being re-shared) and popularity (numbers of comments and likes). Furthermore, few studies have addressed the effects of personal and social factors on emotional disclosure in social networks, and compared those to RL situations. Therefore, the study intends to answer three questions: (1) What are the differences between emotional disclosure on FB and RL? 2) What are the differences in the virality of positive vs. negative emotional disclosure on Facebook (FB)? and 3) How do perceived social support and the Big 5 personality traits affect the emotional disclosure on FB compared to RL?

Method and Data
Data from the first study was collected from 149 student FB users from an online survey. Measures for emotional self-disclosure were borrowed from Watson et al. (1988). Respondents were asked how willing they were to talk with their friends in person when they felt each of the 10 positive and 10 negative listed emotions. Respondents were asked to log into their FB accounts and identify the 10 most recent episodes when they expressed an emotion in their postings. They were asked to provide the number of posts for positive and negative categories out of the 10 total and record the number of likes, comments and shares for these posts.

The second study was conducted to determine how social and personal factors impact the incidence of positive vs negative sentiment expressed in SM posts and compared them in RL. Data was collected 294 FB users. Respondents answered questions including emotional self-disclosure (Snell, Miller and Belk, 1988), perceived social support (Zimet et al., 1988) and The Ten-item Personality Inventory (Gosling, Rentfrow and Swann, 2003).

Summary of Findings
The first study found that FB users were less likely to disclose either positive or negative emotions on their FB walls compared to face-to-face encounters. Participants were also more willing to share their positive than negative emotions using online social networks. FB wall posts that express positive emotions were transmitted (shared) more often and engaged with (liked and commented on) more frequently than posts containing negative emotions.

The second study finds that perceived social support from friends plays an important role in disclosing both negative and positive emotions in real life, but not on FB. Extroversion contributed to greater sharing of happiness and (marginally) jealousy, both in RL and on FB. Neuroticism did not
trigger greater positive or negative emotional sharing in RL or on FB. We found no significant effect of openness to new experiences on the extent of emotional expression on FB, and a marginal positive effect on expressing happiness in RL. Our results also showed the positive role of conscientiousness in sharing happiness in RL, and its negative role in sharing jealousy on FB. Finally, agreeableness increased the sharing of happiness and decreased the sharing of anxiety on FB, while lowering the intent to share jealousy in RL.

**Key Contributions**

Emotional sharing could significantly affect attitudes and behaviors towards market offerings. For example, emotions expressed in online word-of-mouth communications have been linked to new product adoptions (Bruce et al., 2012), sales profitability (Gopinath et al., 2014), price variations (Shin et al., 2008), and, eventually, firm value (McAlister et al., 2012). These findings necessitated further investigation into the factors affecting emotional sharing online. Responding to this need, our study is among the first to address the differences in emotional disclosures on FB compared to RL, the virality and popularity of emotionally charged messages on FB, as well as the roles of social support and personality traits in emotional disclosures in both contexts.

The results from the study underscore the importance for social media developers and FB marketers and advertisers to encourage FB users to share positive emotions in conversations with their friends and with brands. Provided that positively charged messages are more viral, encouraging their sharing should increase user engagement and traffic to the platforms, making them more attractive to advertisers. Other proposed efforts to increase traffic and interactivity include activating such personality traits as well as promoting group cohesive activities to increase the perceptions of social support.

*References are available on request.*
Unraveling the Meanings of Ownership: A Comparison of Physical and Digital Possessions

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Keywords: digital consumption, ownership, physical books, e-books, focus groups

EXTENDED ABSTRACT

Research Question
Technological advances, including the widespread digitization of products, have radically transformed human-product interactions. Traditionally, possession of a physical object is seen as the origin of property ownership. In everyday life, however, possessions may simply be whatever we call ours (Belk, 1988). The owner of an object may not always possess it, and possession does not always imply legal ownership. Perceptions of ownership may also depend on attitudes toward an object, the context of the person-object relationship, and culturally-determined socialization beliefs around ownership (Etzioni, 1991).

The question we pose is, do consumers perceive such digital artifacts to actually be “theirs,” despite dematerialization and storage on external servers or “the cloud” (Belk, 2013)? And if so, how do consumers’ conceptualizations of ownership differ between the physical and the digital world? We focus on two specific digital consumption contexts: e-books and e-music, chosen because they are both dematerialized digital artifacts (Siddiqui and Turley, 2006) that have physical correlates, facilitating a comparison in both the material and digital contexts.

Method and Data
The lack of existing studies examining consumer interpretations of ownership in the digital realm suggested the adoption of an exploratory qualitative research design (Threlfall, 1999). Focus groups were chosen because of the collaborative nature of the method and pretesting showed that ownership of digital goods was not a subject that most individuals had explicitly considered prior to participation in our study. We conducted four focus groups split along commonly acknowledged generational lines: 18-24, 25-31 (Millenials); 32-47 (Gen X); 48-66 (Baby Boomers). The Millennial group was sub-divided into two groups because of the markedly different life stages within this cohort (college students vs. post-college young adults). Initially, transcripts were examined to obtain a holistic impression of participant attitudes and cognitions (Thompson, 1997).

A grounded theory approach was used wherein emergent patterns were compared across transcripts and abstracted into a master codebook with coding schema and definitions (Thompson, 1997; Goulding, 2005; Lindlof and Taylor, 2011). One of the study authors was intentionally uninvolved in data collection and analysis up until this point and was brought in as a more objective analyst for the coding and category extraction process. Once this author had been trained, all four authors coded transcripts individually. All transcripts were subsequently recoded as a four-person team to assess inter-rater reliability and engage in a refutation process involving negative case assessment (Lincoln and Guba, 1985; Spiggle, 1994).

Summary of Findings
The need to own and control property has been said to spill over into the digital realm (Hogan, 2014), but the findings...
from our focus groups suggest that the conceptualization of digital ownership is clearly distinct from that of traditional material ownership. Digital goods are a unique product category that play a different role in individuals’ lives compared to their material goods. Lending and borrowing seem to be an essential part of the ownership experience afforded by books, but existing options for sharing in the digital realm were either unknown or appeared impractical to our study participants. The important role of sharing illuminated by our study findings would suggest that online book retailers consider the “trajectory of adaptation” to consumer wants in the digital music market.

We establish that consumers have differing sentiments for physical versus digital products, including differences in self-definition functions, the ability of digital products to create meaningful consumption experiences and a sense of belonging. Our participants unanimously thought of material objects when linking personally relevant memories with past product experiences. In particular, certain physical books such as children’s books, cookbooks and favorite novels seemed integral to consumers’ identity. However, we also find that some consumers are increasingly embracing liquid relationships even with material possessions (Bardhi and Eckhardt, 2012), independent of ownership considerations, meaning that possessions no longer (need to) serve identity-building purposes but rather have a more flexible and restricted value-in-use, based on their experiential qualities and immateriality. Access-based consumption of music and books is a viable alternative that, for some consumers, also relieves them from the “clutter” that is associated with the possession of physical goods.

Key Contributions
This study provides initial comparative insights into how consumers perceive ownership in the digital and physical realm. It contributes to current knowledge by showing that perception of ownership decreases when dealing with digital instead of physical books and music, which according to current marketing thought would signify that such products have less impact on consumers’ lives (Pierce et al., 2003; Peck and Shu, 2009; Belk, 2013). This contrasts with the undeniable fact that digital products, in general, are by now deemed indispensable by many consumers and may signify the increasing role of liquid forms of possessions among modern consumers. We offer a deeper understanding of consumers’ conceptualizations of ownership in the digital sphere and develop two possible approaches, enhancing the digital product experience or emancipation from product correlates. This may allow marketers to better manage ownership expectations of digital belongings, and proactively design an enhanced digital product experience.

References are available on request.
Mobile Money: Towards Understanding How Spending Patterns in Emerging Economies Can Inform on Consumer Behavior

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Keywords: consumer behaviour, emerging economies mobile money, spending patterns, demographics

EXTENDED ABSTRACT

Research Question
Understanding how people manage and spend their money is self-evidently important to the practice of marketing. Mobile payment is gradually becoming accepted in developed economies however it has been the norm in many emerging economies for some time. In this sense, these economies are ahead of economies such as the US or EU. As many as two billion people globally are not in the formal banking sector, as such mobile money offers money management and transfer mechanisms for those out of the reach of the formalized banking sector. The Sub-Saharan Africa having the most coverage of mobile money, covering 81% of emerging economies, 146 million accounts and 61.9 million active users.

This paper specifically investigates mobile money usage in Tanzania, in East Africa. Tanzania has a dominant primary city, Dar es Salaam. Dar es Salaam accounts for around 40 percent of its urban population, currently standing around 5.5 million, experiencing a population growth of 10-15% each year. The combination of the two factors of population and mobile money penetration will only lead to larger numbers of mobile money subscribers. As such, this paper investigates the potential of Mobile Transactional Financial Data (MTR) for understanding and identifying patterns of consumer behavior.

Method and Data
MTR data is big and difficult to use, with our dataset encompassing a sample of over 2 million subscribers, conducting over 50 million transactions over a yearly period. As such, a big data approach is necessitated.

Within the data, there are two common transaction states: “send” and “receive.” When sending money, this could be for a commercial transaction or it could be to send money in a peer-to-peer transaction. In receiving money, the person could be a retailer or in receipt of money in a peer-to-peer transaction.

Our analysis shows a strong example of Zipf’s law of distribution. There are larger number of people receiving one transaction in a year than sending one transaction, while generally (barring a few unusual customers) there are a much larger number of “sending” customers making a large number of transactions. We hypothesized that the start of the distribution, those accounts receiving vast amounts of money are merchants/retailers and the long tail being individual consumers. This offers opportunities to create segments based on the mobility of consumers, travelling and stationary retailers. Building on this spatio-temporal picture, it is possible to identify areas lacking retail provision and present analysis towards its resolution.

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Summary of Findings
This paper has discussed how mobile money has evolved to be a dominant payment mechanism for peer-to-peer and consumer payments in an emerging economy, providing a spatio-temporal well of data. This presents a great opportunity for using this new form of demographic data, as we now term “NeoDemographics,” to inform on consumer behavior at an unprecedented level, simultaneously at spatial and temporal dimensions. Is is demonstrable that much opportunity exists within MTR for understanding the behavior of consumers in emerging economies.

This opportunity is offset by complications in access to proprietary data and needing to conform to ethical guidelines as data policies and regulations are not as developed, if at all, when comparing emerging economies with its US and EU counterparts. Nonetheless, within this data, there is opportunity for marketers, retailers and private and public service providers to achieve a broader contextual understanding of their consumers.

Potentially, the metadata from other transactional data sources could inform on consumer behavior, nonetheless the scale and potential of mobile money MTR offers much scope for research.

Key Contributions
The main contribution of this paper is to indicate that NeoDemographic insights, such as those discussed in this paper are novel and that MTR data can inform and identify consumer behaviour. This is especially relevant in emerging economies, such as Tanzania and others in Sub-Saharan Africa as they lack the comprehensive consumer behavioural datasets available.

There is much research to be done to fully exploit the potential of MTR data and other “digital footprint” data. Through engaging in these markets and economies there is a great potential for more detailed spatio-temporal behavioral insights. These insights will be critical for understanding how consumer behavior changes in emerging markets in lieu of traditional data. This requires new, novel methods to be developed and research to meet this challenge, towards fully exploiting the data that is now available.

References are available on request.
When Do Materialistic Consumers Join Commercial Sharing Systems?

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Keywords: sharing, materialism, uniqueness, ownership, access, share economy

EXTENDED ABSTRACT

Research Question
A growing number of consumers consider commercial sharing systems (CSS) a viable alternative to product ownership that competes with the dominant logic of purchasing goods. In order to expand the share economy to a broader mass of consumers, marketers require knowledge about the motivating factors in different consumer segments, particularly for consumers who have been reluctant to make use of CSS so far. As materialistic consumers prefer to buy and own goods, there is reason to expect that consumer materialism (the deep-seated wish to possess things) is the key barrier to join CSS. The present paper proposes that, under certain conditions, even materialistic consumers may collaboratively consume goods. Yet, their motivational drivers may differ from those of frugal or sustainability-conscious consumers. This paper suggests that the desire for unique consumer products is a potential moderating factor. Consumers with a strong wish to use unique products may join CSS despite of materialistic dispositions. Although no paper gives empirical evidence to the interplay between materialism and the desire for unique consumer products, recent studies provide indications that both concepts relate to sharing intentions.

Method and Data
Two studies explore the interplay between materialism, desire for unique consumer products and consumer’s sharing intention. Study 1 recruited a sample of 117 undergraduate students who filled in a paper-and-pencil questionnaire in spring 2014. The mean age of the respondents is 22.8 years ($SD = 2.39$), 55.6% of the respondents are male. 130 consumers participated in study 2 in summer 2014. Trained interviewers approached the respondents in shopping malls and the city center. Quota sampling regarding gender (half of the respondents are male, 52.3%) and age (five groups: 20-29, 30-39, 40-49, 50-59, 60-69) helps to control for the influence of socio-demographic variables. The mean age is 42.75 years ($SD = 14.60$).

Summary of Findings
In Study 1 OLS regression with the two materialism subdimensions finds a strong negative and statistically significant influence of possession materialism for consumer’s sharing intention. By contrast, materialism in terms of non-generosity does not influence the sharing intention. In Study 2 OLS regression again confirms that materialism significantly reduces the sharing intention. As expected, the desire for unique consumer products moderates this main effect. Floodlight analysis determines a threshold value of .764 for the region of desire for unique consumer products where the influence of materialism on sharing intention is significant (78% of the sample) and the region where the impact is not significant (22%). Spotlighting the intention one standard deviation above/below the mean illustrates the interaction effect. Sharing intention decreases with high materialism particularly for those consumers with low desire for unique consumer products (-1SD: $β = -.577$, $t = -5.693$, $p ≤ .001$), whereas this drop in sharing intentions is much weaker and insignificant for those with stronger desire for unique consumer products (+1SD: $β = -.149$, $t = -1.334$, $p > .05$). This interaction effect is robust when including several control variables.

Key Contributions
Two studies furnish strong evidence that materialism is a dominant inhibitor of consumers’ willingness to take part in
CSS. In order to extend prior research on sharing, this research empirically distinguishes between the sub-dimensions of materialism. The paper demonstrates for the first time that possessiveness materialism is the key inhibitor for the consumer’s acceptance of sharing business models. Moreover, this paper identifies the desire for unique consumer products as a crucial lever to moderate the negative impact of possessiveness materialism. Materialistic consumers who are usually not attracted by sharing offers join CSS if the sharing system fulfills their desire for unique consumer products.

References are available on request.
You Have to Pay Now! The Effects of Choice Options in Unexpected Free-to-Fee Switches

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Keywords: free-to-fee, freemium, choice, switching options

EXTENDED ABSTRACT

Research Question
The authors focus on unexpected free-to-fee switches and investigate two research questions on the possibilities to attenuate their negative consequences. First, it is examined how an unexpected forced free-to-fee switch and the unexpected introduction of a so-called “freemium” model, which additionally offers customers the choice to use a previously unavailable free reduced version of the product, lead to differences in customers’ attitudes and behavior. Second, it is investigated how the extent of feature reduction of the free versions used in a freemium switch influences customer reactions.

Method and Data
The results of three experimental studies are reported. Two online experiments were conducted to examine the effects of different switching options on attitudes and purchase intentions: A mixed design online experiment with one within-subjects factor (free-to-fee switch) and one manipulated between-subjects factor (forced vs. freemium), and a between-subject design online experiment with one manipulated factor (forced vs. freemium). Moreover, a third study investigates the effects of different feature reduction levels of the free versions in a freemium switch and specifically considers the underlying process via perceived betrayal. ANCOVA as well as regression and spotlight analyses were used to expose the effects of the experimental treatments.

Summary of Findings
Findings of Studies 1 and 2 indicate that instead of a forced switch, giving customers the choice to keep using a reduced product for free (freemium) attenuates negative consequences in attitude toward the fee-based product. At the same time, however, this choice option enhances the deterioration of purchase intentions. Both results are consistently found for utilitarian and hedonic products. Moreover, Study 3 shows that in a freemium switch, a free version with heavily reduced functionality does not enhance the intention to purchase the commercial product (compared to a mildly reduced free version). This effect is explained by customers’ feeling of betrayal.

Key Contributions
In light of recent examples of mobile phone apps (e.g., WhatsApp) or news providers (e.g., New York Times) introducing unexpected fees, this investigation offers relevant insights for marketers. A forced switch seems to be superior over a switch that offers customers the choice to use a free light version, as the latter creates cannibalization effects. However, although a forced switch appears to be suitable for increasing short-term usage of the initial product, it is more deleterious for customers’ attitudes than a freemium switch. Moreover, if firms decide to conduct a freemium switch (e.g., for using the free version as a marketing tool) and accept its negative short-term effect, the feature level of the light version needs to be considered with special care. The present research contributes to the existing literature by expanding the focus of free-to-fee switches as well as of freemium business models. The findings intend to bridge the gap between research about freemium business models and price increases, as both have not been connected previously.

References are available on request.

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Pe(e)rceived Moral Licensing: Why Good Guys Surrounded by Good Guys Do Bad Things

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Keywords: moral licensing, group influences, moral self-perception, moral consistancy, prosocial behavior

EXTENDED ABSTRACT

Research Question
According to a vast of social psychological theories it is seemingly intuitive that individuals with high moral standards are more likely to engage in ethical behavior to maintain their self-perception. However, as it requires subjective costs to engage in altruistic and ethical behavior individuals often rationalize actions that contradict their own moral standards. One of these rationalization processes evolved in the past few years: Moral Licensing. Moral licensing is observed if an individual’s past behavior entitles him or her to show morally questionable behavior that otherwise would be avoided for fear of feeling or appearing immoral. To date, moral licensing has been almost exclusively identified with respect to own prior moral actions. Group observations that influence moral licensing processes have not been examined in detail. Various theories state that individuals infer their self-perceived attributes from observing the actions of others. It remains unclear under which conditions individuals act similarly to their in-group (i.e. moral consistency) and when group observations lead to inconsistent behavior (i.e. moral licensing). To fill this gap, we explored the effects of group-related observations on moral licensing in a context for pro-environmental donations.

Method and Data
In total, 231 students from a business faculty volunteered for this experiment for course credits. Our experiment consisted of two parts: First, we explored individuals’ reactions on observed in-group attitudes. We let the participants, which were students from a business faculty, conduct an implicit association test (IAT) and told them that we used the test to measure their implicit attitudes towards environmentally-friendly consumption. Furthermore, we told them that the other participants, which were exclusively students of the same faculty, conducted the same test. Afterwards we presented the participants experimentally manipulated IAT-results of the group. They were randomly assigned to one of three experimental groups, indicating that the group exhibited either positive, negative, or indifferent attitudes towards moral consumption. Immediately after displaying this feedback, we informed the students that three of them would be randomly selected and that the winners would receive an effective payment of 50€. We further told them that they could allocate the sum between themselves and the world’s largest conservation organization. Three weeks later, we asked participants to conduct a questionnaire in which we measured the moderator and control variables. We dissociated both parts to measure the variables without priming effects.

Summary of Findings
This study suggests and empirically confirms the Pe(e)rceived Moral Licensing effect. This effect reveals conditions in which individuals act similarly to their in-group (i.e. moral consistency) and conditions in which group observations lead to inconsistent behavior (i.e. moral licensing). Our results suggest an interaction between observed in-group attitudes and individual self-perceived past consumption. More specifically, individuals feel entitled to exhibit a lower willingness to express moral behavior after observing that their in-group exhibits positive moral attitudes only if they

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perceive themselves as highly morally consumers, but rely on their group if they observe negative or indifferent attitudes. Moreover, individuals who perceive their past consumption as less morally, rely on the in-group through adapting the observed attitudes and behaving similarly.

**Key Contributions**
The study makes at least two contributions to the literature on moral licensing: First, we analyze the influence of observed in-group attitudes towards pro-environmentally consumption on individual prosocial behavior. Second and most importantly, we investigate interactions of group observations with individual pro-environmental self-perceptions. More specifically, we investigate group-related conditions, which determine whether individuals engage in moral compensation or moral consistency.

*References are available on request.*
Can Customers Be Differentiated by Their Targeted Benefits? Drawing a Customer Portrait Based on Empirical Research on Customer Engagement Behaviors and Benefits

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Keywords: customer engagement behavior, customer-to-customer interaction, co-creation, offline engagement, online engagement, benefits

EXTENDED ABSTRACT

Research Question
Research, so far, has insufficiently dealt with the benefits that customers derive from their engagement activities. The present paper addresses this research gap by empirically analyzing different Customer Engagement (CE) behavior types and benefits targeted through these behaviors. Based on the findings, a customer portrait is developed.

Method and Data
Two empirical studies were carried out in order to gain deeper insights into CE behaviors and customer benefits. In a first step, we conducted in-depth interviews with 69 customers to identify different CE behaviors and targeted benefits. In a second step, we carried out a quantitative study with 255 customers who had already engaged with a company. We employed exploratory factor analysis to identify aggregated CE behaviors and targeted benefits. We then conducted a multiple regression analysis to analyze the impact of the aggregated CE behaviors on the targeted benefits. Finally, based on these results, we used descriptive statistics in order to explore different customer characteristics.

Summary of Findings
The results of our empirical studies reveal that CE can be divided into three behavior types: “value creation-focused CE,” “online-focused CE,” and “customer-to-customer interaction-focused CE.” Furthermore, six CE benefits were identified: social, relationship, autonomous, economic, altruistic, and self-fulfillment benefits. When analyzing the impact of the aggregated CE behaviors on CE benefits, it becomes clear that value creation-focused CE has an impact on almost all of the identified CE benefits, except the self-fulfillment benefits. Here, the most important benefits perceived by those customers are altruistic and economic benefits. Next, customer-to-customer interaction-focused CE facilitates all of the CE benefits, except economic benefits. The most important benefits received here are relationship benefits. Finally, the results demonstrate that online-focused CE behaviors result in altruistic, self-fulfillment, and social
benefits. Based on these results, we describe different types of customers drawing a detailed customer portrait.

**Key Contributions**

We make three substantive contributions to extant research on CE. First, based on two empirical studies taking place in Germany and Switzerland, our results provide scholars with a clear classification of different CE behaviors and targeted benefits. Second, the identified CE behaviors were combined with their targeted benefits. By doing so, we gained deeper insights into customers’ perceived benefits from their engagement with a certain firm or brand. Third, based on these empirical classifications a customer portrait was drawn allowing firms to address their customers based on their characteristics. In sum, our results provide practitioners with an approach supporting them to manage their customers more efficiently and more profitably with regard to their engagement activities.

*References are available on request.*
Measuring Consumer Design Perceptions for Digital Devices: A Multi-Dimensional Scale

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Keywords: design perception, scale, brand equity, digital device

EXTENDED ABSTRACT

Research Question
In product consumption domain, there exists little research that can model how consumers perceive and operationalize overall product design, with most efforts remaining limited to different subsets of product design like aesthetics, ergonomics and functionality, even fewer in the marketing domain. Defined by Nobel and Kumar (2008) as an envelope of aesthetics, style, functions, human factors and overall gestalt that these components can create, it is critical to explore how consumers perceive design through the prism of these building blocks, an area short of sufficient research in marketing literature, especially for the ever-ubiquitous digital devices. In the design value framework, Nobel and Kumar (2010) propose the concept as “a set of actionable dimensions, features, and general product attributes a design team can manipulate in creating a product that attempts to meet design goals” (pp. 645). They categorize them as visual aesthetics, features, graphics, design principles (emphasizing unity and prototypicality), design complexity and product platform (referring to subsystems and interfaces), providing us the groundwork to propose a framework representing overall design perception as a bundle of sub-dimensions, as well as scales to measure each one of them, which together lead to positive consumer responses (Desmet 2003; Hirschman and Holbrook 1982).

Method and Data
Both qualitative and quantitative methodologies were employed to ensure rigor in the scale developed. In line with Churchill’s (1979) paradigm as well the usual methodology followed by other scale-development efforts (Yoo and Donthu 2001), we generated measures through exploratory techniques, followed by quantitative empirical validation. While the first stage focused on item generation by employing multiple qualitative methodologies, the second stage of quantitative validation involved two different data-collection stages with the same questionnaire to ensure cross-validation of findings. Finally, we tested the nomological validity of the developed scale in predicting user experience and consumer-based brand equity, data for which was also collected in the same questionnaire.

Key Contributions
To my knowledge, this type of framework to measure consumer design perception manifested through different components of a product, represents a novel effort. In recent works, Kumar and Noble (2015) conceive design perception though Holbrook’s (1999) typology of consumption values while Homburg, Schwemmle and Kuehnl (2015) use aesthetics, symbolism and functionality as sub-dimensions of consumer design perception, with both avoiding an attribute level perception point of view. The proposed framework transcribes the designer inputs to a set of product perceptions of consumers for each of those inputs, presenting an alternate paradigm of measuring the same construct. The proposed concept of design perception represents a unified view a consumer holds about product design reflected in form of perceptions about different components.

Summary of Findings
Five dimensions of design perception evolved from the qualitative exercises, namely visual, functional, kinesthetic, interface and information. These were confirmed in the next round of qualitative exercises for item generation. Five items for visual design, seven for functional design, three for kinesthetic design, and five each for interface and informa-
tion design were generated. Exploratory and confirmatory analysis for each of the construct and corresponding items were done to check unidimensionality, which was established well, by observing factor loadings in EFA and fit indices in CFA. Reliabilities and Validities of each the measurement model were established by standard procedures using PLS-SEM. Functional design, a formative construct, was kept out of this purview and its reliability and validity established as suggested by Hair et al. (2013). Nomological validity of the model was established by exploring the relationship of design perception to user experience and brand equity. The paths from design perception to experience and experience to brand equity were found significant symbolizing the importance of design in shaping them.

References are available on request.
Consumer Segmentation and Online Click and Order Behavior: Evaluating Types of Segmentation Bases Towards Online Marketing Responsiveness Behavior

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Keywords: market segmentation, online advertising, marketing effectiveness, e-commerce, fashion industry

EXTENDED ABSTRACT

Research Question
Which type of segmentation base is better suited to explain consumers’ click and order behavior across different online marketing channels? Does value-based or attitude-based segmentation produce more differentiated segments in regard to online marketing responsiveness behavior?

Method and Data
We use data obtained from a leading European online apparel retailer for this study. The dataset consists of 3,219 customers with approximately 14,500 order transactions and 163,000 clicks in different online marketing channels as well as psychographic data from a survey among these customers. We calculate three separate segmentation models based on human values, fashion attitudes and online shopping attitudes and link them to the click and order behavior. We apply Exploratory and Confirmatory Factor Analysis and two-step Cluster Analysis to form the segmentations and one-way ANOVA with F-test to test our hypotheses.

Summary of Findings
The results show that both attitude-based segmentations produce segments with more significantly differentiated online marketing responsiveness behavior than the value-based segmentation. This validates our hypotheses based on the Value-Attitude-Behavior Hierarchy.

Key Contributions
Our findings contribute to the academic fields of market segmentation, online marketing and marketing effectiveness research. The results show that attitude-based segmentation is more closely related to actual online marketing responsiveness behavior. Attitude-based segmentation therefore allows for more effective segmentation models that predict and explain consumers’ click and order behavior in response to different online marketing channels. In the practical field, these more effective segmentations help companies to better target their online marketing efforts towards different consumer groups in the market.

References are available on request.

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The Impact of Regulatory Goal Induced Emotions on Product Evaluations

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Keywords: emotional arousal, emotional valence, hedonic, performance, and reliability product attribute, advertising, self-regulatory goal

EXTENDED ABSTRACT

Research Question
Extant research shows that regulatory goals affect consumers’ emotions, which in turn affects consumer behaviors. Nonetheless, previous research on the impact of emotional valence on evaluative processes reveals conflicting results. Specifically, while positive emotions are known to be associated with heuristic processing, they are also known to increase reasoning and to help individuals refrain from mood-threatening behaviors. Likewise, while negative emotions are shown to be associated with systematic processing, motivating individuals to eliminate the root cause of the problem, negative moods are also shown to prompt individuals to exhibit mood-lifting behaviors in order to escape from bad feelings.

This research argues that such seemingly disparate findings are due to the fact that prior research failed to consider emotional arousal levels (elevated vs. mild) within the positive or negative emotions (emotional valence). In addition, this research goes beyond the main effect of emotional valence or arousal levels, and it focuses on their interactions in product evaluations from the regulatory goal perspective. So, this research investigates the moderating roles of emotional arousal levels and emotional valence stemming from outcomes of self-regulatory goal pursuit in understanding effectiveness of the product attribute type on product evaluation.

Method and Data
Study 1 employed a 2 (emotional valence) x 2 (emotional arousal levels) x 2 (product attribute types: hedonic vs. performance) between-subjects design. We designed a scenario to trigger participants’ emotional arousals and valence stemming from success or failure of achieving approach goals. After a pretest confirmed successful manipulation of the valence and arousal levels in the scenarios, main study (n = 310; female = 50.3%) proceeded. Participants were randomly assigned to one of the eight conditions. After reading a scenario, participants responded to the questions about the level of attention paid to the scenarios, amount of emotional valence, and emotional arousal level. Next, participants were presented with an ad that depicted either hedonic or performance attributes about a restaurant. Further, participants responded to the questions about the attention they paid to the ad, ad-characteristic index, and restaurant evaluation. Study 2 was similar to study 1 with slight changes. Product attribute types included an additional type: reliability. Thus, it employed a 2 x 2 x 3 between-subjects design. Similar to the Study 1, this research developed scenarios to induce specific positive and negative prevention emotions that differ on emotional arousal levels. A pretest verified that scenario development is successful.

Summary of Findings
Prior to testing the hypotheses, this research assessed successful manipulation of the amount of attention paid to the scenarios and ads, emotional arousal levels, and product attribute type. As results confirmed the adequateness of the manipulation, we proceeded to hypothesis test. Using two experiments (n = 310 for Study 1; n = 530 for Study 2), this research shows that when consumers experience elevated positive promotion or prevention emotions, they evaluate products with hedonic (vs. performance or reliability) attri-
butes more favorably, whereas when consumers experience mild positive promotion or prevention emotions, they evaluate products with performance attributes more favorably. Here the type of goals (promotion vs. prevention) does not matter. In contrast, when consumers experience mild negative promotions or prevention emotions, they evaluate products with hedonic attributes more positively. Here again, the type of goals does not matter. When consumers experience elevated negative emotions, however, the type of goals does matter. Whereas promotion emotions lead consumers to evaluate products with performance (vs. hedonic) attributes more positively, prevention emotions lead them to evaluate products with reliability (vs. hedonic or performance) attributes more positively. These findings are consistent with the theoretical expectations explained previously.

**Key Contributions**
The major contribution of this research is that to understand the impact of emotions stemming from regulatory goal pursuit on product evaluations, not only emotional valence but also emotional arousal levels and regulatory goals should be taken into consideration. More specifically, this research explicates the seemingly conflicting and disparate prior research findings on the impact of positive versus negative emotions. By drawing on several theories, this research argues that one must consider emotional arousal levels (elevated vs. mild) to be able to explain the prior research findings. Second, this research extends prior research by considering the role of self-regulatory goals as a source of emotions and by suggesting that consumers’ regulatory goals that give rise to such emotions can also influence product evaluations. Third, this research contributes by extending prior research on regulatory fit. Prior research suggested that both performance and hedonic attributes would be equally effective for promotion-oriented individuals due to the regulatory fit. This research goes beyond the matching hypothesis, and delineates the relative effectiveness. Fourth, this research combines various previous research findings scattered across the literature allowing us to tie the prior research findings in a meaningful way and shed some light on the emotions literature.

*References are available on request.*
Are LGBT-Friendly Cues Always Good? Exploring the Impact of LGBT-Friendly Cues on the Heterosexual Market

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Keywords: LGBT-friendly cues, cue utilization, self-congruity, restaurant quality

EXTENDED ABSTRACT

Research Question
Recent legislature legalized the right to same-sex marriage across the entire United States. Due to the strong purchasing power of the lesbian, gay, bisexual, and transgender (LGBT) market (Oakenfull, McCarthy, & Greenlee, 2008), many firms are planning to target to this community. However, businesses could also be hesitant to market to LGBT customers for fear of alienating heterosexual customers. Therefore, this paper answers the following pertinent research question: How will marketing strategies that cater to LGBT consumers impact heterosexual market beliefs and decisions? Specifically, this study applies both cue utilization theory and self-congruity theory to understand how heterosexual consumers perceive restaurant performance when LGBT-friendly cues are introduced.

Method and Data
A quantitative research design consisting of a 2 (food quality: high versus low) x 2 (service quality: high versus low) x 2 (LGBT-friendly cues: high versus low) between subjects factorial experiment was conducted. Participants were asked to imagine that they are customers having a signature three-course meal in a new restaurant through a written vignette. The manipulations of food quality and service quality were adopted from Homburg, Hoyer, and Koschate (2005). The manipulations of different magnitudes of LGBT-friendly cues were conducted through interviews. Data was collected through Amazon Mechanic Turk; participants were filtered who were under 18 years of age. After eliminating incomplete responses and those in which participants did not respond with a sexual orientation of heterosexual/straight, this study obtained 241 responses for final analysis.

Summary of Findings
First, food quality and service quality both have main effects on heterosexual customers’ perceived overall quality of restaurant performance and repatronage intentions toward restaurant visits. Secondly, LGBT-friendly cues exhibit no main effect on either perceived overall quality or repatronage intention; the cues have an interaction effect with food quality, producing a crossover interaction on both dependent variables. This finding indicates that when food quality is high, restaurants that incorporate low-magnitude LGBT-friendly cues can trigger higher perceived quality and repatronage intention from heterosexual consumers. On the other hand, heterosexual consumers display higher perceived quality and repatronage intention when high-magnitude LGBT-friendly cues are offered but food quality is low.

Key Contributions
The first contribution of this study is that while consumers evaluate product quality, extrinsic cues (e.g. LGBT-friendly cues) can interact with certain intrinsic cues (e.g. food quality) to assist consumers in decision making. Although intrinsic cues have more of an impact in terms of cue utilization; extrinsic cues can act as a secondary source for assisting consumers to make a decision. Additionally, this
research sheds light on the importance of sexual orientation as an important demographic reference point to augment existing consumer research. Results from this interdisciplinary research inform restaurant owners that in order to maximize heterosexual consumers’ perceived overall quality and repatronage intentions, the offering of low-level LGBT-friendly cues could be both appropriate and beneficial when food is perceived to be high quality.

*References are available on request.*
How We Decide to Decide: Measuring Compensatory Decision Processing Strategies

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Keywords: meta-decision goals, compensatory decision processing strategies, constructive preferences, measurement model

EXTENDED ABSTRACT

Research Question
Previous research highlights the crucial dependence of choice behavior on the decision maker’s meta-goals for choice processing (e.g., maximizing accuracy of choice, avoidance of negative emotions, maximizing ease of justification and minimizing cognitive effort (e.g., Bettman, Luce, and Payne 1998) which are, in turn, influenced by situational and contextual factors of the decision (e.g., Heitmann, Lehmann, and Herrmann 2007). In addition, literature postulates a compensatory relationship among these choice goals such that an increased relevance of one goal should render one or more other goals less important (Bettman, Luce, and Payne 1998). However, until today no empirical evidence for such compensatory effects among decision processing strategies exists; possibly due to that fact that research didn’t provide a measurement model that explicitly copes with this aspect. Hence, the purpose of this research is to provide an appropriate measurement model, which is able to capture compensatory decision processing strategies.

Method and Data
Based on a comprehensive literature review and expert discussions, a set of items was generated to measure achievement and non-achievement of meta-decision goals. The total set of items was further tested in two online surveys with two samples (each sample N = 40) to identify the items with highest substantial validity and discriminatory power based on item sort tasks (Anderson and Gerbing 1991). For each decision goal, we transferred the best-fitting items to attribute levels in a choice-based conjoint exercise, which was used as final measurement model to measure compensatory decision processing strategies.

In order to assess the validity of the developed measurement model, we conducted an online survey (N = 208) where participants were confronted with subsequent random choice sets comprising holistic decision processing alternatives characterized by mixed combinations of meta-decision goals and were asked to indicate which one they would prefer when making a purchase decision. We tested the sensitivity of the measurement model by varying decision involvement.

Summary of Findings
This research provides a novel measurement model for assessing the relative importance of meta-decision goals within decision making processes. The measurement model shows high validity and predictive power and demonstrates compensatory effects among decision processing strategies. Further results reveal that decision involvement systematically affects the relative weight of the choice goals of maximizing accuracy and minimizing effort. In line with extant literature (e.g., Hess, Fuller, and Mathew 2005) accuracy of choice is significantly more important in the high involvement than in the low involvement decision context, while the relevance of effort minimization decreases with increasing involvement. Hence, the developed measurement model shows promise for the application in various research fields (e.g., modification of further context variables) to gain a better understanding of consumer decision making.

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Key Contributions
The present research provides a novel measurement model called Compensatory-Decision-Processing Measurement (CDPM) that is able to quantify compensatory effects among decision processing strategies. In contrast to previous approaches of assessing the relevance of meta-decision goals, CDPM is able to take into account that an increase in the importance of one decision goal necessarily requires that one (or more) other goals become less relevant. So, with the application of CDPM, trade-off relationships between different meta-decision goals can be quantified. Furthermore, we demonstrate the existence of compensatory effects among decision processing strategies based on variations of consumers’ decision involvement. For future research, with CDPM we provide a measurement model that explicitly takes into account compensatory effects among different meta-decision goals. The quantification of such effects can be used to further explore consumers’ decision making process according to certain contextual conditions or to demonstrate and further explain the impact of specific marketing activities.

References are available on request.
Is Cute Design Good for Green Products?
Influences of Green Appeals and Babyface Schema

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You Lin, National Sun Yat-sen University

ABSTRACT
In this research, we propose that babyish-appearing product designs will lead to altruism and are advantageous in promoting green products. We conducted three studies (two lab experiments and one empirical modeling) to provide evidence for the proposed effects and their underlying process. The current research extends previous work by providing a theoretical lens through which to examine consumer favorable responses to babyish-appearing product designs when the product is perceived as pro-environmental.

Keywords: cute, green appeals, baby schema, altruism, congruence

Anthropomorphism is popular for marketers to position their products/brands. Anthropomorphizing refers to the seeing of human in nonhuman objects or forms, and it pervades human judgment (Guthrie, 1993). This marketing communication technique creates favorable consumer reactions, such as increased product likability, enhanced positive emotions, and more favorable attributions of brand personality (e.g., Aggarwal and McGill, 2007; Chandler and Schwarz, 2010; Delbaere et al., 2011; Landwehr et al., 2011; Miesler, Landwehr et al., 2010). Given that the different anthropomorphic features are prevalent, previous research mainly focused on face-like shapes because consumers are sensitive to faces. Minimal time exposure to these facial images is sufficient for an individual to make inferences (Olivola and Todorov, 2010; Todorov et al., 2005 and 2009; Willis and Todorov, 2006).

The present research focuses on one of the anthropomorphizing product design (i.e., presenting the product itself in a cute way)—the babyish-appearing design, such as the Volkswagen Beetle and the Mini Cooper (Marcus, 2002; Patton, 1998). Cute products usually include anthropomorphized features (Epley et al., 2007), since some humanlike characteristics can potentially enhance perceived cuteness (Lorenz, 1943). The range of cute products is wide from slippers to water bottles and bags. The emotional value of products is deemed highly important by design researchers and practitioners in distinguishing a product from technologically equivalent competitors (e.g., Chitturi, 2009; Desmet et al., 2001). Baby schema, which centers positive stereotypical perceptions on cute facial features from newborns (e.g., a larger forehead, a smaller chin, relatively larger eyes, larger lips, and round, chubby cheeks), has been used to explain the effects of cute product design (Miesler et al., 2011). The baby schema serves a visual key stimulus to trigger positive affect and promotes the related behavioral responses.

Before starting this research project, we actually found that some eco-friendly products (e.g., Toyota Prius Hybrid) are designed to resemble babyish features in the marketplace. Sherman et al. (2009) found that viewing babyish images increase behavioral carefulness since the tendency to respond emotionally to infantile physical features may promote the provision of care, especially to infants, who are otherwise helpless due to their physical and neural immaturity. We extend Sherman et al. (2009) and proposed that being exposed to babyish-appearing product designs could...
evoke care-giving feelings and lead to altruism. Griskevicius et al. (2010) suggested that conservation behavior can be conspicuous altruism. Since cuteness is viewed as visually attractive in an adorable or endearing way (Hellen and Saak-sjarvi, 2011), babyish-appearing product usage could assist to demonstrate a person to others. Three intriguing questions thus occur: Will exposure to babyish-appearing products lead to altruism? Will green appeals be more effective in prompting babyish-appearing products (compared with non-green but functional appeals)? If so, what is the mechanism behind? The current research extends previous work by providing a theoretical lens through which to examine consumer favorable responses to babyish-appearing product designs when the product is perceived as pro-environmental.

In the following, we developed hypotheses regarding why seeing babyish-appearing products leads to altruistic tendency and how different types of product appeal (green vs. functional) should be adopted to product design (babyish vs. mature appearing). Three studies were then conducted. The first two were lab experiments testing our hypotheses. The last one incorporates product designs in the market to validate our results. Major findings and limitation were finally provided.

**Conceptual Background and Hypotheses**

**Exposure to Babyish-Appearing Product Design Leads to Altruism**

As mentioned earlier, babyish-appearing product design is one major type of product anthropomorphism. Consumers, then, detect anthropomorphic (i.e., face-like) shapes in product designs easily, and they might use their knowledge about humans to evaluate the appearance of such designs (e.g., Epley et al., 2007). From studying the perception of face-like forms in cars, researchers have suggested that consumers process a car’s front-end similarly to processing a human face (Landwehr et al., 2011; Miesler et al., 2010; Windhager et al., 2008 and 2010): a car’s headlights are perceived correspondingly to the eyes, the middle grille correspondingly to the nose, and the air intake or the grille correspondingly to the mouth.

Mental representations responsible for perception and behavior are intimately linked so that perceptions have direct and often unconscious effects on a wide range of behaviors, from simple motor movements to elaborate behavioral patterns (Dijksterhuis et al., 2005). In this research, exposure to a babyish-appearing product (i.e., priming with a babyish-appearing product image) is expected to enable a person to become more altruistic. An early study by Alley (1983) indicated that humans who possess babyish features are deemed cute and are the object of a variety of nurturing and affectionate impulses such as protective-ness. Sherman et al. (2009) further suggested that perceived cuteness could enhance performance on a task that demanded carefulness. The affective “cute response” may include a behavioral component that facilitates care-giving which is altruistic in nature. Altruistic behaviors are characterized by sympathy, understanding, and sensitivity to others’ needs. People showing altruism give to promote social change or help others less fortunate. Recently, Sherman and Haidt (2011) suggested that perceiving cuteness motivates social engagement and primes affiliative, friendly tendencies. This attitudinal change is assumed to be linked with cognitive processes related to mentalizing (i.e., attributing mental states to agents) and sometimes indirectly leads to increased cares. Neuropsychological studies also have found that brain areas that are associated with the anticipation of reward (Glocker et al., 2009) or those that are involved in decoding a stimulus’ affective value (Nitschke et al., 2004; Zebrowitz et al., 2007) show an increased activation in the presence of cute infant faces. Based on the discussions above, it is expected that exposure to a babyish-appearing product could enhance an individual’s others-oriented tendency.

**H1**: Compared with products with neutral design, those with babyish-appearing design will lead to more others-oriented (altruistic) tendency.

**Green Appeals vs. Nongreen but Functional Appeals**

A babyish-appearing product is expected to go well with green appeals. The babyface overgeneralization effect is used to explain the positive stereotypical traits associated with a babycarded person, including altruism (Keating et al., 2003), empathy (Lishner et al., 2008), warmth (Livingston and Pearce 2009), and trustworthiness (Berry and Brownlow, 1989; Gorn et al., 2008; Lee, 2013; Zebrowitz, 1997; Zebrowitz and McDonald, 1991). Green appeals are the way to show altruism. Unlike the benefits of most consumer behaviors, the benefits that accrue from green behaviors are long-term and may never actually be seen by the consumer (McCarty and Shrum, 2001). Many green behaviors (e.g., limiting car use, and conserving energy) require individuals to restrain self-centered tendencies in order to benefit the environment (Samuelson, 1990). From an individual’s point of view, acting in one’s own interest by driving a car is attractive because of the many short-term advantages for that individual. Consumers often face situations with a trade-off between immediate self-benefits and long-term future environmental benefits (e.g., a cleaner environment); thus, “going green” is a benevolent behavior because consumers
must sacrifice self-benefits (Griskevicius et al., 2012; Stern et al., 1993). Costly signaling theory (Miller, 2000; Zahavi, 1975) and competitive altruism (Roberts, 1998; Van Vugt et al., 2007) provide a rationale that consumers purchase green products for social reasons more than economic reasons. Green products can demonstrate to others that their owners are voluntarily willing and able to incur the cost of owning a product that benefits the environment and society but that may be inferior for personal use. Since green product purchase and babyish-appearing product design can be related to the trait of altruism, a babyish-appearing product will be effectively promoted with green appeals.

**H2: When a product is framed with green appeals, consumers’ attitudes toward the product and purchase intention will be higher for a product with babyish-appearing design than a product with mature-appearing design.**

On the other hand, functional appeals provide utilitarian motivations for consumers (Lantos, 2015). Individuals with utilitarian values are less likely to be environmentally concerned because they care more about the economic benefits from the environment than the benefits to the environment. Utilitarian motivations may satisfy egoistic feelings rather than altruistic feelings. When consumers consider the products with egoistic benefits, the products that appear to be competent, powerful, and dominant will be preferred. Opposite to babyish-appearing products, mature-appearing products could be linked with interred traits from a mature face: power, competence, and dominance (Todorov et al., 2005; Zebrowitz, 1997). Based on the congruent associations between mature-appearing product and functional appeals, a mature-appearing product will be effectively promoted with functional appeals. The following hypothesis is thus proposed.

**H3: When a product is framed with non-green but functional appeals, consumers’ attitudes toward the product and purchase intention will be higher for a product with mature-appearing design than a product with babyish-appearing design.**

Due to the anthropomorphic features of car fronts (Windhager et al., 2010), we selected cars as the test product throughout this research. To test H1, we showed in study 1 that, compared with exposure to an image of mature-appearing car, exposure to an image of a babyish-appearing car was more likely to generate others-oriented tendency. In Study 2, H2 and H3 were tested. The babyish-appearing and mature-appearing cars were promoted effectively subject to the right selection of advertising appeals. We also predicted that this two-way interaction would be mediated by the perceived congruence between product appeals and type of product design. In addition, we validates the results in Study 3 with automobile market data.

**Study 1**

**Method**

**Design and Participants.** This study used a two-cell design with babyish-appealing versus mature-appealing cars as predictors of altruistic tendency (see Appendix 1a). A professional product designer was hired to create two images of fictitious cars: babyish-appearing vs. mature-appearing. Based on the literature and consultations with an established scholar in babyface research, the headlight, grille, air intake, and shape of the car were taken into consideration when producing the two car photos. To capture a sample that broadly represented the population, two trained interviewers recruited participants using an intercept technique at public locations throughout the metropolitan city. Respondents who ensured that they were 18 years of age or older were asked to participate in a survey. Participants were assured that their responses would be confidential, anonymous, and used only in aggregate form. A total of 94 participants who completed the survey (53 females; M Age = 45.09, SD = 10.35) were thanked with a $10 supermarket voucher.

**Procedure.** Participants were asked to take part in two unrelated tasks. First, they were asked to view a fictitious car and rate the image with a 5-item 10-point semantic differential scale including “not cute/cute,” “incompetent/competent,” “sharp/round shape,” “untrustworthy/trustworthy,” “powerless/powerful” (Cronbach’s α = 0.86). Two filter items (i.e., “not modern/modern” and “inexpensive/expensive”) were embedded among the five items above to ensure that participants did not focus on cute-related inferences when they answered. Second, participants were asked to draw an “E” on their forehead as a measure of others-oriented (altruistic) tendency. One way to complete the task is to draw an E as though one is reading it oneself, which leads to a backward and illegible E from the perspective of another person. The other way to approach the task is to draw the E as though another person is reading it, which leads to production of an E that is backward to oneself. When drawing an E on the forehead in a self-oriented direction, it refers to a less inclination to adopt another person’s visual perspective (i.e., less other-oriented). In contrast, drawing an E in an other-oriented direction refers a more inclination to adopt another person’s visual perspective (i.e., more other-oriented). Given that perspective-taking has been demonstrated to relate to altruistic behavior (Van Baaren et al., 2004), this task served as a measurement of altruistic tendency.
Results

Manipulation Check. As expected, the babyish-appearing car (M = 5.51, SD = 1.15) was perceived as cuter than the mature-appearing car (M = 4.78, SD = 1.00) (F(1,93) = 10.72, p < .001).

Hypotheses Testing. H1 was tested via logistic regression (see Table 1). Car type served as the independent variable and altruistic tendency (backward E = 0/E = 1) served as the dependent variable. We first assessed the model with the goodness-of-fit: -2LL (-2 times the log of the likelihood value) and chi-square test. -2LL was 118.44 with significant X² (9.60, p < .05). These indicate that it is a well-fitting model. The results revealed that car type significantly influenced altruistic tendencies (β = 1.34, Wald’s statistics = 9.23, p < .05). We further examined the ratio in each car type: 30 out of 46 participants exposed to the babyish-appearing car drew a backward E (other-oriented), while only 13 out of 48 participants exposed to the mature-appearing car drew a backward E. The results supported H1.

In this study, we showed that exposure to a babyish-appearing product induces people to be more altruistic. However, being altruistic might hinder the purchase intention of some products that were solely purchased for self-interest. In study 2, we further considered advertising appeal as a moderator for the main effect of product design (babyish-appearing vs. mature-appearing). Besides, the results in Study 1 were based on fictitious car images which might seem unrealistic. In Study 2, we proposed a mediator behind consumer perception and selected authentic cars with brand/logo removed as experimental materials.

Study 2

Method

Design and Participants. One hundred and eighty participants were randomly assigned to one of a 2 (car type: babyish-appearing vs. mature-appearing) x 2 (product appeals: green vs. functional) between-subjects design. Based on the pre-test with 38 adults with car purchase experiences, two cars were selected to be babyish-appearing and mature-appearing through a 5-item scale used in Study 1 (see Appendix 1b). Differences between the two cars were significant in all items. Similar to Study 1, we recruited adults with driving experiences. After seven surveys with missing data in dependent measures were eliminated, 173 valid surveys remained (71 females; M_age = 37.58, SD = 11.3).

Table 1. Summary of Study Results

<table>
<thead>
<tr>
<th>Study 1 &amp; 3: Logistic Regression</th>
<th>Study 2: ANOVA</th>
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<tbody>
<tr>
<td></td>
<td>Attitudes toward the product</td>
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<tr>
<td>Variable</td>
<td>Babyish-Appearing</td>
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<tr>
<td>DV: Altruistic tendencies</td>
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<td>Study 3</td>
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<tr>
<td>DV: Car type</td>
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<td>Product appeals</td>
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<tr>
<td>Constant</td>
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<tr>
<td>Chi-square df</td>
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Notes: *p < .05, **p < .01, ***p < .001.
Numbers in parentheses are standard deviations.
Procedure. Participants were invited to take part in a study about evaluating car designs. Participants were asked to imagine that they were in a car center for a car and were randomly exposed to one of two images of car and indicated their feelings toward the car based on the five items used in the pre-test (Cronbach’s α = 0.85). They were told by the salesperson that the car was designed for green or functional purposes. Participants indicated their perceived congruence between car type and product appeals with a 3-item 7-point Likert scale from Rifon et al. (2004) (i.e., “congruent,” “compatible” and “a good fit”) (Cronbach’s α = 0.89). The purchase intention variable consisted of a three-item, seven-point scale anchored by strongly disagree/agree. The three items were “I will choose this car,” “If my friend is in need, I will recommend this car to him/her,” “I will consider this car for my purchase decision.” The items were adopted from Hou et al. (2008) (Cronbach’s α = 0.84). Background demographics were finally assessed.

Results

Covariates. No significant difference with regard to the distribution of demographics was detected among the four experimental groups. Except for education and number of cars owned, no moderating effect of the demographic variables on purchase intention or attitudes toward the product was obtained.

Manipulation Check. As expected, the babyish-appearing car (M = 6.62, SD = 0.92) was perceived as cuter than the mature-appearing car (M = 5.78, SD = 1.11) (F(1,172) = 12.15, p < .001).

Hypotheses Testing. To test H2 and H3, a multivariate analysis of covariance (MANCOVA) controlling for education and number of cars owned was conducted using attitudes toward the product and purchase intention as dependent variables simultaneously. Neither main effects of car type nor product appeals were significant. Only an interaction between car type and product appeals was significant (V = 0.92, F = 20.21, p < .01). The analysis of covariance (ANCOVA) controlling for education and number of cars owned was further conducted (see Table 1). When the car was framed with green appeals, participants responded more favorably to the babyish-appearing car on attitudes toward the product (M_{babyish-appearing} = 5.08 vs. M_{mature-appearing} = 4.59, F(1,84) = 4.39, p < .05). Similarly, the participants reported stronger intention to purchase the babyish-appearing car (M = 4.08) than to the mature-appearing car (M = 3.44) (F(1,84) = 4.62, p < .05). H2 was supported. When the car was framed with functional appeals, participants showed more favorable attitudes and stronger purchase intention for the mature-appearing car than the babyish-appearing car (attitudes toward the product: M_{babyish-appearing} = 4.88 vs. M_{mature-appearing} = 5.28, F(1,87) = 1.58, p < .05; purchase intention: M_{babyish-appearing} = 3.37 vs. M_{mature-appearing} = 4.39, F(1,87) = 2.76, p < .001). The results supported H3.

Mediation Analysis. In a post-hoc test, perceived congruence between product appeals and car type was further analyzed to observe whether it mediated the moderating effects of advertising appeal on purchase intentions under the different conditions of car types. A bootstrap with 5,000 draws was administered (Hayes 2012, model 4) to examine the indirect effect. The interaction between car type and product appeals is included as independent variable and the perceived congruence was included as mediator. The results revealed a significant influence of the interaction on attitudes toward the product (95% CI: 0.08, 0.68, F(1,168) = 3.49, p < .01) and on purchase intention (95% CI: 0.51, 1.18, F(1,168) = 7.09, p < .001). The interaction significantly influenced congruence (95% CI: 0.43, 1.11, F(1,168) = 7.26, p < .001). There is also a significant indirect effect of the interaction on attitudes toward the product (95% CI: 0.14, 0.52) and on purchase intention (95% CI: 0.16, 0.51). Perceived congruence served as the mechanism behind how consumers process product appeals in different circumstances of car types.

Although the car images used in this study were real, one concern still remains. Can the interaction between product appeal and product design be a common phenomenon or only limit in the two selected cases in this study? To replicated the results from the experiments, we collected cars with green and functional appeals in Study 3.

Study 3

Method

Cars with green appeals include electric cars (running only with electricity) or hybrid cars (running with gasoline and electricity). 20 car models manufactured in 2013 were selected to represent cars with green appeals. We then chose another 21 models with similar prices and the same brands to represent cars with functional appeals. We hired 40 individuals to rate each car’s level of cuteness. To ensure the individuals were representative of the gender and age of the population in general, we chose both female and male raters ranging in age from 28 to 58 years old. Each rater was compensated with $10. We compiled the photographs of the 41
conducted three studies (two lab experiments and one field study) on how children's triggers fundamental behaviors in adults. We examined such differences by comparing the number of babyish-appearing and mature-appearing cars in each automobile type: 13 out of 20 green-appealed cars were perceived to be babyish-appearing, while only one out of 21 functional-appealed cars was perceived to be babyish-appearing. The results were consistent with H2 and H3.

Results

Via a median split, the cars were classified as babyish-appearing (M = 7.36, SD = 1.11) and mature-appearing design (M = 3.70, SD = 0.78) (F(1,39) = 10.19, p < .001). The hypotheses were tested via logistic regression. Car type served as the independent variable and product appeals (green or functional) served as the dependent variable. Price was included as a covariate. We first assessed the model with the goodness-of-fit: –2LL (-2 times the log of the likelihood value) and chi-square test. –2LL was 37.98 with significant X² (18.84, p < .001). These indicate that it is a well-fitting model. The logistic regression results revealed that price did not influence automobile type (β = -0.18, Wald’s statistics = 0.13, p = .72). The results further showed that type of car design was associated with type of product appeals being used (β = 0.67, Wald’s statistics = 10.32, p < .001). We also examined such differences by comparing the number of babyish-appearing and mature-appearing cars in each automobile type: 13 out of 20 green-appealed cars were perceived to be babyish-appearing, while only one out of 21 functional-appealed cars was perceived to be babyish-appearing. The results were consistent with H2 and H3.

General Discussion

Based on the babyface overgeneralization effect, babyfacedness and its connection with the vulnerability of children triggers fundamental behaviors in adults. We conducted three studies (two lab experiments and one empirical modeling) to examine babyface effects in product design. This research uncovered several important insights into how consumers respond to babyish-appearing products. First, we establish the essential importance of babyish-appearing product designs in a green context. In Study 1, the E-drawing task (Hass, 1984) was used to measure altruism in an unconscious way. The results suggest that, compared with a mature-appearing car, priming an image of a babyish-appearing car enable a person to show stronger altruism by drawing a backward E on their foreheads. Second, we demonstrate robust effects of consumers’ more favorable attitudes and stronger purchase intention after viewing a babyish-appearing car with green appeals. On the other hand, individuals show more positive attitudes and stronger purchase intention after being exposed to a mature-appearing car with non-green but functional appeals. Third, a mediator analysis was performed to confirm that the perceived congruence between car type and product appeals served as a mechanism behind consumer attitudes and intention.

There are limitations to be acknowledged. The findings were based on one single product category (automobiles) that might cause a scope limitation. In the empirical data comparing cars with green and functional appeals, we had difficulties in increasing the sample of green cars (due to the availability of green cars in the market). Additional studies should explore a wide range of low-involved products from slippers to water bottles and bags. Several avenues present opportunities for future research. More research can be done to examine the boundary conditions of cute product design. Based on our research, cute design is appropriate for promoting green products because of altruism being evoked. Based on recent findings by Nenkov and Scott (2014), exposures to cute products enables consumers to engage in more indulgent consumption. To reconcile the positive and negative effects caused by cute products, it will be important to consider the licensing effect of a prior commitment to a virtuous act on subsequent choice (Khan and Dhar, 2006). It is possible that using a cute product may reduce subsequent altruism. Future research should then examine when babyish-appearing products may backfire in a green context. In addition, anthropomorphism is also used in brand logos (Puzakova, Kwak, and Röcereto, 2013). Tony the Tiger, M&M, and the Michelin Man are successful examples regarding marketers design anthropomorphized representation of the brand. Future research may replicate our results by considering impacts of babyish-appearing brand/logo.
APPENDIX 1

a: Fictitious Cars Used in Study 1

Mature-Appearing Design

Babyish-Appearing Design

b: Authentic Cars Used in Study 2

Mature-Appearing Design

Babyish-Appearing Design

References


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tic value of appearance-based inferences,” Journal of Experimental Social Psychology, 46 (2), 315-324
Take a Step Back and Make Shopping Less Difficult: The Interactive Effect of Copycat Private-Label Brands and Construal-Level

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Keywords: imitation, copycats, construal-level theory, shopping difficulty, fluency

EXTENDED ABSTRACT

Research Questions
This research examines several important questions that are currently relevant to marketing theory and practice. In this research, the researchers focus on the features of today’s product sets and mental construal and try to identify conditions of congruency between them to offer ways to improve the shopping experience for consumers. One prevalent feature of today’s product sets is the presence of copycat private-label brands (CCPLBs), which are private-label brands that imitate national brands. Because of their prevalence, this research focuses on the interactive relationship between the presence (vs. absence) of CCPLBs and mental construal. Specifically, the following research questions are addressed:

1. Does construal-level and the presence (vs. absence) of CCPLBs in product set interact to decrease shopping difficulty?

2. If construal-level and the presence (vs. absence) of CCPLBs in product set interact to influence shopping difficulty, will a decrease shopping difficulty in turn lead to more positive evaluations of the chosen product?

Method and Data
Three studies were designed to address these research questions. In Studies 1 and 3, the researchers conducted 2 (construal: abstract vs. concrete) × 2 (CCPLBs: absent vs. present) between-subjects experiments. In these experiments, construal was experimentally induced using a classic procedural priming method and by manipulating the physical distance between the consumer and product display, respectively. The latter is a proposed new method of evoking consumers’ construal-level. In Study 2, the researchers conducted a two condition (CCPLBs: absent versus present) between-subjects experiment in which construal was measured using a personality measure (i.e., Behavior Identification Form; Vallacher and Wegner 1989). In all three studies, participants were randomly assigned to a CCPLB condition, in which CCPLBs were either present or absent from the product set. Each set contained six products with similar attributes and benefits. When CCPLBs were absent, the set contained six national brands; when CCPLBs were present, the set contained three national brands that were common across both sets and three CCPLBs. Shopping difficulty was both measured as both a latent construct (Study 1 and 3) and as time taken to make a purchase decision (Study 2). In addition, mediation analyses were conducted to address the second research question.

Summary of Findings
All three studies provide converging evidence that when consumers are shopping with an abstract mental construal, the presence of CCPLBs in a set of similar products decreases shopping difficulty. However, when shopping with a concrete mental construal, shopping difficulty remains the same regardless of whether CCPLBs are present.

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or absent in the product set. Specifically, Studies 1 and 3 show that when abstract mental construal is activated, either using a classical priming method or our new method using physical distance between consumers and the product set, the presence of CCPLBs in the decreases consumers’ shopping difficulty. In addition, Study 2 shows that consumers in a higher level mental construal, as measured using a personality measure of construal-level, are able to make quicker purchase decisions (in seconds) when CCPLBs are present, rather than absent, from the product set. Finally, the results of Study 3 reveal that when consumers process abstractly the presence of CCPLBs in the set has a positive indirect effect on evaluations of the chosen product.

**Key Contributions**

The findings have implications for marketing theory and practice. First, they contribute to extant copycat literature, which so far has largely overlooked the effects of including versus excluding copycats in a product set. Second, this research ties imitation to Construal-Level Theory by examining the unique characteristics of CCPLBs. Specifically, the researchers theorized that, when included in the product set, CCPLBs bring attention to the high degree of similarity between products, signal simple categorization (i.e., “store” vs. “national” brands), and activate thoughts about substitutability, which are all features that align with abstract processing. Third, a new method for activating mental construal is demonstrated by manipulating the physical distance (in feet) between the consumer and the shopping display. In combination, these findings suggest that if retailers sell CCPLBs and want to make the shopping experience less difficult for consumers, they should consider ways to increase consumers’ psychological distance from products. For example, retailers could broaden aisles to allow for more physical, spatial distance between consumers and product sets or create signage around or near product sets that would induce consumers to process more abstractly.

*References are available on request.*
World Cup Edition or Summer Special: Why Consumers Buy Limited Edition Products

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Keywords: scarcity, limited editions, commodity theory, customer knowledge

EXTENDED ABSTRACT

Research Question
This study aims on analyzing the crucial determinants driving purchase decisions within the fast-moving consumer good (FMCG) industry with a special focus on limited edition (LE) products. LE products are newly introduced products, which are only offered for a predefined time or in a predefined amount. In order to support marketers to better promote and use scarcity signals in practice as well as to reduce failure rates of newly introduced LE products, we aim on answering the following research questions:

1. What kind of success factors drive consumers’ purchase intention of limited FMCG products?
2. How do those success factors influence consumer perceptions towards a product?
3. How does the perceived level of product scarcity mediate the influence of those success factors on consumer perceptions?

Method and Data
We conducted three studies (study 1a, 1b, and 2) which are based on a 2 x 3 design online experiment using a between-subject design with six different scenarios. Within those scenarios we manipulate limited edition type and strategic fit and measure their influence on perceived product scarcity, product excitement, product quality and purchase intention. Limited edition type differentiates between seasonal-, event-, and cooperation-based limited editions. The second LE characteristic, strategic fit, is the degree of similarity that exists between the product and the communicated reason for the limitation.

Study 1a and 1b were analyzing scenarios focusing on the fast-moving consumer goods grocery segment whereas study 2 was testing perceptions towards a product from the fast-moving consumer goods beauty care segment. The survey results are examined individually but are based on the same questionnaire. The first survey served as a convenience sample (study 1a, n = 463). We used this study to test the constructs’ validity and reliability. Both main studies (study 1b, n = 278 and study 2, n = 240) were conducted with a cooperating partner dispersing the questionnaire to involved consumers. Thus product knowledge is meaningfully higher than in the convenience sample. Structural equation modeling (SEM) was applied on the data using the variance-based partial least squares (PLS-SEM) approach. For parameter estimation, I chose SmartPLS software, applying the path weighting scheme (Hair et al., 2012) and bootstrapping with 5000 samples.

Summary of Findings
The results of the empirical investigations provide strong support for the importance of strategic fit as well as the importance of high perceived scarcity, product excitement and product quality. We are able to show that strategic fit between the product and the communicated scarcity claim positively influences consumer perceptions and purchase intention. Within all three studies there is a positive impact of scarcity on perceived product excitement and quality. Excitement and quality as well as strategic fit are found to raise purchase intention. Within all three studies we find different, contradicting results regarding the moderating influence of product knowledge providing a strong basis for upcoming research. Within the first samples (Study 1a and 1b) we also find a significant negative impact of strategic fit.
on product scarcity as well as a contradicting positive impact on product quality. Furthermore scarcity mediates the influence of strategic fit on excitement and quality.

**Key Contributions**
This study makes a number of contributions. First, the study tests a comprehensive cause and effect model explaining consumer behavior within the presence of limited edition goods. We identify product excitement as one of the major purchase drivers and thus are able to validate and establish a construct that helps not only to measure but also to understand consumer’s reactions towards limited editions. Furthermore, the study contributes to the literature of scarcity by being the first to analyze the impact of fit between the product and the scarcity claim on the crucial determinants. We conclude that producers must carefully choose their strategy when it comes to the marketing of limited edition products and should focus on a high fit between product and ad claim in order to trigger not only product excitement and perceived quality but also purchase intention.

*References are available on request.*
You Win Some, You Lose Some: An Investigation of Favorable and Unfavorable Effects of Partial Assortment Certifications

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Keywords: quality labels, partial assortment certification, negative effects

EXTENDED ABSTRACT

Research Question
Quality labels are generally meant to provide customers with an instrument to better evaluate a product’s quality and to differentiate the certified product from competitors by transferring people’s positive associations related to well-known quality labels to the certified objects (i.e., the certification’s target products). Accordingly, previous research confirms positive effects of such certifications on consumers’ attitudes, quality perceptions, and purchase intentions toward target products (e.g., Beltramini and Stafford 1993; Cason and Gangadharan 2002; Laric and Sarel 1981). Based on these findings, companies may be enticed into the selective usage of quality labels to stimulate sales of slow selling products such that only some parts of a brand’s assortment are being certified; this is what we refer to as partial assortment certification (PAC).

Although previous research clearly indicates that such a PAC would help to improve the attractiveness of the certification’s target products, insights into potential side effects of this certification strategy are scarce. Therefore, the aim of this research is to investigate a potential impairment of non-certified products in the same product line of the same brand (i.e., the certification’s bystander products), possible spillover effects from the certified target product to these bystander products, and PAC effects on brand evaluations.

Method and Data
To generate first insights into the effects of PACs we conducted an exploratory field experiment (N = 106) with two between-subject groups (PAC condition vs. control group) involving the choice among different beverages. This study was meant to examine how preferences between products of the same brand change in case only one choice option—i.e., the target product—bears a quality label as well as to shed light on the total effect of PACs on a more global level by investigating changes in a product line’s market share relative to alternatives (e.g., competitors’ assortments). In order to gain further insights we conducted a follow-up single-factor between-subjects online experiment (N = 206) with two conditions (PAC condition vs. control group) involving consumers’ perceptions and judgements of different jams.

Summary of Findings
In sum, the results of our studies consistently confirm that the effects of PACs are not exclusively beneficial. More precisely, the findings of study 1 reveal that the introduction of a PAC reduces the market share of the certification’s bystander product via two underlying processes: (1) a cannibalization effect—i.e., individuals preferring the bystander product switch to the target product—and (2) a defection effect—i.e., individuals preferring the bystander product switch to an alternative offered by a competitor.

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Further analysis reveals that PACs lead to an increase in perceived quality of the target product while affecting perceived quality of bystander products negatively; inducing the proposed cannibalization effect. The finding that quality assessments of the bystander product were also positively related to perceptions of the target product, such that enhanced quality perceptions of the certification’s target spill over to the bystander product within the same product line can only partially cushion the total negative effect on the bystander product. In addition, brand quality perceptions benefit from enhanced impressions of the target product, but suffer from unfavorable associations with the bystander product as well as from an increasing distance between quality perceptions across a brand’s product line; explaining the defection effect.

Key Contributions
First and foremost, this research questions the common belief that the effects of product certifications are solely beneficial and provides a framework of the underlying effects triggered by PACs. Following prior research, a quality label has a positive impact on consumers’ perceptions of the certified product itself. Nonetheless, this research has demonstrated adverse side effects on quality perceptions of a certification’s bystander products as well as on brand evaluations; creating both a cannibalization effect as well as a defection effect. Thus, this research contributes to the large body of literature on the effects of quality labels. However, despite the abundance of previous research on this topic, the understanding of the global effects arising from PACs on product and brand level is rather limited. Hence, this research improves our knowledge by uncovering and explaining adverse side effects caused by PACs. In addition, the finding that the selective usage of quality labels to stimulate sales of slow selling products can backfire should be of particular interest for business practices.

References are available on request.
Rivals or Peers: How Interbrand Relationships Impact Brand Attitude After a Product-Harm Crisis

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Keywords: brand relationships, product-harm crisis, brand attitude, categorization

EXTENDED ABSTRACT

People view brands as having human personality characteristics and they also form attachments and relationships with brands. This research shows that people also view brands as having relationships with other brands. Within a product category, brands are viewed as either being peers (such as Colgate and Aquafresh) or rivals (such as Colgate and Crest). We theorize and demonstrate that the type of interbrand relationship affects how consumers respond when one of the brands fails. When a negative event occurs to a brand within a product category, negative spillover occurs to brands considered peers and brand attitude measures decrease. Conversely, when a negative event occurs, brands which are considered rivals experience a positive increase in attitude. This research builds upon previous work which shows similarity and diagnosticity are the driving factors in brand attitude spillover.

Research Question

Consumers form relationships with brands similar to those that they form with people. If people can have relationships with brands that mirror relationships with people, do they also view brands as having relationships with other brands? The relationship consumers perceive between multiple brands in a category may be different, even if the attributes of the products are considered very similar. Does this type of interbrand relationship impact the amount of spillover after one brand experiences a transgression within the product category?

The more similar the products and brand are to each other, the more likely spillover will occur (Janakiraman, Sismeiro and Dutta 2009). However, additional research has shown that the impact of similarity on spillover is more nuanced. In a situation involving 3 brands within a product category, Roehm and Tybout (2006) show that spillover only occurs when the transgression is diagnostic to a specific attribute of both brands involved. We propose that the type of relationship consumers perceive between two brands will influence the likelihood of spillover such that when one brand, such as Burger King, experiences a transgression, a rivaled brand (McDonald’s) compared to a peer (Hardee’s) will show a positive boost to evaluation.

Method and Data

Two studies were conducted online through Amazon’s Mechanical Turk in exchange for a small cash incentive. The first study used a 2 (product-harm crisis information: yes vs. no) x 2 (brand category: sauce vs. toothpaste) design with interbrand relationship as a measured factor. In the second study, we followed a similar pattern, however interbrand relationship was manipulated using fictitious brands, Delica and Primera, in the pasta sauce category.

Participants began by rating brand pairs on multiple item scales for similarity, rivalry, and friendly. We then subtracted friendliness from the rivalry score to form our measure of interbrand relationship. Thus, higher (lower) scores on the relationship measure indicated a stronger rivalry (friendship) between the brands.

In the sauce transgression information condition, participants read a news story about the recall of Prego (Delica)
tomato sauce due to risk of spoilage. In the control conditions participants did not read any information. Our dependent variable was attitude toward the competing brand measured using a nine item, nine-point bipolar scale. In the sauce condition respondents rated their attitude toward Ragu (Primera). We also measured their attitude toward the offending brand. For all composite scales, alpha values were above .8.

Summary of Findings
An ANCOVA shows the interaction of product-harm crisis information with interbrand relationship was significant (F(1, 125) = 9.33, p < .01). The main effect of product-harm crisis information was marginally significant (F(1, 125) = 3.56, p = .06). The attitude toward the brand in crisis was also significant (F(1, 125) = 11.38, p < .01). None of the other effects were significant (ps > .24). The effect of interbrand relationship was negative and significant in the control condition (b = -.20, t(127) = -2.07, p < .05) and positive and significant in the product-harm crisis condition (b = .20, t(127) = 2.14, p < .04). When a brand fails, consumers have more positive attitudes toward rivals than toward friends.

Using the Johnson-Neyman Technique, we show that for rivals those in the product-harm crisis information condition reported significantly higher attitudes toward the competing brand than those in the control condition. For peers, there was a negative effect of product-harm crisis information on brand attitudes. The Johnson-Neyman point estimate indicated that when interbrand relationship scores averaged at or above .0614 from the mean or at or below -4.6449 from the mean, the effect of product-harm crisis information was significant (alpha = .05).

Key Contributions
The results build upon previous work on spillover and product harm crisis. We show that product category similarity, and attribute similarity are not the only factors driving negative spillover within a category. While spillover does occur to brands considered “peers” within a product category, spillover does not occur to brands that are considered rivals even when controlling for similarity. These results build upon branding theory by showing asymmetric spillover effects based on the type of relationship that consumer’s view two brands as having with each other. While diagnosticity is important in linking the transgression of one brand to another, it is not enough information to determine the direction of the spillover.

It is important to consider how consumers view one brand vis-à-vis another. If the brand experiencing the transgression is considered a peer by consumers then protective measure should be initiated such as responsive advertising and public relations. The goal of these activities would be to deflect negative spillover and prevent consumers switching. If the offending brand is a rival, it is beneficial to participate in marketing activities which promote switching behavior and increase purchase likelihood as consumers of the other brand will be more likely to defect.

References are available on request.
The Role of Color and Color Contrast of Icons for Mobile Gaming Apps in Influencing Consumer Responses: Results of an Experimental Study

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Keywords: color, color contrast, mobile gaming apps, emotion, attitude, brand personality

EXTENDED ABSTRACT

Research Question
The purpose of the present paper is to analyze whether and how combinations of similar and dissimilar colors have an impact on consumer-related outcome variables. More precisely, we propose that an analogous color contrast—combinations of similar, congruent colors—in an icon of a mobile gaming app will result in a more positive expectations and evaluations of the game and will further have a positive impact on, e.g., emotion, attitude, as well as download intention. With regard to the influence of color on consumer behavior in general, we propose that the impact of the color contrast is moderated by the predominating icon color of the mobile gaming app.

Method and Data
We conducted an experiment (N = 172, between subject design) to study the impact of color contrast (analogous vs. complementary) and color (primary color: red vs. yellow vs. blue) of icons for mobile gaming app on experienced emotions, the attitude towards the game, game personality, and download intention.

Summary of Findings
The results reveal that an analogous color contrast positively influences the consumers’ experienced emotions, the attitude towards the game, the evaluation of game personality, and download intention and that these effects are not moderated by the predominant color of the icon.

Key Contributions
Analogous color contrast positively influence consumers’ perceptions and evaluations as well as their intentional behavior in the context of mobile gaming apps. Interestingly, the impact of the color contrast does not depend on specific colors used in the icon of a mobile gaming app.

References are available on request.
Sing with Me: The Effect of Tempo and Lyrical Cues on Consumer’s Brand Information Retrieval

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Keywords: lyrics, brand recall, intra-sensory processing

EXTENDED ABSTRACT

Research Question
Little is known about the extent to which the lyrical language in conjunction with music tempo affects processing and information retrieval. Do these two dimensions conflict and distract attention? Are they integrated in attention?

Method and Data
Four-hundred and eight respondents from a research company Critical Mix (195 male, 213 female) from a research company between the ages of 18 and 55 years old (M = 37.47, SD = 10.96) were randomly assigned to the conditions of a two (lyrics: absent vs. present) by two (tempo: slow vs. fast) between subjects design. Participants were recruited by a research panel company that sent a link to a qualtrics questionnaire. Once participants opened the link they were told they were participating in a faculty research project investigating mass media effects. Participants were then presented a video embedded in the qualtrics questionnaire containing five commercials (e.g., 1 target and 4 filler). The commercials were presented randomly so that the target was seen either first, third or last in a series of five. In the no lyrics condition, participants heard music and a voiceover without lyrics; while in the lyrics condition, participants heard music and a voiceover with lyrics. In the slow tempo condition, participants heard a version of a song that is 92 beats per minute. In the fast tempo condition, participants heard a version of the same song that is 162 beats per minute.

Key Contributions
This study contributes to several research lines. First, we add to a growing stream of research on sensory marketing (Krishna, 2012). Several studies indicate the positive consequences of using music in marketing (Gorn, 1982; Bruner, 1990; MacInnis & Park, 1991), while others indicate inter-sensory—between two senses sound and smell—effects of music (Spangenberg, Grohmann & Sprott, 2005). In contrast, this study demonstrates the importance of examining the intra-sensory effects of music, as music lyrics, under certain conditions, appears to lead to poorer retrieval. Second, the findings of this study offer clarification of contrasting studies that either document positive the effects of lyrics—that lyrics can enhance attention to the advertisement and thus retrieval of product information (Wallace, 1991; Olsen & Johnson, 2002; Peynircioğlu, Rabinovitz & Thompson, 2008)—as opposed to studies that document negative effects (Macklin, 1988; Salame & Baddeley, 1989; Jones & Macken, 1993; Buchner, Rothermund, Wentura & Mehl, 2004). This study instead reveals the nuanced effects of lyrics on retrieval likelihood, which are based on the tempo of the music.

Summary of Findings
We find a nuanced effect: as the odds of retrieving the brand increase when it is presented without slow music with lyrics. Implications for advertising campaigns are discussed. Most importantly, this article offers a novel and alternate theory to existing findings, by demonstrating that when music is slow, lyrics (vs. no lyrics) affect poorer retrieval, but when music is fast, retrieval does not significantly change, whether there are lyrics or not.

References are available on request.

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A Left-Side Bias? The Influence of Nutrition Label Placement on Product Evaluation

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Keywords: lateral visual field position, nutritional information, number line

EXTENDED ABSTRACT

Introduction
Consistent with theories related to number line encoding, the results across four studies demonstrate that displaying calorie information on the left side of a product package enhances the product’s nutritional value. Furthermore, this effect is magnified for unhealthy products and for those that do not watch nutritional information closely.

Research Question
Due to regulations, products sold in the US and in many parts of the world are required to have nutritional labels. However, companies have considerable flexibility regarding the placement position of the labels on packages. In this research, we examine whether the lateral (left vs. right) placement position of a nutrition label influence product perceptions. Specifically, would product perceptions be different if a nutrition label is placed on the left versus the right side of a product package?

The current research draws on research on numerical cognition to examine how consumers use the horizontal position of product information to make judgments about the healthfulness of a product and how these inferences have consequences for product evaluation. Given the well-established finding that horizontal left (right) side of space is associated with small (large) number, we expect that this mental-schema will be applied to the evaluation of caloric information. In particular, we propose that when calorie information (in a nutrition label) is presented on the left side of the package (vs. right), consumers will relate the caloric information with the left-small magnitude associations, which will benefit the nutritional valuations of the product. In other words, calorie information would be perceived to be of lower magnitude when a nutrition label is placed on the left (vs. right) side of a product package.

Method and Data
We test our hypothesis with the help of four experimental studies. Study 1A examines if presentation of caloric information on the left compared to the right or center of a package influences nutritional evaluation. The study also tests whether this effect is accentuated for an unhealthy product. Study 1B tests the robustness of the left-small, right-large association using a real cookie product package. Study 2 demonstrates the moderating role of dietary concern in terms of nutritional involvement. Study 3 explores thought protocols to provide initial process support. Also, in order to ensure more robust experimental scenarios, Study 3 does not supply numerical information about the product’s caloric content, but instead provides a broad health claim “low-fat” placed on the left (vs. right) of the package.

Summary of Findings
The results of four studies show that displaying caloric information on the left side of a product package can lead to biased perceptions of the product’s nutritional value. Furthermore, our results show that this effect is accentuated for unhealthy products and for those that do not watch nutritional information closely, which is especially relevant given rising obesity rates worldwide.

Contribution
From a theoretical perspective, the findings of this research provide further insights into how consumers use mental
organization of numbers to analyze information and how this organization affects product evaluations. The findings of this research have important practical implications. From a managerial perspective, it can help managers/regulators decide how to place nutritional information in a product package in order to encourage (or discourage) purchases of the type of item they seek to promote. From a conceptual standpoint, our research studies contribute to the understanding of how mental organization of magnitude can influence judgments of information presented in isolation and not in the context of evaluating multiple products in a shelf arrangement.

References are available on request.
“Don’t Touch Me This Way!”: Single Versus Multiple Haptic Exploratory Cues and Implications for Product Evaluation Confidence

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Keywords: haptics, exploratory potential, product sampling, cue-consistency, information-integration

EXTENDED ABSTRACT

Marketers commonly use samples embedded with sensory cues to generate product interest and confidence towards its final purchase (Biswas, Grewal, and Roggeveen 2010). Several product categories (e.g. home furnishings, apparel) have intrinsic haptic information encoded as their material properties, such as compliance (hardness/softness) and texture (roughness/smoothness) (Peck and Childers 2003). Humans execute stereotypical hand movements, known as exploratory potentials to maximize such haptic inputs, for example in the form of pressing to test compliance, and surface grazing to assess texture (Lederman and Klatzky 1987; Jones and Lederman 2006).

We examine two competing theoretical models a) cue-consistency and b) information-integration to validate if single or multiple exploratory potentials instructed while sampling, facilitate greater consumer product evaluation confidence. As per cue-consistency framework, multiple cues provide higher corroborating information compared to disparate cues (Anderson 1981; Miyazaki, Grewal, and Goodstein 2005). In contrast, under information-integration paradigm, multiple cues can act as “tactile noise,” cluttering the diagnostic haptic input (Shanteau and Anderson 1972; Shannon 1998; Jones and Lederman 2006). Therefore, we propose two competing hypotheses.

H1 cue-consistency: Multiple (vs. single) haptic exploratory potential would lead to higher evaluation confidence for a product.

H1 information-integration: Single (vs. multiple) haptic exploratory potential would lead to higher evaluation confidence for a product.

Method and Data

We tested these competing hypotheses related to exploratory potential (EP) with the help of two experimental studies, with both studies having a single factor, three-level (haptic instruction: single EP vs. both EPs vs. free evaluation), between-subjects designs. In study 1, a compliance salient sample with softness as the haptic property was used (cabinet-liner). In study 2, a rough, texture salient sample (cross-stitch fabric) was used to test the same hypotheses. Undergraduate students were solicited for both the studies and compensated with extra course credit (Study 1, n = 78; Study 2, n = 74).

The respondents rated evaluation confidence and surety using seven-point scale measures: not at all confident/very confident and not at all sure/very sure (Peck and Childers 2003; Grohmann, Spangenberg, and Sprott 2007). In addition, demographic information (gender and age), as well as their individual “Need for Touch,” NFT were also recorded. Analysis of covariance was used for analysis with gender and individual need for touch as covariates, following past haptic research protocols (Hornik 1992; Peck and Wiggins 2006; Krishna and Morrin 2008; Krishna, Elder, and Caldara 2010).

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Summary of Findings
Post hoc analyses from study 1 revealed that evaluation confidence for the cabinet-liner sample was significantly greater in the single EP condition, compared to the instructional condition requesting both EPs (5.32 versus 4.48; $M_{\text{diff}} = 1.016$, $p < 0.05$). Similarly, evaluation surety was also higher in the single EP condition, compared to both EP condition (5.32 versus 4.44; $M_{\text{diff}} = 1.020$, $p < 0.05$). Contrast tests from study 2 also showed that single EP led to significantly greater evaluation confidence compared to free evaluation condition for the cross-stitch sample (5.29 versus 4.44; $M_{\text{diff}} = 0.997$, $p = 0.021$). The mean confidence and surety levels were directionally higher in the single EP condition, as in study 1.

Overall, the results suggest that a single, directed, material-salient EP motion facilitates higher evaluation confidence, compared to multiple instructions, across two different sample types. These findings refute the cue-consistency hypothesis, and establish the power of solitary, diagnostic cues in haptic product sampling, in line with the information-integration hypothesis.

Key Contributions
This research augments prior efforts in exploring the role of specific, and directed hand movements (i.e. exploratory potentials), in influencing consumer perceptions. By employing theoretical underpinnings of cue-consistency theory and information-integration paradigm, the current research attempts to broaden the scope, use and benefits of these stereotypical hand movements in sensory marketing through instructional sampling of products.

We set up competing hypotheses based on past research in psychophysics, sensory, and non-sensory domains to predict the effects of single versus multiple haptic movements on product evaluation confidence and surety. Our findings establish the supremacy of single, diagnostic cues in haptic product sampling contrary to multiple EP instructional sampling, across two product categories. Even though the samples were qualitatively different with respect to their focal intrinsic properties (i.e. compliance vs. texture salient), the single, directed instructional format was consistently better than multiple instruction or free evaluation scenarios.

References are available on request.
The Branded Self and Its Impact on Brand Relationship Norms

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ABSTRACT
Building on Aggarwal’s (2004) application of social relationship theory to consumer-brand relationships, we examine the interactive effects of brand relationship norms and consumers’ tendencies to define their self-concept with relevant brands. Results show that the importance of brands as part of the self-concept moderates the effect of brand relationship norms on brand attitudes.

Keywords: brand relationships, brand relationship norms, self-brand connection, self-concept, brand attitude

Introduction
Relationships between consumers and brands continue to intrigue marketing scholars as well as practitioners (MacInnis et al. 2009). Research in this area has proliferated with the brand literature largely adopting the notion of the “brand-as-person” (e.g., Aggarwal and Larrick 2012; Cheng et al. 2012). Indeed, brand relationship work has contributed to our psychological understanding of brands, furthering the line of research inspired by Levy (1959) considering the symbolic nature of brands. Previous research has clearly demonstrated that consumers form relationships with brands and that those relationships have meaningful implications for consumers and marketing practice (e.g., Aaker et al. 2004; Fournier 1998; Rindfleisch et al. 2009) For example, Aggarwal (2004) empirically demonstrated that interpersonal norms guiding human relationships can be used to interpret interactions between consumers and brands, showing how relationship norms affect consumers’ bonds with brands from both positive and negative perspectives. Despite the insightful implications provided by existing consumer brand relationship research, scholars maintain that the traits of person-to-person relationships do not completely transfer to person-to-brand relationships (Aggarwal 2004).

In addition to research on brand relationships, considerable work has focused on understanding psychological connections between consumers and specific brands (e.g., Escalas 2004; Escalas and Bettman 2003; 2005). Attention has been given to consumer brand relationships that are tightly connected to the self, and these brand connections have the ability to impact consumers’ evaluations and behavior (e.g., Escalas 2004). Self-brand connections represent the extent that a particular brand has been incorporated into an individual’s self-schema (Escalas and Bettman 2003). Sprott et al. (2009) furthered the theoretical notion of such self-brand connections with the development of a psychometrically sound measure referred to as brand engagement in the self-concept (BESC). An important distinction of the BESC construct, relative to other self-brand connection research, is its conceptualization as an individual difference: BESC is defined as the generalized tendency of consumers to construe their self-concept in terms of their favorite brands—rather than focusing on a single brand (Sprott et al. 2009).

Prior research has considered consumers’ responses to brands exhibiting exchange and communal norms (e.g., Aggarwal 2004; Aggarwal and Law 2005). While such work has advanced understanding of consumer brand relationships, we are unaware of any research examining the importance of brands within one’s self-concept in conjunction with brand relationship norms. That is, the impact of the branded self on relational norms displayed by brands has not been empirically investigated. The current study begins to address this gap. Specifically, we examine how the impor-
tance of brands as part of one’s self-concept moderates the effect of brand relationship norms on a consumer’s brand attitudes. Our work further extends social relationship theory beyond consumer brand relationships into the self-brand connections literature. We also contribute to an understanding of what kinds of consumers place importance on brands exhibiting relationship norms. Theoretical and practical implications of our findings are discussed.

**Theoretical Background**

**Brand Relationship Norms**

Of primary relevance to the current work is Aggarwal’s (2004) empirical demonstration that interpersonal norms within human relationships also play a role in brand relationships. From a theoretical perspective, Aggarwal (2004) asserts that every relationship possesses norms from the perspective of consumers, and when they perceive a particular type of relationship with a brand, they are in fact creating a scenario in which the brand must conform to the expected norms regarding that particular relationship.

Aggarwal’s (2004) conceptual framework relies on human social relationship theory as the foundation for understanding brand relationship norms. This theory suggests that within relationships there are norms that influence how one evaluates any (human) relationship partner. Aggarwal (2004) extends this notion to consumers evaluating relationships with brand partners. Building on research by Clark and Mills (1993), Aggarwal’s (2004) framework distinguishes relationships from economic and social perspectives, respectively designated as exchange and communal. Benefits between relationship partners differ between exchange and communal relationships such that benefits are given in exchange relationships so as to get something in return (e.g., “accepting help with money is preferred to no payment”; Aggarwal 2004, p. 89), while benefits in communal relationships are provided out of concern for the partner (e.g., “accepting help with no monetary payment is preferred”; Aggarwal 2004, p. 89). We propose that such benefit trades can occur in consumer brand relationships as well.

**BESC and Brand Relationships**

In terms of self-brand connections (e.g., Escalas and Bettman 2003; 2005), consumers should naturally vary in terms of their tendency to construct self-concepts through associations with products and brands (Belk 1988; Sprott et al. 2009). It has long been recognized that possessions can become an integral part of a person’s self-concept; this basic premise underlies Belk’s (1988) influential conceptualization of the extended self. Given that the self-schema can influence judgments and decisions (Markus 1977), a product or brand incorporated in the self will undoubtedly impact consumer behavior. For example, Rindfleisch et al. (2009) showed stronger self connections to brands by participants when their mortality was made salient, suggesting that a brand relationship can help buffer the fear of death (Rindfleisch et al. 2009). Sprott et al. (2009) expanded on consumers’ self-brand connections with their development of the individual difference measure of brand engagement in the self-concept (BESC), defined as a consumer’s general propensity to incorporate important brands in the self-concept (Sprott et al. 2009).

Helping to motivate development of BESC was research in psychology by Cross and colleagues who showed (and successfully measured) people to a greater or lesser extent include important others in their self-concepts (Cross et al. 2000). While such (human) relational interdependent self-construal (RISC) focuses on important others, BESC measures the differential inclusion of brands in consumers’ self-concepts. Further, there is an important distinction between BESC and prior research on related branding constructs, such as self-brand connections (e.g., Escalas 2004; Escalas and Bettman 2003) and attachment to possessions (Ball and Tasaki 1992). Specifically, while other self-brand constructs are often restricted to a relationship with a specific brand or object, BESC is viewed as a generalized tendency for consumers to include brands as part of the self-concept (Sprott et al. 2009). Thus, BESC addresses an inherent limitation associated with prior self-brand relationship work, providing a broader understanding of the relationships between consumers and multiple brands in their lives.

Overall, the experimental work of Sprott et al. (2009) demonstrated that consumers construe their self-concepts in terms of (multiple) favorite brands and such construal can have important implications for marketers.

While the field has developed understanding of both brand relationships and consumer self-brand connections, there is no research (to our knowledge) simultaneously examining these two branding concepts. The current work begins to address this gap in the literature by examining the joint role of BESC and brand relationship norms on brand attitude. Our work builds upon the paradigm of multiple brand engagement introduced by BESC to develop predictions about which consumers would most likely be affected by brand relationship norms.

**Hypotheses Development**

Prior research on consumer brand relationships has predominantly focused on a single specific brand (similar to the aforementioned work on self-brand connections). Just as a person is likely to have multiple important personal relationships in life, consumers are likely to form relationships with
more than a single brand (e.g., Fournier 1998). This notion is also supported by the conceptualization and development of the BESC construct. In terms of such multiple brand relationships, consumers are likely to be guided by relationship norms when interacting with these brands, just as a person is likely to evaluate their human relationships considering distinct behavioral norms. Thus, at a general level, we expect that consumers’ propensity to include multiple brands as part of their self-concepts should also influence how they are guided by brand relationship norms.

Building upon Aggarwal’s (2004) findings, we measure consumers’ general level of BESC, manipulate brand relationship norms, and assess participants’ attitude toward the brand partner. Regarding relationship norms, Aggarwal (2004) did not predict (nor find) a main effect of relationship type on brand attitude in his experiments. We suggest that the lack of a main effect in those studies may be due to the lack of a measure adequately accounting for the individual differences captured by BESC. Thus, we hypothesize:

H1: The importance of brand engagement in the self-concept (BESC) will moderate the effect of brand relationship norms on brand attitude.

Important brands play a more critical role in the self-concepts for consumers high (vs. low) on BESC (Sprott et al. 2009). Given the centrality of brands for such consumers, one would expect that high (vs. low) BESC consumers would be more likely to form and appreciate brand relationships, whether those relationships be exchange or communal in nature. For this reason, little or no effect of brand relationship norms would be expected to manifest regarding brand attitude for consumers for whom brands play an important role in defining the self-concept. For those low in BESC, however, brand relationship norms (communal vs. exchange) should affect how consumers respond to brands. As previously noted, in communal relationships, partners provide benefits showing a long-term, genuine concern for their partners’ needs; this contrasts with exchange relationship norms whereby partners are predominantly concerned with what is received in response to provided benefits. Because low BESC consumers are less concerned about brands and brand actions, it is reasonable to expect such consumers to form a more favorable attitude toward brands that proactively seek to form a genuine (rather than merely a commercial—i.e., exchange) relationship with them. Thus, we hypothesize:

H2: Low BESC consumers will form a more favorable brand attitude toward brands exhibiting communal (vs. exchange) relationship norms; no such effects will emerge for high BESC consumers.

Study
This experiment had two aims: first, to test whether level of BESC moderates the effect of communal and exchange norms displayed by brands on brand attitude (hypothesis 1); second, to test whether low BESC consumers demonstrate a more positive attitude toward communal (vs. exchange) brand norms, but not for those with higher levels of BESC (hypothesis 2).

Method
Undergraduates (N = 340; 51.6% female) from a northwest US university participated for partial course credit. Prior to the relationship norms manipulation, participants first completed Sprott et al.’s (2009) eight-item BESC scale (α = .94; M = 4.29, SD = 1.26).

After completing the BESC measure, participants were randomly assigned to one of two experimental conditions where they read a scenario with a fictional brand displaying either exchange or communal relationship norms. Participants were presented with consumer banking scenarios drawn from Aggarwal (2004).

Following Aggarwal (2004), participants then completed a three-item, seven-point semantic differential scale assessing their attitude toward the brand (α = .92). Next, participants completed two Likert-type items as a manipulation check (“In my opinion, Grove Bank is like a business person”; “In my opinion, Grove Bank is like a merchant”; r = .66) to insure that the experimental scenarios created the desired brand relationship.

Results
Manipulation Check. A t-test revealed that the experimental manipulation was successful with participants perceiving the brand presented in an exchange relationship as being more like a business person and a merchant (M = 5.57) than when presented in a communal relationship (M = 5.22), t(338) = 2.64, p < .01.

Brand Attitude. A multiple linear regression was estimated with experimental conditions and BESC serving as independent variables in the analysis. The dependent measure, three-item brand attitude measure, was regressed on the dummy-coded experimental conditions, mean-centered BESC, and the interaction between those independent variables. Two significant effects emerged from this regression analysis. The first was a main effect for BESC, whereby research participants higher (vs. lower) in BESC had more favorable brand attitude, t(338) = 2.01, p < .05. Similar to Aggarwal (2004), the main effect of brand relationship type was not significant, t(338) = 1.81, ns. However, the two-way
interaction between brand relationship norms and BESC was significant, $t(337) = -2.06, p < .05$, the nature of which is graphically depicted in Figure 1.

To further explore the two-way interaction, we conducted two spotlight follow-up analyses examining the low and high BESC slopes for each experimental condition (i.e., exchange and communal relationship norms). To probe this interaction, two regression slopes were estimated at low (one SD below the mean) versus high (one SD above the mean) levels of BESC. The only significant slope to emerge was the one estimated at the low BESC level, $t(337) = 2.75, p < .01$; the high BESC slope test was not significant, $t(337) = -.17, ns$.

Results showed consumers with lower levels of BESC found the brand exhibiting communal (vs. exchange) relationship norms to be more favorable, while the brand relationship norms manipulation had no effect on the favorable attitudes of high BESC participants. In sum, the effects followed the expected direction, and both hypotheses were supported.

**Discussion**

The current study extends Aggarwal’s (2004) research by considering the moderating effects of BESC in conjunction with brand relationship norms. In particular, we found that people higher in BESC responded favorably to a brand irrespective of the relationship norm, while consumers lower in BESC were influenced by the type of brand relationship, with more positive attitudes emerging from a communal (vs. exchange) relationship. In this context, low BESC consumers responded similarly to high BESC consumers in desiring to form a bond with a brand when confronted with a communal relationship norm.

This study extends prior research by linking the emerging literatures on consumer brand relationships with that of self-brand connections. Indeed, the significant interaction between consumers’ level of brand engagement in the self and brand relationship norms contributes to a better understanding of the interpersonal associations between consumers and multiple brands. Overall, our results indicate that consumers who place greater (vs. lesser) importance on including brands in the self-concept respond more favorably to a brand regardless of which relationship norm is followed. In addition to contributing to the understanding of brand relationships and their effects on consumers, we have also added insight to the individual difference construct of BESC—both within the context of brands and the self-concept as well as with regard to the relationship between BESC and brand relationship norms.

The present research extends Aggarwal (2004) by demonstrating that consumers considering brands as important to their self-concepts are not significantly affected by brand relationship norms.
relationship norms with regard to their overall brand attitude. Given this result, a logical interpretation is that marketers may not need to be as concerned with relationship norm expectations for consumers who tend to consider brands to be part of their self-concept. For such segments, marketers can consider redirecting their limited resources toward other means of building brand relationships with consumers.

References
The Self-Activation Effect of Advertisements: A “Replication” and Extension

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Keywords: advertising, self-activation, self-evaluation, self-discrepancy, consumer behavior

EXTENDED ABSTRACT

Research Question
The present research looks at important but understudied consequences of the different meanings that advertised versus non-advertised products can convey. We propose that advertised attractiveness-relevant products, as opposed to non-advertised attractiveness-relevant products, can affect both the extent to which individuals think about the self and how they evaluate the self.

Method and Data
We conducted an experiment (N = 180, between subject design) to study the impact of the context of the product presentation (non-advertised vs. advertised) of attractiveness-relevant products and the influence of the type of the attractiveness-relevant product (problem-solving vs. beauty-enhancing) on consumer self-activation, self-evaluation, and self-discrepancy.

Summary of Findings
Our findings indicate that the type of the attractiveness-relevant product (beauty-enhancing vs. problem-solving) will influence consumer self-activation and that advertisements affect self-evaluation.

Key Contributions
Overall, the findings of the present study have important implications for research analyzing the impact of advertising on consumer self-processes. The results imply that exposure to products—especially attractiveness-relevant beauty-enhancing products—will influence consumer self-activation in general and does not depend on the context of the product presentation.

References are available on request.

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Why Remembering Matters! Sensorimotor Perception and Re-Experience as Driving Forces of Consumer-Brand Identification

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Keywords: consumption experience, post-consumption, sensory marketing, consumer-brand identification, embodiment

EXTENDED ABSTRACT

Research Question
How does consumption experience link to service-related attitude formation? The present study uses a repeated measures design in an outdoor playground to show that sensorimotor experience explains consumer-brand identification in servicescapes through frequent re-experience. The aim of this research is threefold: First, this study introduces re-experience, a cognitive measure to capture the frequency of mental retrospection between the initial experience and users’ attitudes at a later point in time. Second, we explore time-related antecedents of consumer-brand identification (Stokburger-Sauer et al. 2013) in servicescapes by using a repeated sampling (pre-post) design. More precisely, we investigate consumers’ initial sensorimotor perceptions in a servicescape (at measurement point 0 = t0), their self-reportings about re-experiencing the past service and its final effect on their identification with a service brand (both measured at measurement point 1 = t1). We further examine the moderating role of consumers’ perceived sensorimotor valence (t0) on the relationship between re-experience and consumer-brand identification (both measured in t1). Third, the study is embedded in a strong theoretical rationale by drawing on research from embodied cognition (Barsalou 2008), retrospection (Wirtz et al. 2003) and the psychological principle of reinforcement (Passer and Smith 2003).

Method and Data
For empirical validation of the proposed model, a within-subject repeated sampling design, using the same participants at two points in time, was applied. Participants of an outdoor playground (N = 104, response rate: 25.9 %) had to rate their sensorimotor perception along with their perceived valence directly after their initial experience (t0). Two weeks later (t1), they were asked to fill out an online questionnaire rating their degree and frequency of mental retrospection and their perceived consumer-brand identification with the service brand. Bootstrapping mediation analysis (Hayes 2012; Model 14; 5,000 samples) was used with sensorimotor experience as the independent variable (X), cognitive re-experience (M) as mediator and consumer-brand identification as the dependent variable (Y). Consumers’ initial valence of their sensorimotor impressions (t0) served as moderator (V) on the path between cognitive re-experience and consumer-brand identification.

Summary of Findings
Results indicate that both sensorimotor experience and cognitive re-experience operate as driving forces for consumer-brand identification. Specifically, re-experience was found to mediate the impact of consumers’ actual on-line experience on their identification with the service brand, if consumers’ initial sensorimotor perception was positive. Thus,
the more frequent a consumer thinks about the experiences with a service brand, and the more positive his or her initial perception of the sensorimotor experience has been, the higher the identification with the (service) brand.

**Key Contributions**

The present study advances the concept of service experience by measuring sensorimotor perception and consumers’ cognitive evaluation at two different points in time. This approach carries fruitful implications for both researchers and practitioners:

1. Consumers’ perception at the time of consumption and their memories of service experiences should be treated and measured separately as they pertain to different stages during attitude formation. Since on-line experience and retrospective accounts differ greatly in consumers’ ratings of affect, cognition and overall subjective experience, with more positive evaluations during post-consumption stages (Wirtz et al. 2003), both stages should be considered as separate but interlinked parts in experiential marketing efforts.

2. Re-experience as such does not directly lead to favorable consumer behavioral outcomes (e.g., identification with the service provider or brand). Only if consumers perceive the initial sensorimotor impressions as positive and link their retrospective recall with these positive memories, consumer-brand identification is formed.

3. Re-experience provides a natural hub for intervention. Marketers can apply easy-to-use marketing tools such as newsletters or postal reminders that trigger the positive aspects of sensorimotor experiences from past visits to increase consumer-brand identification and thereby create a long-lasting bond with past visitors.

*References are available on request.*
Research Question
The central purpose of the present research is to contribute to the current understanding of how emotions impact the effect of body image state dissatisfaction (BISDS) on the pursuit of cosmetic procedures and to enhance our knowledge of buffers against its negative motivational consequences. To accomplish this purpose, the investigation draws upon and extends research on self-awareness, self-discrepancy, and self-regulation (Carver and Scheier 1981; Duval and Silvia 2002). Three objectives are presented. The first objective is to examine a situation where standards of beauty are presented to individuals who are self-aware vs. not self-aware. We argue that having access to standards alone does not cause self-standard comparisons. Instead, for individuals to perform self-standard evaluations, state of objective self-awareness should exist. The second objective is to examine the causal chain from self-standard evaluations to motivation to take action. Finally, to pinpoint intervention strategies for the revealed relationships, we examine the moderating role of pride and shame on motivations to pursue appearance enhancing procedures.

Method and Data
Participants were 191 undergraduate students (51.8% female; mean age = 23.3 years). Public objective self-awareness was manipulated using a full length mirror (36”x48”). The standard procedure for manipulating self-awareness via mirror has been extensively validated (e.g., Govern and Marsch 2001; Mullen et al. 2003; Phillips and Silvia 2005; Silvia and Phillips 2013). Data was collected on an individual basis. Participants were randomly assigned to the mirror or no-mirror condition. In the mirror condition, participants were seated on the only available chair in the experiment room which faced the mirror. Next, the experimenter entered the room with a pamphlet containing images of male or female fashion models (as standards of appearance), selected via a pre-test to assure their relevance to the population of interest. These images did not include any product/brand endorsements. The assignment of the pamphlet containing images of fashion models was according to the participants’ gender to make sure that participants view images of beauty standards pertaining to their gender to possibly induce body-standard comparison thoughts. Finally, participants were provided with the questionnaire that included measurement items as well as a randomly assigned writing task for pride/shame manipulation (Williams and Desteno 2008).

Summary of Findings
The results provided support for all manipulations. Results of an ANCOVA indicated that when relevant standards of appearance are accessible, self-aware individuals experience significantly more BISDS compared to those who are not self-aware. The results also suggested a serial mediation relationship in which the interaction between OSA and relevant standards of appearance impacted interpersonal and intrapersonal motivation to pursue cosmetic procedures via BISDS and negative emotions. Moreover, the results supported a moderated mediation relationship in which individuals’ feeling of pride/shame moderated the link between negative emotions (caused by body image state dissatisfaction) to interpersonal and intrapersonal motivation to pursue cosmetic procedures.

Key Contributions
This research builds upon and extends research on self-awareness, self-discrepancy, and self-regulation. The results revealed that access to relevant standards alone will not...
cause body image state dissatisfaction, and that only when individuals are self-aware, the standards of beauty will contribute to self-standard comparison. Results also establish a link between emotions and self-awareness by empirically testing the behavioral consequences of self-standard discrepancies. Pride and shame influence self-regulatory strategies differently, such that pride acts as a buffer to help the consumer exit the self-regulatory cycle, while shame keeps individuals engaged in the cycle and eliminates the pursuit of possible substitute goals. This finding provides support for the role of emotions in disengaging (or keeping) individuals from (in) regulatory cycles. The research also links self-affirmation to self-regulation and adds to the growing body of evidence about the effect of self-affirmation on changing people’s attitudes and altering behavior. The pride manipulation reminded individuals of their self-worth and showed that it is possible for consumers to engage in self-affirmation leading potentially positive consequences. Finally, the results add to our understanding of cosmetic surgery decision making and indicate that college students are a representative target market, calling attention to the emotional vulnerabilities of this group.

References are available on request.
Preventive Against a Sad Charitable Appeal: How Regulatory Focus Changes the Effectiveness of Emotion Appeals in Soliciting Donations

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Keywords: emotional appeal, regulatory focus, sadness, sympathy, persuasion knowledge, skepticism

EXTENDED ABSTRACT

Research Question
Negative emotion appeals have been the predominant type of appeal used in charity ads (Huhmann & Botherton, 1997). In fact, research studies have shown mixed findings about whether negative emotion appeals help raise charitable giving or provoke skepticism instead. For instance, Pancer et al. (1979a) and Pancer (1988) found that negative emotion appeals demotivate charitable giving compared to neutral appeals, whereas others have shown the complete opposite (Small & Verrochi, 2009). We propose that potential donors’ emotional and behavioral responses towards a given negative charity appeal—whether they experience the desired emotion and contribute to charity, or demonstrate skepticism and withhold their giving—would depend on their regulatory orientation. Because a prevention focus (vs. a promotion focus) enhances vigilance against the advertiser’s manipulative intent (Kirmani & Zhu, 2007), we predict that a negative emotion appeal would be more likely to instigate potential donors’ skepticism when the donors are under a prevention focus, compared to when they are under a promotion focus. Consequently, under a prevention focus (vs. a promotion focus), the skepticism toward the negative emotion appeal would disrupt the intended emotional response from the prospective donors and discourage their donation.

Method and Data
In study 1, participants were randomly assigned to one of the four conditions in a 2 (regulatory focus: promotion vs. prevention) x 2 (emotion appeal: sad vs. happy) design. We manipulated participants’ temporary regulatory focus by priming either ideals or oughts (Freitas & Higgins, 2002). Then, participants saw a charity ad that used either a sadness or happiness appeal and indicated their donation intention. In study 2, we examined the proposed effect on participants’ actual donation behavior, while using a different charity ad. In addition, we measured participants’ dispositional regulatory orientation, instead of manipulating it. Finally, a relatively neutral emotion appeal was used as the control. Study 3 examined the psychological mechanism underlying the effect. The procedure was identical to that of study 2, but we added two process measures before measuring the donation intention: perceived message credibility and felt sympathy. In the final study, we examined whether deactivating donors’ persuasion knowledge by constraining their cognitive capacity alleviates resistance to a sadness appeal. Participants were asked to rehearse either a three-digit number (high cognitive capacity condition) or an eight-digit number (low cognitive capacity condition) while looking at a sad charity ad. Then their chronic regulatory focus was measured.

Summary of Findings
Through four studies, we have shown that potential donors’ regulatory focus moderates the effect of emotion appeals on charitable giving. Specifically, compared to a promotion focus, a prevention focus decreased donation intention (studies 1 and 3) and actual giving (studies 2 and 4) when the donation was solicited with a sadness appeal. However, the difference was not observed when a neutral appeal was
used (studies 1–3). These effects were replicated across different ad stimuli, using both a primed and chronic regulatory focus. Study 3 revealed the mechanism underlying the effect. Compared to a promotion focus, a prevention focus was more likely to activate negative persuasion knowledge that aroused skepticism about the sadness appeal, leading to a decrease in felt sympathy, and consequently, overall giving. Finally, Study 4 examined a boundary condition of the effect by deactivating potential donors’ persuasion knowledge. Specifically, constraining the donors’ cognitive capacity alleviated resistance to a sadness appeal among donors with a prevention orientation, which resulted in an equal amount of giving from donors with different regulatory orientations.

**Key Contributions**

We believe our findings have significant implications for both theory and practice. Most importantly, we have reconciled the conflicting perspectives on whether negative charity appeals motivate donation by introducing potential donors’ regulatory focus as the moderator. Although the impact of ad viewers’ regulatory focus on the evaluation of the advertised brand has been demonstrated (Kirmani & Zhu, 2007), its impacts on charitable giving as a response toward emotion appeals has never been examined. We believe testing the effects of regulatory focus in a charity context that frequently uses negative emotion appeals is important for a few reasons.

Frist, although a prevention-focus is more likely to activate negative persuasion knowledge against commercial ads that contain manipulative cues compared to a promotion-focus (Kirmani & Zhu, 2007), it is unclear if a similar effect would be observed against sad charity ads. Because charity ads are created for social welfare, rather than the advertiser’s own profit, donors may not activate negative persuasion knowledge regardless of their regulatory orientation. Second, it is important to examine how regulatory focus changes the impact of emotion appeals on charitable giving because our results predict the opposite of what the regulatory fit theory would expect.

*References are available on request.*
Consumer Confinement: Conceptualization, Problems, and Solutions

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Keywords: confinement, captivity, co-creation, airlines, coping

EXTENDED ABSTRACT

Research Questions
1. What is consumer confinement and how does confinement differ from related concepts such as waiting and crowding?
2. What problems do confined service contexts create for consumers?
3. What strategies do consumers use to deal with confined service contexts?

Method and Data
Study 1 was a content analysis of 45 consumer blogs and discussion forums on long-haul flights, hospital stays and long car commutes. Following this analysis, we developed a list of the problems encountered and a categorization of solution strategies used by consumers in confined consumption situations.

Study two was a survey of 1,120 respondents conducted via Amazon mTurk. We measured consumer confinement, crowding, waiting and active participation across 6 different service confinement scenarios, which we each divided into high or low on each of the 4 main constructs, resulting in 24 contexts. We asked participants to imagine themselves in a specific situation and we varied: levels of confinement (low: coffee shop and library vs. medium: train and car trip, vs. high: flight and medical check-up), crowding: High—"fully booked" vs. low—"full of empty seats"; waiting: High—"there are a lot of instances during which you have to wait" vs. low—no mention of wait and active participation: High—e.g. driving- vs. low—e.g. flight. For example: "Imagine you are on a 9-hour fully booked non-stop flight in economy class” was a High confinement, High crowding, Low Waiting, Low Active Participation context. Correlation and regression analyses were then conducted.

Summary of Findings
Correlation analyses between confinement, waiting, crowding and active participation confirmed that confinement is a distinct construct. In addition, a regression analysis with confinement as dependent variable and crowding, waiting and active participation as independent variables showed that the 3 constructs only explain 15.5% of perceived confinement.

The key problems faced by consumers in confined consumption contexts are: boredom, lack of comfort, anxiety or fear, disturbances from others, feeling unhealthy (both during the captive experience and as a result of the captive experience), not looking as good as usual (both during the captive experience and as a result of the captive experience), worrying about disturbing other people around, and embarrassment. The results show that four of the eight problems were primarily explained by confinement.

Our third question led us to develop a general framework of pre-confinement strategies including; (1) service-provider related strategies, (2) logistic strategies, and (3) pre-emptive physical/bodily strategies. Confined strategies which included; (1) entertainment strategies, (2) productivity strategies, (3) physical/ bodily strategies, (4) psycho-social

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strategies, and (5) activity sequencing strategies. Finally, post-confinement strategies included; (1) post-physical bodily strategies, and (2) psycho social strategies.

**Key Contributions**
This paper contributes to prior literature in several ways. First, we aim to contribute to theory development in consumer research by conceptualizing the concept of confinement, which has received very limited attention in prior work (see Chen, Gerstner, and Yinghui, 2012 for an exception). Second, we rule out alternative explanations for the phenomenon and show how confinement is conceptually and empirically distinct from the concept of waiting and crowding. Third, we contribute to prior work in the service literature which has examined the effect of overbooking service capacity on the evolution of consumer transactions with the company (Wangenheim and Bayón, 2007) and flight delays (Prahalad and Ramaswamy, 2004), and how service failure affects consumers’ attributions, affect and behavioral responses (Folkes, Koletsky, and Graham, 1987) by showing that consumers are actually active co-producers of their regular service consumption experience. Finally, no study in the coping literature (Miller, Kahn and Luce, 2008) has examined coping methods in the more common consumption orientated contexts to develop a general taxonomy of strategies which include both celebrating and coping activities.

*References are available on request.*
A Consumer-Based Model of Medication Adherence in the Lived Context of Chronic Illness

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Keywords: prescription medication adherence, life space, stressors, resources

EXTENDED ABSTRACT

Research Question
Medication adherence, or taking medications as prescribed, is a major health and social problem. In the U.S. 30% to 50% of adults do not adhere to their medications, resulting annually in 125,000 preventable deaths and $100 billion added hospital costs. Most afflicted by non-adherence are older, lower income, minority, chronically ill individuals. Adherence has been studied extensively from the clinical or physician perspective, but it is widely acknowledged that this view—which is detached from the lived context of patients—has resulted in limited progress on the problem. In this study, we seek to gain insights on adherence from the perspective of the consumer, with the aim of developing a consumer-based model of adherence. In particular, we seek to answer two questions: what consumption behaviors comprise adherence, and how are these behaviors shaped or affected by the lived context of chronically ill, older, and lower income individuals?

Method and Data
We conducted in-home, semi-structured depth interviews with ten individuals diagnosed with hypertension; most had additional chronic conditions such as diabetes. Informants lived in lower income neighborhoods in a large Midwestern city, and received public aid and government health assistance. Eight lived in households earning less than $20,000 annually, and nine of 10 were African American. Their ages were from 42 to 69 years old. On average individuals took seven medications and dosed 2.5 times per day.

The interviews, which were audio recorded and transcribed, ranged in length from 1 to 3 hours. We asked each informant about his/her living situation, neighborhood, health conditions, medical care, and medication practices. To understand the nature of adherence and how it is situated in and affected by consumers’ lives, we used a hermeneutical approach (Thompson 1997). In this approach informant narratives are taken as wholes and tied to the context in which they are generated. More specifically, we first carried out an intratext analysis of each transcript, and then a part-to-whole analysis to identify patterns across patient narratives. Additionally, we tacked back and forth between these analyses and two theories to formulate a consumer-based model of adherence.

Summary of Findings
The first major finding is that, instead of being a simple act of taking a pill, adherence consists of a constellation of three broad, or global, behaviors: (1) seeing the doctor to obtain or renew a prescription, (2) filling and paying for the prescription, and (3) taking the medication as directed. Further, each global behavior is comprised of multiple, elaborated, actions. These global and elaborated behaviors are sequential, interdependent, and cyclical. This expanded ontology of adherence helps to explain why adherence is so difficult to
achieve; derailment of any single behavior can undermine all others.

The second major finding is that this constellation of adherence behaviors is situated in and dynamically affected by an individual’s life space, more specifically stressors and resources encountered in daily efforts to manage chronic conditions. Personal living, health condition, and the medical system stressors weaken the structure of adherence as a whole and reinforce one another as negative or restraining forces. On the other hand, personal, interpersonal, and extrapersonal resources are similarly mutually reinforcing but counter the restraining forces of stressors by driving movement toward adherence. Adherence is more likely when resources’ driving forces exceed stressors’ restraining forces (Lewin 1951).

Key Contributions

Our consumer-based model of adherence extends the literature by specifying (1) an expanded ontology of adherence as a constellation of consumption behaviors, and (2) the lived context of stressors and resources that affect adherence. The extension counters the dominant view of adherence, as a single act and rational choice fully within an individual’s control. Our model also underscores the difficulty and fragility of adherence, particularly for disadvantaged or vulnerable individuals.

Recent consumer behavior studies point to more situated frameworks of consumption, due to discrepancies between de-contextualized theories and actual practices (Allen 2002, Bone et al. 2014). By illuminating the structure of adherence and bringing context into focus, our model aligns well with and furthers this thrust in consumer research.

Practically, our research underscores how physicians and other clinicians must consider the lived contexts of patients. This understanding will lead to more appropriate medication and chronic illness management. A second implication is the opportunity to develop adherence interventions based on the concepts of life space and six types of stressors and resources. One avenue is to develop interventions at channel factors, or points in the constellation of behaviors that have strong ripple effects (Lewin 1951).

References are available on request.
The Role of Emotional Contagion in Service Recovery

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Keywords: emotional contagion, service recovery, customer response behavior, service environment perception

EXTENDED ABSTRACT

Research Question
Drawing on interaction theory (e.g., Blumer 1969), this study investigates the impact of emotional contagion, that is, a customer’s catching of a service employee’s emotion display, on customer responses in a service recovery context. More precisely, this study, first, looks into the occurrence of emotional contagion by focusing on the influence of service employees’ emotion display on customers’ emotional state. Second, the study investigates which impact emotional contagion has on customer response behavior in terms of satisfaction, quality perception, word-of-mouth communication and loyalty. Third, the study examines the role of customers’ product category involvement and service environment perception, understood as customers’ perception of the service environment’s interior design (Homburg, Koschate, and Hoyer 2005) and consistent visual presentation (Simoes, Dibb, and Fisk 2005), for the occurrence and consequences of emotional contagion.

Method and Data
We collected experimental data via a professional German online panel (n = 156) and manipulated service employees’ emotion display (smiling vs. non-smiling) in the setting of a hotel. The photographs that were used as stimuli either showed a smiling or a non-smiling service employee at a hotel check-in desk. The photographs gave participants an impression of the service environment in terms of the hotel’s interior design (Homburg, Koschate, and Hoyer 2005) and consistent visual presentation (Simoes, Dibb, and Fisk 2005) at the front desk. The provided scenario described a successful service recovery and asked participants to imagine being a guest in this four-star hotel for the first time. Specifically, the scenario outlined that the receptionist shown in the picture handles the check-in, but no reservation existed on the guest’s name. However, after 15 minutes of waiting time, the reservation was found which resulted in a check-in at this hotel. Each participant was randomly assigned to one of the two experimental conditions via an online questionnaire. The stimuli did not give any cues regarding the purpose of our study. After being exposed to the stimuli, participants were requested to complete the post-encounter questionnaire.

Summary of Findings
The results of our experimental study show that service employees’ positive emotion display results in customers’ positive emotional state through the process of emotional contagion. In this relationship, customers’ product category involvement positively influences the occurrence of emotional contagion. That is, the more customers are involved, the stronger is the impact of service employees’ positive emotion display on customers’ emotional state. In the researched context, negative emotional contagion does not occur since service employees’ negative emotion displays do not necessarily result in customers’ negative emotional state. With regard to the consequences of customers’ emotional state, we found the following. Customers’ positive emotional state leads to favorable customer responses in the sense of higher customer satisfaction, quality perception, word-of-mouth communication, and loyalty. Contrarily, customers’ negative emotional state results in negative customer responses. Importantly, while a positively perceived service environment strengthens the effect of customers’ positive emotional state on customer responses, it compensates the negative impact of a negative emotional state on customer responses.

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Key Contributions
This study focuses on the role and relevance of emotional contagion in a service recovery context by considering the impact of customers’ product category involvement and service environment perception. The study is one of the few that provides new insights into the occurrence of both negative and emotional contagion and its impact on customer response behavior (e.g., customer satisfaction, WOM) in a service recovery context. Additionally, by taking into account customers’ involvement it can be shown that high involvement positively influences the occurrence of emotional contagion. Finally, customers’ positive service environment perception has the power to compensate the negative influence of a negative emotional state on customer responses.

References are available on request.
Crowdfunding is fast emerging as a viable financing method for entrepreneurs and companies to fund their new product or business ideas in the digital era. The idea behind crowdfunding is that a large number of people (i.e. backers) support ventures by giving small amounts of money, usually via the internet, without the use of financial intermediaries (Mollick 2014). The trend is growing rapidly, driven by multiple advantages of this financing method: gathering necessary monetary resources, demonstrating demand for a new product, creating initial interest in new products, and attracting press and social media attention for new product introduction (Mollick 2014).

So far, academic research has mainly focused on analyzing the success of crowdfunding projects from a company perspective. However, none of the existing studies takes the backers’ perspective and explains how and why backers respond to various types of crowdfunding projects differently.

**Research Questions**
Against this backdrop, this research aims at uncovering mechanisms relevant for translating company characteristics (i.e. perceived entrepreneurial orientation) into successful crowdfunding projects. Specifically this research looks at a firm’s entrepreneurial orientation (EO), as a high share of crowdfunding projects (41%) relates to financing new products, service or business models (Massolution 2015)—a behavior characterizing EO companies. This paper argues and shows the underlying mechanism that is involved in backers’ decision to support crowdfunding projects. It provides insights in how backers perceive a company’s EO and its effect on the backers’ likelihood to support the company through crowdfunding.

**Method and Data**
To answer the research questions, three lab experiments were conducted.

Study 1 focused on whether a company’s EO significantly influences a backer’s likelihood to support the company through crowdfunding. The study was conducted on Amazon’s Mechanical Turk (MTurk). 124 participants located in the U.S. (65% female, M_age = 34 years) were randomly assigned to a 4-condition (no information vs. control vs. high EO vs. low EO) between-subjects design.

In study 2 the underlying mechanism that relates perceived EO to likelihood to support the crowdfunding project was analyzed. Study 2 was a between-subjects design with three conditions (high EO, low EO, control) and 168 participants (66% female, M_age = 35 years).

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conditions: high EO vs. low EO vs. control. A total of 94 participants were recruited from MTurk (53% female, M_age = 39 years).

Study 3 attempted to look at the boundary condition of the perceived EO effect. Specifically, the moderating role of new product development stage (NPD) on the main effect was analyzed. This study was a 2 (perceived EO: high vs. low) by 2 (NPD stage: early vs. late) between-subjects design, with a total of 115 participants (56% female, M_age = 37 years) recruited on Amazon’s Mechanical Turk (MTurk).

Summary of Findings
The analysis revealed that in general entrepreneurial orientation negatively affects backers’ likelihood to support a company’s crowdfunding project and that the effect is mediated by brand identification and moderated by new product development stage. In particular, the results showed that EO has a negative effect on brand identification, which in turn positively affects the likelihood to support a company’s crowdfunding project. Further, our results indicate that the effect of perceived EO is dependent on the product’s development stage. Companies with high entrepreneurial orientation are able to attract more crowdfunding support if their product is in the late stage of a new product development process, compared to low EO companies. In contrast, if the product is in the early stage of development, high EO companies receive far less support than companies with low EO.

The results of the three studies provide insights into the underlying mechanisms as well as influencing factors that affect backers’ behavior in crowdfunding projects and give an initial answer to the questions why—besides being rewarded for their support—backers support crowdfunding projects.

Key Contributions
Our study contributes to existing literature on crowdfunding success, by showing that entrepreneurial orientation does not always lead to increased likelihood to support a crowdfunding project. Our results extend existing literature on entrepreneurial orientation by proposing a contrasting effect of entrepreneurial orientation specific to the crowdfunding setting.

From a managerial perspective, our results indicate that companies should not only focus on communicating company characteristics but should try to understand how customers perceive them. Further, managers need to understand that the perception of company characteristics is contingent upon the company’s surroundings. Our results indicate that managers need to look at the effect of new product development stage on perceived EO in order to receive the highest benefits (i.e. crowdfunding support) out of communicating their entrepreneurial orientation.

References are available on request.
The Outcomes of Consumer Work in Crowdsourcing Platforms: Psychological Ownership and Consumer Citizenship Behavior

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Keywords: crowdsourcing, consumer work, psychological ownership, consumer citizenship behavior, consumer empowerment

EXTENDED ABSTRACT

Research Question
Crowdsourcing allows companies to harness the competencies and productive energy of consumers whose collective work can produce something of greater value than the firm can produce alone. For this research, we worked with one such company—a leading producer of digitized nautical maps, whose consumers are empowered, and indeed encouraged, to edit and add features to digitized maps of waterways they navigate with the company’s app. These consumer workers are the context of our current study as we aim to contribute to the literature by investigating the psychological dynamics related to consumption in crowdsourcing platforms. We draw on research from both consumer behavior and organizational studies, blending research on crowdsourcing, consumer empowerment, theories of consumer work and work in organizations, psychological ownership, and citizenship behavior. Psychological ownership is the sense of possession one holds for an object, entity or idea irrespective of whether there is legal ownership (Pierce, Kostova and Dirks 2001), while citizenship behaviors are non-prescribed actions that contribute to the wellbeing and growth of an organization or community (Organ 1988). Specifically, we ask the following: what is the role of psychological ownership in the relationship between consumer work and citizenship behavior?

Method and Data
The data for our study come from an online survey that was posted on the official Facebook and Twitter page for the company’s customers to participate in exchange for entry into a raffle for four Amazon gift cards. One hundred and sixty-two customers (94.9% male) participated in the study. We measured consumer work (empowerment) by differentiating between contributors and non-contributors among the boating app users. For this participants answered the question of whether they had ever contributed to the community edits by inserting an object, commenting, rating, editing, or deleting. We measured psychological ownership using seven items such as “I sense that this map is our map” (α = .86; modified from Fuchs et al. 2010; see also Van Dyne and Pierce 2004). We measured consumers’ citizenship behavior using eight items such as “I pass along information to other [company name] users” (α = .88; modified from Bachrach, Bendoly, and Podsakoff 2001; Lee and Allen 2002; Podsakoff, Ahearne, and MacKenzie 1997). We predicted that psychological ownership would mediate the positive effect of consumer work (empowerment) on consumer citizenship behavior. The significance of this effect was tested through the bootstrapping method, using Hayes and Preacher’s (2013) MEDIATION macro.

Summary of Findings
Analysis revealed that although the relationship between consumer work and consumer citizenship behavior was positive, the indirect effect of consumer work on citizenship behavior through psychological ownership was not significant. This unexpected result contradicted the previously depicted relationship between consumer empowerment and...
psychological ownership (e.g., Fuchs et al. 2010). In order to resolve this contradiction, we focused on identifying a possible boundary condition that might have created an unaccounted aggregation issue. Drawing on previous literature that suggests empowered consumers “experience the feeling of ‘having an impact’” (Fuchs et al. 2010, p.67), we turned to another question we had in the survey for managerial purposes: “How would you rate the amount of your contribution to the community edits in comparison to other [company name] users?” We categorized participants who reported lower contribution as the low impact group, and ran a posteriori test on their differences finding significantly lower levels of psychological ownership in the low impact group ($M_1 = 3.61$ vs. $M_2 = 4.59; F(1, 33) = 6.22, p < .05$). Thus, in order to overcome this aggregation issue, we eliminated the low impact group and ran a posteriori mediation analysis, which revealed a significant indirect effect of empowerment on consumer citizenship behavior through psychological ownership (95% CI=.02 to .63).

**Key Contributions**

Our findings suggest that consumer work increases consumer citizenship behavior, and this positive relationship can be partially explained by the degree of psychological ownership that the consumer feels toward the crowdsourced product. However, this explanation does not hold for consumers who perceive their contribution as being less than that of others. In other words, empowered consumers feel more psychological ownership of the crowdsourced product than non-empowered consumers only when they believe they have put in the same or a higher amount of work into the product as compared with other consumers on the crowdsourcing platform.

Our study bridges research on crowdsourcing and organizational behavior in a way that emphasizes the role of engaging in consumer work on consumer responses toward the crowdsourced product and the crowdsourcing environment. It also extends previous consumer outcomes related to empowerment and psychological ownership to include consumer citizenship behavior toward the crowdsourcing environment. Finally, the paper introduces relative work amount as a potential boundary condition for psychological consequences of engaging in consumer work in crowdsourcing platforms where consumers are empowered to have an impact on value creation. Accordingly, marketers should apply marketing strategies that signal to the importance of each user’s contributions.

*References are available on request.*
The “Dark Side” of Passionate Reviews: Reverse Alliesthesia and Impulsivity

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Keywords: customer reviews, reverse alliesthesia, social sharing, impulsivity, emotional expression

EXTENDED ABSTRACT

Research Question
Reviews have emerged as a pivotal force in customer purchase decisions. While there is a plethora of research that supports how customer reviews influence the decision making of others, researchers have yet to explore how the act of writing a review affects the reviewer’s subsequent consumption decisions. Drawing on the theory of reverse alliesthesia, which suggests that rewarding experiences may trigger impulsive behaviors, the central premise of this paper is that when reviewers post to a public audience they are triggered to behave impulsively. However, the type of information that is shared may have an impact on how rewarding the sharing experience is because people find sharing personal opinions more inherently valuable than sharing facts. Therefore, this paper investigates whether individuals who express emotional information to a public audience are more likely to engage in impulsive behaviors compared to when they express such information in private. Additionally, because social approval provides reviewers with rewards, this paper investigates whether praising reviewers immediately after their writing tasks satiates this effect. However, not all individuals may be equally affected; those who are more sensitive to social cues may be particularly more susceptible therefore this paper investigates whether self-monitoring moderates this effect.

Method and Data
Three empirical analyses were conducted using participants from MTurk. In study 1, participants were assigned to write either an emotional—or rational review on an online document, and they were either informed that their review would be shared with others (public condition) or that no one would read it (private condition). Afterwards, they participated in a task designed to measure impulsivity. In study 2, they were assigned to write a rational (emotional) review about a product that they had purchased on Amazon.com, and assigned to a private or public condition. Instructions on writing a rational (emotional) review were adapted from study 1. Participants in the public condition were instructed to post this review on Amazon.com, while those in the private condition were informed that an algorithm would evaluate their reviews, therefore no one would read them. Participants were then assigned to a praise- or no praise-condition. Those in the praise condition were praised on their performance on an anagram task, while those in the no praise condition did not participate in this task. Afterwards they participated in a task designed to measure impulsivity. Study 3 utilized the same procedure as study 1, however they also completed a self-monitoring scale.

Summary of Findings
Study 1 finds that sharing emotional information through customer reviews (vs. private expression) leads participants to engage in impulsive behaviors. This finding provides evidence for reverse alliesthesia: sharing emotional reviews can trigger a reward drive state as evidenced by impulsive choices. Study 2 further supports the presence of this theory. When no satiation was presented (i.e., no praise), participants experienced more impulsivity when they shared emotional information; however, when satiation was provided (i.e., social approval), this effect was eliminated. Study 3 investigated whether self-monitoring moderated this effect, and found that individuals who are more sensitive to social cues were more likely to engage in impulsive behaviors when they shared emotional information. Overall, these findings suggest that sharing emotional information through customer reviews can trigger a reward drive state, which may lead to impulsive behaviors. However, the presence of social approval can mitigate this effect, and self-monitoring may moderate this relationship.
information compared to when they expressed this information in private. However, when participants were exposed to another reward prior to the impulsivity measure (i.e., praise condition), the differences between sharing emotional information to a public and expressing this information in private disappeared. These findings are consistent with cross-domain satiation; we show an activated reward state can be satiated by the presence of another reward. Study 3 shows that not all consumers are vulnerable to the effects of sharing emotional information. High self-monitors were more likely to engage in impulsive behaviors after sharing emotional reviews to others; this was not the case for low self-monitors. High self-monitors are more sensitive to social cues, which could make the presence of the audience more salient and the act of sharing emotional information more socially rewarding.

**Key Contributions**

In this research, we examine how sharing emotional information with others through customer reviews influences impulsive behaviors. This finding extends theory on reverse alliesthesia by showing the social rewards one accrues from sharing information to others lead to drive states similar to those previously documented. We examine two boundary conditions that have not been studied in this area. First, we investigate how praise serves as a strategy to offset behaviors that may result from review writing. As praise represents a positive feedback mechanism that communicates approval, it is socially rewarding, and therefore able to quench impulsive behaviors. These findings also provide new insights on how praise can be used to influence behavior in general. Second, our research highlights the importance of self-monitoring as a personality trait that determines the extent to which a reviewer acts impulsively. We provide additional support for the theory of reverse alliesthesia: individuals who are more sensitive to social cues are more likely to engage in impulsive behaviors.

*References are available on request.*
Characteristics of User Generated Product Reviews That Affect Perceived Risk and Purchase Intention

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Keywords: user-generated content, consumer-to-consumer information sharing, vicarious fulfillment, online reviews, social networking

EXTENDED ABSTRACT

Research Question
A recent phenomenon spawned by the growing number of social networking sites is an increase in consumer-to-consumer information sharing using user generated content. User generated contents (UGC) such as online reviews, happen when a satisfied or dissatisfied user communicates to other consumers or potential consumers through written comments, pictures or videos, his/her experience with the product/service. UGC includes blogs, tweets, posts, emails, photos (e.g., Instagram), and videos (e.g., on YouTube). A recent study indicated that 90% of the respondents relied on online reviews for making purchase decisions (Gesenhues 2013). As UGCs can influence attitude toward brands and purchase intention (Chevalier and Mayzlin 2006; Liu 2006, Zhu and Zhang 2010), it has become imperative for businesses to have an in-depth understanding of all facets of this activity. However, it has received scant attention from marketing researchers. This study is an initial step toward filling that gap. In this study, we focus on YouTube product review videos and explore how certain characteristics of UGCs such as its ability to create vicarious experience for the viewer, the possibility of mutual directionality, perceived reviewer transparency, the connectedness that the consumer develops with the reviewer, and consumer skepticism, influence consumer’s perception of risk and purchase intention. In addition, the study also looks at how these constructs differ between two different types of UGCs on YouTube such as informational or demonstration videos.

Method and Data
To test the hypothesized relationships, two different online surveys were used. Data was collected from 550 respondents who attested to watching YouTube review videos before making a purchase decision. In the first study, the respondents watched a two-minute user generated video that contained demonstration of a product (T-Fal ActiFry) followed by fifty questions measuring the focal constructs. In the second study, the respondents watched a two minute video that was informational in nature. The focal constructs were measured using established scales adapted to the present study.

Summary of Findings
Results indicate that perceived transparency of the reviewer and ability of the consumer to vicariously experience the product reduces the perceived product risk. Even though, skepticism increases perceived risk, its effect was much lower than that of the other three constructs. Further, it was found that vicarious fulfillment and connectedness are strong predictors of purchase intention. One of the surprising findings was that perception of risk increased with increase in mutual directionality. As higher levels of vicarious experience, transparency, mutual directionality and connectedness are associated with demonstration videos rather than informational ones, product promotions with demonstrational videos might be more effective than with informational videos.

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Key Contributions
This study enhances our understanding of user generated content, consumer-to-consumer information exchange and its impact on consumer’s perception of risk and purchase intention. Further, this study also contributes to theory and practice by introducing several key constructs such as vicarious fulfillment, transparency, and mutual directionality to the realm of social media marketing. More than just offering insights into user generated content, the results of the study offer useful guidance for practitioners as well.

References are available on request.
Linking Advertising Effectiveness and Consumers’ YouTube Engagement: Does the Advertising Creativity Model Still Hold?

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Keywords: digital marketing, social video advertising, advertising creativity, advertising effectiveness, consumer online engagement

EXTENDED ABSTRACT

Research Question
There has been a considerable amount of research on understanding how TV commercials (TVCs) influence advertising effectiveness. The majority of research examines behavioral intentions, few focus on factual consumer behavior. Little attention has been spent so far on how TVCs affect consumers’ online engagement. The death on research is surprising, as online video platforms (such as myspace or YouTube) provide not only resources for broadcasting but also the opportunity for direct-consumer response. We develop a framework for assessing ad effectiveness incorporating measures to assess factual consumer engagement online. More specifically, we investigate the effect of ad creativity on both, consumers’ intentional behavior and factual online engagement. For this purpose we conceptualize YTEM—a measure reflecting passive and active engagement factors—using data from a large consumer panel and YouTube metric data.

Method and Data
The data for our study encompasses more than 20,000 questionnaires and more than 100 different TV advertisements. Due to the dyadic nature of the data, respondents’ evaluations are nested in the data and vary across the different TV advertisements. Consequently, to take into account the hierarchical structure of the data, we compute a hierarchical linear structural equation model (Raudenbush & Bryk, 2002). The two nested data files represent the consumer panel level data and the advertising performance level data. Following the procedure recommended by Preacher, Zyphur, and Zhang (2010) we run a hierarchical linear model compromising full effects, substantiating our multi-level design and simultaneously estimate multiple mediational relationships. We also estimate a mediated-effects model which simultaneously computes significant relationships both for within and between level data as well as for our control variables.

Summary of Findings
The results of our study demonstrate that the ad creativity model still holds today when applying a big data sample. The factors divergence and relevance show strong and positive influence on consumers’ attitudes and their word of mouth intention and also effect word of mouth intention via attitudes toward the ad, serving as a mediator. These findings support the processual character of the proposed conceptual model and validate prior research that attitudes toward the ad have a mediating role in the way how consumers process TVCs (e.g. MacKenzie, Lutz, & Belch, 1986). We also investigated the effect of the ad creativity model on consumers’ factual online engagement behavior. The results of our multilevel approach reveal positive direct effects of word of mouth intention on YouTube engagement. In addition, the results show a positive effect of divergence and

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relevance on active YouTube engagement, being fully mediated by consumers’ attitudes toward the ad and word of mouth intention. Controlling for media spending, results show that these positively influence passive YouTube engagement. Hence, spending more money on advertising can drive people to watch the ad on YouTube, but only the creativity of an ad has an influence on consumers’ active engagement behavior such as liking, commenting or forwarding a video on YouTube.

Key Contributions
First of all, we theoretically contribute to the advertising creativity literature by expanding the ad creativity model to a social media context. We conceptually contribute to the consumer engagement literature by developing a YouTube engagement measure (YTEM) for consumers’ factual behavior on YouTube. Moreover, we empirically contribute to the advertising creativity and advertising effectiveness literature by replicating and validating the ad creativity model using a big data set. Finally, we contribute to managerial perspective by giving implications for marketing practitioners.

References
The Power of Customer Advocacy: Reducing Marketing Myopia in the Realm of Social Media

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Keywords: customer engagement, perceived trust, customer advocacy, social media, review helpfulness

EXTENDED ABSTRACT

Research Question
Drawing from the social network theory from the field of modern sociology and commitment-trust theory from the field of relationship marketing, this research aims to address how firms can achieve improvement in brand equity. Social media is characterized by connections, associations, and relationships (Paine 2011). In this study, we present a conceptual framework of improving brand equity. Thus, this research addresses a key question: How a customer’s advocacy of brands can be achieved to account for the strengthening of a brand’s equity?

Method and Data
To examine hypotheses, we employed a survey methodology for data collection at the customer level in which we focused on customer relationships with brands. The measures were adapted from previous studies in the marketing literature. The measurement properties of the scales were evaluated using confirmatory factor (CFA) and reliability analyses. The items loaded strongly (loadings range from .67 to .95) on the constructs they were proposed to measure. To evaluate convergent validity and reliability, we computed composite reliability (CR exceeded .7 benchmark) and average variance extracted (AVE exceeded .50 benchmark) for the constructs and found them to be supported. To assess discriminant validity, we compared the AVE to the squared inter-factor correlations. In all instances, results indicate discriminant validity among the constructs (Fornell and Larcker 1981).

Summary of Findings
This investigation found significant support for all the hypotheses, however, partial support was found for the role of review helpfulness. The model estimation provides significant findings for marketers.

Key Contributions
Overall, this research makes the following contributions. First, we propose and illustrate that strength of social media content and customers’ brand engagement are the key aspects of social media that account for a customer’s advocacy of a brand in social networks, which in turn explains the increase in a brand’s equity. Second, we demonstrate the important role of customer reciprocity in social networks in differentially impacting brand equity and establish how firms can achieve a greater level of brand equity when there is greater level of mutuality within social networks of its customers. We show that the greater the extent of reciprocity, the greater is the influence of customer advocacy on brand equity. Thus, significant implications emerge from this research on customer perceptions for marketing managers.

References are available on request.

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"But First, Let Me Take a Selfie": A Multi-Method Exploration of Snapchat Marketing

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Keywords: snapchat, selfie ads, in-depth interview, eye tracking, automated facial expression

EXTENDED ABSTRACT

Research Question
New social media platforms are constantly emerging online, and businesses are eager to use them to communicate with their customers in innovative ways. One social media platform that is growing increasingly popular is Snapchat, a mobile application ("app") that allows users to send photos and videos that are automatically deleted shortly after being viewed. Snapchat is especially popular with young consumers, however, as a relatively new social media platform with many features that are unique to the social media space, many businesses have not yet embraced Snapchat, and very few academic studies on Snapchat have been conducted to date. Before companies can determine how to use Snapchat effectively to reach its growing base of users, the marketing academic literature must examine Snapchat from a consumer behavior perspective to understand why Snapchat has gained so much popularity among millennials in recent years.

The objectives of the present research are twofold. First, the research seeks to understand millennials’ motivations to become Snapchat users, their Snapchat-usage behaviors, and their attitudes toward Snapchat marketing. Second, the authors study millennials’ attention and emotion in real time as they view selfie-Snapchat ads compared to the same campaign promoted on Facebook.

Method and Data
In the first study, semi-structured interviews were used to conduct one-on-one interviews with nine college students. The interviews focused on participants’ motivations to use Snapchat, their Snapchat usage behaviors, and their attitudes toward Snapchat marketing. Conversational probing provided a deeper understanding of participants’ viewpoints in their own words. The interviews were audio recorded and typically lasted 25-30 minutes.

Study two used a two-condition (Snapchat/Facebook) between-subjects experimental design to test whether a selfie-ad on Snapchat generates greater (a) physiological affective response (i.e. surprise) and (b) attention (i.e. fixation duration) compared to a selfie-ad on Facebook. Eye tracking and automated facial expression analysis technologies were used to collect the data. Nineteen undergraduate students at a major southeastern university in the United States participated in the study, with 10 participants in the Snapchat selfie-ad condition and nine in the Facebook selfie-ad condition. The data was collected on a moment-to-moment basis, so the total sample size equaled the total number of unique data points collected on each dependent variable as the participants viewed the stimulus, as opposed to the total number of subjects. As such, the sample size equaled 5,393 (surprise) and 3,279 (fixation duration).

Summary of Findings
Millennials tend to enjoy and respond positively to Snapchat marketing. Specifically, the results of study one suggest that the overarching theme of real-time communication is of particular interest to Snapchat users. Young consumers place importance on instant gratification, and the informal nature of Snapchat encourages users to showcase how they look and feel at any given time, without having to worry about the permanency that is required to use more traditional social media platforms such as Facebook. This informal nature

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appears to extend to their viewpoints on brands that use Snapchat. Marketing on Snapchat is not about how professional one’s content can look, but rather, how much it can relate to users in an informal setting.

The results of study two add quantitative evidence to the qualitative findings reported in study one. Specifically, the results suggest that Snapchat selfie-ads may be more effective than Facebook selfie-ads in holding young consumers’ attention and eliciting surprise, as evidenced by analyzing participants’ eye movements and facial expressions, respectively. It is important to explore how consumers attend and emotionally respond to selfie-ads on more and less traditional social media platforms, so that companies can start to understand how to best reach their target audiences.

**Key Contributions**

Snapchat is quickly becoming a mainstream social media platform among millennials. As evidenced in this multi-method research, millennials not only enjoy using Snapchat to communicate with friends, but also with brands. Snapchat represents a unique opportunity for brands to regularly connect with consumers, especially as millennials begin to shy away from traditional social media platforms such as Facebook.

The present research offers initial insights into the motivations for millennials to become Snapchat users as well as their attitudes toward Snapchat and their Snapchat usage behaviors. Results of study one highlight the importance of the real time and informal nature of Snapchat, and how important these characteristics are to Snapchat’s young consumer base. Study two builds on these findings to focus on one popular type of Snapchat marketing, selfie advertising, to demonstrate the importance of marketers recognizing and studying differences across social media platforms, instead of treating all social media platforms as the same. Selfie ads on Snapchat, a less formal social media platform, elicit more attention and surprise, than selfie ads on Facebook, a more traditional and polished social media platform. These findings serve as useful building blocks for continued study of the fast-paced Snapchat marketing environment.

*References are available on request.*
Determinants of Consumer Choice Between Word-of-Mouth Types in the Digital Era

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Keywords: word of mouth, information search behavior, eWOM, digital and traditional information sources, fractional regression

EXTENDED ABSTRACT

Research Question
Word of mouth (WOM) is one of the most influential sources of information for consumers. The rise of the Internet has led to fragmentation of WOM types, but even if consumers still share product information with others in face-to-face interactions, they also can learn what other consumers think about a product from online reviews on opinion platforms (e.g., kbb.com, amazon.com) or in social media (e.g., Facebook, Twitter). Little research yet compares these WOM types or investigates how their characteristics influence consumers’ WOM type usage. We aim to shed light on the following research questions: What drives consumers’ usage of different WOM types when searching for purchase-related information? What effects do product characteristics, consumer characteristics, and consumers’ WOM type-specific resources have on consumers’ usage of different WOM types?

Method and Data
We use fractional regression based on self-reported, actual purchase behavior data from a representative sample of more than 2,000 social media users.

Summary of Findings
Results are able to explain consumers’ usage of different WOM types when searching for a product to a substantial degree. Specifically, we find that when a consumer has better network resources for a particular WOM type, the consumer is more likely to choose that WOM type as a source of product information. Product characteristics also determine WOM type choice: When looking for information about hedonic products, WOM in social media is preferred over face-to-face WOM. Consumer characteristics such as extraversion also influence which WOM type consumers use for product information searches.

Key Contributions
This study extends marketing’s knowledge on how consumers choose among different WOM types as information sources in their decision-making process and provides evidence that not all types of WOM have the same value for all consumers when it comes to decision making. Our research thus advances scholarly understanding of a crucial marketplace phenomenon and also helps managers develop a more systematic approach to managing WOM and allocating their resources adequately across WOM types. Managerial strategies that enhance the effectiveness of a WOM type are unlikely to have similar effects on other WOM types. Depending on their target group and product, marketers need to monitor different WOM types and seek to stimulate consumer articulations in different outlets, instead of relying on proxies for WOM in general.

References are available on request.

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How Children Make Purchase Decisions: Purchase Behaviour of the Cued Processors at the Point of Sale

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Keywords: consumer socialization, purchase decisions of children, consumer behavior

EXTENDED ABSTRACT

Research Question
This research analyses how children behave during a purchasing process in a simulated shop and how they put their goals into effect at the point of sale (POS). Which criteria do the children consider important when buying groceries? How efficiently and effectively do children pursue the goals demanded of them at the Point of Sale?

Method and Data
Data were collected through interviews and a subsequent observation of the behaviour in a purchase simulation. N = 436 school children at the age of 8 to 10 answered a questionnaire about their behaviour at the point of sale and perceived demands during the purchasing process as well as their understanding of purchase-relevant concepts. Subsequently, purchase behaviour and decisions in a digitally simulated shopping environment of a supermarket were analysed for a subsample (n = 170).

Key Contributions
This is one of the first studies to combine questionnaires about children’s declarative knowledge of the shopping process with observation of the real decision behaviour in a supermarket simulation task.

Summary of Findings
Children often act differently from the way they themselves intended and expected during the purchase decision at the Point of Sale. Only a small number of children behaved purposefully, whereas the vast majority was distracted by the great amount of stimuli in the supermarket. The results reveal factors that helped children cope with the shopping task and shielded them against purchase impulses from the stimuli at the point of sale.

References are available on request.

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Gender Identity and Consumer Preference for Gender Labeled Products

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Keywords: gender labeling, gender identity, sex-typed labeling, unisex labeling, gender congruity

EXTENDED ABSTRACT

Research Question
Every day, consumers have the choice between buying products targeted to one specific sex (sex-typed labeling) and those addressing both sexes in one label (unisex labeling). Conventional wisdom suggests that consumers should prefer the former alternative. We challenge this assumption by introducing consumers’ gender identity as an important moderator of the gender labeling-purchase intention link. Researchers have called for a rethinking of the simplification that consumers’ behavior just differs because of their biological sex. Instead, they introduced gender as a more complex construct which consists of psychological traits including masculinity and femininity as distinct dimensions. Regarding behavioral consequences, only consumers with high levels of either masculine or feminine gender traits fit the traditional gender schema. However, in times of David Beckham and metrosexuality, a large consumer segment possessing both high levels of masculine and feminine gender traits emerged (androgynous consumers). Building on self-congruity theory, we argue that for gender schematic consumers, sex-typed labeled products fit their gender self-concept, fostering their gender congruity. In contrast, aschematic consumers should prefer products with symbolic meanings consistent with a hybrid gender self-concept. Unisex labeled products can fulfill these requirements, as they are not limited to masculine or feminine traits, but can reflect both simultaneously.

Method and Data
We tested our proposed effects in two experiments. In study 1, through an experiment in which participants viewed experimental stimuli on a computer monitor and completed a set of questions, we tested our basic hypothesis that gender identity moderates the gender labeling–purchase intention link. We manipulated the gender labeling of products. In a between-subject design, participants were randomly assigned to one of two conditions: sex-typed labeling (label “for him”/“for her”) or unisex labeling (label “unisex”). To ensure realism, in the sex-typed labeling condition, male participants received only “for him” labels and female participants received only “for her” labels. A pretest among 26 college students and different manipulation checks ensured realistic scenarios. Study 2 tests our proposition that gender congruity might be the underlying mechanism. For that reason, the most notable change in the between-subject design from Study 1 was that participants’ perceived gender congruity was assessed immediately after the exposure to the gender labeled products and the assessment of the purchase intention.

Summary of Findings
In study 1, the results of a 2 (sex-typed vs. unisex labeling) x 2 (gender schematics vs. aschematics) ANCOVA support the predicted moderating effect of gender identity on the relationship between gender labeling and purchase intention. As expected, a significant interaction effect was present between gender labeling and gender identity (p < .05). A decomposition of the interaction across gender schematics and aschematics provided some support for the propositions in our hypothesis. Sex-typed labeling is preferred by individuals with high levels of either masculine or feminine gender traits (schematics). This preference does not appear for consumers with high levels of both masculine and feminine traits (aschematics).

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In study 2, the results of mediated moderation analysis following the bootstrapping procedures replicate and extend the results from study 1. We demonstrate that the moderating effect of gender identity on the gender labeling-purchase intention link is mediated by gender congruity (CI at 95% exclusive of zero). This suggests that a positive evaluation of gender-labeled products depends on the perceived match between the product and the gender self-concept of consumers. Gender congruity was significantly higher when schematic consumers were exposed to the sex-typed labeling condition than when unisex labeling was provided and vice versa for aschematic consumers.

**Key Contributions**

Our research contributes to the existing literature in three important ways by enhancing knowledge on the effectiveness of gender labeling approaches. First, by showing that the fit of gender traits between the consumer and the product translates into stronger purchase intention, this study contributes to the literature by being the first to empirically demonstrate a link between unisex labeling and an important consumer outcome. Analogous links have previously been found for sex-typed labeled products, but have not yet been demonstrated for unisex labeling. Second, related research relied on biological sex as the gender self-concept base to study gender congruity effects in gender labeling perceptions. However, we provide evidence that as with shopping for Christmas gifts or donation behavior, gender labeling is another area of marketing in which consumers’ gender identity can explain behavior better than biological sex. Finally, our results are another evidence for the importance that aschematic consumers should play in consumer behavior research. This segment is important with regard to its size and, most decisively, the behavior of aschematic (i.e., androgynous) consumers was almost opposite with regard to preference for gender labeled products compared to schematics.

*References are available on request.*
Gender Identity and Vanity Sizing: The Role of Femininity

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Keywords: vanity sizing, gender identity, apparel

EXTENDED ABSTRACT

Introduction

Vanity, thy name is woman.
–Daffy Duck, “The Scarlet Pumpernickel”

Daffy Duck’s above statement certainly had nothing to do with apparel in its given context. However, his statement can apply to a phenomenon occurring among retailers and apparel brands: vanity sizing. Vanity sizing is a commonly-known practice, especially among higher-end apparel brands (i.e., Kinley, 2003). However, aside from the recognition of its existence and subconscious favor among consumers (Aydinoglu & Krishna, 2012), vanity sizing is not thoroughly understood from a scholarly perspective. Building upon Aydinoglu & Krishna’s (2012) recommendations, the purpose of this study is to determine how vanity sizing relates to gender identity and to determine whether or not vanity sizing has a boundary—that is, whether or not consumers stop reacting positively to vanity sizing if the size discrepancy is extreme enough. Using an experimental procedure, these two primary research questions are empirically examined in this study.

Theoretical Background

Size consistency has been an issue since the 19th century (Ashdown & O’Connell, 2006), especially in women’s apparel categories (Chun-Yoon & Jasper, 1995). Workman (1991) indicates that this issue arose due to a combination of factors, including differences in women’s body types, lack of standards among apparel manufacturers, and differences among fit models used to develop manufacturer patterns. As such, over time, what was once a size 6 is now a size 4. At some point, the expansion in dimensions of what represented a given numerical size became somewhat of an unspoken strategy among apparel retailers and is still practiced today.

Aydinoglu & Krishna (2012) explored the use of vanity sizing and how one’s self-esteem and imagination influence one’s reaction to vanity sizing. While vanity sizing positively affects the perceptions of both high and low self-esteem consumers, products using vanity sizing can be pursued by low self-esteem consumers as a process of compensatory consumption (Gronmo, 1988). Meanwhile, Hoegg, Scott, Morales, & Dahl (2010) explored consumers’ reactions to instances of the opposite of vanity sizing—that is, garments that are actually smaller than labeled—and found that consumers who think that they have gone up in size are compelled to engage in across-domain compensatory consumption (i.e., they purchase products to enhance some other dimension of the self).

As previously stated, vanity sizing is frequently found among women’s apparel, especially among higher-tier brands (Kinley, 2003). This may be due (at least in part) to the pervasive influence of idealized body image among women (i.e., Owen & Spencer, 2013). In addition, since vanity sizing appeals to one’s emotional side (as opposed to the rational side, which would place no significant value on the labeled size), those who identify more strongly as feminine on Palan, Areni, & Kiecker’s (1999) modified BSRI scale are hypothesized to favorably react to the use of vanity sizing. Meanwhile, those who identify as masculine are expected to have little or no reaction to the use of vanity sizing.

Aydinoglu & Krishna (2012) pose the question of whether or not a boundary condition exists in vanity sizing. That is, to what degree can employers utilize vanity sizing before its positive effects on consumer perceptions no longer occur? Based on prior research which found that more significant
lies are easier to detect than less significant lies (Vrij, 2008), one may surmise that the greater the discrepancy between the labeled size and the actual size—that is, the smaller a labeled size is from the individual’s “actual” (i.e., usual) size—the less believable the labeled size is to the individual. Translated into hypotheses, we predict the following:

\[ H_{1a}: \text{When vanity sizing is employed and femininity is high, the closer the labeled size is to the consumer's usual size, the higher the consumer's purchase intention.} \]

\[ H_{1b}: \text{When vanity sizing is employed and femininity is high, the closer the labeled size is to the consumer's usual size, the more positive the consumer's attitude toward the product.} \]

Finally, since vanity sizing typically garners positive reactions (i.e., Aydinoglu & Krishna, 2012), one may expect that those who believe that they have gone down in size will tell others as a word-of-mouth reaction. As mentioned above, women are faced with societal pressure to be thin (i.e., Owen & Spencer, 2013). However, boasting is typically considered a masculine activity (i.e., Decapua & Boxer, 1999). Thus, while those high in femininity are expected to be more reactive to wearing smaller sizes than usual in terms of purchase and attitude, we may expect that low-femininity consumers have the tendency to tell more people about wearing lower sizes than high-femininity consumers due to the masculine nature of boasting. However, the societal pressures on women to remain thin may cause a much stronger reaction among those with feminine gender identities, while those identifying as masculine may not exhibit much excitement over wearing a garment with a smaller-than-usual size label. Therefore, we reach the second hypothesis, presented as a competing set:

\[ H_{2a}: \text{When vanity sizing is employed, the lower the femininity, the higher the number of people told.} \]

\[ H_{2b}: \text{When vanity sizing is employed, the higher the femininity, the higher the number of people told.} \]

**Method**

103 respondents (36 male, 67 female) were recruited from Amazon Mechanical Turk to participate in a 2 (gender identity: masculine versus feminine) X 2 (size discrepancy: one size smaller vs. three sizes smaller) between-subjects experimental design. In the task, respondents were first asked to respond to survey items regarding gender identity using eighteen seven-point Likert-type items adopted from Palan, Areni, & Kiecker’s (1999) adaptation of the Bem Sex Role Inventory, which was split prior to analysis into its respective nine-item femininity (\( \alpha = .896 \)) and masculinity (\( \alpha = .926 \)) factors. Next, subjects were presented with one of two randomized scenarios adapted from Aydinoglu & Krishna (2012), in which the subjects were asked to imagine trying on a pair of jeans that turned out to be one size or three sizes smaller, depending on the presented scenario. Then, respondents rated purchase intention (\( \alpha = .978 \)) and attitude toward the product (\( \alpha = .969 \)) using Spears & Singh’s (2004) five-item semantic differential scales before listing the number of people each respondent would tell as a measure of word-of-mouth. Finally, respondents answered a few questions regarding demographics, were thanked, and were compensated fifty cents for their participation.

**Findings and Discussion**

To assess the main effects, ANOVA was utilized. With size discrepancy (one size smaller versus three sizes smaller) as the predictor, respondents demonstrated significantly higher attitudes toward the product (M One Size = 6.03 versus M Three Sizes = 5.27; F = 7.828; p < .01) and purchase intentions (M One Size = 5.96 versus M Three Sizes = 5.10; F = 8.363; p < .01) in the one size smaller condition. Likewise, both attitudes toward the product (M Low = 5.11 versus M High = 6.10; F = 13.960; p < .001) and purchase intentions (M Low = 5.01 versus M High = 5.94; F = 9.904, p < .01) were significantly higher for high-femininity versus low-femininity responses. Number of people told was not a significant dependent variable for either predictor. Additionally, biological gender was input as a covariate and was found to be insignificant for both predictors (p > .1).

In support of \( H_{1a} \), femininity and size discrepancy interact to significantly predict purchase intention (F = 3.724; p < .1). Likewise, in support of \( H_{1b} \), the interaction between femininity and size discrepancy marginally yet significantly predicts attitude toward the product (F = 3.909; p < .10). In support of \( H_{2a} \), the interaction between femininity and size discrepancy is a significant and direct predictor of the number of people told (p < .05). To verify that masculinity is not a significant predictor of purchase intention and attitude toward the product in the vanity sizing context, masculinity was run through the same analytical process. As expected, the interaction of masculinity and size discrepancy did not significantly predict purchase intention, attitude toward the product, or number of people told, nor did masculinity significantly impact any dependent variable as a single predictor (all p > .1).

**Implications and Future Research**

The implications of the above study are as follows. First, we answer the question Aydinoglu & Krishna (2012) posed regarding reactions to vanity sizing. The findings imply that vanity sizing makes a difference for those identifying as feminine, but masculine-identifying individuals do not seem to have any reaction to vanity sizing in regard to purchase
intention and attitude toward the product. Second, we found that a boundary does exist concerning the extent of vanity sizing—respondents reacted positively to one size smaller but did not react positively to three sizes smaller. This implies that if vanity sizing is employed, it should be used in moderate fashion. Third, the study reinforces for managers the idea that vanity sizing works as a silent sales strategy. However, as mentioned above, vanity sizing should be used with caution, since discrepancies that are too extreme may cause such a strategy to backfire.

References
The Multistage Effect of Aging on Time Perception, Hope, and Perceived Advertisement Credibility

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Keywords: older consumer, aging, hope, advertising, socio-emotional selectivity theory

EXTENDED ABSTRACT

Research Question
This research attempts to understand how the limited and expansive time horizon views differentially influence the emotional reaction to advertised benefits among older and younger adults. In particular, we investigate the effect of aging on hope for advertised benefits and how hope affects consumers’ perceived advertisement credibility.

Method and Data
We conducted multiple experiments to investigate how the limited time horizon adopted by older adults would lead to higher levels of hope and consequently affect ad credibility judgments. Both hedonic and utilitarian products were employed in the advertisements’ stimuli. Analysis of variance (ANOVA) and mediation procedures are used to analyze the data.

Summary of Findings
Our experiments revealed that older adults feel stronger hope for advertised benefits than younger adults. Hope mediated the relationship between age and perceived advertisement credibility. Both time horizon view and hope play a pivotal role in explaining the effect of age on perceived advertisement credibility.

Contributions
Extending the socio-emotional selectivity theory (Carstensen 2006), our studies contribute to the understanding of older adults’ emotional reaction to advertisements. Particularly, we show that limited time horizon view adopted by older adults (Fung et al. 1999) lead them to hope more for advertised benefits. Further, our findings suggest that hope lead consumers to engage in motivated reasoning (Kunda 1990) and, hence, perceive advertisements as more credible. Marketers, who aim at inducing hope and enhance advertisement credibility, can build on our findings when designing messages targeted at different age groups. Theoretical and managerial implications are discussed, as well as limitations and future research directions.

References are available on request.

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The Value in Lurking: The Effect of a Mere Opportunity for Two-Way Communication on Consumers’ Psychological Ownership and Valuation of Digital Content

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Keywords: two-way communication, digital media, psychological ownership, motivational orientation, social connectedness

EXTENDED ABSTRACT

Research Question
Two-way communication capabilities in media empower digital consumers by enabling them to express themselves and extend their influence (Labrecque, vor dem Esche, Mathwick, Novak, & Hofacker, 2013), thereby enhancing the potential for consumers to develop a sense of psychological ownership and valuation of digital content (Fuchs, Prandelli & Schreier, 2010). However, most consumers are actually lurkers rather than active participants in content creation (Schlosser, 2005). Thus, we pose the question of whether consumers’ sense of ownership of digital content is affected merely by the opportunity for two-way communication. When consumers are recreationally-oriented, their own behavioral rules are likely to be relatively unconstrained (Mischel, 1973), and an invitation to communicate should feel empowering. On the other hand, when consumers are focused on accomplishing a specific task, a marketer’s invitation to communicate may feel controlling and intrusive rather than empowering. We predict that a mere opportunity for two-way communication enhances economic valuation by enhancing feelings of psychological ownership of digital content, but only when consumers’ motivation is recreationally-oriented (versus task-oriented; Study 1). This interaction will be dampened when consumers feel less (versus more) connected to other users (Study 2) and when they are high (versus low) in need for cognition (Study 3).

Method and Data
Study 1 employed a 2 (two-way communication opportunity: no vs. yes) x 2 (motivational orientation: recreational vs. task) between-subjects design using a college history website. Alumni participants (n = 111) were provided a motivational orientation scenario (Kaltcheva & Weitz, 2006), then viewed one of the two versions of an alumni website. Study 2 employed a 2 (two-way communication opportunity: no vs. yes) x 2 (motivational orientation: recreational vs. task) x 2 (social connectedness: low vs. high) between-subjects design. Student participants (n = 181) read a motivational orientation scenario and then were provided either similar or dissimilar information about typical website fans (Naylor, Lamberton, & West, 2012) before viewing one of two versions of a “Cooking Club” website. In Studies 1 and 2, psychological ownership was measured (Peck & Shu, 2009), along with maximum expected donation amount (Fuchs, Prandelli & Schreier, 2010) and appropriate manipulation checks.

Study 3 employed a 2 (two-way communication opportunity: no vs. yes) x 2 (motivational orientation: recreational vs. task) between-subjects design with need for cognition (Wood & Swait, 2002) as a measured independent variable. Student participants (n = 211) viewed a digital book about Australia and psychological ownership and the maximum price participants would pay for the digital book were measured.

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Summary of Findings

Study 1: Psychological ownership of the website was enhanced by (a mere opportunity for) two-way communication when participants were recreationally-motivated ($M_{Yes} = 3.11$ vs. $M_{No} = 2.61; p = .05$), but diminished when they were task-oriented ($M_{Yes} = 2.10$ vs. $M_{No} = 2.80; p < .05$). Further, the conditional indirect effect of two-way communication on willingness to pay was positive and significantly stronger for recreationally-motivated consumers than task-oriented consumers ($p < .05$).

Study 2: The predicted three-way interaction between connectedness, motivational orientation and two-way communication on psychological ownership was revealed ($F(1,173) = 105.37, p < .05$). Simple effects analysis revealed a two-way interaction between motivational orientation and mere opportunity for two-way communication for participants in the high connectedness condition (Recreation: $M_{Yes} = 1.98$ vs. $M_{No} = 1.5$; Task: $M_{Yes} = 1.86$ vs. $M_{No} = 2.12$; $F(1,173) = 3.94, p < .05$) but not for those in the low connectedness condition ($F(1,173) = 1.05, p = .31$). Psychological ownership predicted maximum expected donation amount ($F = 5.50, p < .05$).

Study 3: A three way interaction between two-way communication, motivational orientation, and need for cognition on psychological ownership of the digital book ($p < .01$) followed the predicted pattern. At low (but not high) levels of need for cognition, the positive conditional indirect effect of two-way communication on willingness to pay for the mixing bowls was stronger for recreationally-motivated than task-oriented consumers ($p < .05$).

Key Contributions

Contributing to the emerging literature on psychological ownership in marketing (Kirk, Swain & Gaskin, 2015), this research provides the first empirical evidence of the effect of motivational orientation on the emergence of psychological ownership. Further, whereas the effect of psychological ownership on valuation has been documented in the literature (Brasel & Gips, 2014; Shu & Peck, 2011), we provide a significant new contribution by demonstrating both that a mere opportunity for two-way communication is a key driver of this valuation in a digital context, and that this valuation depends on the motivational orientation of the consumer. At the same time, our results provide evidence that situational differences related to the roots of psychological ownership (Pierce, Kostova, & Dirks, 2003), including effectance-related motivations such as need for cognition and “having a place”-related motivations such as need for social belonging (Baumeister & Leary, 1995), also affect the emergence of psychological ownership.

Overall, this research contributes to answering the question of when offering consumers a mere opportunity for two-way communication is effective in enhancing consumer response by identifying psychological ownership as a key mechanism that transmits its effects to consumers’ valuation of digital technologies.

References are available on request.
Joining Virtual Brand Communities: Does Every Honeymoon Have Its Hangover?

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Keywords: customer-company identification (CCI), virtual brand communities (VBCs), honeymoon-hangover theory (HHT), longitudinal data, objective purchase data

EXTENDED ABSTRACT

Research Question
During the last decades, the internet has emerged as an important medium for companies to connect with their customers. In opinion polls, a total of 75 percent of social media users state that they regularly connect with brands via Facebook (Marketing Research Institute lab42 2004), in other words: they become members of virtual brand communities (VBCs). Existing marketing research has already generated first evidence pointing to the desirable effects of VBCs for companies’ management of customer relationships (Carlson, Sueter, and Brown 2008; Stockburger-Sauer 2010; Zhou et al. 2012). However, existing studies are limited in that they only present one-shot pictures of customers’ perceptions of VBCs. Indeed, little is known about the dynamic process by which joining a VBC affects the customer company relationship. In support of this claim, many researchers have noted that there is a clear need for research analyzing the dynamic effects of joining and interacting within a VBC (e.g., Bhattarcharya, Rao, and Glynn 1995; Algesheimer et al. 2010).

How could joining a VBC affect the CC relationship and the resulting financial payoffs? The Honeymoon-Hangover-Theory (HHT; Boswell, Boudreau, and Tichy 2005), which is well-established in occupational psychology, offers a promising approach to predict the pattern of changes in identification triggered by the entry into a VBC. Based on the theoretical perspective of HHT, we propose that joining a VBC will lead to an initial exaltation of customers’ identification with the company (CCI), which is then followed by an adverse backwash.

Method and Data
To analyze the dynamic effects of joining VBCs we collected longitudinal data from real customers of a large international retail chain (with an already existing VBC) comprising eight time points of measurement spanning 48 weeks (n1 = 16,403). In each time point, we captured customers’ identification with the company and whether they were members of the company’s VBC. Further, we merged survey responses with the respondents’ real in-store spending which we derived from the company’s database.

Summary of Findings
To picture the dynamic patterns in CCI on an individual level, we employed a Latent Growth Modeling (LGM) approach (Bollen and Curran 2006). Results indicate that in line with our HHT-based theorizing, joining a VBC leads to an initial peak in customers’ identification (i.e., the “honeymoon”), which, however, erodes on the long-run due to a hangover-effect. Importantly, our LGM approach allows us to explore individual differences in these dynamics. Indeed, we find that the inverted u-shape of the curve is more pronounced for those customers who started off from very high levels of CCI. In other words, highly identified customers experience both - a stronger honeymoon but also a stronger hangover. Importantly, these changes in CCI significantly predict customers’ real purchase volume in dollars spent in-store.

Key Contributions
The study contributes to academic marketing research in several ways. Among other contributions, the study con-
tributes to research on VBCs by being the first to empirically investigate the dynamic changes in CCI triggered by joining a VBC and the study is the first to apply the findings from HHT research to the consumer domain. Our findings support the theory in terms of both honeymoon and hangover phase regarding the event of joining a company’s VBC.

From a managerial perspective, our study provides important insights on how companies can effectively manage relationships with their customers in VBCs. Based on our long-term analysis of customer and company data we can derive implications on when companies have to take special care of their customer relationships. More specifically, the “honeymoon” period (right before and after a customer joins a VBC) is an important phase as it represents a peak in customers’ identification with the company. Given that the “honeymoon” period is likely to be followed by a “hangover,” companies should actively provide remedies in the form of special programs of customer relationship management that are tailored to the VBC context.

References are available on request.
The Role of Cultural Communication Norms in Social Exclusion Effects

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Keywords: social exclusion, culture, communication norm, conspicuous consumption, helping

EXTENDED ABSTRACT

Research Questions
Consumers may frequently encounter situations in which they are socially excluded from groups or interactions. For example, Facebook friend requests may be ignored or membership applications for a country club may be denied. In such situations, some types of exclusion are communicated with explicit signals such as direct words, whereas others are communicated with implicit signals such as silence. Recent research suggests that these seemingly small differences in how social exclusion is communicated have large effects on consumer responses because implicit and explicit social exclusion threaten different needs (Lee & Shrum, 2012). Explicit social exclusion threatens relational needs, which results in prosocial, affiliative compensatory responses such as charitable giving, whereas implicit social exclusion threatens efficacy needs, which results in attention-getting compensatory responses such as conspicuous consumption.

Although the previous research provides insights into the mechanisms underlying social exclusion effects, at least two questions remain unanswered. The first is whether responses to social exclusion are universal or culture-specific. Cultures differ in the ways in which their identities are conceptualized, and identities influence thinking processes and behavior by providing information about cultural norms and expectations. The second question is why implicit and explicit communication of social exclusion threatens different aspects of the self. We address both questions, and propose that they are interrelated.

Specifically, we propose that responses to explicit and implicit types of exclusion differ cross-culturally, and that these differences are related to the ways in which social exclusion is communicated. To support these propositions, we build on Hall’s (1976) conceptualization of high- versus low-context communication cultures. In low-context cultures (e.g., the U.S., some European countries), the normative way of communication occurs through explicit statements, and is relatively context-free. In high-context cultures (e.g., Korea, Japan, China), the normative way of communication occurs through implicit, nonverbal cues such as facial expressions and silence, and people often draw true meaning from the social context.

Method and Data
We test the general proposition that reactions to social exclusion depend on whether social exclusion is communicated in a norm-congruent or norm-incongruent manner. We contrast Korean and American cultures, which differ in their communication norms, and show that Koreans and Americans react to explicit and implicit types of social exclusion in essentially opposite ways. Further, we document three interrelated processes that underlie these effects: (1) implicit and explicit types of social exclusion threaten different needs for Koreans and Americans, (2) threats to different needs produce different compensatory responses, and (3) the culturally opposing responses to the two types of social exclusion arise from cultural differences in communication norms.

In three experiments, participants wrote about experiences of either being ignored or rejected (Molden et al. 2009) and indicated their preferences for conspicuous logos and for willingness to help. Experiment 1, using both Korean and American samples, tested our prediction that the culturally opposite responses were driven by communication norms. The design was a 2 (Koreans vs. Americans) × 2 (rejected vs. ignored) × 2 (explicit vs. implicit) factorial design. The results showed that both explicit and implicit types of social exclusion had opposite effects on Korean and American participants. Further, the effects were mediated by compensatory responses: (1) Koreans and Americans differed in their preferences for conspicuous logos, and (2) Koreans and Americans differed in their willingness to help.

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ignored) between-subjects factorial. The interaction was significant for helping ($p < .01$) and for conspicuous consumption ($p < .01$). Ignored Koreans increased helping relative to rejected Koreans ($p < .05$), but rejected Koreans increased conspicuous consumption relative to ignored Koreans ($p < .05$). The results were opposite for Americans. Ignored Americans increased conspicuous consumption relative to rejected Americans ($p < .05$), but rejected Americans increased helping relative to ignored Americans ($p < .05$). This interaction was mediated by communication norms (95% CI = 0.0053 to 0.4394 for conspicuous consumption; 95% CI = 0.0057 to 0.6823 for helping).

Experiment 2A, using a Korean sample, examined the underlying process that reactions to exclusion depend on which needs are threatened in Korea. We manipulated the process by boosting either self-esteem or power (moderation-of-process; Spencer, Zanna, and Fong 2005). The design was a 2 (rejected vs. ignored) × 3 (self-esteem boost vs. power boost vs. no boost) between-subjects factorial. The interaction was significant for helping ($p < .05$) and for conspicuous consumption ($p < .01$). For helping, the self-esteem boost reduced the effects of being ignored, relative to the no-boost ($p < .05$) and power boost ($p < .01$) conditions. Thus, being ignored threatened self-esteem but not power. For conspicuous consumption, the power boost reduced the effects of being rejected, relative to the no-boost ($p < .001$) and self-esteem boost ($p < .001$) conditions. Thus, being rejected threatened power, but not self-esteem.

Experiment 2B, using a Korean sample, examined the effect of being rejected versus ignored on conspicuous consumption and helping. We included a control condition in which participants described their college campus. Recall that in Lee and Shrum (2012), being ignored increased conspicuous consumption, whereas being rejected increased helping. However, for Korean participants, the results were the opposite. Being ignored increased helping relative to the rejected ($p < .05$) and control ($p < .05$) conditions, whereas being rejected increased conspicuous consumption relative to the ignored ($p < .05$) and control ($p < .01$) conditions.

**Summary of Findings**

Across three experiments, we showed that responses to exclusion are culture specific and depend on how exclusion is communicated within a culture. For Americans, being rejected as norm-congruent exclusion resulted in preferences for helping, whereas being ignored as norm-incongruent exclusion resulted in preferences for conspicuous consumption. However, for Koreans, who focus on relational concerns, being ignored as norm-congruent exclusion resulted in preferences for helping, whereas being rejected as norm-incongruent exclusion resulted in preferences for conspicuous consumption. Such cultural differences were mediated by the differences in communication norms. We further showed that the differential needs hypothesis explaining the link between threatened needs and responses could be generalized to high-context cultures; threats to self-esteem (but not power) increased preferences for helping, whereas threats to power (but not self-esteem) increased preferences for conspicuous consumption.

**Key Contributions**

Our research makes several contributions. First, we demonstrate a cultural boundary condition to previous research that has focused on explicit versus implicit exclusion (Lee & Shrum, 2012; Molden et al., 2009). Little empirical research has investigated exclusion effects cross-culturally, and our research reinforces the importance of testing the generalizability of findings beyond the dominant research culture (Henrich, Heine, & Norenzayan, 2010). Second, our research focuses on the concept of cultural differences in communication norms, which to our knowledge is the first consumer research to do so. Our research indicates that whether exclusion is communicated in a normative or counter-normative manner determines which needs are threatened; norm-(in)congruent exclusion threatens relational (efficacy) needs. Finally, we provide cross-cultural support for the differential needs hypothesis; threats to relational (efficacy) needs increase relationship-enhancing (attention-getting) responses.

*References are available on request.*
Effects of Selective Processing and Unique Features on Choice Vacillation, Satisfaction, and Regret

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Keywords: selective processing, unique features, satisfaction

EXTENDED ABSTRACT

Research Question
This research is intended to investigate the following research questions when consumers are presented with different valences of unique features which are typical presentations of product features: (1) how selective information processing affects choice vacillation and satisfaction at different levels of need for cognitive closure, and (2) how selective information processing influences postchoice regret and satisfaction at different product reinstatements?

Method and Data
Two experiments were conducted to test our hypotheses. 322 students participated in experiment 1 and 207 students participated in experiment 2.

A 3 (feature valence: approach-approach vs. avoidance-avoidance vs. approach-avoidance) within-subjects x 2 (need for cognitive closure: low vs. high) between-subjects Repeated-Measures ANOVA was conducted in experiment 1 for data analyses. A 2 (feature valence: approach-approach vs. avoidance-avoidance) between-subjects x 3 (product reinstatement: chosen vs. rejected vs. no) was conducted in experiment 2 for data analyses.

Summary of Findings
Experiment 1 indicated that an avoidance-avoidance situation produces more vacillation and a lower level of satisfaction than an approach-approach situation which produces more vacillation and a lower level of satisfaction than an approach-avoidance situation. Also, participants with a high need for cognitive closure in the approach-approach situation exhibit a similar level of vacillation-free and satisfaction as in the approach-avoidance situation.

Experiment 2 showed that in the approach-approach condition, the weakest desire to change their choice, the least regret, and the highest level of satisfaction are obtained when the chosen product is reinstated whereas the strongest desire to change their choice, the most regret, and the lowest level of satisfaction are obtained when the rejected product is reinstated. The opposite pattern is obtained in the avoidance-avoidance condition. That is, the weakest desire to change their choice, the least regret, and the highest level of satisfaction are reported when the rejected product is reinstated whereas the strongest desire to change their choice, the most regret, and the lowest level of satisfaction are reported when the chosen product is reinstated.

Key Contributions
This research contributes to the literature of judgment and decision making by demonstrating how selective information processing affects (1) choice vacillation and satisfaction at different levels of need for cognitive closure, and (2) postchoice regret and satisfaction at different product reinstatements, when consumers are presented with typical presentations of product features.

References are available on request.

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Focusing on the Consumer Value: Price and Product Presentation Effects on Online Consumers’ Perceptions and Decision Making

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Keywords: price primacy, product perception, purchase intent, behavioral economics, digital tourism marketing

EXTENDED ABSTRACT

Research Question
The way marketing information is presented, especially in the fast-moving digital channel, can influence greatly consumer perceptions and choices. Buyers have been shown to experience pain of paying, neurally similar to physical pain (Knutson, Rick, Wimmer, & Prelec, 2007), and to fixate on the selling price, i.e. the money asset they are forgoing in a potential sale (Carmon & Ariely, 2000). When seen first, price information can reduce the likelihood of a sale and direct consumers’ attention towards the product’s utilitarian benefits and worth (Bagchi and Davis, 2012; Lee and Zhao, 2014; Karmarkar, Shiv, & Knutson, 2015). The present research investigates whether presenting product information first and emphasizing product benefits can, separately or jointly, counteract these effects and increase the likelihood of a sale for experiential products. We hypothesized that these two factors would increase consumers’ intent to purchase, value-for-money perception, experiential value perception, and likelihood for social sharing.

Method and Data
Experiment 1 explores how price and product presentation interact in a digital marketing context using traditional tourism offers for hotels and destinations. Experiment 2 explores the same paradigm using intrinsically more experiential adventure tourism offers. In each experiment, participants (N = 100, N = 100) completed an online survey with 8 tourism offers, presented in random order. Experimental offers were pre-tested and pre-selected, so that to be balanced for high/low price and high/low attractiveness. The two key independent factors, Price position (−, +) and Focus on the gain (−, +) were used in a between-subjects 2 × 2 factorial design. Price position was operationalized as positioning the price below (experimental) or above (control) the offer features. Focus on the gain was operationalized as enhancing the numerosity and specificity of offer attributes. Four dependent measures were collected: purchase intent, value-for-money perception, experiential value perception, and likelihood of social sharing. Participants indicated their responses on each of the dependent measures using a 7-point Likert scale.

Summary of Findings and Key Contributions
The results from both experiments are largely consistent with our hypotheses and suggest that marketing communication is most effective when product information is presented before the price and includes emphasis on benefits. This combination of factors resulted in highly significant increases across all collected measures, in both experiments. However, when used alone, neither factor increased the likelihood to purchase. Focus on the gain yielded increased value-for-money scores in both experiments. Price position increased likelihood of social sharing for both traditional and adventure tourism offers, but yielded higher value for money and experiential value scores only for adventure offers.

Exposure of consumers to the product attributes first by positioning price at the end of the offer is likely to focus decision making on hedonic aspects and diminish the pain of

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paying. Placing an added emphasis on the product benefits is likely to have a very similar impact. Our results support this interpretation, particularly because of the strong cumulative effects when applying the two factors together. Offers with product information preceding price information and with added emphasis on product benefits were consistently more likely to be purchased, perceived as better value for money, perceived as more enjoyable experiences, and were more likely to be shared socially among friends. This is an important finding, since behavioral price order effects have been rather elusive to document in the past (e.g. Karmarkar, et al. 2015).

We propose that the effects of price order and focus on product benefits may be difficult to observe in isolation, due to their interaction with the hedonic-utilitarian aspects of different products, as well as with individual and situational factors. However, they can be consistently replicated, when boosted by other effects with a salient direction of influence.

The current research makes theoretical and managerial contributions to the literature on price order effects for functional and experiential products, the literature investigating price order effects on product utility perceptions, and the literature on prospect theory researching the factors that mitigate the pain of paying. The presented experiments use the context of tourism and therefore also contribute to the literature on digital tourism marketing.

References are available on request.
When Should We Not Expect Attraction Effect? The Moderating Influence of Analytic Versus Holistic Thinking

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Keywords: attraction effect, analytical thinking style, holistic thinking style

EXTENDED ABSTRACT

Research Question
Attraction effect is one of the most well-established contextual effects in the literature. Recently, there has been an attempt to replicate the findings of attraction effect in two large scale studies that showed that attraction effect is not robust and is dependent on the stylistic properties of the attributes. On the other hand, other researchers show that failure to replicate may be due to variations in the experimental choice setting. This brings to light two important questions that we try to answer in our research: (i) when and why attraction effect will take place and (ii) and whether finding the reason will help us to address several anomalies in past literature.

Method and Data
Data was collected in the U.S. and India. In the U.S. a large Midwestern university was used for data collection, while a large private university in India was used for the same. We tested our hypothesis in a series of four experiments. Thinking style, the key independent variable, was either manipulated or measured. The key dependent variable was the choice share of the target in the presence of the decoy. Four product categories including restaurant, grill, mouthwash and digital camera were used for the study. In study 1, we used participants who are chronically predisposed to either analytical or holistic style of thinking while in studies two, three and four we situationally manipulated the thinking style of the consumers. In study 1 we used the frequency of choice while in the remaining studies we used the distribution of points among target, competitor and decoy to measure attraction effect.

Summary of Findings
(i) Attraction effect is moderated by the thinking style of the consumers—analytical versus holistic thinking style, such that analytical thinkers are prone to attraction effect but holistic thinkers are not, (ii) attraction effect takes place only when the target-decoy similarity is the highest among a set of alternatives consisting of target, competitor and decoy, (iii) the magnitude of the attraction effect increases when consumers get a chance to rate the similarity of the product pairs—target-competitor, competitor-decoy and decoy-target, before making a choice and (iv) making comparisons, among the alternatives mitigates attraction effect.

Key Contributions
(i) Our research help to determine when and why attraction effect takes place, (ii) why the magnitude of the attraction effect is not dependent upon the position of the decoy with respect to the target, (iii) why the different decoy strategies like range extension, extreme range extensions, range-frequency yield conflicting results that have not been properly explained in the literature and (iv) establishes how thinking styles may play a critical role in understanding attraction effect.

References are available on request.

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Single or Multi? Effects of Queuing Patterns on Product Choices

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Keywords: queuing, atmospherics, food choices, healthy, unhealthy

EXTENDED ABSTRACT

Research Question
Would single line queuing (i.e., one central line/queue is formed and customers then move to the first available sales counter, similar to the model employed at most Wendy’s restaurants) lead to more healthful food choices than multi-line queuing system (i.e., a separate line/queue is formed in front of each sales counter, as is the case at McDonald’s restaurants)?

Method and Data
We examine the effect of queuing on consumers’ food choices in a field study at a high school cafeteria (Study 1) and also in a tightly controlled laboratory setting (Study 2).

Key Contributions
We know of no work examining the effect of queuing patterns on food choices. We contribute to the literature on environmental factors influencing food choices by examining the impact of queuing patterns.

Additionally, while prior research attests to the impact of environmental factors in influencing food choices, the link between queuing patterns and food choices has not been made. Thus, we contribute to the literature on environmental factors influencing food choices by examining the impact of queuing patterns.

Finally, many of the studies which have examined healthy (vs. unhealthy) choices have been conducted with adult participants. However, the food one chooses as a child or as an adolescent can have an impact on long term health. It therefore becomes extremely important to study food choices with non-adult populations. We examine the effect of queuing in a field study at a high school cafeteria (Study 1). Thus, this research adds to the literature by examining food choices during the formidable adolescent years.

Summary of Findings
Multi-line queuing leads to more healthful food choices. Additionally, increased preference for healthy options in multi-line queues might be due to greater ease of processing the menu options.

References are available on request.

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It’s All a Matter of Trust: The Importance and Role of Consumer Trust in E-WOM

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Keywords: electronic word-of-mouth, eWOM; consumer trust, scale development, online social influence, persuasion

EXTENDED ABSTRACT

Research Question

Today, many consumers consult Electronic Word-of-Mouth (eWOM) in order to enhance their purchasing decisions. Research has gained some insights about the influence of eWOM on superficial or short-termed consumer behavior (e.g., online compliance), however little is still known about the factors that cause online persuasion and deep-seeded attitude change. This research makes a first contribution to evaluate the moderating role of trust in eWOM (eWOM-Trust) for changing consumer attitudes and related behaviors of consumers. It is this research rationale that in the absence of consumer trust both the informational and persuasive value of eWOM messages become zero and recommendations ineffective. Given the current state of academic research, our guiding research questions are as follows: (1) How can eWOM-Trust be conceptualized and how does the concept differ from other eWOM-related constructs (e.g., eWOM credibility)? (2) Is eWOM-Trust a second-order construct reflected by a set of first-order dimensions (e.g., informational and persuasive influence)? (3) Does the eWOM-Trust Scale (eWT-S) validly and reliably measure the construct? (4) What are the antecedents, correlates and consequences of generalized eWOM-Trust (GeWT) as well as situational eWOM-Trust (SeWT)? And finally: (5) Which role has consumer trust for eWOM social influence and online persuasion?

Method and Data

In order to answer these research questions we conducted a multi-stage research process including a series of qualitative and quantitative studies. The first stage of our research furnished us with a profound understanding of the eWOM-Trust concept, its nature and boundaries derived from interdisciplinary literature and qualitative research. This enabled us to derive a theoretically sound definition and to infer an initial set of scale items that were deemed appropriate to reflect the construct. In stage two and three we aimed to develop a grasp of the construct’s true dimensionality and of the scale’s empirical quality which was previously tested for translation validity. This stage involved multiple consumer samples from three countries which enabled us to test the scale’s diverse forms of reliability, validity and generalizability aspects. Almost 3,000 consumers served as participants in our calibration and cross-validation samples. At the end, this scale development process allowed us to introduce an English and German version of our measurement instrument for generalized eWOM-Trust. In order to discuss the role of consumer trust for eWOM influence, we developed a new conceptual framework during the last research stage. This model emphasizes the moderating role of two different kinds of eWOM-Trust (that is generalized and situational trust) between eWOM informational/persuasive intent and recipient persuasion. We applied our new scale to test hypothesized relationships in the personality realm of the model.

Summary and Findings

Research data provided evidence that eWOM-Trust can be conceptualized as a higher-order construct with the dimensions proposed by our research. Simultaneously, the data ensured that the new eWOM-Trust Scale (eWT-S) has sound empirical properties mirrored in its (i) concurrent validity, (ii) convergent validity, (iii) discriminant validity, (iv) known-group validity, (v) predictive validity, (vi) test-
retest reliability, and (v) generalizability (i.e., scale’s stability and applicability across different eWOM platforms and two languages). The study finds multiple factors related to eWOM-Trust which either determine the level of generalized or predisposed trust in eWOM (e.g., personality characteristics) or are situational key factors (e.g., eWOM involvement, message characteristics) that both determine consumers’ reactions towards information conveyed in eWOM in a specific context and also moderate the role of both forms of eWOM-Trust. Our study also finds first empirical support for our novel integrative framework which emphasizes the key role of trust for eWOM influence.

**Key Contributions**

The primary contribution of this paper is to discuss the conceptualization and measurement of eWOM trust construct by analyzing its nature and theoretical scope. The paper fills a current research gap as it introduces a valid, reliable, generalizable and practicable measurement scale for consumer trust in eWOM that helps to standardize research on the topic of eWOM influence. In doing so, the paper also makes a methodological contribution as it implements and executes a demanding scale development process hardly seen in marketing literature before. The paper’s theoretical contribution is its attempt to clarify the key moderating role of eWOM-Trust in shaping eWOM influence. Our conceptual framework helps to clearly differentiate generalized from situational eWOM-Trust, their relationship and importance. Further, it sheds light on the direct and indirect moderating effects of these concepts for online persuasion and how the constructs relate to other key eWOM factors. Analyses of empirical data collected in several phases and from various clusters of respondents suggest that the proposed eWOM Trust model captures the mechanisms behind eWOM influence.

*References are available on request.*
The Influence of Word-of-Mouth on Ambivalence in the Consumer Decision-Making Process

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Keywords: ambivalence, word-of-mouth, consumer, decision-making process, higher education

EXTENDED ABSTRACT

Research Question
This study investigates ambivalence, that is, two conflicting evaluations, each based on a consistent set of cognitions or feelings (Kaplan, 1972), in the consumer decision-making process. Ambivalence is a relevant concept in marketing, because it has an influence on marketing-related outcomes (Lowrey & Otnes, 1994; Olsen et al., 2005). Previously, social sources of information have been studied as potential antecedents for ambivalence (Priester & Petty, 2001), and the present study contributes to this discussion through an examination of the roles of different forms of Word-of-Mouth (WOM) influence on ambivalence. Furthermore, while it has been suggested that ambivalence has a dynamic nature (van Harreveld et al., 2009), its dynamics have been studied relatively little (Rudolph, 2011). Against this background, this paper aims to provide responses to the following research questions: (1) What is the influence of two different forms of Word-of-Mouth (informational and normative) on ambivalence at the choice stage of the consumer decision-making process? (2) What is the influence of ambivalence at the search stage (T1) on ambivalence at the choice stage (T2) of the consumer decision-making process?

Method and Data
Survey method is used. The sample consists of international master’s degree applicants of four universities. The first data collection (T1) was conducted shortly after the search phase of the decision-making process, but before the applicants had received information concerning their acceptance. The second phase (T2) was collected shortly after the applicants made their final choice, but before they had started their studies. The sample for the search phase (T1) was (N = 1,718), and for the choice phase (T2) it was 481 responses. Of these, usable responses for the longitudinal data were 149 responses, since these students were accepted into one of the original four universities (T1). In the final data all respondents were accepted into a university, and had had discussions with strong-tie sources concerning the university they had applied to, as well as the university to which they had been accepted. Measures were adapted from previous marketing literature to the HE context. Ambivalence was assessed through an objective measure. Measurement items for normative and informational WOM were verified using confirmatory factor analysis (LISREL 8.80), and hierarchical multiple regression was performed (SPSS 22) to investigate the influence of T1 ambivalence, informational WOM, and normative WOM on levels of T2 ambivalence.

Summary of Findings
In the first step of hierarchical multiple regression, T1 ambivalence was introduced. This model was statistically significant (F (1, 152) = 24.047; p < .001) and explained 13.7 % of variance in T2 ambivalence. After entry of informational WOM at Step 2 the total variance explained by the model as a whole was 17.6% (F (2, 151) = 16.180; p < .001). The introduction of informational WOM explained additional 4 % variance in T2 ambivalence, after controlling for

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T1 ambivalence ($R^2$ Change = .04; $F (1, 151) = 7.315; p < .01$). Finally, after introducing normative WOM in Step 3, the total variance explained by the model as a whole was 26.6% ($F (3, 150) = 18.135; p < .001$). The introduction of normative WOM explained additional 9% variance in T2 ambivalence, after controlling for T1 ambivalence and informational WOM ($R^2$ Change = 0.09; $F (1, 150) = 18.33; p < .001$). In the final model all predictor variables were statistically significant, with T1 ambivalence recording the highest Beta value ($\beta = .37, p < .001$), normative WOM the second highest ($\beta = -.301, p < .001$), and informational WOM the lowest ($\beta = -.205, p < .01$).

**Key Contributions**

The results indicate that both forms of WOM have a negative influence, and ambivalence at the search stage has a positive influence on ambivalence at the choice stage. Through these findings, this paper contributes to research on ambivalence in the consumer domain, and more specifically, to research on the influence of interpersonal sources of information on ambivalence. This is done by discussing what kind of influence different forms of WOM (informational and normative) have on ambivalence at the choice stage. Furthermore, this study contributes to ambivalence research in the consumer arena by providing a deeper understanding of how consumers’ ambivalence at one stage of the decision-making process influences ambivalence at another stage of the process. Thus, this paper contributes to research on ambivalence in consumer behavior by (1) providing understanding of how WOM affects ambivalence, and (2) investigating the influence of ambivalence at one stage of the decision-making process to ambivalence at another stage of the process.

*References are available on request.*
The Effects of Deceptive Electronic Word-of-Mouth on Consumers’ Belief and Attitude Changes: A Longitudinal Study

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Keywords: deceptive eWOM, herd behavior, information cascade, brand attitude, longitudinal study

EXTENDED ABSTRACT

Research Question
To minimize risk, consumers seek out electronic word-of-mouth (eWOM) from others before making purchasing decisions. However, more and more companies create false eWOM, disguising promotional messages as user-generated product reviews. This study systematically explores the impact of deceptive eWOM on consumers and firms. We consider the eWOM phenomenon to be a form of herd behavior. The research questions are listed as follows.

1. How does imitating others and discounting one’s own information affect consumers’ beliefs and attitudes when observing eWOM volume and eWOM valence?
2. To what extent does deceptive eWOM affect consumers’ beliefs and attitudes in the product adoption stage?
3. How do consumers’ beliefs and attitudes change across the adoption and post-adoption stages?
4. What factors influence consumers’ beliefs and attitudes when their expectation cannot be confirmed in the post-adoption stage?
5. How does negative disconfirmation affect satisfaction and attitude when consumers find out that the deceptive eWOM was propagated by the product vendor?

Method and Data
A longitudinal online experiment was conducted to examine the research model. We chose a software application as the stimulus. The effect of eWOM on changing users’ perceptions of the application’s usefulness (belief), and the effect of belief on brand attitude were examined in both the adoption and post-adoption stages. This study used the orientation of online ratings to denote eWOM valence, and the number of online ratings to denote eWOM volume. Participants were randomly assigned into two groups. The first group represents customers who adopt the software in the minority phase, simulating the environment in which consumers are affected by few ratings with a high proportion of fake eWOM immediately after the product launch. The second group represents customers who adopt the software in the majority phase, simulating the environment in which customers are first affected by fake eWOM in the minority phase, and are then impacted by the release of true eWOM in the majority phase. We received a total of 205 effective samples out of 300 participants in the first group, and a total of 108 valid responses out of 300 participants in the second group. Data analysis was performed using Partial Least Squares (PLS).

Summary of Findings
1. Herding occurs when consumers face new released products and perceive uncertainty of product performance. They observe eWOM volume and valence and in turn discount their own information and imitate others in order to reduce adoption risk. The behavior of imitating others and discounting one’s own information adjusts their beliefs and attitudes.
2. Deceptive eWOM influences consumers’ beliefs and attitudes more in the early adoption phase than it does in later phases.
3. Deceptive eWOM observed in the early adoption phase serves as an anchor which continues to influence consumers’ ultimate beliefs, attitudes and satisfaction in the
post-adoption stage; it also depresses the adjusting effect of true eWOM.

4. The beliefs and attitudes adjusted by herding in the adoption stage continue to influence beliefs and attitudes in the post-adoption stage. Negative disconfirmation leads to lower levels of belief and satisfaction, and negatively affects consumers’ ultimate attitudes toward the brand.

5. If customers believe the vendor to be responsible for the negative outcome, their negative disconfirmation has a greater negative impact on satisfaction. Consumers forming their ultimate attitude rely mainly on their level of satisfaction.

Key Contributions
Extant studies on deceptive eWOM have focused only on technical issues, e.g., how to develop effective algorithms to detect fake reviews. For the lack of empirical studies on deceptive eWOM and its long-term effects, our study is the first longitudinal study to explore the effect of deceptive eWOM on consumers’ beliefs and attitudes in the dissemination process. A conceptual model was developed to examine the effects of eWOM volume and valence on the changes of beliefs and attitudes based on herd behavior theory. This model has robust explanatory power regarding consumers’ beliefs and brand attitudes in both the adoption and post-adoption stages. The research findings can guide firms to develop more effective eWOM marketing and to bridge the knowledge gap regarding fake eWOM. According to the findings, if vendors propagate paid eWOM and hire a third-party marketing company to promote their products, the strategy can work effectively if consumers cannot attribute the fake eWOM to the vendor. However, the long-term effect of fake eWOM will be neutralized by true eWOM. Thus, vendors should understand that the effect of fake eWOM is limited for the products having a longer life cycle.

References are available on request.
Impact of Recommender Systems on Customers’ Attitudes and Behavioral Intentions Towards Online Retailers

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Keywords: recommender systems, choice efficiency, choice effectiveness, user satisfaction, user-provider relationship

EXTENDED ABSTRACT

Research Question
We analyze whether personalized online recommender systems influence customers’ attitudes and their behavioral intentions. Specifically, we analyze the directions and the strengths of the effects that automated recommender systems have on customer choice effectiveness and efficiency as well as on their satisfaction, trust in, acceptance of, and loyalty to online businesses.

Method and Data
We conducted a between subject lab-experiment in which 80 university students had to make a purchase decision in an existing online shop either with or without support of a recommendation system. That is, the participants were randomly assigned to one of two groups. The first group could use all functions provided by the online shop, including the recommendations to land at their decisions. In the other’s group treatment, the recommendations were stripped out from the webpage. Hence, the differences in attitudes and behavioral variables can be attributed solely to the presence (or absence) of the recommendation system. We measured choice efficiency by recording the time the participants spent to find a suitable product. The choice effectiveness was measured by calculating the utility of the chosen product that was assessed by means of the multi-attribute weighted additive decision model (WADD). After completing the choice task participants filled in a questionnaire regarding their satisfaction, attitudes and behavioral intentions. The data was analyzed using Student’s t-test.

Summary of Findings
Recommender systems increase the subjective choice effectiveness and the objective utility of the chosen product. Although they do not increase choice efficiency, they seem to induce a deeper flow state in which consumers’ perception of time decelerates. Furthermore, recommender systems are able to foster customer satisfaction, trust in, acceptance of, and loyalty to online businesses.

Key Contributions
The majority of the literature on recommender systems is concerned with the improvement of algorithms and data mining techniques (Konstan and Riedl 2012; Marx 2013). The effects of recommender systems on customers, their attitudes and behavioral intentions remain largely unexplored. Only few studies exist that tackle these effects (e.g. Dabholkar and Sheng 2015; Fitzsomons and Lehmann 2004; Pu, Chen, and Hu 2011; Shen, Anyuan 2014; Wu, Joung, and Lee 2013). However, these studies are most often conducted in the field of computer science and, from the point of view of marketing discipline, contain various methodical errors. The current exploratory study contributes to filling the gap by examining and quantifying the effects of recommender systems on customer attitudes and behavior. Future research can build up on these findings and explore these causal relationships in more detail.

References are available on request.

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Innovativeness Versus Privacy: Psychological Antecedents of the Permission-Based Acceptance of Mobile Marketing

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ABSTRACT
This paper investigates what factors influence the permission-based acceptance of mobile marketing. Drawing on technology acceptance theory and theory of planned behavior, a conceptual model was developed. The conceptual model is tested with survey data collected among young consumers using a structural equation modeling approach. The findings confirm the importance of personal attachment to the smartphone, privacy concerns, and innovativeness as antecedents of attitudes towards mobile marketing and permission-based acceptance of mobile marketing. The findings illustrate the importance of recognizing the drivers of, and obstacles to, permission-based acceptance of mobile marketing and will help marketers to design mobile marketing activities that will increasingly rely on personalization and contextualization to provide consumers with rich and relevant experiences.

Keywords: mobile marketing, smartphone, personalization, privacy.

Introduction
Groundbreaking developments in mobile technologies have led to significant adoption levels of smartphones around the globe. In an increasing number of countries, the majority of mobile phone users own a smartphone (eMarketer, 2014). With a plethora of functionalities and seemingly constantly improving capabilities, the smartphone is used for a multitude of purposes anytime and anywhere. In 2015, 64% of US adults owned a smartphone, and among those smartphone owners aged from 18 to 29, text messaging (100%), using the Internet (97%), making voice/video calls (93%), using email and social media (each 91%), consuming videos (75%), and listening to music/podcasts (64%) were the most widely performed activities (Pew Research Center, 2015). For marketers, the smartphone has become the go-to device for innovatively engaging with consumers. The smartphone’s specific characteristics make possible rich media, rich interactions, and thus rich experiences in the palm of the consumer’s hand. Moreover, due to its intimate nature, the smartphone enables marketers to come as close to the consumers as possible at virtually any point in time. The smartphone further becomes an enabler of and channel for increasingly personalized, contextualized, and thus relevant communication and promotion. Hence, marketers are spending increasing attention toward building and promoting brand presence, promoting their products and services, and engaging with consumers via the smartphone as a truly mobile device. This is evidenced by an increasing share of advertising budget allocated to the mobile channel (e.g. eMarketer, 2015). In order to be successful, marketers must understand what factors drive and inhibit the consumer’s willingness to participate in such innovative forms of mobile marketing. Thus, this paper focuses on mobile-specific and privacy-related individual-level characteristics of consumers identified by previous research, and analyzes their effects on the permission-based acceptance of mobile marketing. Knowing these effects helps marketers to design effective mobile marketing activities.

Mobile marketing can be defined “as the two-way or multi-way communication and promotion of an offer between a firm and its customers using a mobile medium, device, or technology” (Shankar & Balasubramanian, 2009, p. 118).

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Permission-based mobile marketing is a specific sub-form of mobile marketing that integrates the aforementioned concept of mobile marketing with that of permission marketing. At its fundamental core, permission marketing is about offering “the consumer an opportunity to volunteer to be marketed to” (Godin, 1999, Chapter 2). In contrary to mass marketing, “permission marketing is anticipated, personal, [and] relevant” (Godin, 1999, Chapter 2). So while the concept of permission marketing is not inherently tied to a specific communication channel, mobile devices such as smartphones (Charlesworth, 2009) are predestined for permission marketing for three reasons: (1) both the portability and the personal importance of the smartphone resulting in the property of being carried virtually anytime and anywhere (Pew Research Center, 2015; Shankar & Balasubramanian, 2009); (2) technological capabilities of the smartphone (e.g. touch- and gesture-based user interface and various sensors), increased cellular network bandwidth (e.g. 4G/LTE), and resulting richness of mobile interactions, applications, and experiences (Abolfazli, Sanaei, Gani, Xia, & Yang, 2014; Bellman, Potter, Treleaven-Hassard, Robinson, & Varan, 2011); and (3) potential for personalization and contextualization. While the two former aspects can be considered a foundation for state-of-the-art mobile marketing overall, the latter is especially important for permission-based mobile marketing aiming to provide consumers with rich and relevant experiences.

Mobile digital technology makes possible “the delivery of individualized/customised, relationship-based, timely and location-specific packets of information to a user” (Mort & Drennan, 2002, pp. 17–18). This process can also be referred to as personalization, defined as “adapting the output of a system to a user’s context and profile” (Habegger et al., 2014, p. 25). With its multitude of different sensors (e.g. GPS, Bluetooth, accelerometer, gyroscope, and magnetometer), the smartphone has literally become a primary source for determining a consumer’s specific situation, based on different types of context such as location, identity, activity, and time (Abolfazli et al., 2014; Dey & Abowd, 2000; Keith, Thompson, Hale, Lowry, & Greer, 2013). Such information used for personalization can often be considered private and thus raise privacy issues (Habegger et al., 2014). From a psychological perspective, privacy is defined as control over or regulation of or, more narrowly, limitations on or exemption from scrutiny, surveillance, or unwanted access (Margulis, 2003). Accordingly, privacy concerns may be defined as a worry or apprehensions about a possible loss of privacy as a result of a voluntary or surreptitious information disclosure to a brand (Dinev & Hart, 2006).

In sum, with regard to permission-based mobile marketing, we identify three relevant areas for further research: The influence of personal importance, innovativeness due to increased technological capabilities of the smartphone, and privacy concerns. While a growing body of research has examined factors influencing mobile marketing acceptance among consumers, relatively fewer studies examine factors that specifically investigate antecedents of permission-based acceptance of mobile marketing. Hence, the key question remains what psychological and personal factors determine permission-based acceptance of mobile marketing. Consequently, the purpose of this paper is to investigate the personal and psychological factors predicting permission-based acceptance of mobile marketing.

The remainder of this paper is structured as follows: Firstly, we develop a conceptual framework based on previous research on mobile marketing acceptance, innovativeness, and privacy concerns. Based on this reasoning, we derive according hypotheses. Secondly, we describe the methods used for hypothesis testing. Thirdly, we detail the results and model analysis. Finally, we discuss the results and implications for marketing theory and practice.

Hypothesis Development and Conceptual Framework

**Conceptualizing the Permission-Based Acceptance of Mobile Marketing**

Based on the previously discussed concepts of mobile marketing and permission marketing, we derive the following defining characteristics of permission-based mobile marketing: (1) the consumer gives explicit permission to (2) receive information or promotional offers related to (3) a product or service that is relevant to the consumer (4) on the consumer’s mobile device. By giving permission, the consumer will anticipate to receive relevant information or promotional offers (Godin, 1999), but the reception thereof is not guaranteed. While the consumer’s act of giving permission can be regarded a central element in the multi-way communication between the firm and the consumer, the reception of relevant information or promotional offers is not necessarily the end of that interaction. It may well trigger further communication and may result in a lead or transaction. The relevance of the information or promotional offer for the consumer can be established by considering one or more types of context information (e.g. location) to thoroughly understand a consumer’s specific situation, derive her specific needs in this situation, and then address the consumer with information or promotional offers that are most likely to meet these needs. Based on Theory of Reasoned Action (Fishbein & Ajzen, 1975), Theory of Planned Behavior (Ajzen, 1985), and the Technology Acceptance Model (Davis, Bagozzi, & Warshaw, 1989; Venkatesh & Bala, 2008; Venkatesh & Davis, 2000), we include the behavioral intention to engage in permission-based mobile marketing as key dependent variable in our conceptual model (see Figure 1). The former theories and models have been widely used for studying individual-level
behavior with regard to mobile marketing (Shankar & Balasubramanian, 2009; Ström, Vendel, & Bredican, 2014; Varnali & Toker, 2010; Vatanparast, 2009). The behavioral intention can be defined as a person’s subjective probability to perform a specific behavior (Fishbein & Ajzen, 1975). Several studies on the consumer acceptance of mobile marketing have included the behavioral intention as dependent variable, but overwhelmingly with regard to other behaviors and types of mobile marketing. For example, Okazaki (2004) focused on text banner ads; Tsang, Ho, and Liang (2004), Karjaluoto, Standing, Becker, and Leppäniemi (2008), and Zhang and Mao (2008) on SMS-based mobile marketing, or Okazaki (2008) on referral campaigns. However, none of the aforementioned studies specifically addressed forms of mobile marketing incorporating both the aspect of giving permission and that of relevance. It is just recently that such forms of mobile marketing have attracted interest of academics (e.g. Gao, Rohm, Sultan, & Pagani, 2013; Jayawardhena, Kuckertz, Karjaluoto, & Kautonen, 2009). While Jayawardhena et al. (2009) focused rather on providing information about oneself and general participation in mobile marketing activities, Gao et al. (2013) combined aspects of giving permission and receiving relevant information, and found a moderating effect of the respective behavioral intention on the relationship between attitude and mobile marketing activities. Contrary to Gao et al. (2013), we investigate specifically the psychological antecedents of the permission-based acceptance of mobile marketing.

According to Theory of Reasoned Action (Fishbein & Ajzen, 1975) and Theory of Planned Behavior (Ajzen, 1985), one’s intention to perform a specific behavior is predicted by one’s attitude towards performing the behavior. Generally, attitude can be defined as “learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object” (Fishbein & Ajzen, 1975, p. 15). In this study, we relate attitude to mobile marketing as a whole, i.e. one’s attitude towards engaging in mobile marketing activities. Several studies on consumer acceptance of mobile marketing have proven a positive relationship between attitude and behavioral intention (e.g. Bauer, Barnes, Reichardt, & Neumann, 2005; Gao et al., 2013; Heikki Karjaluoto, Lehto, Leppäniemi, & Jayawardhena, 2008; S. Okazaki, 2009; Tsang et al., 2004; Xu, 2006). We thus postulate:

**H1:** The attitude towards mobile marketing positively affects the permission-based acceptance of mobile marketing.

**Mobile-Specific and Privacy-Related Individual-Level Determinants**

In this study, we propose the permission-based acceptance of mobile marketing and the preceding attitude towards mobile marketing are determined by mobile-specific and privacy-related individual-level characteristics that are independent of a specific mobile marketing activity, specific types of products and services, and specific brands.

As discussed above, smartphones are intensely used for a variety of different purposes and thus carried virtually anytime and anywhere. As a result, especially younger generations feel deeply attached to their smartphones. According to early research on people’s emotional attachment to their mobile phones, the attachment can be attributed to two properties: a) the iconic meaning for its user by ‘holding’ “the memories, the sentiments that are associated with the text messages and numbers stored on the phone, the appointments, the ringtones chosen and the pictures held in the phone” (Vincent, 2006, p. 41) in combination with b) the phone’s use for supporting the management and maintenance of social relationships in everyday life (Vincent, 2005, 2006).

The increased richness of the content created and exchanged via the smartphone (e.g. high-resolution photos or video) and the wide usage of social media via smartphones, especially by younger generations (Pew Research Center, 2015), amplify these properties and can thus be assumed to fuel one’s emotional attachment to the smartphone. This aspect is also reflected by the necessity dimension of user-device attachment proposed by Wehmeyer (2007). Several studies on consumer acceptance of mobile marketing have analyzed the effect of personal attachment to one’s mobile device on either the attitude towards mobile marketing or the mobile marketing acceptance. Gao et al. (2013), Gao and Rohm (2012), and Okazaki (2009) identified a positive effect of personal attachment on attitude towards mobile marketing. Gao et al. (2010) and Sultan et al. (2009) identified a positive indirect effect of personal attachment on mobile marketing acceptance, mediated via marketing-related mobile activities. Finally, Sultan and Rohm (2008) could not find empirical support for a direct effect of personal attachment on mobile marketing acceptance. We thus postulate:

**H2:** The personal attachment to one’s smartphone positively affects attitudes toward mobile marketing.

Mobile marketing is an innovative form of marketing for both the firm and the consumer, especially if it leverages the capabilities of new mobile technologies and end-user devices in order to provide consumers with personalized, contextualized, and thus relevant information or promotional offers. At the level of the individual consumer, innovativeness can be defined as “a psychological trait underlying adoption of new ideas, services and products” (Leavitt & Walton, 1975, p. 545). In contrary to global innovativeness, domain-specific innovativeness is considered to sig-
nificantly affect behaviors within the boundaries of that domain (Agarwal & Prasad, 1998; Goldsmith & Hofacker, 1991). In the domain of mobile marketing and its consumer acceptance, only few studies have included innovativeness as an antecedent. Gao et al. (2013) and Gao and Rohm (2012) identified a positive effect of innovativeness on attitude towards mobile marketing. Sultan and Rohm (2008) could identify a positive effect of innovativeness on mobile marketing acceptance for one of their two analyzed samples. Finally, Bauer et al. (2005) identified positive significant, though small mediated effects of innovativeness on attitudes towards mobile marketing. Based on this reasoning, we postulate:

**H3: Consumers’ mobile-specific innovativeness positively affects their attitude towards mobile marketing.**

Providing consumers with relevant information or promotional offers on their mobile devices has two major implications with regard to privacy: first, receiving any kind of messages on a very personal mobile device such as the smartphone may be perceived as an intrusion into one’s privacy; and second, in order to receive truly relevant information or promotional offers, the consumer must provide the firm with at least a minimum amount of personal and location information (Barwise & Strong, 2002; Keith et al., 2013; Leppaniemi, Sinisalo, & Karjaluoto, 2006). The first aspect refers to privacy conceptualized as non-intrusion or—more broadly—as accessibility privacy (Tavani, 2007). The intimate nature of mobile devices such as smartphones raises consumer’s concern about not being left alone. Early work on consumer acceptance of mobile marketing has identified consumers’ fear of receiving unsolicited messages or being “spammed,” respectively, and proposed to prevent consumers from being “spammed” by making mobile marketing explicitly permission-based (Barwise & Strong, 2002; Godin, 1999; Hinde, 2003; Scharl, Dickinger, & Murphy, 2005; Tsang et al., 2004). The second aspect refers to information privacy that has become a major topic with the advent of the Internet (Malhotra, Kim, & Agarwal, 2004; Preibusch, 2013; Tavani, 2007).

Numerous studies in the context of online marketing have substantiated that privacy concerns significantly influence several relevant attitudinal responses (Phelps, Nowak, & Ferrell, 2000) and behavioral intentions such as willingness to disclose information (Nam, Song, Lee, & Park, 2006), purchase intentions (Phelps et al., 2000), or intentions to transact (Dinev & Hart, 2006). We assume that consumers’ concern about information privacy is also prevalent in the context of mobile marketing. Gao et al. (2013) could identify a negative effect of privacy concerns (perceived risks) on attitudes towards mobile marketing. Based on these findings, we include information privacy concerns in our conceptual framework, proposing a negative effect on attitude towards mobile marketing. Figure 1 summarizes all hypotheses and illustrates the conceptual model.

**H4: Information privacy concerns negatively affect attitudes toward mobile marketing.**

**Methodology**

This study is based on data from an online survey administered in 2015 with young consumers in Switzerland. The survey was administered in German language. In 2013, Switzerland had a per-capita GDP of US$ 84,733 (The World Bank, 2015). The majority of Swiss smartphone users own an Apple iPhone, and overall smartphone penetration in Switzerland is expected to plateau at 75 percent in 2015 (Comparis.ch, 2014).
Sample
A total of 199 responses were obtained through a judgmental non-probability sampling approach where students were asked to distribute the link to the online survey within established social networks. The choice of a sample of young consumers was based on the widespread usage of smartphones for communications and Internet services among the Swiss youth market. For young consumers, smartphones represent the most important communication device; and with more than 90 percent for those between 15 and 29 (Comparis.ch, 2014), the penetration of smartphones within the Swiss youth market is significant. The respondent characteristics are as follows: 56.3 percent were male and 43.7 percent were female; age ranged between 16 and 38; although a majority—64.7 percent of respondents—were between 20-28 years old. 47.2 percent have completed high school or a vocational training school; 53.8 percent have already completed an undergraduate or graduate degree. All respondents were active smartphone users.

Survey Development
The study used established scales to measure the focal constructs. The survey contained several constructs related to permission-based mobile marketing defined in the conceptual framework. The constructs are “information privacy concerns,” defined as the propensity for individuals to provide personal information in order to enter into online marketing promotions; “personal attachment to smartphone” (or the degree one’s smartphone represents a personal and customized device); “mobile-specific innovativeness” (or one’s innovativeness especially with regard to smartphones and apps); and “attitude towards mobile marketing” (attitudes towards transactions, receiving information and benefits such as coupons over the smartphone); and the dependent latent variable “permission-based acceptance of mobile marketing.” All constructs were multi-item scales that were measured on 5-point Likert scales (1 = strongly disagree; 5 = strongly agree). See Table 1 for an overview of constructs and items.

Results
Table 1 provides a summary of measures and descriptives as well as scales scores. To validate the reliability and convergent as well as discriminant validities of the measures of our constructs, we conducted a series of confirmatory factor analyses (CFA) using AMOS 22. Additionally, we conducted a reliability analysis for each factor using SPSS. Responses to the items were summed and averaged to form the scales representing each factor. The reliability (Cronbach’s a) of the resulting multi-item scales was marginally acceptable, as the reliability values ranged from .68 (privacy concerns) to .86 (permission-based acceptance of mobile marketing). The generally agreed lower limit for Cronbach’s a is .70, although it may decrease to .60 in exploratory research (Hair, Money, Samouel, & Page, 2007). Relatively lower a values may also be due to the two-item scales (Eisinga, Grootenhuis, & Pelzer, 2013). Additionally, Table 1 reports construct reliabilities and average variances extracted (Fornell & Larcker, 1981).

We tested the main effects in a structural equation model using AMOS 22. The fit indices detailed in Table 2 show adequate fit between the conceptual model and the data (Hu & Bentler, 1999). All four hypotheses were supported. The results are shown in Table 2. These results show that consumers’ attitude toward mobile marketing was positively influenced by innovativeness and personal attachment, and negatively influenced by privacy concerns. Consumers’ attitudes, in turn, significantly influence their permission-based-acceptance of mobile marketing.

Discussion
Our paper has investigated psychological antecedents of consumers’ acceptance of permission-based mobile marketing. In summary, acceptance of permission-based mobile marketing is positively influenced by attitudes towards mobile marketing. The latter is thereby positively influenced by consumers’ personal attachment to the smartphone and their mobile-specific innovativeness. Further, a negative influence of information privacy concerns on attitudes towards mobile marketing was identified.

Theoretical Implications
These findings are consistent with previous research on predictors of attitudes toward mobile marketing confirming the importance of privacy concerns, innovativeness, and attachment to the mobile device (Gao et al., 2013, 2010). Our research extends past literature by empirically substantiating the influence of attachment to the smartphone in the context of the permission-based acceptance of mobile marketing. Considering the importance of smartphones for young consumers, this study adds support to past studies illustrating the significance of this psychological factor in this context. From a theoretical perspective, our study demonstrates the importance of consumers’ domain-specific innovativeness. Consumers that tend to be more innovative with regard to mobile-specific aspects tend to show a higher acceptance of permission-based mobile marketing. Therefore, confirming past research, innovativeness proves to be a relevant personal factor when explaining attitudes towards and permission-based acceptance of mobile marketing. Information privacy concerns prove to be a major obstacle to permission-based acceptance of mobile marketing. Consumers who are more reluctant to provide personal information tend to be less open to mobile marketing, specifically show lower acceptance of permission-based mobile marketing. Our findings also show the role of consumers’ attitudes toward mobile
Marketing influencing permission-based acceptance of mobile marketing.

Managerial Implications

The findings of this research can help marketing and communication managers to better design mobile marketing strategies in several ways. First of all, they need to respect consumers’ need for privacy. Possible implications are to implement privacy settings that allow consumers to control what happens with their personal information. Additionally, a clear statement about what happens with their personal data might be convincing for consumers with strong privacy concerns. Further, managers might consider adopting privacy labels or use partnerships with established and accepted companies such as Apple or PayPal for payment in...
order to build trust with consumers. Or else, they might provide alternatives for sceptical users.

Our research implies that innovative consumers are more open to permission-based mobile marketing. Therefore, marketers might consider to provide opportunities for more innovative target groups to show their innovativeness using gamification elements such as badges, rewards, etc. that are visible to other users. Also, it is suggested to provide incentives for invitations for other consumers.

**Limitations**

Similar to all research endeavors, this study does have its limitations. First, the nonrandom sample of young consumers might weaken the generalizability of our findings to the population as a whole. In addition, the survey was administered in German, possibly excluding young Swiss consumers from the French- and Italian-speaking parts of the country. Therefore, further research with an extended sample might be necessary to substantiate the findings. Second, although this study has addressed the relevance aspect of permission-based mobile marketing, further research may consider broader user context. This would make possible greater personalization, but – at the same time – may stress privacy aspects. Despite its limitations, our study contributes to a better understanding of drivers of and obstacles to attitudes towards mobile marketing and permission-based acceptance of mobile marketing.

**References**


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Keywords: big data, privacy, social contracts theory, business ethics

EXTENDED ABSTRACT

Research Question
This research investigates consumer reactions to the releasing of their private information. A number of important aspects are considered such as information sensitivity, firm intentions, and product price. In addition to explicating the mechanism explaining consumer reactions, we test a series of techniques shown to attenuate the negative effects of releasing sensitive consumer data.

Method and Data
Four experiments investigate consumers’ reactions to the releasing of their private information.

Summary of Findings
Four experiments investigate consumers’ reactions to the releasing of their private information. In short, an intentional release of sensitive personal information tends to provoke more negative reactions toward a company than an unintentional release. This effect is explained by perceived violations of implicit social contracts and distrust. Explicit consumer consent can moderate the negative effect of an intentional release, especially when the company’s products or services are free of charge. Managerial techniques attenuating this negative effect are also tested.

Key Contributions
This research contributes to multiple streams of literature. First, this research contributes to social contract theory by determining when information exchanges between customers and companies form social contracts. Second, we are the first to examine the concept of intentionality in relation with social contract theory. This is an important contribution to this theoretical model and a key determinant of when social contracts may be violated. This research also contributes to the literature on exchange theory by demonstrating how information sharing serves as a basis in forming exchange relationships and also as a form of exchange in and of itself. Moreover, this research makes significant practical contributions by providing companies with a roadmap detailing when consumers feel that an information release has violated a social contract and how to resolve this violation.

References are available on request.

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E-Commerce and the Privacy Paradox: Examining Consumer Privacy Through the Lens of Big Data and Personalized Advertising

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Keywords: information privacy, big data, communication privacy management, personalized advertising, privacy paradox

EXTENDED ABSTRACT

Research Question
The expanding use of “big data” by marketers to target messages to consumers based on their location, demographics and online behaviors is escalating information privacy concerns and negatively impacting campaign outcomes and e-commerce activity. In order to deliver personalized campaigns, marketers must be able to operationalize the data that consumers create around their everyday activities, including e-commerce behaviors, hence the privacy concerns. Using communication privacy management theory, this study investigates consumers’ perceptions about the benefits and risks of sharing personal information online as they relate to e-commerce activity. Specifically, the research questions and hypotheses examine how consumer concerns about personalized advertising differ across contexts (i.e., medical, financial, legal, education, and retail), as well as how the personality traits of extraversion, conscientiousness, and neuroticism significantly impact consumers’ e-commerce activity. Elements of consumer trust, technology self-efficacy, attitude towards personalized advertising, and concern about identity theft, are also examined as they relate to e-commerce activities.

Method and Data
An online questionnaire was administered using a web-based survey management system. The survey was administered to an opt-in subject pool recruited for web-based research. Data were gathered over a seven-day period to insure an even distribution of respondents on each day of the week. Respondents were incentivized using a virtual credits system and were screened via a digital fingerprinting device prior to participation. Participants consisted of 359 U.S. adults (51% male, 49% female) with an average age of 45 years old ($SD = 17.00$). Twelve percent were high school graduates, 26% completed some college, 31% were college graduates, 8% had some graduate school experience, and 24% indicated they earned a graduate or professional degree. The majority of respondents were Caucasian (79%), followed by African-Americans (9%), Asian (5%), Hispanic (5%) and other (3%). Looking at annual household income, 30% earned less than $50,000, 36% earned between $50,000 and $100,000, 17% earned between $100,000 and $150,000, and 12% earned more than $150,000. All survey measures were adapted from pre-established scales, and where appropriate, contextualized for the personalized advertising setting. Multi-item scales were used to improve reliability and validity of each measurement. Descriptive and multiple regression analyses were undertaken using SPSS software.

Summary of Findings
Respondents ($n = 369$) found third-party use of their personal data ($M = 5.30$) to be significantly more objectionable...
than first party use ($M = 4.85$) across all contexts (medical, financial, legal, education, retail). Respondents reported data sharing within certain contexts to be of significantly greater concern. Health-related data ($M = 5.69$) was found to be most sensitive, followed by financial ($M = 5.62$), and legal ($M = 5.52$). Extroversion ($p > .05$) and neuroticism ($p > .05$) did not predict ecommerce activity, however conscientiousness ($\beta = -.12, p < .05$) and Internet use ($\beta = .20, p < .05$) did ($F$-Change $(4, 351) = 13.94, p < .001, R^2$Change $= .13$). Information privacy did not predict ecommerce activity ($\beta = -.01, p > .05$), online trust ($\beta = .24, p < .01$) attitude toward personalized advertising ($\beta = .15, p < .01$), and technology self-efficacy ($\beta = .20, p < .01$), were significant predictors. Identity theft concern ($\beta = .12, p < .05$) was a significant predictor however not in the direct predicted ($F$ Change $(5, 346) = 20.32, p < .001, R^2$ change $= .19$). Overall, a significant amount of variance was explained ($F$ $(13, 359) = 15.56, p < .01, R^2 = .37$).

**Key Contributions**

This study furthers research in the area of big data and information privacy management by examining predictors of ecommerce behaviors within the theoretical context of Communication Privacy Management. While many marketers feel they have grasped the ability to deliver effective messages based on big data, the results of this study suggest consumers are experiencing boundary turbulence as they grapple with the risks and rewards of allowing others access to their personal data. In this regard, personality trait characteristics varied in their ability to predict e-commerce behavior - extroversion and neuroticism were not found to be predictors of e-commerce activity, while conscientiousness was a significant predictor. Further, while online trust, attitude toward personalized advertising and technological self-efficacy all predicted e-commerce engagement, concerns over identity theft did not impact e-commerce behavior as predicted. Although not expected, this finding is consistent with the “privacy paradox” phenomenon, wherein many consumers accept that some loss of privacy is a cost of doing business in the digital age, despite expressing high levels of concern about their privacy. These divergent attitudes reflect the complex nature of information privacy management in the digital age. Future research should explore the potential moderating role that awareness plays in this process.

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

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Consumers and Marketplace Subcultures

Responsible Gun Owners Versus Gundamentalists: A Study of Consumer Coalition Strategies to Reduce Gun Violence in the USA
Aimee Dinnin Huff, Jim McAlexander, Michelle Barnhart, Brandon McAlexander

“Symbolic Acts, So Vivid. Yet at the Same Time Were Invisible”: Subcultural Resistance Via Symbolic Manifestations
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Unheard Consumers: A Resource Perspective on the Goal Pursuit of Families with Hearing Impaired Children
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Legitimacy in the Marketplace

The Pot Problem: The Role of Design in Legitimation of New Markets
Aimee Dinnin Huff, Ashlee Humphreys, Sarah J.S. Wilner

Cents and Sensibility or Just Practice? Racial Representation in American Advertising
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Social Media and Its Discontents

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Duygu Akdevelioglu, Alladi Venkatesh
Responsible Gun Owners Versus Gundamentalists: A Study of Consumer Coalition Strategies to Reduce Gun Violence in the USA

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Keywords: guns, communities, consumer resistance, political advocacy, consumer influence, American culture

EXTENDED ABSTRACT

What strategies and processes do consumer activist groups focused on preventing gun violence use to build visibility, legitimacy, and power; influence legislation related to gun marketing; modify cultural norms; and change individual attitudes and behavior toward guns? We employ a multi-sited ethnography, interviews with organizers and volunteers, and visual analysis of three prominent gun violence prevention organizations in America.

This research is focused on the efforts that been directed toward tempering gun violence in America. Guns occupy a singular place within the context of consumer behavior. There are no other consumer products in the United States that have the explicit endorsement and protection afforded by a constitutional amendment:

“A well-regulated militia, being necessary to the security of a free state, the right of the people to keep and bear arms, shall not be infringed.”

Contemporary interpretation of this amendment by the U.S. Supreme Court imposes a seemingly unimpeachable gravitas that deters or dissuades nearly all attempts to temper, regulate, control, or restrict consumer acquisition and possession of these products, which can be aptly described as deadly weapons. Further, there is support from participants in the gun industry, consumer groups, politicians, and well-funded and powerful organizations, such as the National Rifle Association (NRA), that lobby powerfully to protect consumers’ rights to own guns.

Guns occupy a complicated place in American culture. First, their manufacture, sale, possession, and use are protected by many laws—chiefly by the Second Amendment, which has been interpreted in a variety ways throughout America’s history. Owing to significant variations in laws across states, these laws are interpreted and upheld differentially in different areas of the country and at different points in time. Thus, the legal status of this consumer product is complex. Second, there is variation in socio-cultural norms pertaining to guns across geographic, religious, racial, and socio-demographic groups. Third, at the individual level, there is considerable variability in individual attitudes, beliefs, and experiences related to guns. Some Americans contend that possession should be strictly limited (e.g., only to hunters), others support “responsible gun ownership,” in its many forms (e.g., background checks should be required before purchase), and others believe that every American has a right to acquire any firearm unimpeded.

The socio-political condition of guns is further complicated by the profound influence of gun manufacturers and “pro gun” groups (e.g., NRA) on laws and lawmakers, as well as a lack of large-scale research on gun violence. In spite of the

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American Medical Association and other professional medical groups declaring gun violence a public health crisis in 2014, the House of Representatives voted to extend a ban on gun violence research at the Centers for Disease Control and Prevention (CDC) in 2015. Thus, guns are situated in a complex web of political, moral, legal, normative, corporate, and individual interests.

Within this web and in spite of the powerful gun lobby, there are consumer groups and like-minded lawmakers that view the harm associated with guns to be unconscionable, especially in the wake of high-profile shootings, such as the tragedy at Sandy Hook Elementary School in Newtown, Connecticut (2012) or at Emanuel African Methodist Episcopal Church in Charleston, South Carolina (2015). These consumers and their coalitions work to create restrictions upon what they perceive to be unnecessarily easy access to lethal weapons, access which they believe leads to untenable consequences that cannot be ignored and must be changed.

As a result of the complicated place that guns have in American culture, these groups face significant challenges in initiating changes in laws, norms, and individual behavior. In this research, we seek to understand the strategies and processes that consumer coalitions use to build visibility, legitimacy, and power; change laws or prevent changes to laws that they believe would increase gun violence; modify cultural norms; and change individual attitudes and behavior toward guns.

Method
We have addressed our research question using a multi-sited ethnography, interviews with organizers and volunteers, and visual analysis of three prominent gun violence prevention organizations in America. In the interest of protecting the identities of our informants and their respective organizations, we offer a generalized set of findings and do not attribute data to any particular organization. Each organization is not-for-profit, directed and managed by professionals and staff, and has a wide presence on social media. Data consist of field notes, interview transcripts, and visual analysis notes. Analysis and interpretation entailed reading, discussing, and reflecting on the data; circling between the data and relevant literature on consumer coalitions and communities, guns and gun culture, consumer resistance and empowerment, materiality, morality, myth, and politics. Each author was involved in gathering and analyzing data.

Preliminary Findings
We find evidence of three primary strategies that consumer coalitions employ to change laws, cultural norms, and individual behavior related to guns. We outline these primary strategies below.

Understanding the System
Consumer coalitions operate with an underlying theory of the structural nature of gun issues within the complex American industrial-socio-political system. They have an explicit, shared understanding of how money and power flow from gun manufacturers to organizations like the NRA and to lawmakers, with the result that many lawmakers are beholden to the gun industry. Understanding the structure of the issues allows coalitions to identify multiple objectives that can enable them to push back against the power and influence of the gun industry and its advocates. The coalitions contend that change will occur through many pathways including: educating and persuading individual voters about the need to change or introduce laws that will reduce gun violence, encouraging those voters to demand that their political representatives support responsible gun laws and practices and vote those who don’t out of office, and directly encouraging law makers and corporations to support responsible gun laws and practices. Additionally, these coalitions seek to initiate changes in cultural norms by educating and persuading individuals about responsible practices, and working with other public institutions, such as schools, to change cultural perceptions of what is acceptable and unacceptable.

Getting the Message Right
The consumer coalitions in this research frame their messages in terms that they hope will resonate positively with mainstream Americans. They openly and explicitly support the Second Amendment, and do not employ the term “gun control.” Rather, their efforts are framed as “gun violence prevention” and focus on keeping guns out of the hands of “bad guys” (e.g., criminals and domestic abusers), requiring “responsible” gun ownership and storage (e.g., child access prevention), and support for practices and legislation on related issues including racism, domestic abuse, and mental health. In addition to crafting the message in a way that is aligned with the Second Amendment, coalitions draw on sports discourses when discussing their actions and intent. Terms like “fight, loss, win, victory, defeat,” etc. The focus on winners and losers, and the glory of triumph over an enemy resonate well in a culture where sport (particularly team sport) is valorized. This stands in contrast to messaging from the NRA, which positions “gun control” practices and legislation as blatant restrictions on liberties afforded by the constitution.

Presenting a Professional Grassroots Image
Consumer coalitions take great effort to present a polished, professional image to the community, but the polished nature of the image is offset by attention to the grassroots nature of the organization. The coalitions are highly aware of the importance of individuals in voting, voicing concerns...
and support to lawmakers and corporations, and in enacting social change. Therefore, the imagery must convey legitimacy and sophistication—via professional graphic design, website design, communications, etc.—as well as conveying a sense of warmth, authenticity, community, and concern for individuals. This balance is not unique to gun violence prevention coalitions, but it is an important way that they build visibility, legitimacy, and power within the socio-political context.

Contributions
In examining the ways in which consumer coalitions seek to make changes within the broad context of the American community, our research makes a contribution to literature on communities. Much of the literature in consumer behavior that focuses upon properties of “community” speaks to the positive and identity affirming qualities of affiliation. People that live within pluralistic communities, by necessity, interact with others that have values and priorities that may differ widely from their own. Successful relationships among people within these societies require personal resources that include tolerance, acceptance, and patience. Nonetheless, sometimes these differences among people are sufficiently compelling and conflicting that they lead to strife. As we advance this project, we will address important gaps in theory on communities and coalitions, particularly those gaps that relate to politics, materiality, and morality.

Additionally, this research will improve our understanding of the motives and experiences of consumers who become advocates or participants in efforts to build coalitions or alliances in order to gain impact upon, or temper the forces of the marketplace. Prior research on consumer advocacy and resistance has focused on strengthening the rights of “buyers in relation to sellers” (Kotler 1971, p. 49) in relation to product safety, environmentalism, and, most recently, sustainability. Researchers have expanded our knowledge of these movements and their supporters. Nonetheless, there is much more to learn about ways in which the marketplace can become politicized and to understand the experiences of consumers as they coalesce to achieve attention and an impactful voice. Specifically, this research will offer a deeper understanding of the development and maintenance of consumer coalitions attempting to mount opposition to a vastly more wealthy, powerful, and culturally entrenched socio-political-industrial complex.

Selected References


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“Symbolic Acts, So Vivid. Yet at the Same Time Were Invisible”: Subcultural Resistance Via Symbolic Manifestations

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Keywords: subculture, consumer resistance, fragmentation, symbolic, market co-optation

EXTENDED ABSTRACT

The fragmentation of different social groups is increasingly emerging in reaction against mainstream culture and dominant social order; the splintered groups constitute their own alternative cultures, largely on the basis of personal and collective choices. These alternative preferences pertain to differing worldviews, lifestyles, musical interests, and ideological orientations (Hebdige 1979; Jenks 2005; Ulusoy and Fırat 2011). In extant literature, these emerging and distinct social groups are called subcultures. In contrast, the market, mainly via corporate culture producers, also known as the “culture industry” (Horkheimer and Adorno 2007), seeks to assimilate these oppositional social subcultures back into mainstream culture and dominant social order by co-opting their reactionary expressions in pursuit of commercial interests (Clark 2003; Frank 1997; Thompson and Coskuner-Balli 2007). As a result, the market reshapes, appropriates, and manipulates the cultural symbols, artifacts, practices, and expressions of these subcultures which empties them of their initial meanings. In turn, they are transformed into socially acceptable commodities that are more appealing to mainstream consumers (Fırat and Venkatesh 1995; Heath and Potter 2004).

Research Question

This research aims at highlighting the impact of this dynamic interplay between the formation of subcultural discourses and its impact on the market institution. There is a need for nuanced analysis and an approach which explores in depth the impact of the market on the development of contemporary subcultural sensibilities, as well as the subcultural response to market hegemony. More specifically, how are marketplace ideologies and hegemony in the cultural sphere received and interpreted by members of subcultures? How do the tendencies of the market institution transform and assimilate subcultures into mainstream culture through strategies of co-optation, commercialization, and commodification? What is the response of members of these subcultures? These questions are in need of careful empirical exploration.

Method and Data

To address this deficit of research, we conducted personal interviews with 15 informants who are self-identified as participants in music-based subcultures (i.e., punk, hardcore, metal, grunge, alt rock, Goth, straightedge, rap, electronic, etc.). We also engaged in participant observation related to musical events, shows, house parties, and rehearsal studios for over two years. Further, we engaged in netnographic research (Kozinets 2002) for over three years in several punk, metal, hardcore, straightedge forums and blogs on the Internet in order to observe discussions and threads in these online communities. We adopted a poststructuralist approach in the interpretative stage in order to highlight the dynamic interplay between the subjective, lived experiences of subcultural informants and contemporary, sociocultural discourses.

Summary of Findings

Findings, as a result of multiple coding process and iterative procedure, reveal three emerging themes that broadly portray subcultures to be discursively constituted systems of meaning, often revolving around the discourses of resistance to, and negotiation with, market logics and market actors. This discourse of resistance reveals that market authority and hegemonic endeavors of market actors, by means of co-optation, appropriation, and commercialization, creates a totalitarian marketplace that stimulates and further provokes the fragmentation within both the hegemonic culture and

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subcultures. Specifically, subcultural resistance is manifested in anti-consumerist reactions and tactics, antagonism toward injunctions and sell-outs, and avant-gardist and cryptic praxis. Through these reflexes subcultural informants articulate their discontent with this transition and, thus, symbolically make a collective statement as they cling to the subcultural ideals which cultivate resistance.

**Key Contributions**

Subcultural members tend to emancipate themselves from market hegemony and dominant structures by creating venues often allied with the market; yet, they subvert and mitigate its hegemonic presence by engendering and carving out plural, presentational alternative venues, praxis, and modes of life. These modes have a different social logic than the market, aiming to disseminate these alternative, likely oppositional, ethos, ideals and social logics. While they try to mitigate the hegemonic tone of the market institution, they also cultivate resistance strategies and tactics through aforementioned symbolic manifestations, confusing the market actors, and alienating them from the subcultural spheres. Through accounts of avant-garde subcultures, members seem to *épater la* (confuse, mislead, amaze) the hegemonic market system by crossing over, combining, and juxtaposing a wide range of signs, symbols, and experiences of different subcultures such as bricolage and pastiche; they seek new conceptions, meanings, discourses and ‘subcultural escapades’ (Ulusoy 2014, 2015). Apparently, commercialization in the sense of selling-out, may trigger further fragmentation within subcultures. Yet, subcultures do not seem to lose their sense of sociocultural impact as they fragment into diverse, alternative, subcultural schisms.

*References are available on request.*
Unheard Consumers: A Resource Perspective on the Goal Pursuit of Families with Hearing Impaired Children

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Keywords: consumer resource dynamics, marketplace interactions, collective consumers, family well-being, consumer goals

EXTENDED ABSTRACT

Research Question
The manner in which people pursue pivotal goals related to their life projects is an important topic in consumer behavior and social psychology. However, little is known about how marketplace interactions determine how consumers overcome challenges in central life projects, such as parenthood and raising children. For example, a diagnosis of a newborn’s disability often contradicts anticipated visions and disrupts daily family life. Specifically, we have a limited understanding of the inherent dynamics in consumer goal pursuit over time that result from the interplay of resource endowments, marketplace interactions, and goal progress. We know even less about such processes as performed by collective consumers. Notwithstanding the importance of families as social spheres in daily consumption experiences, extant research rarely considers such complex collectives and their behavior. We examine the dynamics in goal pursuit of collective consumers: families with hearing impaired children. Our aim is to shed light on (1) how families define their goals after a shock to their life project of raising a healthy child, (2) what resources are important in order to reach these goals, and (3) how formal (e.g., medical service providers) and informal (e.g., other affected consumers) marketplace interactions shape consumers’ resources and goal attainment.

Method and Data
Our data collection comprises semi-structured in-depth interviews with nine families with at least one hearing impaired child, respectively. We strived for variation in the sample of informants in terms of degrees of hearing impairment, therapy stage, structural and sociodemographic factors, and resource endowments. We continued interviewing families until the point of theoretical saturation, iterating back and forth between coding and interpreting the data, consulting existing theory, and additional data collection. Each interview comprised a verbal and a visual phase, during which informants were asked to sketch their collective goal progress over time as well as the interplay of marketplace interactions and resources that had significant impact on goal achievements. The average interview lasted 96 minutes. All interviews were recorded and transcribed, resulting in 199 single-spaced pages of text. Initially, each author read the transcripts individually; we adopted an idiographic approach, took notes about emerging themes (e.g., individual vs. collective well-being goals, marketplace interactions, resource dynamics, etc.), and interpreted the patterns within specific interviews. Subsequently, we moved to a more nomothetic approach, focusing on comparisons across interviews. Building on the emerging themes, we engaged in more axial coding procedures, iterating back and forth between our interpretations and the literature.

Summary of Findings
Our study investigates how consumers pursue crucial life themes and projects related to raising hearing impaired children. First, we show how families define their goals after a
shock to their life project of raising a healthy child. Families apply a hierarchical structure of goal pursuit that is dynamic over time and guided by lower order goals that are defined by the current development stage of the child with respect to its hearing impairment. Second, our results point to the importance of resource endowments and shortages in guiding and steering consumer behavior. The rich narratives of our informants provide initial evidence that consumer resources drive consumer goal pursuit and attainment. Third, based on our findings we propose a reconceptualization of consumer resources that emphasizes the importance of the collective level. Failing to consider collective resources that shape consumers’ lives and interactions is a potential pitfall for professional service providers and public policy. Fourth, we provide evidence of the role of marketplace interactions in enabling and hindering consumers’ pursuit of crucial well-being goals. Our findings further hold important implications for consumers, public policy makers, and service providers on how to build and preserve crucial consumer resources.

**Key Contributions**

With this study of families as consumer collectives, we contribute to consumer research in at least three important ways. First, we contribute to work on consumer goals and emerging streams of research about collective consumers by focusing on consumers’ use and configuration of marketplace interactions to enable the attainment of high-order goals. Second, we depict the importance of consumer resource dynamics in the pursuit of well-being and resulting implications for service providers and public policy makers: initial resource endowments shape consumer goal pursuit, and marketplace interactions influence consumers’ resource stocks, which in turn shift their configurations and interactions with actors in the marketplace. Third, our study demonstrates the importance of considering not only individual, but also collective consumers (e.g., families). Our reconceptualization of consumer resources emphasizes that certain resources (e.g., structural, relational) primarily reside and are nurtured at the collective level. Failing to account for such complexities may lead to ineffective and inefficient service delivery and public policies. The latter should support consumer access to resources that will accommodate their dynamic resource requirements.

*References are available on request.*
Research Question
Since 2014, when recreational marijuana became legal in the state of Colorado, producers have undertaken considerable efforts to make cannabis appealing to the mainstream market by breaking away from cannabis’ social stigma (Dunne, 2014). Indeed, the stereotype of the un(der)employed 20-something ‘stoner’ smoking a bong in his parents’ basement is often invoked by media, activists, producers, and consumers. Producers’ efforts include the development and marketization of new brands, new products, and new retailscapes that differ wildly from the conventional imagery of marijuana products and accouterment (Halperin, 2015). For example, the company Dixie Elixirs has introduced mints, chocolate truffles, and carbonated beverages, each infused with small doses of THC—the organic compound in marijuana that induces high. These products, like many other emergent cannabis brands, have beautiful, sophisticated packaging and polished, professional brand identities. The Dixie Elixirs brand and product portfolio stand in stark contrast to stereotypical marijuana consumables, which include un-branded dried plants (sold by weight), bongs, rolling papers, and roach clips, in minimal packaging. Our research question is, what is the role of materiality in the legitimation of recreational marijuana? More specifically, how does product design contribute to legitimation of markets?

Method and Data
To address our research question, we gathered data from interviews, observation, visual analysis, and media analysis. We conducted face-to-face interviews with nine informants across seven organizations that produce, market, or advocate for recreational marijuana in Colorado. Interviews lasted an average of 90 minutes. Each was audiorecorded and transcribed verbatim. The interview guide included questions explicitly related to product design and development. We also visited four cannabis retailers to observe the retail environment and store employees. Further, we collected and cataloged photographs of products, packaging, and marketing communications related to recreational marijuana, and conducted a visual analysis of these material items. We also conducted a media analysis of articles in national news magazines with mainstream readership, to identify and analyze articles with the words ‘marijuana’ or ‘cannabis’ in the headline or lead paragraph. Data were analyzed by all authors, using a grounded approach to tack back and forth between literature, data, and theory.

We adopted the lens of material semiotics to frame our interpretation of the data. A semiotic perspective assumes that artifacts (i.e., tangible and intangible things produced as a result of designers’ intent) are signs that generate and convey meaning (Krippendorf, 2006). Meaning is relative; artifacts derive and communicate meaning by being situated in a network of relations with other artifacts and human actors (Law, 1999, 4).

Summary of Findings
We find that producers pursue congruence between materiality and legitimate cultural meanings in order to legitimize recreational marijuana. Producers face significant challenges in achieving normative and cultural-cognitive legitimacy. In addition to their target market(s)’ established stereotyping of recreational marijuana users and their poor understanding of the product itself, designers need to develop products that convey a sense of social legitimacy without being unacceptably novel or atypical, and to develop...
products that convey a sense of safe enjoyment without being overly complex. These challenges are deepened by the need for companies to innovate and establish competitive differentiation in the newly-created market. We reveal two aspects of materiality that contribute to legitimacy. Each aspect contributes to consumer adoption of previously-illegitimate products. Material in relation entails how the material object relates to other existing objects. Designers work to build congruence between the stigmatized products and other, accepted products, a type of framing albeit in material form. Material in use involves the ways that material elements facilitate and fit with consumer use. Marketers work to educate and demonstrate use for consumers so that material aspects have the intended effects. We demonstrate that material aspects of goods and service predispose them to some uses and make them resistant to others.

Key Contributions
Prior research has demonstrated that markets can emerge or evolve through consumer action motivated by frustration (Scaraboto & Fischer, 2013), ambivalence (Martin & Schouten, 2014), or cooperation (Dolbec & Fischer, 2015), as a result of tensions and conflicts between consumers and producers (Ertimur & Coskun-Balli, 2015; Giesler, 2008), or due to industry advocacy and organization (Humphreys 2010). We conceptualize market emergence from a synthesis of these perspectives in which markets emerge and evolve through a process of legitimation; legitimacy of a market can change over time, in conjunction with changes in the regulatory environment, social context, and individual comprehension of the previously-illegitimate consumption domain. Legitimacy is shaped by portrayals of the market by mainstream media (Humphreys & Latour, 2013) and through the strategic work of marketers (Humphreys, 2010), but it also helped along by consumer advocacy, group formation, and co-creation (Schouten and Martin 2014; Dolbec and Fischer 2015). Our research extends current knowledge of market legitimation by demonstrating how marketplace objects themselves are open to reconfiguration and how designers make strategic decisions about how to innovate and modify products, packaging, brands in ways that contribute to legitimacy.

References are available on request.
Cents and Sensibility or Just Practice? Racial Representation in American Advertising

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Keywords: race, minority, advertising, cultivation theory, social construction, longitudinal, content analysis, fashion of practice, sociology

EXTENDED ABSTRACT

Research Question
Advertising has been criticized for excluding certain groups (racial and ethnic minorities, women, and the elderly), under-representing their members, or picturing them in stereotypical and negative ways. However, a large body of research demonstrates improvement in such depictions over time. The predominant explanation for the asserted improvement is what we call the market power explanation. In this explanation images of racial minorities are believed to change when the group gains market power, that is when they are large enough, wealthy enough, or young enough to command careful representation by marketing and advertisers.

However, we propose that fashions of practice are a second, considerable, influence in the ways in which historically marginalized groups are represented. In contrast to market power, fashions of practice flow from cultural changes, social disruptions, professional practices and fads, stylistic vogues and preferences, and can include fashion and happenstance. Fashions of practice may be unrelated or even run counter to market power forces, and may display false starts, errors, reversals, and tend to be less enduring than changes caused by shifts in market power, or changing political sensibilities.

Method and Data
Using a rare and random sampling of 75 years of mass American print advertising, totaling nearly 1300 ads, we ask whether, how, and when market power and fashions of practice drive this change. We conduct a content analysis to evaluate the number of racial minorities, and look for themes in representation qualitatively. We use accepted secondary indicators (e.g., US Commerce Department) of market power of black consumers over these same seventy-five years. Lastly, we use public opinion data on racial attitudes, again over this same time period. With these data we ask: what best explains the degree and nature of racial representation in advertising: changing attitudes, market power, or practice largely unrelated to the other two factors?

Summary of Findings
We find the number of non-whites in advertising steadily increases over time. Consistent with other research, we believe this is due, at least in part, to an increase in the market power of racial and ethnic minority groups. This is supported by depictions of higher status occupations and a greater range of consumer and consumption situations. However, two fashions of practice are also evidence. Changes in racial attitudes are generally uncorrelated with depictions.

In terms of practice: First, the use of integrated casts is a noticeable device in the ads in 1970 and 1980. In such ads, a group of people is carefully chosen to reflect diversity, often with a mix of genders, ages, races or ethnicities present. We also note a dramatic increase in the number of racial and ethnic minorities between 2005 and 2010. While it is tempting to attribute it to advertisers’ embrace of the black middle class with their increased income, wealth, power, and status, or a post-racial America heralded by the election of the first black president, a close analysis reveals a second fashion of practice: corporate social responsibility advertising. These ads picture a significant number of poor people of
color, particularly non-Americans, particularly the foreign poor that reside in China, India and Africa. Practice appears to be the best explanatory factor, not greater enlightenment, or pure market power.

**Key Contributions**
We have returned to an important stream of research concerning social representation and used it to ask new questions about what causes change in advertising, finding fashions of practice to play an important role. We believe practice theory adds a heretofore under-utilized explanation of a question that is, or should be, significant to practitioners and those concerned with marketing’s social responsibility and impact. This work also contributes to understanding advertising, branding and marketing as collective, institutional, and sociological practices.

*References are available on request.*
Legitimacy of Hybrid Cultural Products: The Case of American Yoga

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ABSTRACT
This paper explores the emergence of American Yoga and examines how cultural products struggle for and acquire legitimacy. We conceptualize American Yoga as a hybrid cultural practice, whereby yoga is appropriated and taken from its Indian roots and context and is reconfigured, acquiring new forms and meanings in the new geographical and cultural sphere of the U.S. We raise the following research questions: (1) What strategies did the market actors adopt to reterritorialize yoga in the U.S.? (2) How did these strategies serve to legitimize American Yoga? We adopt institutional theoretical framework to unpack the processes and outcomes of reterritorialization.

Keywords: hybridity, reterritorialization, globalization, legitimacy, yoga

Introduction
A satirical video entitled “If Gandhi Took a Yoga Class” and created by CollegeHumor Media showcases what the famous Indian nationalist leader Mahatma Gandhi would think if he attended a yoga class in America today (CollegeHumor, 2015). In the video, Gandhi is startled by the ambiance of the yoga studio, filled with cinnamon bun aroma of Yankee candles and music by Coldplay, and warmed up to high temperature. During the class, the instructor corrects Gandhi’s terminology of the pose urdhva mukha svanasana as up dog, advises him to pick up the pace to burn carbohydrates, and recommends a lycra top as attire for next time while Gandhi explains his traditional dhoti (a long white strip of cotton wrapped around the body). As students chat enthusiastically about trying new classes like yogalates (fuson of yoga and pilates), Gandhi picks up the statue of Krishna (a Hindu deity) placed as decoration on side of studio and offers ten dollars to anyone who could tell him whom the statue represents.

This tongue-in-cheek video presents a snapshot of “American Yoga” and captures purist versus celebratory stances towards this hybrid cultural product. Evident in Gandhi’s reaction, yoga has changed radically as it was reterritorialized in the U.S. American Yoga has appropriated some of the ancient Indian yoga poses (i.e., asanas) and spiritual aspects of the practice (e.g., mantras such as control, self transformation, gratitude etc.) and combined it with the physical exercise culture, English script and popular music appealing to Western audiences (Cushman, 2000; Isaacs, 2008; Powers, 2000). Representative of a purist view on this hybrid product, Gandhi is bothered by how American Yoga is so different from its original, Indian form and how its practitioners are unaware of some of the core tenets of the original practice. On the other hand, for those who practice yoga in the U.S. the class depicted in the video is likely to be a familiar scene. Today 20.4 million Americans practice yoga and spend about $10.3 billion a year on yoga classes and products (Yoga Journal, 2012). Reflected in this increasing demand, a celebratory approach considers American Yoga as creative and imaginative, and praises its syncretism with therapeutics, New-Age spirituality, and physical fitness (Hoshour, 2013; Walton, 2011).

We conceptualize American Yoga as a hybrid cultural practice, whereby yoga is appropriated and taken from its Indian roots and context and is reconfigured, acquiring new forms and meanings in the new geographical and cultural sphere of the U.S. Drawing from globalizing processes, we raise the following research questions: (1) What strategies did the market actors adopt to reterritorialize yoga in the U.S.? (2) How did these strategies serve to legitimize American Yoga? Recognizing that “hybridization is not a synonym for fusion without contradiction,” we examine the role contradictions and countervailing responses play in legitimization of hybrid cultural practice of American Yoga (Canclini, 1999: xxiv).
Hybridity: The Issue of Legitimacy
Research on the consequences of globalization has increasingly shifted attention away from the perspective that globalization produces cultural uniformity to one that emphasizes cultural heterogenization (Robertson, 1992; Wilk, 1998). The concept of cultural hybridization captures this latter view, indicating mixing, intermingling, fusion of cultures that the globalized world enables and produces through processes such as migration and increased worldwide communication (Tomlinson, 1999). Canclini (1995: xxv) describes hybridization as “socio-cultural processes in which discrete structures or practices, previously existing in separate form, are combined to generate new structures, objects and practices.

Tomlinson (1999: 141) describes hybridization as a consequence of deterritorialization: “the increasing traffic between cultures that the globalization process brings suggests that the dissolution of the link between culture and place is accompanied by an intermingling of these disembodied cultural practices producing new complex hybrid forms of culture.” Hybridization encapsulates the tensions between deterriorlization and reterritorialization: “the loss of the ‘natural’ relation of culture to geographical and social territories and, at the same time, certain relative, partial territorial relocalizations of old and new symbolic productions” (Canclini, 1995: 229). These tensions underlie the celebratory versus the purist views on hybridity. The purist ideology relies on an essentialist and fixed notion of culture wherein culture is viewed as a distinct formation and cultural identity is mapped on to a particular landscape. Accordingly, hybrid formations are deemed to contaminate culture and create identities lacking authenticity. The celebratory take on hybridity is grounded in a synthetic view of culture and emphasizes interplay of cultural forms that fuel innovation and new expressions. Yet, even within this view, it is recognized that the processes and conditions of cultural mixture may not entail equality (Kraidy, 2005; Papastergiadis, 2005; Pieterse, 2001; Rogers, 2006).

These polar views on hybridity pose a challenge to legitimization of hybrid cultural products, which is essential in creation and success of new forms in the marketplace (Meyer and Rowan, 1977). Contemporary approaches view legitimacy as “a shared cognitive construal of an entity as consistent with a cultural framework of beliefs, norms, and values that are generally accepted by the group as a whole” (Johnson, Dowd, and Ridgeway, 2006: 57). Accordingly, while the purist view deems hybrid cultural products as illegitimate, the celebratory view considers them as legitimate, the celebratory view considers them as legitimate (Johnson, Dowd, and Ridgeway, 2006: 57). Accordingly, while the purist view deems hybrid cultural products as illegitimate, the celebratory view considers them as legitimate (Johnson, Dowd, and Ridgeway, 2006: 57).

History of Yoga in the U.S. and the Emergence of American Yoga
Yoga is a 2500-year-old discipline that is traditionally associated with quieting of the mind, transcending the physical self, and achieving union with the divine in journey to spiritual enlightenment (De Michelis, 2004; Strauss, 2005). While its origins lie in Sanskrit culture and the religious traditions of Hinduism, Jainism, and Buddhism, the theory and practice of yoga in modern and postmodern times stem broadly from the philosophies, teachings, and practices of Hinduism (De Michelis, 2008).

In the 20th century, a distinct American yoga started to emerge that gradually valued Hatha yoga and embraced “the physical as a route to the transcendent” (Albanese, 2007: 247). While the variety of American yoga brands range from meditative to athletic practices, yoga acquired secular meanings over time to accommodate interest in physical exercises and religious diversity of American practitioners (Cushman, 2000; Miller, 2008; Powers, 2000). The practice came to be governed by a scientific rather than a charismatic authority with increasing demand that posed challenges to the traditional one-on-one guru-student relation coupled with proliferation of scientific studies on yoga’s benefits (Alter, 2005; Brown and Leledaki, 2010). Instead of being holistic, the experience also became commodified and hybridized (Brown and Leledaki, 2010; Liberman, 2008). There are now beginners, intermediate, advanced yoga classes, new styles such as acroyoga, antigravity yoga, and hybrid forms like spinning and yoga, budokon (i.e., combination of yoga and martial arts), yoga and chocolate, yoga and wine, doga (i.e., yoga for dogs) (Higgins, 2010; Merry, 2010). The wide variety of yoga styles that have caught on range from Power Yoga to Jivamukti Yoga and constitute products of American appropriation of yoga that is covertly metaphysical and heavily inscribed within medical and fitness domains (Albanese, 2005, 2007; Powers, 2000). Despite the existence of celebrity yoga teachers, American Yoga is characterized by anti-sectarianism and is entrepreneurial, decentralized and non-hierarchical in nature (Cushman, 2000; Powers, 2000).

In accordance with studies that examine counter and two-way global currents (Askegaard and Eckhardt, 2012; Campbell, 2007; Pieterse, 1994), the emergence of American Yoga evidences that cultural experiences do not just become uniform via globalization. Askegaard and Eckhardt (2012) demonstrate the re-appropriation of Westernized forms of yoga in India. In advancing his “Easternization of the West” thesis, Campbell (2007: 25) discusses how yoga has “now become an accepted part of the cultural landscape of the West” just compared to mid 20th century when it was seen as “an exotic Eastern import.” The purpose of this study is to shed light on this transition and examine market actors’ strategies in legitimization of American Yoga.
Methodology
Research began with an aim to understand the history of yoga in the U.S., focusing on market actors and institutions that introduced and shaped the practice over time. We collected articles with the word “yoga” in the headline and the lead paragraph from the New York Times (n = 868) and the Washington Post (n = 604) published between 1980 and 2012. This archival data helped us form a historical trajectory of the market capturing evolving meanings of yoga, identifying actors that were involved in building of the market, and evaluating how it was deterritorialized and reterritorialized in the U.S. We then conferred to a number of historical sources including books on history of yoga, newspaper and yoga related journal archives, scholarly research on modern yoga, industry reports on the trends and statistics pertaining to the U.S. yoga market, and websites of yoga brands and associations to determine how American Yoga emerged over time. Other sources of data that provided context include six interviews with yoga instructors who were trained in different yoga styles as well as three-year participant observations in variety of yoga classes.

Our immersion into the archival, interview and observational data helped us identify countervailing responses of market actors both within and outside the U.S. that challenged the reterritorialization of yoga. We examined several such efforts including the advocacy group Hindu American Foundation’s (HAF) “Take Back Yoga” (TBY) campaign, protests against mandated yoga classes in U.S. public schools, and Indian Governments proposal for an International Yoga Day. We examined the launch of these initiatives and the consequent news articles and web forum discussions to understand the sources of tensions that might emerge as a result of market actors’ reterritorialization efforts. This data consisted of twenty-six lead articles that generated approximately 1,700 comments and amounted to 567 pages of text.

The data were analyzed following an iterative approach (Spiggle 1994). In the initial open coding process, we noted specific mentions of ‘American Yoga.’ We then analyzed the data to identify the strategies through which local actors produced American Yoga and countervailing responses in the marketplace. During this process, we also examined the literature on globalization, hybridization and legitimization linking our findings to higher level constructs. Through iterations between our data and the literature, we arrived at the framework presented in Figure 1.

Figure 1. Legitimization of Hybrid Cultural Products

![Diagram](image.png)
Findings
Our findings illustrate reterritorialization of yoga in the U.S. as a legitimization process. Suchman (1995: 574) defines legitimacy as “a generalized perception or assumption that the action of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.” For a cultural practice to reterritorialize—that is, to be made one’s own by producing a local form in new society and geography (Yazicioglu, 2010)—the practice has to be made congruent with the values, institutions, and social norms of that new society and geography. The analysis of findings reveals an array of reterritorialization strategies through which market actors seek to legitimize American Yoga. We categorize these strategies based on how they map on to three primary types of legitimacy: moral, cognitive, and pragmatic (Suchman, 1995).

Mobilizing Goals and Structures
Moral legitimacy rests on normative approval (Suchman, 1995). When practices travel to new socio-cultural contexts, local audiences need to be convinced that the practice promotes societal welfare and that it is the “right thing to do.” Such positive normative evaluations can be garnered by producing socially valued outcomes, and carrying morally favorable structural traits (Scott and Meyer, 1991; Suchman, 1995). We identify two strategies by which market actors constructed yoga as a morally legitimate practice in its reterritorialization in the U.S. First, benefits of yoga were appropriated to socially desirable outcomes for American audiences and, second, yoga was embedded in morally favorable institutions such as schools and prisons that broadened legitimate spheres its practice.

Yoga has historically been linked to physical, medical, and spiritual consequences (De Michelis, 2005, 2008). Although the attention given to these goals shifted over time, all three benefits were promoted and are still present in the U.S. yoga market (Ertimir and Coskuner-Balli, 2015). Our data is replete with examples where American yoga brands aligned these outcomes with the societal issues and value system of the American society to morally legitimize practice of yoga.

In the 1970’s, for example, addiction and drug abuse had become increasingly concerning in the U.S. Psychiatrists conducted experiments on detoxification at yoga centers while agencies like the Narcotics Treatment Administration provided endorsement and funding to yogic treatment methods (Claiborne, 1972; Roberts, 1970). These advocacy efforts and studies helped legitimize the therapeutic benefit of yoga, aiding consumers on path to self-transformation. Ana Forrest, an ex-drug addict herself, created Forrest Yoga brand in 1989 targeting destructive behaviors with mission to heal: “In teaching Forrest Yoga, I am doing my part to mend the hoop of the people—to inspire people to clear through the stuff that hardens them and sickens their bodies so they can walk freely and lightly in a healing way, in a Beauty Way.” (www.forrestyoga.com). Culling from her own transformative experience (Forrest, 2011), she emphasizes any type of healing from spiritual to car accident injuries (Maher, 1994). Our interviewee Stan accounts how Forrest’s transformative mission is incorporated into Forrest Yoga classes: “she branded a whole thing to certain injuries and certain ways to how she... moves. Because when she was younger, she had injuries through accidents and stuff like that. So she de-emphasizes work to the neck... There are certain specific things that she cues you into so that it’s specifically her brand of yoga poses and how to move the body and how to place the body.” (Stan, Dharma Yoga Instructor)

In their positioning and practices, brands also appropriated spiritual goals of yoga to fit the American lifestyle. They culled from the yama (ethical precepts), niyama (guidelines for self discipline) tenets of yoga lgityttitinking yoga to New-Age spirituality. As a New York Times article stated “Americans use the yoga mat as a therapist’s couch... People who once turned to therapy now seek inner peace from teachers who simultaneously help them tone their abs” (Powers, 2000). For example, adapting Iyengar yoga to the American audience, John Friend founded Anusara Yoga, one of the fastest growing yoga communities in the 1990’s. By softening Iyengar’s precision with a new “heart-oriented language to celebrate the spirit inside us all” Friend offered a more playful and fun practice (Droste, 2000). He positioned the brand as a niche as being less exotic than some yogis while being more spiritual than the most commercial ones. Highlighting the spiritual effects of yoga over the physical ones Friend tells his instructors to “lead the students to that magical place where everyone’s heart opens naturally and where everyone feels empowered and filled with self love” (Swartz, 2010, MM38).

The second reterritorialization strategy towards attaining moral legitimacy was to embed yoga in already legitimate institutions such as corporations, schools, prisons, and the army. Through associating yoga with the respected entities in the American society, yoga was linked to societal welfare towards strengthening normative evaluations (Dowling and Pfeffer, 1975; Oliver, 1991). As employers and insurance companies recognized yoga as a treatment form, many American corporations started offering alternative health care policies that included acupuncture, nutritional counseling, and yoga. Mainstream companies such as PepsiCo Inc., Texaco and Philip Morris started to offer yoga to help their employees attain work-life balance. As well, yoga became a tool to reduce stress and make employees “happier” and thereby increase productivity in the workplace (Foderaro, 2001).
Askegaard and Eckhardt’s (2012) study of reappropriation of yoga in India also point out to the adoption of yoga by multinational companies to enhance employee performance.

**Integrating with Cultural-Cognitive Schemas**

Cultural-cognitive legitimacy is the degree to which a practice is known and understood by social actors. It is most often measured as the quality of being comprehensible and taken for granted (Humphreys, 2010; Suchman, 1995). We identify two reterritorialization strategies that helped enhance cultural-cognitive legitimacy of yoga in the U.S.: framing and standardizing.

One way to fit a new practice into existing cognitive schemas, and thereby, reterritorialize it is through making the practice comprehensible to local audiences. Language plays an important, yet, complex role in this process. As exemplified in the Turkish Rock context (Yazicioglu, 2010: 243), the creation of hybrid practices through mixing language and form in novel ways is “always around notions of local and global and authentic and commercial.” Similar dynamics underline the framing of yoga for the American audiences by replacing the Sanskrit names of the postures with English names. The translation of the names into English not only allowed the practice comprehensible but also more accessible as well as desirable. For example, Berly Bender Birch, an influential American yoga teacher also more accessible as well as desirable. For example, Berly Bender Birch, an influential American yoga teacher since the 1970’s, appropriated Ashtanga style of yoga by calling it “Power Yoga.” Her aim was to communicate the physically rigorous nature of the practice and help the “western mind to relate to this rather obscure version of yoga called ashtanga” (Berly Bender Birch, quoted in Pizer 2012).

The second reterritorialization strategy aimed at achieving cultural-cognitive legitimacy that emerged from our data is standardizing—“promoting taken-for-grantedness by encouraging isomorphism” (Suchman, 1995: 592). Regarding standardizing Hannah and Freeman (1989: 132) argue that the “simple prevalence of a form tends to give it legitimacy.” In the U.S. yoga became a common practice as it increasingly entered the gyms. It became one of the most popular offerings at fitness centers, experiencing a rapid growth between 1996 and 2002 (Allen, 2002; Lamb, 2006). In 2002 84% of clubs offered yoga classes, up from 38% in 1995 (Oldenburg, 2004). The disassociation from Hinduism and framing yoga as a fitness exercise helped gain such prevalence. As yoga started to enter gyms and community centers the protests from the local Christian communities, for example, were waded off by focusing on the asanas and positioning yoga as a physical exercise (Goldman, 1990, p. 11)

With missions to make yoga accessible to the masses, brands also played a key role in prevalence of the practice amongst American consumers. For example, Beth Shaw, who established YogaFit in 1994, licensed the name for a fitness franchise company to open up Yoga Fit studios, and created one of the early yoga teacher training programs “turning fitness instructors into yoga instructors”: “So we built a market… we brought yoga to the people around the country, to the smallest communities, and taught people how to teach a user-friendly fitness-oriented style of yoga.” (Beth Shaw, Founder of Yoga Fit). Other brands such as CorePower Yoga and Yoga Six entered the market in the 2000s with aggressive growth strategies. The founder of CorePower Yoga, Trevor Tice compares the brand to Starbucks: “Howard Schultz created the coffee culture in America. And we are doing that with yoga…” (Schultz, 2012, p. 1). Currently, CorePower Yoga is the market’s largest studio chain with eighty-six studios in twelve states and is expected to double the number of its studios in the next five years (Newsom, 2013).

**Adapting to the Pragmatics of the Local Market**

To achieve pragmatic legitimacy actors must meet the substantive needs of various audiences (Suchman, 1995). In the U.S. adopting familiar marketing logic of responding to customer tastes and exchange expectations helped attain pragmatic legitimacy. We identify two reterritorialization strategies—segmenting and community building—that paved the way for American Yoga to gain pragmatic legitimacy.

Marketers tackled the challenge of appealing to local preferences via adopting segmentation strategies. In the U.S. yoga was appropriated to targeted to middle age and baby boomer Americans who have heart and high cholesterol problems, pregnant women who seek alternative methods to cope with pain and working professionals in urban areas to manage the stress in their everyday lives and children (Epstein, 1999).

One segment that was commonly targeted, for example, was athletes. Yoga was positioned as a stretching exercise to help improve performances of runners, football players, and golfers. NFL teams such as the Giants reportedly added mandatory yoga sessions in their team trainings to increase the flexibility of the players and thereby prevent injuries (Williams, 2001). Another segment that has increasingly been exposed to yoga are children. Schools across the country have been introducing yoga breaks to help students cope with stress induced by intensive testing and the pressure to succeed. Non-profit organizations and occupational therapists are influential figures in the integration of yoga to school curriculum. Tony Sanchez, a yoga guru and the founder of the non-profit organization United States Yoga Organization, for example, has trained sixty classroom teachers in San Francisco in hatha yoga. Another nonprofit group called Yoga Inside sponsors classes in thirty-one
states, many in schools in poor urban neighborhoods (Brown, 2002). Occupational therapists adopt yoga to work with special-need students. Reflecting on the consequences of introducing yoga to kids with attention deficit disorder, therapists highlight how yoga helps children gain strength and focus (Saslow, 2003).

As yoga studios target multiple segments simultaneously, the amalgamation of poses, scripts, material elements in a selective fashion allowed brands to manage diverse demands from the consumers and secure endorsement from a wide range of actors (Battilana and Dorado, 2010; Pache and Santos, 2013). For example, CorePower Yoga combines fitness and spiritual goals in its classes. The following vignette from our participant observations illustrates how the New-Age spirituality is integrated into a hot yoga classes combined with sculpt and spinning: “The instructor was dressed in striped swim trunks and a tank top with a sunset image on the front. He looked like he was ready to go to the beach. He started the class with a story to guide the day’s practice: “Let me tell you something that happened this weekend. I was driving up to Santa Barbara to see my best friend. In my excitement I must have been pushing the gas pedal a bit too much and all of a sudden there was a police siren behind me. I got a speeding ticket. So I want this to remind us to control ourselves and let go of the gas pedal. As you engage in your practice today dedicate it to self-control.” Throughout the practice he reminded us to focus on control as we held each pose. Right before the squads he started playing a Janet Jackson song, “Control,” to bring inspiration to our practice” (Field notes at CorePower Yoga).

Another strategy to reterritorialize yoga is community building. Building brand communities through creating platforms for members to interact and share their stories with one another is a strategy that can help increase brand loyalty and a legacy in which they can take pride” (Shukla, April 18, 2010, Washington Post Under God Blog). Unlike those Indian consumers who appreciate westerners’ contributions to yoga (e.g., making it customer-friendly) as the practice is re-appropriated in India (Askegaard and Eckhardt, 2012), many proponents of the TBY campaign expressed their discontent with the ongoing commodification efforts in the U.S. market. Viewed from this light, HAF’s campaign showcases identity, ownership and authenticity tensions surrounding American Yoga because the new

Similarly, the Wanderlust festivals, combine yoga classes with outdoor expeditions, music performances, wine tasting and organic dining featuring top chefs. Taking place in a variety of different states and cities across the U.S., the festivals are “all-out, ecstatic celebrations” that aim to create community around shared values and mindful living. The founders express their enthusiasm in seeing “a large community grow around the pillars of mindful living—yoga, the arts, personal spirituality, environmentalism, organics and conscious consumerism” and having Wanderlust serve as a central gathering point for this community (www.wanderlust.com).

Discussion

This paper examines the reterritorialization of yoga in the U.S. as a legitimation process mediated by strategies of market actors. Our findings reveal an array of reterritorialization strategies in the emergence of the hybrid cultural practice of American Yoga and illustrate how they advance pragmatic, cognitive and moral legitimacy for American Yoga. These strategies are also accompanied by identity, ownership, and authenticity centered tensions. Focusing on the last decade in our analysis of our archival and netnographic data, we identified several actors and events that contributed to these tensions and ongoing contestations in the marketplace.

Bringing attention to the original roots of yoga, in 2010, the Hindu American Foundation (HAF)—a non-profit advocacy organization that educates the public about Hinduism and represents the interests of the Hindu American community (www.hafsite.org)- initiated the campaign “Take Back Yoga: Bringing to Light Yoga’s Hindu Roots” (TBY). Motivated by the lack of emphasis on the ultimate spiritual goal of yoga and the conscious efforts to de-link Hinduism and yoga, the advocacy group’s goal was to raise awareness of the Hindu roots of yoga. In one of the HAF’s co-founders’ words, the de-ethnicization of yoga veils the national heritage of the practice and shakes the very foundations of Hindu American identity: “The severance of yoga from Hinduism disenfranchises millions of Hindu Americans from their spiritual heritage and a legacy in which they can take pride” (Shukla, April 18, 2010, Washington Post Under God Blog). Unlike
styles and brands are tainted by the commercial motivations of their creators (Holt, 2002).

As yoga has become a million dollar industry in the U.S., issues of who reaps these economic benefits and ownership also creates tensions in the market. Around 2005, the Indian Government had taken a stance against private ownership of yoga asanas, viewing branding and copyrighting practices in the U.S. as a form of piracy and violation of the spirit of yoga. The country’s Traditional Knowledge Digital Library (TKDL) began to document and digitize yoga postures to serve as a source of authentic yogic knowledge and to prevent copyrighting incursions (Sinha, 2011). After being appointed into the office in 2014, the Indian Prime Minister Narendra Modi also took several actions to (re)claim yoga as India’s cultural property. Modi has embraced a Hindu-nationalist agenda although his part strives to assure the public that their politics are friendly to other religions (Allen, 2014). To re-brand yoga as Indian, Modi initiated the Make in India campaign, which is a national program “designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property, and build best-in-class manufacturing infrastructure” (www.makeinindia.com). The wellness industry, which includes practice of yoga, is one of the sectors of focus for the campaign. Second, the Department of Ayurveda, Yoga, Naturopathy, Unani, Siddha and Homoeopathy (AYUSH) was established as an independent ministry. Modi also proposed an International Yoga Day to the United Nations General Assembly, highlighting the Indian (in comparison to Hindu) tradition of yoga and how it can help deal with issues such as climate change (Suri, 2015). With 192 participating countries on the first International Yoga Day (June 21, 2015), two Guinness World records were broken in Delhi, the epicenter of the global event—the world’s largest yoga session with over thirty-five thousand participants, representing most nationalities in a single lesson (Singh, 2015). Ironically, majority of the yoga mats that were procured for the event were manufactured in China (Ghosh, 2015). What was more interesting was that Modi’s scripting for the big day along with the elimination of some of the poses (sun salutations and Om chanting) from the event promoted yoga as a secular practice. Thus, the efforts promoted yoga as an Indian brand.

Some market actors in the U.S. agree with the Indian Government and the HAF’s stance. Our archival data reveals pushbacks to offering yoga in schools as early as the 1970s (New York Times, November 18, 1976). The opposing groups consist of parents and priests arguing that yoga is a religious practice rooted in Hinduism (Brown, 2002; Sink, 2003). The latest protests against the teaching of yoga in schools came from a group of parents whose children were mandated yoga classes in the Encinitas Union School District in San Diego (Carless, 2012). The parents joined forces with the National Center for Law and Policy and filed a lawsuit against the school district, viewing yoga as antithetical to Christian faith and its practice in schools as a constitutional violation. Yet, refusing to ban the practice of yoga in the school district, the ruling judge argued that while “at its roots yoga is religious,” the modern practice in the U.S. is “a distinctly American cultural phenomenon” (Holpuch, 2013).

Conclusion

Overall, our study reveals three main outcomes in legitimization of American Yoga: cultural hybridization, creation of multiplicity (in the form of American yoga brands), re-appropriation via (national) branding. Three main points are highlighted in the findings and discussion: (1) market logic plays a key role in reterritorialization strategies, (2) countervailing responses to reterritorialization emanate from actors from both within and outside the reterritorialized geography, and (3) tensions that accompany reterritorialization center mainly on moral and cultural-cognitive legitimacy.

In her study of the rock culture in Turkey, Yazicioglu (2010: 250) characterizes rock music as “a self-marketing commodity due to an ideological strength that enables reterritorialization.” We extend her study by illustrating the reterritorialization of yoga in the U.S. through the lens of market/marketer practices (in comparison to consumption practices). In line with previous research that emphasize the role market logic plays in globalization processes (Askegaard and Eckhardt, 2012; Hannerz, 1996), our study crystallizes the embodiment of market logic in market actors’ reterritorialization strategies. Askegaard and Eckhardt (2012), in particular, have demonstrated hybridization of yoga through the marketization processes. They have also emphasized how the legitimacy afforded by the western adoption of yoga practices has played a crucial role in the re-appropriation of yoga in India. We contribute to their study by showing how market actors created the hybrid practice of American Yoga and drew upon reterritorialization strategies to foster its legitimacy. The strategies that emerged via our analysis explain some of the ways in which the middle class informants in Askegaard and Eckhardt’s (2012) study re-appropriated and reappraised value of yoga in the contemporary Indian consumptionscape.

What is interesting, however, is that actors that support both the purist as well as the celebratory ideals draw on market logic to substantiate their ideological positions. Focusing on the market as the prime force in globalization of culture, Hannerz (1996: 74) argues, “if there is one tendency in the market frame to homogenize and reach as widely as possible with the same goods, there is also the alternative of limiting competition by finding a particular niche for a more specialized product.” The influence of market logic in reterritorialization strategies ranging from aligning, which is more about
mass appeal to American consumers, to segmenting that specifically attunes yoga to local groups of consumers, serves the celebratory position on cultural hybridity. Yet, purist actors such as the Indian Government also utilize the market logic in their attempts to re-appropriate yoga via national branding (e.g., International Yoga Day).

Much of the debate around processes of hybridization and hybrid cultural products take either a celebratory position, revering new and innovating cultural expression, or a condemnatory position, mourning the loss of cultural differences and authenticity (Papastergiadis, 2005; Pieterse, 1994, 2001; Tomlinson, 1999). By identifying the tensions that emanate from actors in deterritorialized as well as reterritorialized locations, we contribute to our understanding of legitimization of hybrid cultural practices that moves beyond binary positions on hybridization. Moreover, we depict how reterritorialization strategies aimed towards fostering cultural cognitive and moral legitimacy are challenged the most. While the mere identification of tensions signals problematizations regarding cultural cognitive legitimacy, both actors within and outside the U.S. have questioned whether American Yoga in fact produces socially valued outcomes and carries morally favorable structural traits.

**Selected References (Excludes Newspaper Articles)**


Developing a Methodology to Research the Avatar/User Relationship

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Keywords: virtual worlds, extended self, avatar, subjective personal introspection, netrospection

EXTENDED ABSTRACT

Research Question
Virtual worlds such as Second Life have created a new place to enact the social in which the user creates an avatar to explore, interact and consume. Consumer behavior researchers have largely overlooked avatars and the challenges they present to extant theories. There have been calls for research into the avatar-user relationship (Messinger et al, 2008) and indeed Belk (2013 p 44) suggests that what both our avatars and we do online influences the self and therefore “only studying extended self offline is missing a large part of the influences on our contemporary self concepts and our and others’ activities in creating them.” This leads us to the research question: How can the offline and online self be researched to understand the avatar-user relationship? This paper addresses this contemporary research problem.

Method and Data
Studying the new phenomenon of the avatar/user relationship, necessitated adapting/developing a new research approach. As the focus is on the individual user subjective personal introspection was combined with a five year longitudinal multi-modal case study. We argue there is a valid justification for a single case in these very particular circumstances (after Gould, 1991).

The final data set comprised of items including 32 snapshots, four videos, four in-world interviews, two out of world interviews, two focus groups, twenty five pages of Second Life inventory, journal and conference papers produced by the author with various co-authors during the period, reflective logs of author and students as well secondary material, a total of approximately 3,100 pages

Summary of Findings
Netrospection allows us to follow longitudinally the user and their avatar and reveal new insights into changes of behaviour both in and out of world. Experiments in the virtual world led to real life changes in the user which were not transitory as extant research suggests.

The avatar became an extended self of the user and this process can be followed longitudinally. This appears to link to the authors’ role and social identities over the period, which moved from educator through an experimental phase to researcher. The dataset demonstrates that through for example the videos and snapshots being used in lectures and/or conference presentations the authors’ avatar had come to be associated with her real life persona and role identity. There was also a progression in achieving cultural competence, social identity and integration into the virtual world community which appears to mirror an acculturation process. Similarly there is a learning process to becoming a consumer within Second Life linking to consumer acculturation.

Our research has demonstrated the value of using netrospection as a methodological approach that is distinct from netnography and auto-ethnography.

Key Contributions
The development of a new research method we term ‘Netrospection’ which links Subjective Personal Introspection with a multi-modal five year longitudinal case study. This combines longitudinal analysis of both the online avatar and the offline self; using an extensive data set of online and offline materials with the SPI. Netrospection enables new perspec-
tives upon the avatar-user relationship and may be developed into a Guided Netrospection process opening up new research opportunities with the potential to be applied within other online environments.

The process of an avatar becoming an extended self of the user is documented over the course of this research. Extant research suggests any changes in the user after being in a virtual world are transitory in the real world, our research findings challenge this.

Strong links to acculturation and consumer acculturation theory including the concept of cultural competence mean our work extends contemporary migratory consumption-scapes (Askegaard & Özçaglar-Toulouse (2011) into the cybermarketspace crossing conceptual boundaries.

References are available on request.
“Are You Beach Body Ready?” Intentional Polarization as a Cultural Engagement Strategy for Social Media Managers

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Keywords: social media, cultural strategy, crisis, consumer engagement, netnography

EXTENDED ABSTRACT

Research Question
We problematize the social media mantra that brands should always strive to appease people who complain on social media. We coin the term intentional polarization strategy, which involves purposefully antagonizing critics on social media in order to escalate the crisis and mobilize brand supporters, and explore the role of ideological alignment in how this strategy can be successfully executed.

Method and Data
We present a netnographic analysis (Kozinets 2010; Weijs, Hietanen and Mattila 2014) of Protein World’s “Are you beach body ready” campaign and ensuing Twitter controversy. Most of our data is collected by searching for tweets (from April 11 to April 30) that contained “proteinworld.” A subset of tweets was included in a qualitative analysis that explored exchanges between Protein World, its representatives, its supporters, and its critics. During this analysis, certain keywords (e.g., #fitshaming and #growupharriet) emerged as particularly important. In addition, we viewed and read images, articles and Facebook posts that were attached to these tweets.

Key Contributions
Our analysis shows how an intentional polarization strategy can produce beneficial results in a Twitter controversy. In order to succeed, social media managers need to align their counter attacks with an ideology that is embraced by its target audience, they have to facilitate distributed cultural jujitsu tactics, and must carefully monitor how these tactics unfold in order to distance themselves from discussions that are not aligned with the chosen ideology. Thus, our discussion of the intentional polarization strategy integrates social media and cultural strategy theories, offering cultural engagement as a new tool box for social media managers. From a theoretical perspective, our research also advances theories of cultural strategy by highlighting the distributed and dynamic nature of cultural jujitsu in the age of social media.

Summary of Findings
[Trigger Warning] Theme 1 (ideological alignment) describes how Protein World’s antagonizing responses polarize the audience into those who vilify Protein World and those who congratulate its firm stance. Protein World is able to find support because the original advertisement and ensuing social media comments are in alignment with the fitness culture ideology. This ideology frames fitness as a result of a willingness to work on oneself and to preserve in the face of challenges (Sassatelli 2010). The dichotomization between strong/fit vs weak/non-fit in the fitness ideology offers a template for Protein World supporters (e.g., “what do fucking feelings have to do with health? Grow up toddlers” ~ @AgentPatriarch7, April 25; “Your ad is fine. Anyone with a problem needs to put their time into buying a fainting couch.” ~ @Elvick, April 24; “you guys are awesome, don’t back down to the haters #GrowUpHarriet #ShutUpLouise” ~ @matksimpson, May 29). Critics are framed here as the weak (“toddlers,” “fainting couch”) and unreasonable (“haters”), so that their opinions can be discounted.

Theme 2 (distributed cultural jujitsu) describes how Protein World was able to mobilize supporters through re-framing the discussion and identifying central adversaries. In
response to an online petition to remove the advertisements, Protein World was able to frame its critics as prime examples of an over-sensitive culture of political correctness. In particular, Protein World replied to Juliette Burton’s tweet (“I spend my life believing I’m not good enough: I signed #perfectlyimperfect @ProteinWorld #eachbodysready [petition link]”) with: “why make your insecurities our problem ;-)” and “and it’s ok to be fat and out of shape instead of healthy? We are a nation of sympathizers for fatties #doesnthelpanyone” (all April 23).

Protein World solidified this counter-critique of political-correctness-gone-mad by suggesting that people who use the #bodyshaming hashtag are hypocrites. It drew, for example, parallels to how male bodies are represented in popular culture (see figure 2) and engaged in cultural jujitsu by offering the hashtag #fitshaming as an alternative interpretation of what the furor is all about (“[link to 2013 Daily Mail article] Sadly, we’ve all been here before. #fitshaming” ~ @ProteinWorld, April 25). Given the participatory ethos of social media, it was important that Protein World not only provoked these ideological flashpoints, but also popularized hashtags (e.g., #growupharriet and #fitshaming) so that its own cultural jujitsu tactics can be distributed across all supporters (see figure 3 and 4).

The first two themes have demonstrated how Holt and Cameron’s (2009) concepts of ideological alignment, flashpoints, and cultural jujitsu can explain when and why a intentional polarization strategy is successful. In our final theme (beware of the trolls), we discuss how Protein World concentrated the controversy on precisely those ideological tensions it hoped to capitalize upon.

Protein World channeled discussions by blocking certain users who advanced narratives that were irrelevant for the ideological battlefield it had chosen. For example, @Jack_Ashman was blocked on April 16 after he had claimed repeatedly that Protein World’s products lack quality and that deliveries are unreliable. From Protein World’s perspective, these users were “trolls” whose actions could distract from the ideological flashpoints the brand wanted to provoke.

At the same time, Protein World had to carefully monitor the ensuing controversy to not become a “troll” itself. After first embracing and heavily promoting #growupharriet, Protein World abandoned this hashtag on April 28. At this time, #growupharriet had been associated with rape threats several times (e.g., “Fuck ‘em in the ear? RAPE THREAT! TRIGGERED! #GrowUpHarriet” ~ @econjobrumors, April 24; “This week I’ve been threatened with death & rape, told to ‘get cancer,’ & abused by strangers. For pointing out an ad was wrong.” ~ @HarrietEJohnson, April 30). With the added rape threat sentiment, this hashtag had lost its ideological purity and exposed Protein World to the risk of losing ideological alignment (theme 1) and, thus, the support of its fan base.

References are available on request.
Understanding and Managing Online Trolling: A Practice Theoretical Perspective

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Keywords: trolling, practice theory, online community conflict

EXTENDED ABSTRACT

Research Question
How should managers understand and engage with instances of online trolling within their online consumer communities? Should trolling be avoided, ignored, or controlled? What ethical considerations do managers need to be aware of when deciding whether and how to intervene?

Method and Data
A practice-based theoretical analysis of a multi-site exploratory study involving seven in-depth interviews with online community members who have observed trolling within their respective communities, and another three in-depth interviews with individuals who have engaged in trolling practices themselves.

Summary of Findings
We found that while trolling and other forms of online anti-social behaviors (e.g., flaming, hacking, etc.) may all involve a degree of transgression from community norms, trolling is distinct from the others in that the underlying intent of the transgressive act is to generate attention and amusement rather than harm. Second, our analysis reveals that trolling can be understood more holistically as an assemblage of three inter-related practices: learning, assimilating, and transgressing. Although each element is vital to trolling behavior as a whole, no single element may be considered trolling on its own. Finally, although trolling is fundamentally based on dishonesty through deception, in addition to the transgression of community norms, we found instances when trolling practices can be read as a social mechanism for community interaction and engagement.

Key Contributions
This study offers a novel practice-based conceptualisation of trolling that deepens our understanding of the social dynamics and online community conflicts and, thereby, informs the ethical governance approaches to online communities.

References are available on request.

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The proposed study provides a perspective of cultural dynamics in consumer communities in social media by specifically examining the meanings behind their everyday practices and patterns in their relationships through social media networks. In addition, an in-depth analysis of structural patterns in consumption relationships that take place in social media gives a unique setting and a good starting point to help us explicate the strength of consumer ties.

Recent research suggests we should take a closer look at social media that facilitate and enhance networks of individuals (van Dick 2012, Christakis and Fowler 2009). In order to explain the complex cultural interplay in social media networks that affect relationships of individuals and ties that bind them, a cultural approach together with a social networks approach is employed to reach a thorough understanding of how consumer ties evolve in social media networks.

In the marketing literature, social network issues have certainly been analyzed (e.g., Brown and Reingen 1987, Iyengar et al. 2011), but only limited attention has been paid to social networks in the context of social media (Kozinets et al. 2010, Moe and Shweidel 2014,) and tie strength (Risselada et al. 2013).

Research Questions
The research questions this study intends to answer are:

1. What is the role of social network theory in understanding social media? How is it relevant to social media behavior?
2. What are the cultural underpinnings of consumer ties? How is value created through user/consumer-generated content in social media consumer communities? How are social capital and trust constructed in social media consumer communities?
3. What are the structural properties of actors (e.g., centrality, homophily) in social media communities (e.g., Facebook)?
4. How do consumers engage with each other and themselves in consumer communities?

Method and Data
In the pilot study, interpretive methodology and ethnography are employed. The aim of ethnography is to get an emic and epic description and understanding incorporating both divergent and convergent elements in a thick, multilayered representation of practice and behavior. Data analysis employs the grounded theory method (Corbin and Strauss 2014). Emerging themes and categories arising from the data are the main method of investigation.

In study 2, social network analysis is used. In this study, we explore ties between actors and gender similarity in online consumer communities. The actors are members of the Facebook group. The relationship between the actors is defined with “liking.” Here, a “post” is a post in the timeline: status update (only text), photo with or without text, video, and share. The data include one attribute, gender.

Data are gathered from publicly available Facebook data of a fitness motivation group community Fitbit pals in three time periods during the year 2014. NodeXL software was used for analysis. We analyze user generated content data for
study 1 and social network data for study 2. NVivo 10.0 software has been used to identify the emerging themes in the open and axial coding processes. In addition, R software was used for the social network analysis.

**Summary of Findings**

In pilot study 1, initial themes emerging after unrestricted open coding are fitness motivation, Fitbit interface, running, Fitbit problems, socialization, goal setting, rewards, self-monitoring, sharing, public commitment, cooperation and pairing-up. Next level of analysis (axial coding) leads to category/construct specifying the conditions that give rise to it, the context and the action/interaction strategies by which it is carried out, and the outcome of these strategies. The themes emerging at axial coding are: motivating empowerment, body, beauty and fitness, friendly rivalry; train, trust, share and self-expression. In selective coding (final level), involving a higher level of abstraction and relationships across constructs, results reveal trust and social capital, which are in line with the theory. In pilot study 2, the results show a negative correlation between gender similarity and co-liking ties in time 1. In time 2 and 3, no gender similarity effect is found. At the earlier stages of the group, gender is a more salient effect however. There might be other influences such as activity levels or common interest sub groups, as the social network gets more mature. Second, the actors who create the effect might have left the group at Time 2 and Time 3; thus, the effect disappears.

**Key Contributions**

The pilot study provided crucial insights about consumer ties in social media with a cultural and social networks approach. Our future research will use these insights as a starting point and future research will expand and enhance the pilot studies. This research contributes to the existing consumer literature in two essential ways: first, analyzing user generated content in fitness motivation communities on Facebook, this study advances the theory on consumer engagement by exploring social capital and trust in social media consumer communities. We propose that trust and social capital are important components of consumer engagement in both consumer generated and company generated Facebook fitness motivation communities, which is in contrast with the earlier findings (e.g., Sung et al. 2010). Second, by focusing on centrality, homophily and triadic structures as drivers of consumer engagement, this research provides essential insights into the consumer community literature.

*References are available on request.*
Part E
Customer Relationship Management and Sales

Track Chairs
Michael Ahearne, University of Houston
Jeff Boichuk, University of Virginia

Sales Management
Transformational Leadership and Salesperson Job Performance: Mediating Effects of Accomplishment Striving and Perceived Self-Efficacy
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Salesperson Influence and Effectiveness
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Transformational Leadership and Salesperson Job Performance: Mediating Effects of Accomplishment Striving and Perceived Self-Efficacy

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Keywords: transformational leadership, accomplishment striving, perceived self-efficacy, mediating effect, sales performance

EXTENDED ABSTRACT

Research Questions
Numerous studies in sales management have demonstrated the influence sales managers can have on their salespeople in terms of different types of job-related outcomes (e.g., sales performance), including the influences of transformational leadership (TL). For example, researchers have examined the mediating effects of several variables in the relationship between TL and salespeople job performance, such as managers’ role modeling, salespeople’s job satisfaction and trust toward their supervisors (Rich 1997). However, little is known about how accomplishment striving and perceived self-efficacy, two cognitive-motivational processes, mediate the relationship between TL and sales performance. Hence, the primary objective of the present research is to examine the potential mediating effects of accomplishment striving and perceived self-efficacy in the relationship between TL behaviors and salespeople’s job performance.

Method and Data
Hypotheses were tested through an online survey. Participants included 320 salespeople working in various industries in the United States (49.1% women; average age: 34 years old; average sales experience: 12.3 years). Screening questions were added in the questionnaire to make sure the participants met such conditions that during the past three years, they have been working in the same company as a salesperson, but not in a sales management position, and that they have been working in an individual selling, rather than team selling, environment. Participants answered questions regarding sales performance (McAllister, 1995), accomplishment striving (Barrick, Stewart, and Piotrowski, 2002), perceived self-efficacy (Chen, Gully, and Eden, 2001), the four components of TL (i.e., idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration (Bass and Avolio, 1995), as well as demographic variables and job-related questions (e.g., age, gender, and working industry). All the above scales achieved satisfactory Cronbach’s alpha values, ranging from .906 to .959. We realized that our methodology had limitations (e.g., common method bias).

Summary of Findings
A series of multiple regressions were run to test our hypotheses. The results indicated that among the four independent variables, both idealized influence and inspirational motivation had main positive significant or marginally significant effects on accomplishment striving (idealized influence: β = .278, t = 3.321, p = .001; inspirational motivation: β = .156, t = 2.309, p = .022) and perceived self-efficacy (idealized influence: β = .150, t = 1.738, p = .083; inspirational motivation: β = .202, t = 2.886, p = .004), but intellectual stimulation and individualized consideration did not have effects (p > .489). The results also showed that accomplishment striving had a marginally significant main positive effect on
sales performance ($\beta = .159$, $t = 1.883$, $p = .061$), and perceived self-efficacy had a significant main effect ($\beta = .338$, $t = 3.938$, $p < .001$). Finally, mediation analyses using the bootstrapping technique (Preacher and Hayes, 2008) showed that perceived self-efficacy mediated the relationships between each dimension of TL and sales performance, whereas accomplishment striving only mediated the relationship between individualized consideration and sales performance. When TL was examined as an overall construct, perceived self-efficacy had mediating effect but accomplishment striving did not.

**Key Contributions**

This research contributes uniquely to the academic literature especially pertaining to sales management. Firstly, by synthesizing the relevant literature spanning across disciplines such as social psychology, organizational behavior, and marketing, we provide empirical evidence to more thoroughly understand how TL positively impacts salespersons’ job performance via perceived self-efficacy, consistent with the social learning sequence of “stimulus, organism, behavior, and consequences” (S-O-B-C) (cf. Thomas and Velthouse 1990). Secondly, our analysis is the first to verify the mediating effects of perceived self-efficacy in the relationship between TL and sales performance at both the dimensional and the whole construct levels. Thirdly, our results suggest that the mechanism that links TL and sales performance is complex, and multiple variables have mediating effects in the link. Finally, our research suggests that sales managers need to be reminded to increase their TL behaviors, while organizations need to create a culture for encouraging TL behaviors and providing appropriate training for sales managers and salespeople. Encouraging the use of TL behaviors should lead to higher perceived self-efficacy among members of the sales force, and better sales performance.

_References are available on request._
Configuring Sales Encounters with Customers

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Keywords: personal selling, sales encounter, joint sales calls, customer orientation

EXTENDED ABSTRACT

Research Question
Sales managers often spend a large portion of their time in the field with salespeople meeting directly with current and prospective customers. Interestingly, little research to date has examined how customers perceive this practice. In the present research we begin to answer the question: How do customers’ perceptions of their salesperson during a sales encounter change when they are accompanied by a sales manager. While managers often insert themselves in different stages of the selling process (needs identification, presentation and demonstration, closing the sale), we begin by focusing on sales manager presence during the beginning stages of the sales encounter (needs identification). We also examine two situational variables (new/existing customer relationship and low/high manager involvement in the sales encounter) that change how sales manager presence impacts customer perceptions of the salesperson.

Method and Data
In order to begin testing the impact of sales manager presence on customer perceptions we drew samples from both a student population and Amazon’s MTurk. To answer our research questions we used a scenario-based experiment across three studies. In each study participants read a scenario detailing an encounter that was to have occurred between themselves and a salesperson (or salesperson and manager). The scenario described their current position (i.e. buyer), their objectives of the sales encounter, and a sample dialogue during the encounter itself. In study 1 we tested two conditions (sales manager present vs. sales manager not present in the sales encounter) to determine the impact on customer’s perception of salesperson customer orientation and purchase intentions. In study2 we employed a 2 (sales manager present vs. sales manager not present) x 2 (existing customer relationship with salesperson vs. no existing customer relationship with salesperson) utilizing participants from MTurk. Finally, for study 3 we also employed a 2 (customer relationship with salesperson: existing customer relationship vs. no existing customer relationship) x 2 (manager not involved vs. manager 50% involved in the sales encounter) also utilizing MTurk. In each study we examined the differences between manager presence and absence on the customer’s perception of salesperson customer orientation. We then tested for the effect of manager presence on purchase intentions as mediated by customer orientation.

Summary of Findings
Across three studies we find support that sales manager presence during the information gathering stage appears to negatively impact customer perceptions of their salesperson’s customer orientation. These negative perceptions in turn result in lower customer purchase intentions. We then examined the effect of manager presence on customer perceptions of their salesperson when there was an existing relationship and when the sales manager was more involved in the sales encounter. Results show that sales manager presence may have a stronger negative impact on customer perceptions as their involvement in the sales encounter increases. We also show that the positive relationship between customer relationship and customer orientation is weakened by sales manager presence.

Key Contributions
The results of our preliminary studies provide interesting implications for both existing sales literature as well as sales practitioners. First, we provide a deeper understanding of the antecedents that determine sales person customer orientation.
as perceived by the customer. Across three studies it appears that the mere presence of others can affect how salesperson behavior is perceived. Second, we provide interesting implications for sales managers. While sales manager presence in the field is a common practice, we propose sales managers should consider how their presence is likely to affect customers’ perceptions of their salespeople. Our research provides evidence that when the salesperson is in the initial stages of the sales encounter, sales manager presence is likely to hinder this process. Therefore, sales managers should be strategic in when they choose to accompany salespeople during sales encounters. In particular, sales managers should not accompany salespeople to sales encounters with existing customers. However, when sales managers do accompany salespeople during sales encounters, they should avoid heavy involvement in order to increase the customer’s perception of salesperson customer orientation, and ultimately, performance.

References are available on request.
Which Sales Force Steering Instruments for Whom? Motivating Different Types of Sales Reps for Innovation Selling

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Keywords: business-to-business marketing, incentives; innovation, sales force steering, self-determination theory

EXTENDED ABSTRACT

Research Question
Our manuscript deals with the highly essential and increasingly recognized topic of how to motivate different types of sales reps for innovation selling. Thereby, our paper is the first to particularly answer the following research questions:

1. Which types of sales reps are best suited to master the challenge of innovation selling?
2. Which specific steering instruments (e.g., incentives, capability-building measures) are best suited to motivate these different types of sales reps to further focus on innovation selling?

Method and Data
We conducted a two-stage survey with 406 sales reps of an international B2B supplier. More precisely, to reduce potential common method variance, we investigated all exogenous and moderating variables in survey wave one and all endogenous variables in survey wave two. We test our hypotheses using structural equation modeling.

Summary of Findings
Results show that autonomous and controlled motivation to sell innovations are positively related to innovation selling behavior, with autonomous motivation being the considerably stronger driver. Regarding sales reps’ traits, results reveal that a predisposition for performance affects both autonomous and controlled motivation. In contrast, a predisposition for learning drives only autonomous motivation, while a predisposition to avoid failure drives only controlled motivation.

In addition, results reveal that sales force steering instruments should be closely aligned to sales reps’ traits. For instance, a strong competitor orientation of sales reps’ variable compensation positively moderates the relationship between performance predisposition and controlled motivation. This finding indicates that setting such firm-external benchmarks yields beneficial consequences. However, a competitor orientation of personal appreciation negatively moderates the positive relationship between failure avoidance predisposition and controlled motivation, indicating that managers should refrain from confronting failure-avoidant sales reps with these external benchmarks.

Key Contributions
Our paper contributes to the discipline in two major ways.

Prior research has focused on individual aspects of sales rep personality as antecedents to their innovation selling performance. Thus, this study is the first to provide a more nuanced analysis of which sales rep types, differentiated by their learning, performance, and failure avoidance predispositions, are especially suited to selling innovations.

While previous research on innovation commercialization has focused on examining general control strategies (i.e., behavior- versus outcome-control), this study is the first to demonstrate how to motivate sales reps for innovation selling with specific steering instruments.

References are available on request.
The Relationship Between Goal Orientation of Salespeople and Their Knowledge Sharing Behaviors: The Moderating Role of Norms

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Keywords: knowledge sharing, norms, goal orientations

EXTENDED ABSTRACT

Research Question
The knowledge management literature suggests three broad factors that can lead to KSBs: organizational, social/relational, and individual (e.g., Le Bon and Merunka 2006). Notwithstanding, very little is understood regarding what sales organizations can do to foster KSBs, especially with regards to factors that reside at multiple levels. The motivation behind our study rests on two observations that have limited theoretical and practical advancement in sales research. First, prior studies in sales have investigated knowledge sharing (e.g., Davies et al. 2010; Flaherty and Pappas 2009) and goal orientations (e.g., Kohli, Shervani, and Challagalla 1998; Sujan, Weitz, and Kumar 1994) in parallel fashion without efforts to integrate the two. We deem this to be an important gap in the literature that has restricted our understanding of how salespeople with different goal orientations can promote KSBs. The goal orientation–KSB relationship merits attention because knowledge sharing is about the willingness to disseminate what one has learned and goal orientation has been shown to be strongly related to individual learning (Payne, Youngcourt, and Beaubien 2007). Second, we explore the role of knowledge sharing norms on the goal orientation-KSB relationship. Investigating the goal orientation–KSB relationship under the contingency lens of norms addresses the long held argument that the motivation to learn and hence share knowledge is different for individuals with different goal orientations.

Method and Data
We selected salespeople employed at industrial firms in South Korea to test our model and its hypotheses. After two waves of mailings, we received surveys from 209 salespeople from a total of 28 firms. The salesperson responses across firms varied between 3 and 16. Overall, the response rate was 31%.

The nested nature of our data coupled with the multilevel model requires a statistically appropriate treatment in testing the hypotheses. In this case, Hierarchical Linear Modeling (HLM 6; Raudenbusch et al. 2004) is an ideal technique since it takes into account the nonindependence of data by estimating the within- and between-organization variance separately.

Summary of Findings
Learning orientation was related positively and significantly to KSBs whereas performance-approach and performance-avoidance orientation were not related significantly to KSBs. The interaction between performance-approach orientation and norms was related positively and significantly to KSBs. At low levels of norms, the relationship between

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performance-approach and KSBs is negative and significant, whereas the relationship is positive and significant at high levels of norms. The interaction of performance-avoidance and norms was related negatively and significantly to KSBs. The relationship between performance-avoidance and KSBs is not significant at low levels of norms, whereas the relationship is negative and significant at high levels of norms. Finally, the interaction of learning orientation and norms was related negatively and significantly to KSBs. At low levels of norms, the learning orientation-KSBs relationship is positive and statistically significant but the relationship is not significant at the level of norms is high.

Key Contributions
Our study contributes to the sales literature by examining the relationship between salespeople’s goal orientation and their KSBs, and how knowledge sharing norms moderate the goal orientation–KSB relationship. The findings from the interaction between goal orientation and knowledge sharing norms illuminate theoretical and managerial implications because knowledge sharing is not exercised in a vacuum but within a social context. Salespeople with different goal orientations will respond differently to knowledge sharing norms because some salespeople are more intrinsically motivated (e.g., learning-oriented salespeople) while others are more extrinsically motivated (e.g., performance-approach and performance-avoidance oriented salespeople) to share knowledge (Kozlowski and Bell 2006). We test our model using salespeople in a business-to-business context. The sales context is an ideal environment to test our model because there is an increasing consensus that salespeople engage in KSBs because they are frontline employees who are most proximal to customers (Flaherty and Pappas 2009).

References are available on request.
Fudge and Fake: When Is Salesperson Opportunistic Behavior Functional and Why Salespeople Do It

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Keywords: salespeople, opportunistic behaviors, relational behaviors, impression management, faking

EXTENDED ABSTRACT

Research Question
Salespeople are known, notoriously so, for engaging in opportunistic acts to manage impressions with coworkers and supervisors. Past studies have examined such opportunistic acts as fudging—“adjusting” sales numbers/orders to make them align with targets, and faking—“appearing” to follow sales directions when in fact one is not. Recently researchers have drawn from power-approach theory to identify when and why faking (and fudging) might activate a behavioral approach system or BAS that builds individual motivation for striving for, and achieving higher level of outcomes. We contextualize this theory for personal selling context to examine when opportunistic behaviors are functional for salespeople.

Method and Data
Our sample consisted of 344 salespeople working for companies in multiple industries. We tested our hypotheses using structural equations modeling.

Summary of Findings
While our study found support for several hypothesized relationships, a key finding was that opportunistic behaviors of salespeople can play a functional role by enhancing the positive effects of relational behaviors on sales performance.

Key Contributions
Whereas past research has shown intuitive (negative) effects of salesperson opportunistic behaviors on sales performance, our study theorizes and demonstrates counter-intuitive (positive) effects of opportunistic behaviors.

References are available on request.

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“The Customer Is King” of the Price Negotiation: When Customer Orientation Harms Price Enforcement in Personal Selling

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Keywords: salespeople, customer orientation, price negotiations, personal selling, discounts

EXTENDED ABSTRACT

Research Question
Marketing researchers have been intrigued by the consequences of customer orientation for several years. Originally believed to be a key to salespeople’s success by fostering customer retention and spending (e.g., Arndt and Karande 2012), customer-oriented selling in fact does not increase financial performance (e.g., Franke and Park 2006). In seeking explanations for this notable finding, researchers have discussed whether positive outcomes of customer orientation might be offset by a decline of negotiated selling prices (Dixon and Adamson 2011).

However, to the best of our knowledge, the role of customer orientation in price negotiations has not been previously examined empirically. This neglect is important, as price is a major determinant of financial performance and is frequently determined by negotiations between salespeople and customers (e.g., Consumer Reports 2013; Marn and Rosiello 1992).

This constitutes the paper’s point of departure. Our goal is to answer the question of how customer orientation affects price negotiations in personal selling. Specifically, our key research question is whether customer-oriented salespeople grant higher or lower discounts to customers in price negotiations and which psychological mechanisms underlie this effect.

Method and Data
We conducted four studies: In Study 1, we used cross-industry data of 209 salesperson–customer interactions nested in 82 salespeople to examine the overall effect of salesperson’s customer orientation on discount granted. We collected the data in several B2C industries, such as jewelry, furniture, electronics, and fashion. Subsequently, we conducted a multilevel regression analysis. In Study 2, we used data of 413 customers and 144 salespeople in an automobile retailing context to examine two mediators of the customer orientation–negotiated discount linkage. We analyzed the data using a multilevel structural equation model.

Furthermore, we carried out a scenario-based experiment with 104 participants to examine two fundamental mediators of the effect of a salesperson’s customer orientation on a customer’s discount claim (Study 3) and a scenario-based experiment with 122 participants to analyze contingencies of these two mediation paths (Study 4). In both studies, we analyzed the data using structural equation models.

Summary of Findings
We demonstrated that salespeople’s customer orientation leads to greater price discounts and ascribed this to customer-oriented salespeople defending prices to a lesser extent. Regarding the role of customers, we found conflict-
ing effects: While customer orientation increases customers’ discount claims because customers see it as offering the potential for bargaining, it also lowers discount claims as customers strive to reciprocate customer-oriented services. On average, these mediating paths cancel out each other and thus the total effect of salesperson’s customer orientation on customer’s discount claim is non-significant.

Finally, we analyzed contingencies of the identified mediation paths of a salesperson’s customer orientation on a customer’s discount claim: While the negative effect of a customer’s gratitude on a customer’s discount claim does not differ for a market- as compared to a social-norm mind-set of the customer, the positive effect of a customer’s perceived bargaining potential on a customer’s discount claim is weakened if the customer thinks and acts in a market-norm mind-set. Consequently, in a customer’s market-norm mind-set the gratitude path may outweigh the bargaining-potential path and a salesperson’s customer orientation reduces customers’ discount claims, which decreases the discounts being granted.

**Key Contributions**

Our study contributes to academic research and managerial practice in several ways. As to academic research, our work fills an important void by being the first to examine the consequences of customer orientation in price negotiations. In particular, our findings suggest that a salesperson’s customer orientation increases discounts granted to customers in negotiations providing a potential explanation as to why customer orientation does not consistently increase financial results (e.g., Franke and Park 2006). Based on aspiration level and dual concern theory (Siegel and Fouraker 1960; Pruitt and Rubin 1986), we explain this effect through a salesperson’s price defense behavior and a customer’s discount claim. Furthermore, by examining two conflicting mediating paths underlying the effect of a salesperson’s customer orientation on a customer’s discount claim, we advance the understanding of the psychological mechanisms relevant in negotiations between customer-oriented salespeople and customers.

For managers and salespeople of negotiation-intensive retail businesses, our study provides helpful guidance on how to improve price enforcement. In particular, salespeople are well-advised (1) to restrict customer orientation on the customer consultation process and (2) to convey that the salesperson–customer interaction constitutes an exchange subject to market norms. Additionally, managers can support salespeople through discount limitations, for instance.

*References are available on request.*
Warm Glow Versus Cold Facts: Effective Salesperson Communication in Luxury Selling

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Keywords: luxury, selling, customer–salesperson interaction, communication

EXTENDED ABSTRACT

Research Question
As the sales force is the primary marketing channel for luxuries, salespeople’s behavior is critical to the success of luxury firms. Interestingly, the practitioner literature predominantly recommends that salespeople appeal to customers’ emotions when selling luxury goods and refrain from rational, factual communication. However, practitioners appear hesitant to accept this recommendation: In a preliminary study, 40% of 245 sales managers concurred that salespeople should appeal to customers’ emotions in luxury sales interactions whereas 45% of the managers responded that salespeople should promote functional product information. 15% were undecided. Thus, our primary research question is how salespeople should promote luxury goods to enhance customers’ product evaluations: emotionally or informatively? Thereof, three subordinate research questions result: (1) Do luxury products induce a greater need to justify a purchase than non-luxury products? (2) Does informative salesperson communication satisfy customers’ need to justify a purchase? (3) Can customers’ need to justify be addressed by means other than informative selling communication, that is, by informative advertising?

Method and Data
To empirically verify these questions we conducted 4 studies. First, we assessed whether the effect of informative and emotional salesperson communication on customers’ product value perceptions hinges on the degree of luxury. To test these interactive effects, we collected dyadic data from 145 customer–salesperson interactions in several business-to-consumer industries and conducted a regression analysis. For the following three experiments, we used univariate ANOVAs to compare the experimental groups: In the second study, a scenario experiment with 57 participants, we showed that luxury goods indeed evoke a customer’s need to justify. The following simulated sales experiment with 194 students verified that customers’ need to justify the purchase moderates the relationship between salesperson communication and perceived product value. Finally, we included type of advertisement (informative vs. emotional) as a further potential moderator of the salesperson communication–perceived product value linkage. In a scenario experiment with 310 customers, we examined whether an informative advertisement may address customers’ need to justify and hence affect the link between salesperson communication and customers’ perceived product value.

Summary of Findings
The results of our studies confirm our general prediction that in the luxury context, informative salesperson communication is more effective than emotional communication in increasing customers’ product value perceptions. More specifically, we found empirical support for our argument that when shopping for luxuries, customers develop a need to rationalize their purchase decisions to themselves and others. This need to justify may be addressed through salespeople’s informative communication. Furthermore, the positive effect of informative salesperson communication on

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luxury customers’ product value perceptions is particularly pronounced for emotional advertising, whereas it is less pronounced for informative advertising. Thus, customers’ need to justify luxury purchase decisions might be satisfied not only by informative salesperson communication, but by informative advertisements prior to the sales encounter.

**Key Contributions**

By conceptualizing and verifying the psychological mechanism underlying luxury purchase decisions, we add insight to the marketing and sales literature as well as practice in several ways: First, our findings contribute to marketing research as we elucidate the role of salesperson communication in a luxury sales context while prior research neglected to empirically investigate this topic. Second, our results contribute to research on customer behavior in luxury contexts by identifying customers’ need to justify luxury purchase decisions. Third, we contribute to sales practice as salespeople in a luxury context should argue informatively rather than emotionally, as informative arguments satisfy luxury customers’ need to justify the purchase, thereby improving their product value perceptions. Further, our results provide guidance for the strategic alignment of advertising and personal selling as informative advertising may be used to satisfy luxury customers’ need to justify and be followed by emotional communication during the sales encounter. Thus, our study contributes to a more comprehensive understanding of customers’ luxury purchase decisions.

*References are available on request.*
Does a Firm’s Pursuit of an Ambidextrous Product Selling Strategy Have Value for Individual Salespeople’s Target Obtainment?

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Keywords: ambidexterity, new and existing product sales, proactive selling, organizational identification

EXTENDED ABSTRACT

Research Question
Salespeople play a decisive role in the successful implementation of a firm’s ambidextrous product selling strategy, which entails focusing on sales from existing products (i.e., exploitative selling) as well as the next generation of products in the market (i.e., explorative selling). However, despite salespeople having access to mainstream customers, managerial support and a mature supply chain, anecdotal evidence points to sales forces’ frequent failure to effectively combine existing and new product selling activities (Leslie and Holloway, 2006; Moore, 2007). Therefore, we posit the following research question: How can proactive salespeople be effective under an ambidextrous product-selling strategy?

Method and Data
To test our conceptual model, we selected a large European information and communication technology (ICT) company that has two main strategic objectives consistent with those of competitors in the industry: (1) sell existing products to obtain short-term goals, such as quarterly quotas and preservation of its market leadership, and (2) develop and sell new products to address long-term developments, such as changes in technological platforms, customer needs and competitor moves.

We collected data from two sources. First, we used a survey to gather salesperson data; 154 of 244 employees (response rate = 63%) from 31 units completed the online questionnaire. Second, six months after the survey, we collected each salesperson’s sales performance for new and existing products from company records. We selected this six-month time interval on the basis of managerial input.

To test our hypotheses, we estimated multilevel multivariate regression models using MLwiN software (Rasbash et al., 2000).

Summary of Findings
The results of our study reveal that perceived manager product-selling ambidexterity (as a situational mechanism) and salesperson organizational identification (as a structural mechanism) both positively impact proactive selling of new and existing products. Interestingly, both motivational mechanisms also act as each other’s substitute. Finally, the results show that salespeople generally have two options to obtain overall sales targets: (1) focus on existing product selling or (2) act ambidextrously.

Key Contributions
This study expands the literature in three ways. First, we extend previous work by conceptualizing and developing measurement scales and providing initial empirical evidence of the validity of two types of proactive behaviour at the individual salesperson level—namely, salesperson proactive selling of new and existing products. While recent research (Van der Borgh and Schepers 2014) emphasized the impor-
tance to consider product selling ambidexterity, little is
known about individual salesperson’s behaviour when oper-
ating under an ambidextrous product selling strategy. This
omission is surprising; several studies have convincingly
shown that salesperson behaviour is an important determi-
nant of performance (e.g., Franke and Park, 2006). One of
the most powerful predictors of salesperson performance
outcomes is salesperson proactive behaviour (Challagalla,
Venkatesh and Kohli, 2009; Crant and Bateman, 2000),
which refers to taking initiative in selling products, antic-
pating opportunities rather than threats and persisting in the
sale of products until customers have adopted them (e.g.,
Pitt, Ewing and Berthon, 2002). As such, proactive selling
captures both active learning (e.g., identifying opportunities,
solving problems) and effort (e.g., initiative, persistence),
which are important aspects in ambidexterity literature (e.g.,
Gupta, Smith and Shalley, 2006; March, 1991). Yet thus far,
no studies have examined the effectiveness of proactive
salespeople’s behaviour under an ambidextrous product-sell-
ing strategy.

Second, prior studies on implementing ambidexterity in
frontline settings have considered the impact of either struc-
tural (i.e., socially embedded attention factor such as team
identification; Jasmand, Blazevic and De Ruyter, 2012) or
situational (i.e., local attention factor such as manager orien-
tation; Van der Borgh and Schepers, 2014) motivational
mechanisms on sales and service employee behaviour; how-
ever, no studies have addressed them simultaneously—a sur-
prising omission because the effectiveness of various moti-
vational mechanisms may be contingent on one another’s
presence (e.g., Mom, Van den Bosch and Volberda, 2009;
Raisch and Birkinshaw, 2008). Therefore, our research
expands the literature by examining the interplay of situa-
tional and structural mechanisms to help managers under-
stand whether using a situational mechanism to pursue an
ambidextrous product selling strategy is less (or more) effect-
tive when it is combined with the use of a structural mecha-
nism and vice versa. Specifically, in line with the ambidex-
terity literature and attention-based view (Ocasio, 1997), we
identify and examine the interplay of an important structural
mechanism with an important situational mechanism that
companies can use to implement an ambidextrous product-
selling strategy: salesperson’s organizational identification
(OI) and manager product-selling ambidexterity. Manager
product-selling ambidexterity is a situational variable that
actively directs attention and effort, and a salesperson’s OI is
a structural variable that passively guides employee thinking
and behaviour.

Finally, previous studies have not examined the impact of
individual salesperson proactive selling behaviour on sales
performance in terms of target obtainment (i.e., percentage
of the salesperson’s sales target obtained in terms of, e.g.,
sales volume, profit margin, number of products sold), when
operating under an ambidextrous product selling strategy.
Given that sales targets often are directly derived from
strategic sales goals (e.g., increase in market share or share-
holder value), it is important to understand how individual
salespeople’s allocation of behavioural effort can contribute
to the firm’s ultimate performance (Cross et al., 2001; Jones
et al., 2005). Specifically, we compare the effectiveness of
the behaviour–performance relationship for new and exist-
ing products. In doing so, we add to prior research on firm-
level ambidexterity (O’Reilly and Tushman, 2004) and the
emerging research on individual-level ambidexterity among
sales and service employees (e.g., Jasmand, Blazevic and De
Ruyter, 2012; Van der Borgh and Schepers, 2014).

References are available on request.
Firms spend significant resources developing strong relationships with their customers in hopes to increase revenues from their customers. However, the benefits of having strong customer relationships are not obvious. High concentration of revenue from small number of customers decreases marketing, operational and administrative expenses of the firms in the form of reduced advertising costs and better product distribution. On the other hand, high concentration may increase demands of customers such as negotiation on prices and extending trade credit etc. Using data from firms going public, we examine how customer concentration affects IPO outcomes and thus provide resolution to this conflicting perspective. Young IPO firms typically rely of few customers for their revenues, providing an excellent context to examine the relationship between customer concentration and firm performance. Building on information economics, we propose that customer concentration influence investors’ sentiments toward an IPO. Further, we argue that this relationship is contingent on firm’s capabilities (e.g., marketing, operational and R&D capabilities) and organizational task environment (e.g., environmental dynamism). We test our framework using data collected from secondary sources for IPOs across 50 industries between 2000 and 2011. A Bayesian shrinkage model, which accounts for industry-specific effects and uses instrumental variables to address concentration endogeneity, shows that customer concentration influences firm performance that relationship is moderated by our proposed moderators. Thus, our research provides a fine-grained examination of the value of having strong customers for firms and can help firms in reallocating resources across their customers to increase firm performance.

References are available on request.
Practitioners and academics alike recognize the paramount importance of effective customer acquisition. Prior work has considered acquisition in relation to retention as well as the efficacy of various marketing methods in acquiring customers. We build on this existing body of research by comparing inbound marketing methods to outbound marketing methods with respect to customer acquisition efficacy. Using a novel conceptualization of information asymmetry in favor of firms, we predict that inbound marketing efforts will result in more cost-effective customer acquisition by allowing the firm to screen high-quality prospects from low-quality prospects. We test our predictions with an empirical study in the context of the home improvement sector. We utilize a hazard model to quantify the response of customer acquisition probability to marketing efforts over time. Findings support our predicted effects, with inbound marketing expenditures resulting in increasing acquisition likelihood over time, and outbound marketing efforts resulting in decreasing acquisition likelihood over time. Our results contribute to the theory of information asymmetry in marketing and provide implications for marketing managers.

Research Question
How do inbound and outbound marketing methods impact customer acquisition?

Method and Data
In order to test our argument that inbound marketing increases the probability of acquiring a customer compared to outbound marketing we developed a hazard model. The hazard model was most appropriate to our analysis because it would present an empirical test of the theory which we advanced earlier pertaining to prospects becoming customers. Our context is the home improvement industry and we use the probability over time of acquiring a new customer after giving an estimate as a measure of acquisition. We used an accelerated hazard model with an exponential distribution. We make the argument that inbound marketing efforts can increase the probability of turning a lead to a customer over time; thus, in order to demonstrate the differences we must relax the assumption that the differences resulting from inbound versus outbound efforts are the same across time.

Key Contributions
The cost of customer acquisition is one of the highest expenses in the customer relationship management process. It can cost up to 10 times the amount of customer retention. The cost is high because firms often spend money trying to acquiring customers that will never buy from them. Our study helps firms by examining the marketing method (e.g. word-of-mouth, billboard, direct mail) as a means of screening customers and determining the likelihood that the...
prospect will become a customer based on the marketing method that led them to the firm.

**Summary of Findings**

We found that over time the methods of inbound marketing increased the probability of customer acquisition. We found that word-of-mouth had the greatest impact on customer acquisition. The traditional methods of marketing communication that constitute outbound marketing methods such as billboards and direct mail did not have a significant impact on customer acquisition.

*References are available on request.*
The Effect of Account Visit Changes on Sales Performance over Time

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Keywords: account visit changes, CRM activities, sales performance, hierarchical linear model

EXTENDED ABSTRACT

Research Question
Customer relationship management (CRM) has become an important managerial tool to optimize marketing interactions with customers. While research has mainly focused on customer information management aspects of CRM (Reinartz, Krafft and Hoyer 2004), the resulting marketing activities have received less attention, in particular the effects of changes in marketing activities for individual customers. Business relationships have been shown to be dynamic (Dwyer, Schurr and Oh 1987; Jap and Anderson 2007), thus CRM analyses will cause regular updates for (de)prioritization of marketing activities (Homburg, Droll and Totzek 2008), resulting in frequent marketing activity changes for individual customer relationships over time.

Customer relationships are built up from repeated interactions with customer firms (Dabholkar, Johnston and Cathey 1994), e.g. account visits which constitute the building blocks of customer relationships (Weitz and Bradford 1999) and represents a core marketing activity in the context of CRM (Homburg, Droll and Totzek 2008). We will therefore focus on account visit frequency with customer companies in this study and address the research questions: How do (consecutive) changes in account visits affect sales performance in customer relationships?, and How do seller as well as customer factors influence the effect of (consecutive) changes in account visits on sales performance in customer relationships?

Method and Data
To empirically test our research questions we use longitudinal data of account visits over seven consecutive quarters (Q1 2012 to Q3 2014) for 2,950 business customer relationships in Northern Europe. For each period, we formed the variable for changes in account visits by taking the difference between the number of customer visits by the seller in the previous quarter and the number of visits in the current quarter. In line with previous research (Boichuk et al. 2014), the measure for consecutive positive (negative) account visit change (i.e. change over time) was operationalized by summing the positive (negative) visit changes across all previous time periods. We use account visit concentration as a seller contingency factor (based on a Herfindahl-Hirschman index), and used customer relationship orientation (operationalized as the concentration on relational touch points by the customer) as and customer loyalty (behavioural purchase loyalty) as customer moderating factors. We measured sales performance by indexing the archival sales volume tracked quarterly for each customer firm. The data and our model represent a two-level framework, with intra-firm, or time-varying, measures that are impacted by inter-firm, or time-invariant, measures which vary across each customer firm. We use random coefficient growth modeling techniques in the form of multivariate linear modeling (HMLM) (Singer and Willet 2003).

Summary of Findings
Positive account visit changes result in an increase in sales while negative account visit changes decrease sales. Negative account visit changes have a larger effect than positive account visit changes of equal size. The effect of consecutive positive account visit changes diminishes over time, while the effect of consecutive negative account visit changes...
remains linear over time. This confirms the existence of a satiation effect for consecutive positive changes, but does not provide evidence for an escalation effect for consecutive negative ones. We also show that the effects of (consecutive) changes in account visits are moderated by account visit concentration as a seller factor as well as by relationship orientation and by loyalty as customer factors. Higher account visit concentration amplifies the effect of initial and consecutive account visit changes thereby corroborating the effect of social capital accumulation. Regarding customer factors, our findings show that account visit changes have a more pronounced effect on sales performance for customers with higher relationship orientation. For customer loyalty, our results show that the effect of an initial account visit change is diminished for customers high in loyalty. However, as expected, if such changes continue, i.e. become consecutive, loyal customers react more pronounced than non-loyal ones.

**Key Contributions**

Our study provides evidence for the importance of extending the CRM literature towards a more change-oriented view, in particular by including changes in marketing activities based on CRM (de)prioritization decisions. While previous research established the importance of marketing activities for improving relationship outcomes (Palmatier, Dant, Grewal and Evans 2006), we show that there are limits to which intensifying marketing activities over time can achieve such results. Furthermore, while previous research on portfolio level found no negative consequences of CRM deprioritization (Homburg, Droll and Totzek 2008), our findings show a lasting detrimental effect for individual customer relationships. Our findings draw attention to the importance of seller and customer factors, which provide additional moderating mechanisms to be considered in the CRM literature. In particular, our results suggest that with higher concentration of account visits on few or single individual touch-points social capital is more effectively accumulated and thus relationship outcomes are enhanced. We thus complement the findings that less concentrated inter-firm ties positively enhance relationship outcomes through increased communication and information exchange (Palmatier 2008). Furthermore, we extend the understanding of CRM activities through incorporating customer characteristics, in particular the closeness of the relationship with the customer and the importance of the relationship as a governance mechanisms for customers.

References are available on request.
“Firing” Customers: Does It Pay Off and When? Customer Divestment Announcements and Shareholder Value: A Signaling Perspective

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Keywords: customer relationship management, customer relationship termination, customer divestment, event study, abnormal stock return

EXTENDED ABSTRACT

Research Question
Taking a shareholder value perspective and drawing from the signaling theory, this study seeks to answer four important questions. First, how do investors react (i.e., stock market abnormal returns) to firms’ customer divestment announcements? Second, how the characteristics of customer divestment announcements shape the financial market reaction (e.g., divestment strategies, voluntariness, strategic intent)? Third, how do the signaler firm characteristics (e.g., marketing capability, prior performance, frequency of customer divestment) affect investors’ reactions to customer divestment announcements? Fourth, how do characteristics of the signaling environment (e.g., publicity valence, media coverage and industry) influence investors’ responses?

Method and Data
We use the event-study method to empirically test our hypotheses, based on a representative sample of 110 customer divestment announcements by 68 publicly traded U.S firms from 22 industries.

Summary of Findings
Our analyses demonstrate that investors and the stock market respond negatively to customer divestment announcements – the average abnormal stock return associated with these announcements is estimated at -.73%. Additionally, we find that direct customer divestment strategies are associated with particularly strong negative abnormal returns. However, firms characterized by superior marketing capabilities and prior financial performance, positive publicity and certain strategic intent (i.e., free up resources to strengthen core) at the time of the customer divestment announcement, and firms that signal the intent to use indirect customer divestment strategies (i.e., tiered service and attrition strategies) are able to mitigate the negative effect of customer divestment and enjoy better (or at least less negative) abnormal stock returns as a result.

Key Contributions
Our study offers three main contributions to the literature. First, we offer the first evidence of the performance outcomes of customer divestment (i.e., significant negative) from investors’ perspective, which is of growing importance for top managers. Second, our study presents the first empirical insights into the effects of different customer divestment strategies on firm value. These findings provide important guidance for firms regarding how to initiate and communicate customer divestment activities. Third, we also demonstrate that the level of the firm’s marketing capability and prior cash flow performance mitigate the overall negative investor responses to customer divestment announcements. Specifically, investors appear to equate (or not) customer divestment announcements as an indicator of “bad” CRM and thereby lower

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their expectations of the firm’s future cash flows, when the announcing firm is also characterized (versus not) by limited marketing capabilities and poor past financial performance. Importantly, this suggests that marketing capability is not only indirectly valuable in creating shareholder wealth by enhancing firms’ accounting performance, but that they also directly affect investor perceptions, expectations, and behaviors.

References are available on request.
The Impact of Digital Data Overages on Customer-Firm Relationships

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Keywords: pricing, media, CRM

EXTENDED ABSTRACT

Research Question
In recent years, a pricing practice that has evoked much anger and frustration among customers is “overages.” This pricing practice is akin to a three-part tariff where customers pay the firm a fixed fee and are in return provided a certain limited allowance. If usage exceeds this predefined limit, then the firm charges an “overage.” This practice is particularly widespread in the ICT industry where customers who exceed monthly data limits set in their contract are penalized with an “overage” by their service provider. Mobile service providers across the world, for example Vodafone in Australia, Verizon in USA and O2 in Europe, follow this practice. The practice of overages is also common in other service sectors such as banking (e.g., fees for using ATM beyond a certain number of times, money transfer from savings to checking accounts), and airlines industries (e.g., excess baggage fees). Anecdotal evidence suggests that some consumers pay hefty penalties for exceeding their monthly wireless data limits and as many as 20 million customers in the US pay their mobile service providers a billion dollars every year in overages (Prweb 2008). Reports also suggest that consumers find overages unfair and make them more likely to move to a competitor (Consumer Affairs 2015).

This study therefore attempts to answer hitherto unexplored questions such as, to what extent do overages imposed by a MSO influence the likelihood of a customer terminating the firm’s services, are all consumer affected by an overage, and how do different overage amounts affect different consumers. Thus we develop a better understanding of how consumers react to such pricing practices. Integrating theories on loss aversion and reference price, this study develops a theoretical framework to explain how consumers in different price-tiers are affected differently by different overage amounts. To our knowledge, this is the first study to do so. Furthermore, the study provides external validity for the theoretical framework by carrying out analysis of data provided by a large US-based MSO. The results are broadly consistent with the theoretical framework and therefore provide unique insights on the topic of overages. Firms can use the results of this study to develop pricing plans that are more customer-centric.

Method and Data
We used data from a leading MSO in the US, which provides cable television, phone and Internet services to multiple communities. Our collaborating firm has more than one million subscribers from over a dozen states. We have monthly data for the period November 2013 to July 2014. The data consists of detailed information on the different services that customers subscribed to such as Video, Phone and Internet. In addition, we were also provided information on the price paid by each customer for each service. For customers who subscribed to high-speed Internet services, we also received monthly contractual information regarding their data allowance, usage and overage charges if any.

We used a logistic regression to examine if the interaction effect of overages and the price a consumer pays for high-speed Internet service influences a customer to terminate the firm’s services. The dependent variable takes a value of 1 if a customer terminates the firm’s services at the end of month \( t \) and 0 if the customer continues to avail of the firm’s services in the following month. Therefore, we used only observations from November 2013 to June 2014 for the analysis. A total of 6,435,301 observations consisting...
of information on 1,203,726 customers was used for the analysis.

**Key Contributions**

Our study finds that customers who pay small monthly fees are unaffected by small overage charges. And as expected these customers are affected by high overage amounts. A possible explanation is that for this group of customers a small charge perhaps does not result in the total price crossing the upper threshold price. On the other hand customers who have moderately expensive monthly plans are probably close to their budget for home video entertainment and even a small overage fee exceeds the upper threshold price since they have a narrow latitude of price acceptance. These customers are therefore quite sensitive even to small additional charges. Consequently, a large penalty has the same effect as a small penalty for this group of customers. As expected, we find that individuals with expensive Internet plans have a wider range of price acceptance. Hence, they are unaffected by small charges but are sensitive to larger overage amounts.

**Summary of Findings**

In sum, the results of the study are broadly consistent with the theoretical framework. In addition, the study controls for a number of factors that influence an individual’s decision to stay/not stay. While the study provides interesting insights and has important implications for marketing practitioners and scholars, we accept that the study has its limitations. We have data from only service provider and for a limited time period. While we have segmented customers based on price, there may be other base for segmenting customers and examining their behavior. We leave this to future studies on this topic. Studies can also compute and evaluate the impact of alternative measures of unexpected price shocks and loss aversion. Future studies can also evaluate other outcomes such as negative word of mouth and customer lifetime value. To conclude, while this study suffers from certain limitations, it makes important contributions to ongoing work on the psychological impact of pricing decisions and overage fees.

*References are available on request.*
Research Question
Flat rate pricing appears to be the dominant tariff model in many service industries and yet, many customers exhibit a so-called flat rate bias. Some studies find up to 76% of customers paying too much with their flat rate. At first sight, service providers seem to benefit from constant revenues at a higher level than with pay-per-use tariffs. Prior research reveals conflicting results in terms of the consequences of flat rate bias. By investigating the role of service provider’s competitive market position we aim to answer the following questions:

1. Why are certain service firms confronted with higher churn rates whereas others do not see an effect on customer loyalty and therefore, profit from customers underlying a flat rate bias?

2. Under which market position do consumers attribute the flat rate bias externally? What are the consequences for the service firm?

Method and Data
In order to address the effect of service provider’s competitive market position on flat rate bias consequences, the current study uses a mixed-method approach. First, we use a survival analysis of two years transactional data of around 14,000 customers from a premium Internet service provider. Second, we conduct an experimental study among 185 telecommunications flat rate customers using the Van Westendorp’s Price Sensitivity Meter. Third, we use a scenario-based between-subjects experiment with 278 participants from a consumer online panel.

Summary of Findings
In a survival analysis of two years transactional data of around 14,000 customers from a premium Internet service provider, we find first evidence that premium service provider customers with flat rate bias have higher churn rates than customers without a flat rate bias. Furthermore, a first experimental study highlights that the competitive position of a service provider constrains the real options for customers to react on flat rate bias leading to lower churn intentions. In a second experiment, we show that also the attribution of the flat rate bias highly depends on the competitive position. Due to higher value propositions, premium service providers are confronted with a higher external attribution of the wrong tariff choice, which leads to higher search intentions, as well as a higher churn probability. In the low-cost sector, however, customers attribute flat rate bias more towards themselves. Moreover, we find that blaming the premium firm for the bias leads to a higher desire for patronage reduction.

Key Contributions
By investigating the role of service provider’s competitive market position the current study reveals a potential explana-
tion why certain service firms are confronted with higher churn rates whereas others do not see an effect on customer churn and therefore, profit from customers with a flat rate bias. Customers in the premium segment attribute the failure of the wrong tariff choice stronger towards the provider and thus try to reduce their patronage. Hence, those customers search more for alternatives and find promising savings in the mid range price segment and low-cost segment. In contrast, customers of low cost providers attribute their erroneous tariff choice more internally and are consequently less likely to search for a cheaper alternative and avoid the provider by churning to a competitor. Managers of premium firms are hence advised to conscientiously evaluate reactions of their flat rate bias customer and proactively manage them. Low-cost providers in general are in less need for action and can benefit from customers underlying a flat rate bias.

References are available on request.
Affection or Money: What Really Drives Customer Loyalty?

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Keywords: relationship marketing, customer loyalty

EXTENDED ABSTRACT

Research Question
This study focuses on relationship marketing instruments, that is, marketing activities such as rewards and loyalty programs that attempt to increase customer retention. Extant research focuses on either customer relationship perceptions or customer behavior, without addressing the effects on perceptions and behavior together in a common study. This study overcomes this limitation and poses the following question: What is the effect size that relationship marketing instruments (e.g., affection or money orientated loyalty programs) have on customer relationship perceptions and actual consumer behavior, and what are the routes through which effects occur?

Method and Data
The authors use data of 1,950 airline customers, obtained from combining a longitudinal field experiment with internal customer database information. The experiment manipulates four relationship marketing instruments and measures customer perceptions with two surveys (before and after the experimental manipulation) and actual behavior from the company’s database at different points in time.

Summary of Findings
The authors find that all tested relationship marketing instrument types positively affect perceived relationship investment, which in turn influences repurchase intentions and thereby spending behavior, indirectly. Moderation analysis reveals that the appropriate combination of money and affection related dimensions most effectively creates perceived relationship investment. Money and core product related relationship marketing instruments also have a direct impact on behavior; in this study context, it results in the highest increase in contribution margins.

Key Contributions
This investigation represents the first research to study the effects of a systematically derived set of relationship marketing instruments on both customer relationship perceptions and customer behavior, accounting for both direct effects on customer relationship behavior and indirect effects on customer relationship behavior through customer relationship perceptions. Using a longitudinal field experimental design that combines experimental manipulations with survey data and actual customer spending information, this study substantially extends knowledge on the effectiveness of different relationship marketing instruments. Managers should be aware that there is no such thing as a “generalizable” effect of relationship marketing instruments; instead, the results strongly depend on the instrument offered. Therefore, understanding the differential effects of relationship marketing instruments represents a key task for managers and researchers alike.

References are available on request.

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Emotional Contagion and Word-of-Mouth in Social Media Communication: The Role of the Message’s Source

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Keywords: emotional contagion, EmFACS, marketer-generated content, word-of-mouth communication, social media

EXTENDED ABSTRACT

Research Question
While the role of emotions in marketing communication has been extensively investigated, the role of emotional contagion, that is, a customer’s catching and mimicking of a sender’s display of emotions, has not received adequate research attention. This study examines how the facial expression of endorsers displayed in social media communication (i.e., Facebook posts) and the source of these posts (i.e., marketer vs. user) affect customers’ emotional state through the process of emotional contagion. Moreover, it investigates which impact emotional contagion has on customers’ word-of-mouth communication.

Method and Data
To test the proposed hypotheses, we conducted a laboratory experiment including 137 undergraduate and graduate students from a central European University. Data collection included two sources of data: 1) video-recorded data on expressed emotions by participants which are necessary for the subsequent EmFACS-analysis and 2) questionnaire data measuring customers’ word-of-mouth (WOM). We used a 2 (emotion display: smiling vs. non-smiling) × 2 (source: user-generated vs. marketer-generated) between-subjects factorial design. The first factor, emotion display, was manipulated by using photographs showing either a smiling or a non-smiling woman (i.e., the endorser) in a winter scenery. This photograph was posted on the company-run commercial Facebook site of a fictive skiing destination either by the skiing destination (marketer-generated condition) or by another user called Anna (user-generated condition). The stimuli did not give any hint about the purpose of our study. Participants were randomly assigned to one of the four conditions. After being exposed to the stimuli, participants were requested to complete a questionnaire including measures of their word-of-mouth intentions and socio demographics. Participants’ faces were videotaped during the experiment to be able to use EmFACS to measure facial movements for identifying and objectively examining specific emotions (Ekman, Friesen, and Hager 2002).

Summary of Findings
The results of your study show that positive emotions displayed in social media marketing communication (i.e., a post displaying a smiling endorser on a company-run commercial Facebook site) are a driver of customers’ positive emotions and consequently of their WOM. Thus, we find support for emotion displays as driver of customer response behavior through the process of emotional contagion. Moreover, the study provides evidence of a significant interaction effect. Under the condition of a marketer-generated Facebook post, the shown emotion display has a stronger impact on customers’ emotional state than under the condition of a user-generated Facebook post. More precisely, a marketer-generated Facebook post leads to customers’ positive emotional state when showing a smiling endorser and to a negative emotional state when showing a non-smiling endorser. Interestingly, a user-generated Facebook post always leads to a positive emotional state.
independent of the smile (vs. non-smile) of an endorser. Finally, customers’ positive emotional state leads to customers’ WOM. Taken together, a marketer-generated Facebook post reinforces the effect of the endorser’s emotion display on customers’ emotional state and subsequent word-of-mouth communication.

**Key Contributions**
Communication is considered as a key theme in customer relationship management. This study emphasizes the relevance of emotion displays and the message’s source in social media communication. It fills a major gap in emotional contagion research by investigating the interaction effect of endorsers’ emotion display and the message’s source on customers’ emotional state and resultant word-of-mouth behavior in an advertising social media context by using the emotional facial action coding system (EmFACS) to derive emotional contagion.

*References are available on request.*
Part F  
Global and Cross-Cultural Marketing

Track Chairs  
Bodo Schlegelmilch, Vienna University of Economics and Business  
Carlos Torelli, University of Minnesota

Marketing and Society  
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Veronika Selzer, Jan H. Schumann, Marion Büttgen, Zelal Ates, Julian Volz, Marcin Komor

2016 AMA Winter Educators’ Proceedings
Comparing Mainstream and Ethnic Consumers’ Reactions to Ethnic-Targeting Services

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Keywords: mainstream consumer, ethnic consumer, ethnic-targeting services, ethnic identity strength, national identity strength

EXTENDED ABSTRACT

Research Questions
The populations in many countries are becoming increasingly ethnically diversified. To take advantage of the business opportunities emerging as a result of this demographic trend, many businesses have begun to provide services targeting ethnic consumers. By applying the social identity theory, we examine two questions in this research: first, to compare the reactions of mainstream and ethnic consumers to various ethnic-targeting services; second, to examine whether ethnic consumers’ strength of ethnic identity is related to their reactions to services targeting their own ethnic groups.

Method and Data
A 3 (services provided: English only service vs. English plus Spanish service vs. English plus Chinese service) x 2 (consumers type: mainstream consumers vs. ethnic consumers) between subject experiment design was performed. Both the mainstream consumer sample (n = 140, 53.6% women) and the ethnic consumer sample (n = 140, 60.0% women) were drawn from the students in a large private university in a metropolitan East coast city in the U.S. Mainstream consumers were operationalized as the consumers who themselves and their parents were born in the U.S. Ethnic consumers included both domestic students whose parents were originally from a Chinese-speaking country (e.g., China, Taiwan, or Hong Kong) and international students who themselves were from a Chinese-speaking country. Participants were measured with attitudes and patronage intent (PI) toward the service, along with their national identity strength (NI, Berry et al., 2006), ethnic identity strength (EI, Phinney and Ong (2007), for ethnic consumers only), demographics, and a manipulation check question.

Summary of Findings
We obtained four findings. Firstly, ethnic consumers with Chinese origin showed more positive attitude toward the English plus Chinese service than toward the rest two services, and more positive PI toward both the English plus Chinese service and the English plus Spanish service than toward the English only service. Secondly, mainstream consumers reacted to the three services indifferently. Thirdly, mainstream and ethnic consumers show different reactions to the three types of services. Specifically, for English plus Chinese service, ethnic Chinese consumers showed similar attitude and PI as mainstream consumers. For the rest two services (i.e., English only service and English plus Spanish service), mainstream consumers showed more positive attitude and PI than ethnic Chinese consumers. Finally, none of EI and NI had a main effect on either attitude or PI. However, a significant EI x NI interaction effect on PI was found.

Key Contributions
This research contributes to the academic literature and to marketing managers in several ways.

Firstly, to our best knowledge, it is the first research in comparing ethnic and mainstream consumers’ reactions to eth-
nic-targeting services in which languages play a significant role.

Secondly, we confirm that ethnic consumers’ reactions to ethnic-targeting services can be predicted by Social Identity Theory. Thirdly, we identify that the relationship between ethnic identity strength and ethnic consumers’ reactions to services targeting themselves are more complex and dynamic than expected, and ethnic identity strength alone does not predict reactions. Finally, we provide important managerial implications regarding how businesses can effectively manage the ethnic-targeting services they provide.

*References are available on request.*
Values, Sustainability, Activism, and Quality of Life: A Multi-Country Perspective

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Bodo B. Schlegelmilch, Vienna University of Economics and Business

Keywords: values, materialism, quality of life, sustainability, environmental, societal

EXTENDED ABSTRACT

Research Question
Sustainability has been referred to as a megatrend of the 21st century and is top of the agenda across public policy makers and companies, especially in industrialized countries. Besides individual-level characteristics that influence the propensity to embrace sustainability concerns in one’s decision-making, such as gender or income, more holistic group-level influencing factors have not received sufficient scholarly attention yet.

However, the value system individuals grow up in can explain their natural predisposition to certain attitudes and behaviors, as these have been learned and reinforced within society. To this end, drawing on a more macro-oriented perspective, including societal value orientations and the institutional environment, might help to illuminate why people came to embrace a certain mindset and to understand the decisions that they take. Against this background, the current research aims to shed light on the influence of value systems on sustainability attitudes and how these, in turn, impact activism and quality of life.

Specifically, we develop a model showing how values impact environmental and societal attitudes, and show how these attitudes influence quality of life through activism. We test and discuss the applicability of this model in four countries with different cultural characteristics, namely US, Austria, China, and India.

Method and Data
The current study draws on a large, representative sample of US citizens (N = 541) from Amazon Mechanical Turk to empirically test the conceptual model. To assess the stability and generalizability of the model, we replicated the study and collected data from three additional countries, namely Austria, China, and India. We used an online Qualtrics panel for the Austrian sample and managed to obtain 561 responses. We approached an independent and well-known market research agency for the Chinese and Indian samples and they managed to successfully collect 305 and 295 responses respectively.

We used a survey with a structured questionnaire to collect the data. The measures of substantive constructs were based on prior literature. The questionnaire was initially refined by three academics and pre-tested with twenty postgraduate students. To maximize clarity and ensure linguistic equivalence, the questionnaire was carefully double translated into German, Mandarin, and Hindi.

We employed confirmatory factor analysis using EQS 6.2 to assess the validity of the measures. These were found to be both reliable and valid since the measures exhibited adequate convergent and discriminant validity and high construct reliability. Subsequently, we ran four structural models (i.e., one for each country), each one producing satisfactory fit statistics.

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Summary of Findings
The results show that generativity is conducive to the development of environmental and societal attitudes. This finding seems to be quite stable across the four countries. Materialism was also found to have significant negative effect on environmental and societal attitudes. However, this effect seems to hold only in developed countries, since significant effects were revealed only for the US and Austrian samples.

Religiosity seems to play an important role in influencing the formation of negative environmental attitudes. It seems that the effect of religiosity is context specific since this not stable across countries. Our results thus reiterate the mixed findings of prior studies on religiosity and sustainability. In contrast, the familiality findings show there is no significant link with environmental and societal attitudes in the US sample, but these effects seems to be significant in the other three samples.

In addition, environmental and societal attitudes were confirmed as predictors of environmental and societal activism respectively. These relationships seem to hold in the other country settings as well. Finally, we found quality of life to be positively affected by both environmental and societal activism, a result which seems to be fairly consistent in all countries examined.

Key Contributions
The conceptual model developed helps to disentangle the influence of different value systems as prevalent in a given national society on sustainability attitudes and, subsequently, on activism and perceived quality of life. Specifically, we present empirical evidence on how environmental and societal attitudes are influenced by generativity, materialism, religiosity, and familiality. In addition, we show how environmental and societal attitudes fuel environmental and societal activism behaviors and boost higher quality of life perceptions. Finally, we test the results across different country samples to assess stability and generalizability. Although strict pooling of the sample is not enabled by the data, the similarities and discrepancies between the US, Austrian, Chinese, and Indian respondents indicate that some of the findings are context specific and some can be generalizable. These findings provide important implications for policy-makers wishing to understand and target pro-sustainability consumers and generate interesting directions for future research.

References are available on request.
Consumer Racism: An Investigation of Antecedents and Outcomes

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Keywords: consumer racism, global identity, national identity, right wing authoritarianism, social dominance orientation

EXTENDED ABSTRACT

Research Question
The primary purpose of the paper is to explore the potential antecedents and outcomes of the relatively new and under-researched Consumer Racism (CR) construct. CR refers to an individual’s antipathy toward a given ethnic group’s products or services as a symbolic way of discriminating against that group. CR is viewed as being rooted in the dominant majority group’s inability to impose its cultural domination on a minority group.

The paper aims to answer the following questions:

(1) What are the antecedents of CR? (2) What are the outcomes of CR?

The paper proposes the following antecedents of CR: (a) and (b) Global and National Identities, (c) Right Wing Authoritarianism, and (d) Social Dominance Orientation. The paper proposes the following outcomes of CR: (a) Purchase Intentions, and (b) Product Evaluations.

Summary of Findings
This conceptual paper investigates the potential antecedents and outcomes of consumer racism. We propose that global identity has a negative relationship with consumer racism whereas national identity has a positive relationship with consumer racism. Furthermore, we propose right wing authoritarianism and social dominance orientation have a positive relationship with consumer racism. Finally, we suggest a high level of consumer racism impacts on product evaluations and purchase intention negatively.

Key Contributions
The present study about consumer racism will make contributions to the cross-cultural marketing, psychology, and global business literature. The study will also make contributions to the social identity theory and the literature on global and national identities. Plus, concepts that have been widely studied in sociology and psychology will be introduced into marketing—concepts such as right wing authoritarianism, social dominance orientation, and racism. Marketing and consumer behavior dimensions will be added to these concepts to give us a better picture of how consumers behave in cross cultural/ethnic contexts.

References are available on request.

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Attitude Towards Insurance Fraud Among Canadian and Japanese Consumers: A Cross-Cultural Perspective

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Keywords: fraud, culture, rationalization, inequity/unfairness

EXTENDED ABSTRACT

Research Question
This paper investigates how differences in cultural values’ orientations (allocentrism-idiocentrism) could shape different attitudes towards insurance fraud across a collectivistic culture (i.e. Japan) and an individualistic culture (i.e. Canada).

Method and Data
Online surveys were conducted by two research companies located in Japan and Canada. In total, 371 Japanese consumers and 302 Canadian consumers were recruited to participate in this study. The survey was structured into 2 main parts. The first one, elicited perceptions about perceived risk of being caught and the attitude towards specific types of fraud, evoked in different scenarios. The second part of the survey covers thoughts about fraud acceptance, perceived inequality as well as rationalization. Following Gregory et al. (2002)’s procedure, an index score labeled allocentrism trait was calculated. The index values were dichotomized based on the median split technique (e.g., Dutta-Bergerman and Wells, 2002) to classify participants into allocentrics or idiocentrics. In regard to the Japanese sample, the classification results in 187 allocentric subjects and 184 idiocentrics. With respect to the Canadian sample, the classification yielded 156 allocentrics and 146 idiocentrics. In study (1), 2x2 MANOVAs were performed to test for main effects of individualism/collectivism and allocentrism/idiocentrism trait on (negative) attitude towards insurance. Separate ANOVAs were performed to investigate main and interaction effects of culture variables on each type of insurance fraud. To supplement the analyses of variances, we performed a multi-group analyses (allocentrics vs. idiocentrics) (Iacobucci et al., 2003) in study 2. This approach adopts structural equations models to test whether the relationships between acceptance of insurance fraud, perceived inequality/unfairness and rationalization vary as a function of cultural values’ orientations. Partial Least Square (PLS) was used to assess 4 (2 individualistic vs collectivistic culture x 2 allocentric vs. idiocentric) derived models in this study. The structural model and hypotheses were tested by examining the path coefficients and their significance. A bootstrapping procedure was used to assess the level of significance of the paths computed by PLS. T-values were computed from series of PLS evaluations made against several partitions of the data set.

Summary of Findings
Results from study 1 show that overall, consumers from individualistic cultures hold a more negative attitude towards all types of insurance fraud (soft, hard, planned and opportunistic frauds), compared to their counterparts from collectivistic cultures. However, when pooled into allocentric and idiocentric groups, allocentric consumers are found to hold a more negative attitude towards insurance fraud than do their idiocentric counterparts. Study (2) shows that consumers from individualistic cultures are more likely to use rationalization cues to justify their tolerance for insurance fraud than do their idiocentric counterparts. Study (2) shows that consumers from individualistic cultures are more likely to use rationalization cues to justify their tolerance for insurance fraud than do their idiocentric counterparts. However, at the individual level of culture, the attitude toward insurance fraud of allocentrics and idiocentrics in an individualistic culture is found to be shaped by both rationalization and the perception of inequity/unfairness. In contrast, in collectivistic culture, while allocentrics’ attitude is shaped by rationalization and the perception of inequity/unfairness,
idiocentrics attitude is only triggered by the perception of inequity/unfairness.

**Key Contributions**

This paper has sought to investigate how differences in cultural values’ orientations influence consumers’ attitude towards insurance fraud. Findings suggest that overall, consumers from individualistic cultures hold a more negative attitude towards all types of insurance fraud, compared to their counterparts from collectivistic cultures. When pooled into allocentric and idiocentric groups, we found allocentric consumers to hold a more negative attitude towards insurance fraud than do their idiocentric counterparts; and hard fraud leads to a more perceived wrongness among allocentric consumers. Same trend, but to a lesser extent was found with soft fraud. Similar patterns were also found when contrasting attitude towards opportunistic with planned fraud; opportunistic fraud was found to be more tolerable among idiocentrics than planned fraud, and to a lesser extent among allocentrics. Further, consumers from individualistic cultures are more likely to use rationalization cues to justify their tolerance for insurance fraud. This was found to be true for both allocentric and idiocentric subgroups. With respect to consumers from collectivistic cultures, tolerance for insurance fraud is triggered by rationalization coupled with the perception of inequity/unfairness, but this pattern is validated only with allocentrics. Indeed, for idiocentrics, the perception of inequity is found to be a main trigger of insurance acceptance, and not rationalization. From a managerial perspective, insurance companies, would take advantage from this research to improve ways of dissuasion of public from tolerating insurance fraud. For instance, knowing that soft and opportunistic frauds are more tolerated, would suggest changing consumers mind about these types of fraud by increasing the perception of risk of being caught, which is more efficient to reduce the perception of opportunity and the lack of seriousness. Further, given that rationalization is the psychological path that leads to more tolerance towards fraud and across both individualistic and collectivistic cultures, awareness campaign that sensitize public to the wickedness of “false” excuses” in legitimizing fraud as well the prejudice of subtle forms of fraud could be more efficient to minimize fraud acceptance. From a social perspective, consumer educators, public educators and policy makers could all benefit from understanding cultural variability in attitude toward fraud and motives to commit a fraud. This will potentially help to design learning and education programs targeting consumers and the public to be effective in sensitizing customers to the illegal and unethical aspects of fraudulent behaviors, the extent of the economic and societal costs associated with consumer frauds. This would be possible through designing more adapted fraud awareness campaigns targeting people with different cultural background.

*References are available on request.*
How Does Power Distance Belief Affect Consumers’ Response to DIY Offerings? A Multi-Level Multi-Method Study Investigating PDB and DIY Preferences

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Keywords: power distance belief (PDB), do-it-yourself (DIY), commitment, power state, cultural orientation

EXTENDED ABSTRACT

Research Questions
U.S.-based home improvement retailer Home Depot Inc. closed down its last seven big-box stores in China, making it the latest global retail giant to suffer defeat in China. Home Depot’s do-it-yourself (DIY) model was not embraced by China’s consumers, who are more inclined to call a professional home improver. It might make more sense to hire an expert in China, due to low labor cost, rather than actively engaging in DIY. However, economic reasons might not be the only factor why Chinese consumers favor relieving over DIY services. This paper investigates the following research questions: Are there any systematic differences in terms of cultural value orientation, especially power distance (PD), that influence the acceptance of DIY models across cultures? If yes, what dimensions mitigate the cultural influence regarding DIY acceptance? Drawing on previous research, we theorize that customers from high PD cultures tend to view themselves on a more powerful level than the company and are therefore less likely to engage in DIY activities, which would require them to do the company’s job that is incongruent with their status (Johansson 1990). Accordingly, consumers with high power distance belief (PDB) are less likely to embrace DIY services than low PDB consumers.

Method and Data
In line with our theorization, we propose that PD has a negative influence on the acceptance of DIY services. We test this proposition in a series of studies. The first study investigates the effect of country-level PD on consumer DIY expenditures, using secondary data.

In the course of the second study, we analyze the effect of PDB on consumers’ self-assessed DIY preferences. In addition, we test the moderating role of commitment. To get the data, we conducted a large-scale survey among customers in the insurance industry in 24 countries. Roughly 500 customers per country were surveyed amounting to a total number of 11,826 respondents. Both studies were analyzed with a linear regression model.

With study 3 we test the influence of temporarily accessible PDB on DIY evaluation contingent on effective power state. With the aid of a panel company, a total of 178 individuals representative for Germany were surveyed. First, participants were primed either in the high or the low PDB condition by conducting a sentence completion task. After, we manipulated power state. With these two factors, we conducted a 2 x 2 between subject design with preference for DIY in a home improvement scenario as the dependent variable.

Summary and Findings
The results support our theorization. Study 1 showed that country-level power distance exerts a negative effect on DIY
expenditures. We found a significant negative effect of PD on DIY expenditures \( (b = -0.321, t(39) = -2.291, p < .05) \). As hypothesized, PD attenuates the amount spent for DIY products and services.

In the course of study 2 we found that PDB exhibited a strong negative effect on DIY preferences \( (b = -0.8430, p < .001, CI: -.9757 \text{ to } -.7103) \). In addition, the interaction between PDB and commitment depicted a positive and significant effect on DIY preferences \( (b = .1755, p < .001; CI: .1435 \text{ to } .2074) \). Accordingly, these results show a mitigating effect of commitment on the negative relationship between PDB and DIY preferences. Finally, study 3 revealed a significant 2-way interaction \( F(1,174) = 6.35, p < .05 \) such that under high power condition, low PDB participants had a more favorable evaluation of DIY products and services than high PDB \( (M_{\text{low PDB}} = 4.49 \text{ vs } M_{\text{high PDB}} = 4.02, p = .123) \). In contrast, under low power condition, high PDB participants had a more favorable evaluation of DIY products and services than low PDB \( (M_{\text{low PDB}} = 3.98 \text{ vs } M_{\text{high PDB}} = 4.68, p = .054) \).

**Key Contributions**

Our research contributes to the power distance literature. Prior, research has not addressed the impact of PDB on the DIY industry or DIY services. We theorized and empirically showed the effect of PD and PDB on DIY, thereby highlighting the tendency to engage in DIY activities is affected by the cultural value orientation of an individual.

Our findings deliver valuable implications for DIY retailers as well as companies that include any kind of DIY service in their value proposition. We showed that overall PD and PDB have a negative effect for DIY services. Thus, a cultural effect exists which is more predominant in high PD countries, where it can lead to diminished sales. However, we delineated that this effect can be mitigated by increasing customer commitment. Therefore, customer commitment should be increased by marketing initiatives, especially in high PD countries or among high PDB individuals in order to dampen the negative cultural influence. In addition, companies should try to get information on the power state of their customers since it affects DIY preferences as we have shown. Finally, future research should draw on our results and identify further moderating factors that affect the cultural impact on DIY services.

*References are available on request.*
Does Everyone Really Hate Social Crowding? Culture, Crowding, and Consumer Choice

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Keywords: social crowding, culture, shopping, self-construal

EXTENDED ABSTRACT

Research Question
We combine the social crowding and prevention-promotion literature (Maeng, Tanner and Soman, 2013) with that of self-construal (Singelis 1994; Markus and Kitayama 1991; Triandis 1989; Hofstede 1984) to construct a more robust understanding of cultural differences on retail shopping behavior. Our study proposes that cultural differences will impact the link between social crowding and prevention or promotion oriented consumer choices. We also combine the social crowding and prevention-promotion literature with that of self-construal to construct a more robust understanding of cultural differences on consumer behavior.

Method and Data
The study used a between-subjects experimental design, 2 country (United States vs. Taiwan) x 2 social crowding (high crowding vs. low crowding), to measure differences in how consumers across cultures react to social crowding in an outdoor retail marketplace. Data were collected from 224 undergraduate students who participated in the study, 110 from a university in the United States and 114 from a university in Taiwan.

Summary of Findings
The results of this study suggest that the negative impact of social crowding on consumers may, to a large extent, be culturally defined. The results of Maeng, Tanner and Soman (2013) were for the most part confirmed in this study in the sample of university students in the United States.

Key Contributions
While the results of Maeng, Tanner and Soman (2013) were for the most part confirmed in this study with the sample of university students in the United States, our findings from a Taiwan sample indicate that social crowding may be culturally defined. The results of this study have direct implications on how the impact of social crowding is understood in retail spaces, public spaces and outdoor recreation as well. Self-construal of consumers may influence the degree to which consumers view social crowding as a nuisance in such environments. It may also influence consumer usage and avoidance behaviors (Bakhtiari, Jacobsen, and Jensen 2007), influencing both marketing and public policy decisions. The findings of this study also have applicability for research on differing consumer reactions across self-construal for both advertising and web sites, especially in the area of online clutter.

References are available on request.

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Global Convergence of Consumer Spending Behavior: An Empirical Examination

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Keywords: convergence hypothesis, consumer spending, global consumers, dispersion methods

EXTENDED ABSTRACT

Research Question
It is generally assumed that the consumption behavior of consumers is converging across markets due to globalization. However, the scholarly literature has not adequately addressed this question. One study mentions this gap as “the often suggested, but never tested, hypothesis of global convergence of consumer needs and wants” (Steenkamp & Ter Hofstede, 2002). As a response to this call, our paper examines if consumers are increasingly becoming more similar in their spending behavior across countries over time. Our focus in this study is the convergence of consumer spending behavior across countries. We define convergence of consumer spending behavior as the homogenization of consumer expenditure such that consumers become more and more similar in their spending behavior across product categories. Accordingly, global convergence of consumer spending behavior indicates the homogenization of consumers across countries.

Method and Data
We collected data from the Global Market Information Database. The data include the per capita expenditure (US$, inflation adjusted) for 21 product categories in 71 countries from 1990 to 2014.

We use multiple methods to test convergence. The two main approaches are: (i) dispersion methods (coefficient of variation and budget allocation gap); and (ii) regression method based on the neoclassical growth model. In identifying the convergence using the dispersion method, we first calculate the coefficient of variation of consumer expenditures across 71 countries for a specific product category in a year. We then compare the coefficient of variation over time such that if the coefficient of variation decreases over time, it indicates a decreasing dispersion and increasing convergence across countries. However, since the coefficient of variation is an aggregate measure, we develop a new measure of dispersion at the country level which we refer as the budget allocation gap. The budget allocation gap measures the distance between countries in terms of the consumer budget allocated to specific product categories. The proposed budget allocation gap measure allows us to test convergence at a more granular level than the coefficient of variation method.

Finally, we test convergence using the regression model based on the neoclassical growth models. If convergence is occurring, countries with lower initial expenditure levels are expected to exhibit higher growth rates of per capita consumption than countries with higher expenditure levels. We run a regression to test this idea using annual growth rate of consumer expenditure as the dependent variable, and the initial expenditure as the key independent variable.

Summary of Findings
Our findings show that there is an overall convergence pattern in global consumer spending behavior, confirming the increasing similarity of consumers’ needs and wants across borders. Using the dispersion method, we find that the coefficient of variation of expenditure across countries has been decreasing over time. Decreasing coefficient of variation shows that the heterogeneity among countries with respect to their spending patterns across different product categories has been decreasing. The budget allocation gap measure also shows a decreasing trend over time, indicating that the spending gap across countries is decreasing, leading to con-
vergence. Moreover, using the regression method based on the neoclassical growth model, we show that countries with lower initial expenditure levels are more likely to grow faster than countries with higher initial expenditure levels. This trend will eventually lead to convergence of consumer expenditure across countries.

The findings demonstrate the emergence of an overall convergence pattern in consumer expenditures across markets. Convergence trend implies that consumers across countries are becoming similar over time in their spending behavior across different product categories. The findings suggest that the homogenization of consumers’ expenditures across different product categories is increasing, confirming the convergence hypothesis.

**Key Contributions**
Foremost, this study contributes to the marketing literature by empirically testing a common assumption of convergence of consumer demand which has not been previously tested thoroughly. We test the convergence hypothesis using different measures (e.g. coefficient of variation and budget allocation gap) and different methods (e.g. regression based on the neoclassical growth models). Methodologically, we develop new measures to test convergence (i.e. the budget allocation gap). Furthermore, while previous studies focused mostly on European countries, our study covers a wider range of geographies including major emerging and advanced markets. We provide a broader context in examining global convergence.

Our comprehensive approach to develop the convergence concept in terms of consumer spending and testing it at the product category level leads the way for new theory development on a less explored area in marketing. So, our research represents a pioneer study in developing and testing new theories in the convergence of consumer behavior.

*References are available on request.*
When Marketing Strategy Meets Culture: The Role of Culture in Product Evaluations

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Keywords: culture, marketing strategy, product evaluation, movies, entertainment marketing

EXTENDED ABSTRACT

Research Question
This research investigates whether culture affects consumers’ product evaluations. Specifically, we examine whether culture moderates the effectiveness of marketing strategy. We focus on three cultural factors (long-term orientation, power distance belief, and individualism) and their interactions with three marketing efforts (product launch timing, advertising, the congruence between product’s cultural content and cultural environment of consumers).

Method and Data
We test our hypotheses using a data set of U.S. 260 movies released during 2007–2008 in 22 countries. Our dependent variable is movie ratings in each of the 22 countries. For the cultural variables, we rely on Hofstede’s (2001) cultural indices of long-term orientation, power distance, and individualism. The marketing variables include the time gap between the launch of a movie in the U.S. and in a foreign country, the movie’s advertising budget, and the cultural congruence between a country and the movie content. To measure the cultural content of each movie, we used a text mining approach and analyzed 93,800 movie reviews obtained from IMDb. Through text categorization, we classified each movie into three predefined cultural categories: American, European, or Asian. We included movie-specific variables (volume of consumer ratings, production budget, star power, whether the movie is a sequel, genre, and Motion Picture Association of America ratings) and country-specific variables (gross domestic product per capita and the proportion of English-speaking population in each country) as statistical controls. We used a Hausman-Taylor panel data estimation method that allows us to estimate the coefficients of time-invariant regressors while controlling for potential endogeneity.

Summary of Findings
First, product launch time gap has a negative impact on product evaluation. However, the negative effect of time gap is reduced in long-term oriented cultures. Second, the effect of advertising on product evaluation is positive. This positive effect is strengthened in high power distance belief cultures. Third, cultural congruence has a positive effect on product evaluation, which is strengthened in collectivistic cultures.

Key Contributions
First, this research contributes to literature on international product launch strategies and sheds light on the controversy over the optimality of simultaneous versus sequential strategies. When firms decide between the two launch strategies, they should factor in the potential for a weaker negative effect of a sequential launch in long-term oriented cultures. Second, we reveal that the effectiveness of advertising is moderated by culture. Power distance beliefs likely cultivate a need for prestige among consumers, which can be satisfied by their consumption of heavily advertised products. Third, we combine the cultural discount effect (i.e., products are received well in cultures that are closer to the home country) with a congruence effect to reveal a moderating effect, such that the positive effect of cultural congruence tends to be attenuated in individualistic cultures. Our findings suggest firms that face the trade-off between culture-specific and universal content can achieve an effective balance by considering the interaction between product content and national culture.

References are available on request.

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Country of Origin and Ethnocentrism: A Study of Immigrant Groups with Different Immigration Patterns

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Keywords: immigrants, ethnocentrism, country of origin, immigrant movement

EXTENDED ABSTRACT

An emerging stream of research (e.g., Davies and Fitchett 2004; Peñaloza 1994; Üstüner and Holt 2007) challenges the assumption of unidimensional identity normally associated with Consumer Ethnocentrism (CE) and Country of Origin (COO) literatures. This nascent literature goes beyond static depictions of self and identity and extends the notions of CE and COO to important unheeded contexts, such as ethnic, immigrant or otherwise bicultural populations. Zolfagharian and Sun (2010) and Zolfagharian, Saldivar and Sun (2014), for example, draw on first-generation immigrants and explore the multiplicity of ethnocentric tendencies (i.e., toward multiple countries) and expose situations where consumers identify with both the country of origin of the product and the country where it is sold. Notwithstanding the contributions of previous studies they do have a tendency to only examine immigrants who move from a developing to developed countries (Beaverstock 1990; Findlay and Gould 1989; Shrestha 2011). We address this limitation by drawing on multiple first-generation immigrant communities and examine immigrants that move vertically and laterally between countries in order to gain a more holistic view of the social fabric of today’s multicultural society and to expose noteworthy commonalities and/or differences among various different immigrant communities.

Research Question

How do immigrant consumers who migrate vertically (i.e., from developing to developed or developed to developing) and laterally (i.e., from developing to developing or developed to developed) use CE and COO cues to evaluate products from home, host, and foreign countries?

Method and Data

A scenario-based survey was developed to capture evaluations of product quality and purchase intention from first generation immigrants. To capture the four immigration patterns, we sampled from each of the following first-generation populations: German Americans (represented lateral movement from developed-to-developed country), Mexican Americans (represented upward movement from developing-to-developed country), American Mexicans (represented downward movement from developed-to-developed country), and Chinese Mexicans (represented lateral movement from developing-to-developing country). The decision to capture data from these four groups was guided by three considerations: (a) incorporating meaningfully different cultural groups in terms of Hofstede’s (2001) cultural dimensions; (b) capturing all four migration patterns; and (c) our ability to reach potential respondents in North America.

Summary of Findings

Results show that developing foreign countries are the least favored by the four immigrant groups because neither benefit from consumer identification (i.e., CE) nor country image (i.e., COO). Second, products that benefit from the COO effect (i.e., products made in developed foreign countries) are received almost equally relative to products made in the home countries of migrants who have moved upward. In other words, regardless of the moving pattern, products from developed countries tend to have the COO effect working in their favor. Third, lateral migration results in comparable evaluations of home and host country products forming an almost flat line, with the line being...
significantly higher when lateral migration occurs between two developed countries relative to when it is between two developing countries. Fourth, we still see a bias toward home and host country products across all immigrant groups even when home or host countries are not considered developed. Fifth, products made in developing home and host countries tend to be evaluated more favorably than their foreign counterparts.

**Key Contributions**
This paper not only extends our understanding of CE and COO, but also challenges the main assumption found in CE and COO literatures that consumers identify with one and only one country. As a result, COO researchers have expected their respondents to identify with either the product’s country of origin or the country where it is sold, but not with both. The results herein, however, suggest that immigrants may identify with more than one country, and tend to favor home and host products to most foreign products. This was the case across all immigrant groups included in our empirical investigation and, thus, deserves further attention from future researchers.

*References are available on request.*
The last three decades have witnessed a growing integration of world markets. This wave of globalization has caused a rapid rate of change in technologies, regulations, and competitive landscapes and challenged existing ways of doing business. Firms are under a lot of pressure to align with the changing marketplace and a substantial amount of research has examined the role of two key learning processes, namely exploitation and exploration, as a solution to this problem. Yet, the extant literature has mainly focused on the product development domain, overlooking other possible areas. Drawing on the Organization Learning and Dynamic Capabilities theories, this study investigates how exploitation and exploration in the domains of product development and export market influence adaptive export performance. Additionally, it examines whether market and technological turbulence play a moderating role here. Methodologically, we developed an online survey, sent to Portuguese export manufacturers, and analyzed the data using the maximum likelihood estimation procedure in EQS 6. The results indicate that product development and market exploitation and exploration contribute to adaptive performance. Additionally, technological turbulence weakens the influence of product development exploitation and enhances the effects of product development exploration, while market turbulence lessens the influence of market exploitation on adaptive export performance. The contributions of this study are fourfold. First, it examines the effects of both product development and export market exploitation and exploration on adaptive export performance. Second, it investigates the moderating role of technological turbulence in the links of product development exploitation and exploration to performance. Third, it considers the moderating role of market turbulence in the links of market exploitation and exploration to performance. Fourth, it tests these relationships in the relevant, but understudied, context of exporting.

References are available on request.
Does Brand Globalness Consistently Result in Superior Brand Evaluations? Experimental Evidence

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Keywords: perceived brand globalness, perceived brand localness, brand evaluations, experiments

EXTENDED ABSTRACT

Research Question
Recognizing the problem of potential confounding factors that might influence the relationship between perceived brand globalness (PBG) and consumer evaluations of global and local brands (Dimofte et al, 2008), researchers have recently proposed that “future studies could also employ experimental approaches and examine possible effects between the key constructs through explicit manipulation” (Xie et al., 2015, p. 68). In this context, while the use of real global/local brands as stimuli fosters external validity and managerial relevance, it does so at the expense of internal validity. This is because global brands usually score high on brand familiarity, brand strength, consumer knowledge and public image and these characteristics represent internal validity threats when seeking to attribute the observed effects to PBG. Against this background, we use an experimental approach to identify whether global and local versions of brands identical in every other respect generate different consumer responses in terms of (a) brand quality, (b) brand trust, (c) brand prestige and (d) purchase intentions. Given that preferences for global versus local brands may also be influenced by consumers’ degree of ethnocentrism (Shimp & Sharma, 1987), cosmopolitanism (Riefler, Diamantopoulos, & Siguaw, 2012) and global/local identity (Zhang & Khare, 2009), we use these consumer characteristics as covariates in our analyses.

Method and Data
We developed print advertisements for two brands in different product categories to assess the effect of both PBG and perceived brand localness (PBL) on consumer brand evaluations. Specifically, we conducted two between-subjects experiments with Austrian consumers, using different versions of print advertisements (global: “All around the World”; local: “Exclusively in Austria”) as stimuli in two product categories: clothing and coffee. Both product categories are highly familiar to consumers and there are both global and local alternatives for both categories in the Austrian market. For clothing, we used a fictitious brand name (PANDORA), whereas in the coffee category we used a real but unknown brand (DONCAFE); the latter is a Romanian brand but not sold in Austria. We conducted a pretest (N = 40) to see whether the different ad versions indeed differed in terms of PBG and PBL. Results were consistent across categories. For the main study (N = 134), we used an online questionnaire whereby respondents were exposed to one version of the advert (i.e. global or local), which randomly appeared when accessing the link of the survey. The brand to which respondents were exposed (i.e. PANDORA vs. DONCAFE) was also randomized across respondents.

Summary of Findings
Our findings show that the perception of global brands results in consistently more favorable brand evaluations only in terms of brand prestige, which is in line with findings of other researchers (Dimofte et al., 2008; Johansson & Ronkainen, 2005; Özsomer & Altaras, 2008; Steenkamp et al., 2003). Unlike most previous research (e.g. Steenkamp et al., 2003; Özsomer, 2012; Xie et al., 2015), however, our findings do not reveal superior quality perceptions of global brands. In fact, the lack of significant differences on the
quality dimension supports Dimofte et al.’s (2008) results who identify brand strength as a confounding influence of the impact of globalness on perceived brand quality. Our findings further support Schuiling and Kapferer (2004) who also found no differences in quality between global and local brands but observed that the latter enjoyed greater trust. Trust evaluations were also found to be significantly higher for local brand versions in our study.

No clear pattern could be identified regarding the impact of ethnocentrism, cosmopolitanism and global/local identity.

**Key Contributions**

This study sought to identify differences in consumer evaluations between global and local brands in terms of quality, prestige, trust and purchase intention. Unlike most previous global branding studies, we used unknown brands stimuli as the evaluating targets, to avoid confounding effects associated with established brands (Dimofte et al., 2008). The results revealed that perceptions of brand globalness/localness do influence consumer evaluations of prestige (favoring global brands) and trust (favoring local brands).

Regarding the latter, it seems that simply the message that the brand is available only in the respondents’ home country evokes feelings of trust; whether this is because consumers may perceive local brands as more “original” or “authentic” (e.g. Ger, 1999) or whether this is a manifestation of “domestic country bias” (Balabanis & Diamantopoulos, 2004) is a question open to further research.

From a managerial perspective, our findings suggest that caution needs to be exercised when designing brand portfolios as our results do not show an unequivocal superiority of global over local brands. If managers opt for global brands, they should consider emphasizing perceived prestige. On the other hand, local brand marketers should emphasize brand trust. Otherwise stated, this means that creation of global brand image would mirror in higher perception of brand prestige, while the creation of a local brand image would reflect trustworthiness of a brand. Brands that are perceived as neither global nor local are likely to find themselves in a difficult position, since they fail to provide clear signals.

*References are available on request.*
The Enduring Impact of Inverse Country of Origin Effects

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Keywords: inverse country of origin effects, country image, halo effect, stereotype change, affect transfer

EXTENDED ABSTRACT

Research Question

Product perceptions influence country image and country image influences product perceptions (Loo and Davies 2006). Not surprisingly, marketing usually investigates country of origin effects, in which the image of a country impacts the evaluation of a product originating in that country (see Verlegh and Steenkamp 1999 for a review). However, a few studies in marketing investigate an inverse country of origin effect. Inverse country of origin effects are the opposite of country of origin effects, in that consumers’ evaluation of a product influences their image of the source country (White 2012). Existing studies offer evidence of inverse country of origin effects occurring, but leave open questions regarding effect characteristics. This study investigates whether the inverse country of origin effect is temporary or lasting, and whether additional experience with the product further enhances country image.

Method and Data

A series of three experiments and two surveys investigate the research questions. Subjects in the experiments were undergraduate and graduate students in marketing classes. In the first experiment, subjects completed scales measuring country images, followed by tasting a single piece of unbranded chocolate. Subjects were told the chocolate came from one of the countries, and then recompleted a country image scale for that nation. Two weeks following the experiment, a supposedly unrelated survey asked students to complete an image scale for the chocolate’s source country and another country.

A second experiment was conducted with a different sample, followed by a survey one month later. In addition to rating the source country of the chocolate, this experiment included a second rating of a different country following the chocolate tasting. The survey used the same format as the first study, but was completed one month after the experiment instead of the two weeks used in the first study.

Approximately three weeks after the survey, the second experiment was repeated with the same sample in order to investigate whether additional experiences with the chocolate influenced source country image. This was the third and final experiment.

Summary of Findings

The first experiment offered evidence that country image after the chocolate ($m = 52.39$) was significantly higher than country image before the chocolate ($m = 47.89$, $t = -1.976$, $p < .10$). The subsequent survey offers evidence that improvement in country image was still apparent two weeks later ($m = 52.20$).

Similar to the first experiment, results of the second experiment support an improvement in country image from before the chocolate ($m = 38.88$) to after the chocolate ($m = 50.32$, $t = -4.316$, $p < .05$). The mean image for the non-source country did not change significantly from pre ($m = 55.04$) to post ($m = 53.32$) chocolate ($t = 9.11$, $p > .05$). The subsequent survey for this experiment offers evidence that the effect persisted one month later ($m = 69.61$).

Results of the third experiment did not support a significant change in country image before the chocolate ($m = 69.52$) to post chocolate ($m = 65.52$, $t = 1.673$, $df = 20$, $p > .05$).

Key Contributions

The first two experiments are consistent with inverse country of origin effects. Receipt of chocolate from a source country resulted in improvement in that country’s image.

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Furthermore, country image for a non-source country did not change, suggesting that the source of the chocolate was the causal factor, not the chocolate itself.

The surveys, examining the endurance of inverse country of origin effects, are consistent with enduring effects. These studies show that source country image remained enhanced two weeks, and one month, after the initial experiments.

The final experiment suggests that a ceiling to inverse country of origin effects exists, as there was no increase in source country image when the chocolate was evaluated for a second time.

Together the studies add to theory on inverse country of origin effects. Evidence from the studies supports such effects, and the effects are found to endure, at least to one month. Evidence also suggests a ceiling to inverse country of origin effects, in that additional exposure to a product does not have an additive impact on country image.

References are available on request.
Consumption Convergence Between Emerging and Developed Markets: An Exploratory Study

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Keywords: consumption convergence, emerging markets, consumer expenditure, durables, convergence, economic convergence, economic freedom, globalization

EXTENDED ABSTRACT

Research Question
The study examines consumption convergence between 20 developed and 25 emerging markets over 25 years (1990-2014). The specific objectives of study are to (i) define consumption convergence (ii) develop models explaining the phenomenon, (iii) test the level of convergence among developed and emerging nations, and (iv) determine the influence of socioeconomic variables on consumption convergence in emerging nations. The study also discusses managerial and social implications.

Method and Data
In order to examine the trend in consumption growth and convergence a broad spectrum of consumption items and expenditures was used. Six variables representing the consumption are daily calorie intake, daily protein intake, expenditure on milk, egg, and cheese, expenditure on personal care, and household possession of dishwasher and microwave. Consumption growth and convergence is examined with three types of regression models: time growth model (TGM), trend difference model (TDM), and socioeconomic influence model (SIM). Equations for each model and hypotheses are described below.

Time Growth Model (TGM). TGMs are basically time series models showing historical pattern of growth where consumption is regressed with time. They establish the existence of a significant difference between the two groups; do not indicate any convergence or divergence. Equation and hypothesis are given below.

\[ Y_i = \alpha + \beta_1 t + \beta_3 m \] [Equation 1],

where \( Y_i = \) consumption in market \( i \), \( t = \) discrete time interval \( t \), and \( m = \) group dummy, where \( 1 = \) emerging markets and \( 2 = \) developed markets.

H1: There is a significant difference in consumption growth between emerging and developed markets.

Trend Difference Model (TDM). The TDMs use variance approach to test convergence. If two groups converge then the difference between their variance should decline over time. A significant negative \( \beta \) confirms convergence.

Equation and hypothesis are given below.

\[ \Delta Y_i = \alpha + \beta_1 t \] [Equation 2],

where \( \Delta Y_i = \) change/difference in consumption in an emerging market \( i \), and \( t = \) discrete time interval \( t \).

H2: With rapid growth, the emerging markets are converging with the developed markets in terms of consumption.

Socioeconomic Influence Model (SIM). SIMs are factor analytic models explaining consumption convergence in emerging markets. Four factors derived from 13 exogenous variables were used in the SIMs. The factors are: openness of the market, quality of life, size of the market, and contribution in manufacturing. The factors explain 77% of the variance in the data set. The 13 variables taken for factor analysis are as follows: economic freedom (X1), political rights (X2), civil liberties (X3), total GDP (X4), manufacturing as % of GDP (X5), primary energy consumption (X6),

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life expectancy at birth (X7), population (X8), higher education as % of total population (X9), urbanization (X10), economically active female population as % total population (X11), globalization (X12) and index of ageing (X13). Equation and hypotheses are given below.

$$\Delta Y_i = \alpha + \beta_1 F_1 + \beta_2 F_2 + \beta_3 F_3 + \beta_4 F_4 \text{ [Equation 3]},$$

where $\Delta Y_i = \text{change/difference in consumption in an emerging market } i,$ and $F_i = \text{Factors affecting consumption.}$

H3a: Openness in emerging markets positively contributes to consumption convergence.

H3b: Quality of life in emerging markets positively contributes to consumption convergence.

H3c: Size of the emerging markets positively contributes to consumption convergence.

H3d: Contribution of the manufacturing sectors in emerging markets positively affects consumption convergence.

The 20 developed markets are: Austria, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom and United States of America. The 25 emerging markets are: Argentina, Brazil, Chile, China, Colombia, Egypt, Hungary, India, Indonesia, Iran, Israel, Nigeria, Malaysia, Mexico, Pakistan, Peru, the Philippines, Poland, Russia, South Africa, South Korea, Thailand, Turkey, Venezuela and Vietnam.

The researcher collected data from various sources. Economic freedom was obtained from Heritage Foundation’s Economic Freedom was obtained from Heritage Foundation’s Index of Economic Freedom. Freedom House provided the political rights and civil liberties scores. They are measured on a seven-point scale, 1 being highest and 7 being lowest. The researcher reverse coded the scores to a base of 100 for consistency with other variables in the dataset. Popularly used Globalization Index is a composite of economic, social and political globalization. It indicates the level of globalization of a country. Data for the six consumption variables were collected from Passport GMID (Global Market International Data) compiled by Euromonitor. Euromonitor has data for the sampled countries since 1990. All other variables were also taken from the Euromonitor database. Year to year exchange rate has been used for foreign exchange conversions.

Key Contributions
TGMs are time series models that can be used to assess the consumption growth in any country. Managers can use these models for country level demand estimation and forecasting. The results can be helpful for investment decision or entry strategy. They can also be extended to country groups for comparative evaluation. The usefulness of TDMs lies in the catching up phenomenon or market saturation rate. The saturation rate could warrant different penetration strategy for different countries. Countries could be segmented on the basis of the market saturation rate. Their profiles could be drawn to determine specific strategy. The managerial implication of the SIMs can be very broad. Like TGMs or TDMs, they can be used for demand estimation and forecasting if the factor scores of market openness, quality of life, size and manufacturing contribution are known. Managers can use one or more factors for segmentation purposes. Segments can be profiled for investment decisions and for designing specific strategies. The study can be extended to other countries or groups of countries. Convergence among the nations in an economic bloc, viz., European Union, NAFTA, ASEAN or MERCUSOR can be tested using the models suggested in this study. Rate of convergence can be a performance measure for integration. We can study also test the convergence between a market leader (e.g., USA) and a follower (any country). Lead-lag hypothesis can be tested this way.

Summary of Findings
Findings of the three types of models reveal a significant consumption growth and convergence. TGMs show that there is a significant difference in consumption growth between emerging and developed markets. Declining $\beta$-coefficients in the TDMs indicate consumption convergence between the two groups. The rate is slow however. The SIMs reveal mixed results. Market openness, quality of life and market size appear to exert reasonable influence on convergence. Full support for H1 and H2 and partial support for H3a, H3b and H3c are established from the regression results.

References are available on request.

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Keywords: commitment, luxury, emerging markets, satisfaction, advocacy intention

EXTENDED ABSTRACT

Research Question
Emerging markets are called the new frontier of growth for luxury brands and competition is intensifying to increase market share. However, success has remained elusive for many brands in these fast growing markets. Researchers have observed that the luxury goods landscape has changed substantially in recent years (Kapferer & Bastien 2009) due to democratization and the insatiable demand for luxury goods, especially in emerging markets (Shukla, Singh & Banerjee, 2015). The growth in the consumption of luxury brands has added an interesting complication for the management of luxury brands in emerging markets. Using the three-component model of commitment put forth by Allen and Meyer (1990) involving affective, calculative and normative commitment, this paper examines the following research questions across six major emerging markets namely Brazil, Russia, China, India, Thailand and Turkey: (a) What are the antecedents that influence commitment components in luxury context? (b) What is the relationship between commitment components and consumption satisfaction as well as advocacy intentions? (c) Do the antecedents and consequences of commitment differ across emerging markets?

Method and Data
Data were collected in six different emerging markets using a self-administered structured questionnaire. The initial sets of items were derived from established measurement scales. The survey instrument was initially developed in English and then translated and back-translated in local languages of each country with involvement of local linguists and business experts. The translated and back-translated versions were then checked by a bilingual academic experts in each country. To avoid cultural invariance, only locals were included in the study. Respondents were requested to participate in the study, and were asked to identify their favorite luxury brand first. They were then asked to record their answer on each of the constructs for that favorite brand. Of the 1538 people who participated (more than 3800 were requested to participate), the final usable sample was 1385 (36.45%). The model achieved reliability and validity scores above the recommended level. Full configural, partial metric and partial scalar invariance was achieved.

Summary of Findings
The study specifically looks at how social switching costs and trust act as antecedent to affective commitment, lost benefit costs and alternative attractiveness influence calculative commitment and subjective norms can influence normative commitment. The study also focuses on consumption satisfaction and advocacy intentions as consequences of commitment. The findings show that customers in Brazil, India, Thailand and Turkey prefer to develop an emotional bond with luxury brand however that is not the case for customers in China and India. We further find a counterintuitive phenomenon wherein when customers in emerging markets are offered an attractive alternative; they seem to demonstrate higher calculative commitment possibly due to the significant investment made when purchasing a luxury product due to purchase power parity.

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The findings also reveal that affective commitment significantly influences consumption satisfaction in India, China, Thailand and Turkey and advocacy intentions in Brazil, India, Thailand and Turkey. Influence of calculative commitment on consumption satisfaction and advocacy intentions is significant only in Russia and Thailand. China and India seem to be completely different markets than Thailand and Russia in this regard. Normative commitment is a significant predictor of consumption satisfaction and advocacy intentions in both these countries which demonstrates that customers in these countries prefer to build a social as well as an affective bond with the brand.

Key Contributions
This study adopts a multidimensional and multi-country comparison approach and shows how customers in emerging markets act differently to commitment triggers and differential role of each commitment component in driving consumption satisfaction and advocacy intentions. In doing so, the study offers a nuanced view of how commitment operates in emerging markets. Using these elements, luxury brand manufacturers will be able to identify and customize their marketing campaigns that can build stronger commitment for their brand in specific markets.

References are available on request.
Transformational Leadership, Role Conflict, and the Moderating Role of Uncertainty Avoidance

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Keywords: frontline employees, role conflict, transformational leadership, uncertainty avoidance, job performance

EXTENDED ABSTRACT

Research Question
Role conflicts are a common problem of frontline employees in service settings, thus, identifying leadership behavior of managers that reduce role conflicts of frontline employees is important. Prior research on transformational leadership already reveal differences in the effectiveness of different transformational leadership dimensions on the reduction of perceived role ambiguity by frontline employees. Additionally, previous studies already highlight that cultural values matter when it comes to the effectiveness of transformational leadership. Besides, scholars debate about the effect of role conflict on job performance. Therefore, the study addresses five questions:

1. Are managers able to positively affect internally originated role stress by distinct transformational leadership styles (role conflict), in contrast to influence an external and management originated role stress factor (role ambiguity)?

2. As role conflict can conceptually be split up in different dimensions, may transformational leadership styles have different effects within and in between these dimensions?

3. Do individual cultural values in terms of uncertainty avoidance affect perceived role conflicts?

4. Does uncertainty avoidance moderate the link between transformational leadership styles and role conflict dimensions?

5. Does experienced role stress lead to lower or higher levels of job performance?

Method and Data
In order to test the model, data from 366 retail bank employees in France, Germany, and Poland was collected. Employees where contacted via the bank and their management and had to fill out a paper-pencil questionnaire anonymously in the bank. The questionnaire included items of transformational leadership styles according to the MLQ Form 5 x Short by Bass and Avolio (1995), role conflict dimensions according to Rizzo, House, and Lirtzman (1970), uncertainty avoidance according to the CVSCALE by Yoo, Donthu, and Lenartowicz (2011), and one item for self-assessed job performance plus control variables.

Summary of Findings
The study revealed that...

1. ...managers can indeed use transformational leadership to reduce internally originated role stress experienced by frontline employees.

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2. ...not all transformational leadership styles are equally effective when it comes to diminishing experienced role conflicts by frontline employees. To reduce conflicts for frontline employees, management by inspirational motivation is most effective, followed by individualized consideration. Idealized influence affects the experienced role conflicts only slightly negatively. In contrast, management by intellectual stimulation is counterproductive when it comes to the decrease of experienced role conflicts.

3. ...transformational leadership styles affect role conflict dimensions in different ways. Transformational leadership styles affect the perceived person-role conflict most, while intra- and intersender conflict, on the other hand, are influenced less.

4. ...the individual cultural value of uncertainty avoidance positively affects the perception of role conflicts.

5. ...the individual cultural value of uncertainty avoidance moderates the link between transformational leadership styles and role conflict dimensions in a negative way.

6. ...two role conflict dimensions (person-role and intersender conflict) have a negative impact on job performance.

Key Contributions
The study contributes to existing research in, at least, five ways. First, in line with the findings regarding role ambiguity and contrary to general assumptions, not all transformational leadership styles are equally effective when it comes to diminishing experienced role conflicts by frontline employees. Second, findings indicate that role conflict cannot be treated as a unidimensional factor. This provides an explanation for inconsistent results of prior studies using the intersender conflict dimension as sole role conflict construct or using an overall construct combining all dimensions in one factor. Third, the individual value of uncertainty avoidance is crucial in the perception of role conflicts of frontline employees undergoing the same stressful circumstances. Fourth, results on the interactions of transformational leadership styles and uncertainty avoidance affirm the importance of cultural values for the effectiveness of transformational leadership. Fifth, as this study has looked at role conflict dimensions separately, results regarding the relation to job performance provide support for the assumption of a negative effect of role conflict on job performance. Further, findings controvert papers that only looked at a unidimensional role conflict construct and found a positive effect on job performance.

References are available on request.
Part G
Innovation and New Products

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Positive Effects of Uncertainty in New Product Preannouncements

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Keywords: new product preannouncements, positive uncertainty, market anticipation, tease

EXTENDED ABSTRACT

Research Question
New product preannouncements are major marketing communication devices. Rooted in signaling theory, preannouncement literature suggests generally avoiding uncertainty in preannouncements (Eliashberg and Robertson 1988; Su and Rao 2010). Uncertainty refers to a lack of information about whether, where, when, how, or why a future event will occur or what this future event will look like (Knight 1921). The assumption is that because “vague preannouncements have less influence on the targeted audiences, firms ... need to be clear and informative” (Su and Rao 2010, 661). Yet not all new product preannouncements follow this suggestion. Some preannouncements appear to be deliberately uncertain. For example, Apple preannounced its MacBook Air line using the slogan “There’s something in the air” (Block 2008), and Facebook preannounced a recent event using “Come and see what we’re building” (Murph 2013). Nevertheless, these uncertain preannouncements have created a significant amount of attention, interest, and anticipation among consumers and industry experts alike (Boorstin 2013). These observations spark three key questions: When can uncertainty in new product preannouncements be positive? How uncertain should a preannouncement be? and Why can uncertain preannouncements have positive effects?

Method and Data
Study 1 tests our basic assumption that the effect of uncertainty on market anticipation depends on the immediacy of a decision. In Study 1, we preannounced the release of a fictitious new novel by Dan Brown. We manipulated uncertainty through the content of the preannouncement and decision immediacy through time to launch. Study 1 used a 2 (preannouncement content: certain vs. uncertain) × 2 (launch: near vs. far) between-subjects design. Participants were 105 (45% female, M_age = 35 years) U.S. consumers randomly assigned to one of only four conditions.

Study 2 has three objectives. First, we wanted to replicate the positive effect of uncertainty in preannouncements using a different context. Second, we compared the effects of different degrees of uncertainty. Third, we tested two processing mechanisms that might explain the positive effect of uncertainty on market anticipation. In Study 2, we preannounced a sequel to one of Leonardo DiCaprio’s movies. We manipulated uncertainty through the content of the preannouncement. Study 2 used a three-cell between-subjects design with content uncertainty as the manipulated factor (preannouncement content: certainty vs. medium uncertainty vs. high uncertainty). Participants were 224 (36% female, M_age = 32 years) U.S. consumers randomly assigned to one of only three conditions.

Summary of Findings
Study 1 finds a significant interaction between content uncertainty and decision immediacy (F(1, 101) = 6.38, p = .013). Planned contrasts revealed that when launch was near (i.e., decision immediacy was high), certainty led to greater market anticipation than uncertainty (M_{certain,near} = 5.18 vs. M_{uncertain,near} = 4.43; F(1, 101) = 2.45, p = .121). This difference approaches significance. When launch was far (i.e., decision immediacy was low), uncertainty led to significantly greater market anticipation than certainty (M_{certain,far} = 4.14 vs. M_{uncertain,far} = 5.02; F(1, 101) = 4.15, p = .044).

Study 2 replicates the positive effects of uncertain content for different degrees of uncertainty. Participants in both the medium uncertainty (M_{uncertain} = 4.97, p = .003) and high
uncertainty (Mvery_uncertain = 4.92, p = .004) conditions indicated significantly greater market anticipation than participants in the certainty condition (M_certain = 4.19). In addition, Study 2 reveals that the positive effects of uncertainty are mediated by outcome expectancies (medium uncertainty CI95%: .007; .621; high uncertainty CI95%: .073; .663) and positive mood (medium uncertainty CI95%: .038; .431; high uncertainty CI95%: .024; .429).

**Key Contributions**

This article extends new product preannouncement literature in several ways. Most importantly, our work introduces a more nuanced perspective of uncertainty in new product preannouncements. While extant literature draws mainly from signaling theory and thus focuses on processes for which uncertainty is negative, our work suggests that preannouncements trigger different processes depending on the immediacy of a decision. When a decision is imminent, uncertainty is indeed disadvantageous. However, when no decision is imminent (e.g., launch is far), uncertainty outperforms certainty in creating market anticipation. Uncertain preannouncements put consumers in a better mood and increase outcome expectancies about the future event. For managers, using uncertain preannouncements constitutes a novel strategy to increase market anticipation among consumers. In sum, uncertainty in preannouncements is not a necessary evil that should be avoided, but rather a strategic resource that should be managed to maximize market anticipation.

In addition, our work underscores the importance of distinguishing between preannouncements and announcements. More specifically, we find that consumers feel less (more) prompted to make an immediate decision in the case of a preannouncement (announcement). Consequently, announcements and preannouncements require different kinds and amounts of information.

*References are available on request.*
How Categorization of Attributes Using Screen Designs Affects Consumer Attitudes

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Keywords: attribute categorization, feature fatigue, product design, attitudes

EXTENDED ABSTRACT

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

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

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

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

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

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

**Key Contributions**

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

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

*References are available on request.*
Angry New Product Review: A Competitive Mediation Model

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Keywords: anger, new product, online review, product newness

EXTENDED ABSTRACT

Research Questions
This research investigates how new product evaluation is influenced by the intensity of negative emotion, namely anger in this study, contained in user-generated product reviews. The findings provide several novel aspects into innovation diffusion research. Resting upon social functions of emotion theory, the authors identify and test the functionality of anger intensity on new product evaluations through two factors: perceived problem seriousness in the review and perceived rationality of the reviewer.

Method and Data
The authors conducted an experiment based on the sample of Amazon Mechanical Turk.

Summary of Findings
They find that these two routes concurrently, yet in opposite directions, medicate the effects of anger intensity on new product evaluation. Integrating the social functions of emotion theory into the diffusion of innovation through online platforms, this research also extends the social functions of emotion theory by delving into the social functions of the intensity of the same type of negative emotions. Furthermore, they examine which mechanism outweighs another as product innovativeness varies and identify that the mediation effect of perceived problem seriousness is stronger for really new products than incrementally new products.

Key Contributions
First, our findings improve the understanding of how the intensity of a negative emotion (i.e. anger) in user-generated reviews functions on the potential adopters’ perceptions of the new product. Extant online product reviews focus on the comparisons between different emotions (i.e. positive emotions versus negative emotions) and test what emotions are most persuasive to potential adopters. Our research differs in that it demonstrates emotional intensity explains why one’s emotion may be socially functional or malfunctioned in the context of online innovation diffusion.

Second, it analyzes the dual information processes of emotional intensity through the review content (i.e. problem seriousness) and the characteristics of reviewer (i.e. rationality) concurrently. The findings show that the intensity of anger will act upon the potential adopters’ information processing through the two routes concurrently. More importantly, the two routes compete with each other. Different from traditional innovation diffusion social networks where consumers interact with one another, online platforms allow potential adopters to collect diagnostic information from product users in many cases without knowing the counterpart’s identity and background. Rather than merely assimilate the content of an online product review, potential adopters speculate the characteristics of the reviewer by using the same piece of information. Our findings emphasize that emotional intensity makes an emotion socially function on both the review and the reviewer in the online innovation diffusion setting.

Both radically and incrementally new products diffuse through the virtual world. This study demonstrates that distinct newness nature further influences how a negative online product review will shape potential adopters’ evaluation on the reviewed new product. Extreme negative emotion is more damaging to really new products than incrementally new products, because potential adopters are more aversive to risks and failure of the former.

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Fourth, it expands the social functions of emotion theory’s application in user-generated online product review research by indicating that emotional reviews are more than socially influencing the reputation of reviewed products (e.g., venting angers toward a dissatisfied product experience), or controlling the firms’ behavior (e.g., seeking apologies and payback from a firm). What is more, the reviewers disclose negative emotions purposefully to influence potential adopters’ purchase decisions on new products.

*References are available on request.*
Improving New Product Development by Integrating the Sales Force: Toward a Systematic Framework

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Keywords: sales force integration, conceptual paper, new product development, interdisciplinary literature review, social identity theory

EXTENDED ABSTRACT

Research Question
Our manuscript deals with the highly essential and increasingly recognized topic of improving a firm’s innovation performance by integrating the sales force and its valuable market knowledge into the new product development (NPD) process. Thereby, our paper is the first to particularly answer the following research questions:

1. What constitutes to the nature of integrating the sales force into NPD and how can the integration be managed effectively?

2. How can companies control and regulate the integration of the sales force by setting up the NPD project team properly?

Method and Data
Conceptual work based on social identity theory and an interdisciplinary literature review of marketing, management and psychology research

Summary of Findings
As marketing theory indicates a significant research gap in this area, our study serves as a primer on systemizing and conceptualizing sales force integration into NPD. To account for the concept’s complexity and multi-layered nature, we decided to apply a more comprehensive approach and developed an interdisciplinary conceptual paper relying on a broad literature review of marketing, management, and psychology research. This conceptual framework provides the base for future empirical studies on the topic.

Key Contributions
Our paper contributes to the discipline in three major ways.

1. Our study is the first to systematically explore the nature of sales force integration (SI) into NPD (hereafter: SI into NPD). In particular, unlike other research assuming SI into NPD to be a one-dimensional construct and considering only activities by the sales force, we establish a two-dimensional concept that captures mutual integration efforts of both the sales force and the organization.

2. We investigate how firms can effectively enable SI into NPD. Hence, we are the first to systematically explore antecedents of SI into NPD. Specifically, we identify and structure major NPD team characteristics that can enable SI into NPD and develop specific research propositions on their influence on SI into NPD.

3. We provide important implications for academics and practitioners and outline our personal avenues for future research of empirically testing the framework with a sample of 130 NPD project teams.

References are available on request.

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The Effects of Customer Co-creation on NPD Speed Capability Development and the Contingent Role of Environmental Turbulence

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Keywords: customer participation, co-creation, NPD speed, NPD performance, capabilities

EXTENDED ABSTRACT

Research Question
New product development (NPD) is paramount to a firm’s competitive differentiation, establishing entry barriers, opening new markets and impacting firm performance (Sheng et al., 2012; Morgan et al., 2014). Increasingly, firms are focusing on managing NPD speed, or how quickly an idea moves from concept to production in the marketplace (Chen et al., 2005). Research posits that NPD speed measures a firm’s capabilities in terms of navigating through the NPD process from ideation to commercialization (Chen et al., 2012). While researchers have examined NPD speed extensively, the primary focus of its antecedents has been on product characteristics (e.g. complexity), firm characteristics (e.g. team leadership and experience), and top management factors (e.g. support) (Chen et al., 2010; Lewis et al., 2002; Swink, 2003). Furthermore, there has been a dearth of research on the integration and involvement of external stakeholders in terms of new product development speed and performance. As such, the primary research questions for this paper are: (1) how does customer co-creation affect a firm’s capability development that leads to higher NPD performance, (2) does NPD speed mediate the relationship between customer participation and NPD performance, and (3) how does environmental turbulence impact management of external information for capability development?

Method and Data
The data for this study was collected from top managers and functional managers across multiple SIC codes. All respondents identified themselves as having detailed knowledge of NPD activities. The sampling frame was compiled from two sources. First, multiple Chamber of Commerce directories from multiple Midwestern states were used to gain access to contact information from top level managers. Second, names and contact information were purchased from a commercial list broker. After three lowly innovative industries (e.g. Administration) were deleted from the sample, the response rate was 25.2%. Early and late wave responders were examined for non-response bias and no significant differences were found. Moreover, the Harman One Factor test was conducted to assess the significance of common method bias. No issues were found. A seemingly unrelated regression (SURE) analysis was used to test the hypotheses. We conducted a Breusch-Pagan test and examined the standard errors compared to OLS regression models to ensure the appropriate use of the SURE model. The Breusch-Pagan test was significant (p < .001) and the OLS standard errors were greater than the SURE standard errors, ensuring the use of SURE is appropriate.

Summary of Findings
The results of the analysis show that customer co-creation positively impacts NPD performance and NPD speed capabilities. The results show that NPD speed as a capability acts as a mediating mechanism between customer co-creation and NPD performance. The effects of this causal process are magnified in turbulent environments. The findings uncover an additional benefit of customer co-creation, thus building...
upon the work of Coviello and Joseph (2012), Chesbrough (2003) and Von Hippel (1986), among others.

**Key Contributions**

We contribute to the dynamic capabilities, open innovation, and NPD literature streams by examining how customer co-creation impacts NPD speed positively, subsequently impacting NPD performance positively. The relationship between customer participation in NPD and NPD performance is mediated by NPD speed. The results are magnified under high turbulence. We provide an extension of the co-creation/open innovation literature by exploring another consequence and a mediating process. Moreover, we extend the NPD speed literature by showing another antecedent of the important capability.

*References are available on request.*
Regulatory Focus, Task Engagement, and Divergent Thinking

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Keywords: divergent thinking, regulatory focus, regulatory fit theory, creativity, idea generation

EXTENDED ABSTRACT

Research Questions
The study investigates the role of regulatory focus on creative divergent thinking tasks such as frequently used in brainstorming sessions. Important questions are whether the type of creativity measure (fluency, flexibility, or uniqueness) influences previous and current research findings, and whether the fit between the creative exercise and the respondent’s chronic regulatory focus influences creative performance.

Method and Data
We investigate the effect of individuals’ regulatory focus on divergent thinking performance. We analyzed 3576 ideas, generated by a non-student sample consisting of 341 English speaking adults who participated in two separate divergent thinking tasks. Independent judges quantified the creative performance of each respondent. The dependent variables for the study are divergent thinking fluency, flexibility and uniqueness. Independent variables are the respondent’s regulatory focus (promotion or prevention focus), the time spent on each exercise, and task engagement.

Summary of Findings
A promotion focus results in higher levels of creative performance. Based on regulatory fit theory, we find that task engagement mediates the positive effect of a promotion focus on creative performance. Our findings are robust regardless whether fluency, flexibility, or uniqueness is used as the creative performance measure. Our study further uncovers that regulatory focus does not only change the quantity of ideas, but also impacts the type of ideas generated. Promotion-oriented individuals generate a broader range of ideas than prevention-oriented individuals. We show that our results are consistent over two separate creative exercises, and are robust regardless of the creative performance measure chosen. Finally, we place our results in the framework of the dual pathway-model of creativity, and find that regulatory focus influences both creative flexibility, as well as creative persistence.

Key Contributions
This study shows that creative output can be improved by a combined approach of selecting or evoking a stronger promotion orientation in individuals, and stimulating persistence during the idea generation process. Managers should know that task engagement is an important aspect of maximizing creative output. Although promotion-oriented individuals are already more likely to enjoy ideation activities, actions to further facilitate task engagement can be beneficial. Another practical suggestion for managers is to induce a situational promotion focus. For this purpose, divergent thinking exercises like the ones used in this study can be adapted as practice, or warmup exercises. Feedback supportive of a promotion focus can further reinforce the desired mindset.

References are available on request.

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Managing the Paradoxes of Co-development in Business Markets

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ABSTRACT
Prior research has shown that supplier-customer co-development has both positive and negative effects on innovation and that these collaborations often involve instabilities and uncertainties. However, there is a lack of understanding on the suppliers’ capabilities on managing such instabilities. We address this gap by putting forward a framework of paradox management capability based on two key processes – polarizing and juxtaposing – that take place in temporal and spatial contexts. Polarizing refers to focusing on one side of the paradox, while juxtaposing embraces both sides simultaneously. Based on 48 interviews with 22 organizations engaged in co-development we identify four paradoxes: (1) making formal agreements while fostering trust, (2) gaining access to a partner’s knowledge while losing proprietary knowledge, (3) solving a customer-specific problem while addressing broad market needs. Furthermore, we suggest specific management processes that help to solve these paradoxes. The results provide theoretical and practical insights for managing paradoxes of co-development.

Keywords: co-development, business-to-business, paradox, tension, instability, capability

Introduction
Innovation in business markets increasingly occurs in co-development processes between the suppliers and their customers. Firms engage customers in various stages of the development process, such as ideation, requirements definition, and testing (Johnston & Chandler, 2012). Furthermore, a shift towards customized solutions requires companies to collaborate with their customers during solution development (Tuli et al., 2007). However, the literature suggests that co-development with customers is a double-edged sword that has both positive and negative effects (Peled & Dvir, 2012). In addition to the possible negative effects, such as slowing down the development process or decreasing the innovativeness of new products (e.g., Fang, 2008), supplier-customer co-development is characterized by instabilities and challenges that are deeper grounded in the basic principles of collaboration (Nambisan, 2002; Nicolajsen & Scupola, 2011).

Institute for the Study of Business Markets (ISBM) has identified customer involvement in innovation as a key research priority in business marketing. To address this topic, we adopt a paradox management approach (Smith & Lewis 2011; Smith, 2014) to examine the following two research questions: (1) What paradoxes can be identified in supplier-customer co-development in business markets? (2) What kinds of processes companies use for managing these paradoxes?

We take the supplier perspective and focus on the paradoxes that the supplier faces in the co-development with industrial customers. By paradoxes we mean “contradictory yet interrelated elements that exist simultaneously and persist over time” (Smith & Lewis 2011, p. 382). Theoretically, we build an integrated framework based on resource based view of the firm, transaction cost economics and the literature on paradoxes (Smith & Lewis 2011; Smith, 2014). Empirically, we analyze interviews of managers from 22 organizations and secondary material to identify paradoxes and their management processes.

Our study develops a framework for paradox management capability which is based on the processes of polarizing and juxtaposing the two poles of a paradox. Furthermore, we
empirically identify three paradoxes related to governance, knowledge sharing and development goals and provide different management processes for each paradox. In particular, we identify four types of paradox management processes: full polarizing, polarizing over time, polarizing over function, and juxtaposing. We contribute to the literature on co-development with customers (e.g., Fang, 2008; Coviello & Joseph, 2012; Fang, 2015) and increase understanding on paradoxes (e.g., Poole & Van de Ven, 1989; Smith & Lewis, 2011) in collaborative innovation context by presenting a framework on their management processes.

Theoretical Background

Co-development as a Relational Context

We focus on co-development between supplier and customer(s) from the supplier’s perspective. By supplier-customer co-development we refer to a situation in which the customer takes part in the supplier’s new product or service development process (Fang, 2015). Typically, such collaboration aims to develop new products and services that better match customer needs.

The main driver for supplier-customer co-development is bundling the resources together for complementary value creation. According to resource-based view, firm’s success is based on its resources and firms collaborate to gain access to resources that they do not possess (Penrose, 1959; Dyer & Singh, 1998). For innovation and development, knowledge is a key resource (see Grant, 1996) and in the co-development of complex offerings companies need to combine complementary knowledge inputs from supplier and customers to create new innovations (Hobday, 2000; Corsaro et al., 2012). In B2B relationship, often the complementary partner is the customer itself, as it helps to identify and solve the particular customers’ problem.

Another relevant theoretical background is transaction cost economics, according to which firms use governance for reducing transaction costs (Coase, 1937). The two key sources for transaction costs in business relationships are opportunism and uncertainty (Rindfleisch & Heide, 1997). Right governance processes decrease the transaction costs related to co-development (Tracey et al., 2014). In co-development relationships, firms face transaction costs related to the partner’s potentially opportunistic behavior and uncertainty of the outcome of the development process. Therefore, we focus on the management processes that suppliers use to manage the paradoxes. In the following, the key sources of instabilities are introduced in more detail.

Sources of Instabilities Related to Co-development

There are several reasons why relational instabilities emerge in co-development relationships. First, supplier and customer engaging in co-development do not usually share exactly the same goals and the level of goal (mis)alignment may cause tensions in the collaboration (Corsaro et al., 2012). A typical example is a situation in which a supplier is looking for a new product which it can sell to multiple customers whereas the customer is trying to solve its specific problem. Thus, there is a tension of serving customer’s unique needs to build customer relationship and satisfying wider market to improve profitability (Nijssen et al., 2012).

Second, beyond misalignment of goals, also management of business-critical knowledge causes instability for co-development. Knowledge sharing is a prerequisite for collaboration (Lilien et al., 2002) but it entails a risk of losing proprietary knowledge. The risk of losing such knowledge seems to increase when the customer is knowledgeable, but as knowledgeable customers provide better input for the development process, suppliers need to protect the knowledge they share (Noordhoff et al., 2011).

Third, fears of partner’s opportunistic behavior causes instability for the relationship. Opportunism means that the partner seeks its self-interest which in exchange relationships impacts negatively on performance (Rindfleisch & Heide, 1997). Opportunistic behavior may for example lead to losing proprietary knowledge (Noordhoff et al., 2011) and thus companies use contracts to protect their knowledge.

Paradox Management Capabilities

In this study, we adopt the paradox management approach to understand the capabilities needed to manage relational instabilities in supplier-customer co-development. The approaches for managing paradoxes include: managing relational instabilities in supplier-customer co-development. The approaches for managing paradoxes include: accepting, choosing and accommodating (Poole & Van de Ven, 1989; Smith, 2014). Acceptance means keeping tensions separate and valuing their differences. Choosing refers to focusing only on one pole of the paradox (spatial separation) or choosing one pole at a time and then switching (temporal separation). Finally, companies can use synthesis by seeking a view that accommodates both poles (Smith, 2014).

As accepting a paradox is satisfying the existence of a paradox without actually managing it, in this study we focus on the two key processes to manage paradoxes: choosing or accommodating – or in other words – polarizing and juxtaposing. Polarizing refers to simplifying the paradox into either or distinction and then focusing on one pole of the paradox (Lewis, 2000). Juxtaposing refers to accommodating the both poles of a paradox (Smith & Lewis, 2011). Poole and Van de Ven (1989) suggests that temporal and spatial separation are key solutions for polarizing one pole of a paradox. In organizations, spatial separation typically refers to different organizational functions or units. We argue that
when paradoxes are managed, processes of polarizing and juxtaposing are utilized with varying emphases that are affected by choices on the spatial and temporal context.

Based on the existing literature on paradox management we put forward a conceptual framework which we will use as the initial basis for analysis in the empirical part of the study (see Figure 1). In our framework, we conceptualize paradox management capability as a specific type of capability, which includes firm-specific processes that allow for configuring the resources and capabilities according to the strategic objectives of the firm (Eisenhardt & Martin, 2000).

In particular, paradox management capability involves two core processes that form a continuum of different paradox management processes: (1) processes based on polarizing and (2) juxtaposing. The former means focusing at a particular issue in a specific point of time or in a specific function, while the latter refers to addressing the sources of instability simultaneously at the same time or in the same function. Furthermore, Figure 1 illustrates the contextual dimensions of paradox management capability in terms of time and function.

Methodology

Research Design

Our aim was to identify paradoxes in supplier-customer co-development and find processes to manage such paradoxes. We selected qualitative methods that support creating a holistic understanding and building theory on a narrowly studied topic. Our research process consisted of two phases: a pilot study focusing on the co-development processes and the main study focusing on interviewing experts involved in co-development (See Figure 2). The data consisted of altogether 48 interviews from 22 different organizations and was supported by secondary data, such as companies’ annual reports and web pages, co-development process descriptions and memos from customer meetings.

Pilot Study

In the pilot study, we analyzed ten supplier-customer co-development processes from two global companies: a provider for mining technology and a provider for industrial measurement systems. We selected these suppliers for the study as (1) they both had experience of collaborating with different kinds of customers and had multiple co-development processes to study (2) offered the needed variety for the analysis in terms of the success of the co-development and (3) provided good access to the co-development processes. All the studied processes aimed at development of technology or services that improves the effectiveness or decreases risks in the customer’s process.

The primary data in the pilot study consisted altogether 22 interviewed persons in six different organizations; 12 supplier managers of the two suppliers, eight representatives of three different customers and two interviews with expert partner involved in two of the studied processes. The analysis was supported by secondary material of the development process such as product brochures, memos from customer meetings and process descriptions. Our analysis process was inductive and consisted of three phases similar to the Gioia method (Gioia et al., 2013). In the first phase, we open coded each interview in vivo by using the informants’ own articu-

![Figure 1. Conceptual Framework for Paradox Management Capability](image)

<table>
<thead>
<tr>
<th>Context: Time</th>
<th>Paradox Management Capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polarizing</td>
<td>Choosing to consistently focus on one pole of the paradox over time</td>
</tr>
<tr>
<td>Juxtaposing</td>
<td>Choosing one pole of the paradox regardless of the function</td>
</tr>
</tbody>
</table>

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We carefully coded instabilities and challenges mentioned by the respondents and the processes on reacting to them. In the second phase, we created aggregated codes that combined the informant’s articulation to the theory driven articulation. In the third phase, we focused on the relationships between the codes and collected our findings from the pilot study.

The pilot study resulted in four paradoxes: (1) Making formal agreements while fostering trust, (2) Gaining access to a partner’s knowledge while losing proprietary knowledge, (3) Solving a customer-specific problem while addressing broad market needs, and (4) Accelerating commercialization while investing time in the development process. Furthermore, we identified two to three management processes for each paradox.

**Main Study**

Our aim in the main phase of the research process was to analyze if the identified paradoxes were salient to multiple industries and to identify processes for managing paradoxes. We used theoretical sampling and targeted the 100 largest companies in Finland (based on the turnover), of which 88 had development activities (12 companies were left out as they did not have customer co-development activities, as they were e.g. investment companies). 20 companies agreed to participate the study, but in this stage we further excluded four companies that operated only in consumer markets. Thus our eventual sample was 24 interviewed in people 16 companies as we interviewed one to three persons in each company.

The participating companies represented multiple industries, such as transportation, construction, health care, and manufacturing and the respondents were for example innovation or R&D directors, customer insight experts and project managers. We relied on open ended questions and if the respondents did not mention the four paradoxes that we identified in the pilot study, we asked how they saw governance, knowledge sharing, development goals and the co-development process time in the processes that they participated. If they pointed out any challenges related to these aspects, we asked how they are managing these challenges. To support the analysis we also examined the companies’ web pages and annual reports.

At this phase, our analysis was based on deduction and we conducted pattern matching (Saunders, et al., 2009). Our analyzing process was guided by the four identified paradoxes in the pilot study and the theoretical framework on paradox management capability. We also validated the findings in our two pilot companies by conducting two follow up interviews and presenting findings in managerial workshops in both pilot companies. The analysis showed that the previously identified paradox of delaying development while accelerating commercialization was not supported in the main data, so it was dropped from the final framework. The next section discuss the findings of the main study.

**Findings**

The analysis showed that companies are balancing with three paradoxes when co-developing with customers: (1) contractual and relational governance, (2) sharing and protecting knowledge, and (3) customer-specific and generic development goals. Companies approached the paradoxes either by polarizing one pole of the paradox consistently, or by switching the polarizing approach over time or function, or by juxtaposing both poles simultaneously. Each paradox and their management processes are discussed in more detail in the following. Framework for managing paradoxes through polarizing and juxtaposing is presented in Table 1.

**Contractual and Relational Governance**

The paradox of contractual and relational governance focused on how the collaboration is managed. The data highlighted the importance of agreeing on the goals and terms of...
co-development while maintaining an open atmosphere that fosters trust and innovativeness. The respondents emphasized that it is important to define the goals, and responsibilities but contracts may also set limits that decrease the innovativeness of the co-development process.

For example the respondents of industrial measurement company emphasized that tight contracts limit the scope of the co-development and their aim was to avoid contracting and instead create mutual understanding. Also a manager in a manufacturing company said that contracts make the collaboration too formal. Thus, some companies were polarizing relational governance by creating partnerships and building trust. On the other hand, another manufacturer demanded a contract with each customer with whom they collaborated. Also the studied mining technology company emphasized contractual governance.

Multiple studied companies also polarized the two poles in terms of time or function to manage the paradox of governance. For example, all the large companies had legal departments that focused on creating contracts for the co-development whereas the people involved in the actual co-development could concentrate on building good relationships, so polarizing was done in different functions. The respondents also emphasized contractual governance at the early stages of the process whereas relational governance was used in the later stages of the process or with long-standing customer relationships, which suggested a temporal approach to polarizing. Furthermore, several studied companies had built strategic partnerships which were based on both contracts and high mutual trust, which is an example of juxtaposing process.

**Knowledge Sharing and Protection**

The respondents also highlighted the importance of maintaining a balance between knowledge sharing and protection. By sharing knowledge the supplier gains access to customer data that it might not otherwise possess but managers also emphasized that knowledge sharing entails the risk of losing proprietary knowledge that the other actor may take advantage of. Especially companies whose competitive advantage was based on superior products, feared that proprietary knowledge leaks when they co-develop with customers. Thus they were polarizing knowledge protection by creating non-disclosure agreements, limiting the shared knowledge or collaborating only with trusted partners. Some firms polarized knowledge sharing and protection by using contracts to protect knowledge, and shared knowledge freely only after the signing of contracts. Companies also had legal departments which focused on protecting knowledge whereas development team focused on relationship building and related knowledge sharing.

There were also companies which had more positive opinion about knowledge sharing. These companies polarizing knowledge sharing were eager to collaborate with others and they saw knowledge sharing as proactive marketing that offered possibilities to tell about new products. Companies juxtaposing knowledge sharing and protection had found ways to share knowledge but protect their competitive advantage. An example of this was a company that shared knowledge freely but protected itself from copying with other means, e.g. by constantly further development, which suggested a juxtaposing approach to paradox management.

**Customer-Specific and Wider Market Needs**

The interviewers pointed out a challenge of solving a customer-specific problem while addressing wider market needs. Some firms have solved this challenge by polarizing customer-specific development goals by creating only customized products and services. They also provided exclusive rights for customers. For example a maintenance service provider operated this way. They had some general service offerings but they always customized the provided services to the customer’s needs. On the other hand, some companies focused on general development goals and refused to customize or provide any exclusive rights. For example, the mining technology company focused on the wider market needs as they needed sales volume to cover the costs of long development projects.

Some companies were polarizing customer-specific and generic development goals either in terms of time or function. For example, the industrial measurement company first developed a customized version for the partner customer and only after that focused on creating a version that it can launch to the wider market which is an example of polarizing over time. In some companies separate departments focused on creating the customized version whereas others provided standard products which suggests polarizing in different functions. Many manufacturers also tried to collaborate with partners who represented the market needs, so that they could address both customer-specific and market needs simultaneously which is the central aspect of juxtaposing process in managing paradoxes.

**Discussion and Conclusions**

The purpose of this study was to better understand the inherent instabilities and paradoxes related supplier-customer co-development, create a framework of paradox management capability, and empirically examine the phenomenon building on this framework. In our study, the findings identify three paradoxes related to (1) contractual and relational governance, (2) knowledge sharing and protection, and (3) customer-specific and general development goals. The results
demonstrate how companies can manage these paradoxes by full polarizing, polarizing over time or function, or juxtaposing. The results provide novel implications for the research and practice of business marketing and co-development, which are discussed in the following sections.

**Implications for Research**

Our findings contribute to the discussion on co-development by providing a more in-depth understanding of the sources of instabilities in the relationship. While it has been suggested that co-development is affected by the type of customer and its role in the process (Fang, 2008), we that co-development process is shaped by paradoxes that are deeper grounded in the collaboration. These results help to increase understanding on the relational instabilities and complexities related to supplier-customer co-development. Our frameworks on management processes also deepen the understanding on paradox management (e.g. Smith 2014) and by empirically illustrating the role of different paradox management processes in the context of supplier-customer co-development.

Furthermore, we add to the literature on dark sides of collaborative innovation, a stream which has quite recently started to pinpoint the instabilities, tensions, and paradoxes in innovation activities in inter-organizational relationships and networks (e.g. Laursen & Salter, 2014). We contribute to this discussion in the co-development context, as in illustrating

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**Table 1. Management Processes for Co-development Paradoxes**

<table>
<thead>
<tr>
<th></th>
<th>Full Polarizing</th>
<th>Polarizing Over Time</th>
<th>Polarizing Over Function</th>
<th>Juxtaposing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractual and relational governance</td>
<td>Focus on relational governance in all the phases / in all functions. (e.g. Co-development only with customers who can be trusted)</td>
<td>Using contractual governance by creating contracts in the early phases of the process/relationship and using relational governance in the later phases. (e.g. Negotiating tight contracts at the beginning of the collaboration but relying on discussions later on in the process)</td>
<td>Employees from one function focus on contractual governance while other functions are focusing on relational governance. (e.g. Legal department negotiates contracts and development project team builds personal relationships)</td>
<td>Building strategic partnerships based both on contractual and relational governance. (e.g. Collaborating with strategic customers)</td>
</tr>
<tr>
<td>Knowledge sharing and protection</td>
<td>Focus on knowledge protection in all the phases / in all functions. (e.g. Requiring non-disclosure agreements and limiting the revealed knowledge)</td>
<td>Protecting knowledge in the early phases of the process or relationship and sharing knowledge in the later phases. (e.g. Limiting the shared knowledge during ideation and sharing knowledge during development. Or protecting knowledge with new partners and sharing knowledge freely in long-lasting partnerships)</td>
<td>Employees from one function focus on knowledge sharing, while other functions manage knowledge protection. (e.g. Legal department/director level protects knowledge and the development project team shares knowledge)</td>
<td>Sharing knowledge freely while making sure that the firm does not lose competitive edge. (e.g. Sharing knowledge on new products and further developing all the time so that competitors cannot catch the firm by copying)</td>
</tr>
<tr>
<td>Customer specific and wider market needs</td>
<td>Focus on creating customer-specific products and services in all the phases / in all functions. (e.g. Creating only customized offerings or providing exclusive rights)</td>
<td>Creating the first version as a customer-specific then further developing the general version. (e.g. Providing exclusive rights for a certain period of time and then providing the same solution for other customers)</td>
<td>Employees from one function focus on creating a general version while employees of another function focus on creating a customer-specific solution. (e.g. Product manager focuses on creating a general product and development engineers focus on solving a customer-specific problem)</td>
<td>Selecting customers that represent markets so that a solution that is customized to the partner customer also serves the wider market. (e.g. Collaborating with two customers from different market segments)</td>
</tr>
</tbody>
</table>
the negative phenomena that rise when collaboration in innovation with customers, such as the potential of opportunistnic behavior (e.g., Noordhoff et al., 2012). For instance, it has been shown that collaboration and knowledge exchange might possess negative implications, especially if they are not managed properly (e.g., Ritala et al., 2015). To this end, our findings provide implications on how to tackle some of the difficulties of collaborative development.

Finally, we also provide interesting insights on the variation in the paradox management capabilities. We show that companies have multiple management processes for paradoxes. For example, the studied industrial measurement company was polarizing and focusing on relational governance but in terms of the paradox related to development goals decided to juxtapose in terms of time and address both customer-specific and general development goals in different phases of the development process. Therefore, the results strongly support the initial conceptual insight of the paradox management capability being a firm-specific, idiosyncratic, context- and history-dependent phenomenon.

**Implications for Managers**

For managers, the study provides a framework for managing the paradoxes and challenges that they face when co-developing with customers. We suggest that when deciding on their approach to a paradox, managers need to first decide whether the address one pole of the paradox (polarize) or both poles (juxtapose). Then, managers can select the process by polarizing time or function or juxtaposing time and function. This selection is based on the type of company’s competitive advantage and resources that companies can use for managing paradoxes. Further, firms that often encounter paradoxes and instabilities in their co-development processes, could look for opportunities to develop their capabilities in handling those paradoxes with deliberate polarizing and juxtaposing choices both temporally and spatially.

**Limitations and Further Research**

Even though data was collected from multiple industries, the findings may be biased towards manufacturing firms that were better represented in the data. Furthermore, as the main data was collected from one to three managers in each organization, the subjective perceptions of single informant may be emphasized even though secondary material was used to support the analysis. Thus, further research is needed to generalize the results. Our findings open interesting research avenues for example on the contingent factors that have an impact on the selection of certain paradox management processes and the (dis)advantages that each processes have. By introducing paradox management capability, we believe that our research has opened up several avenues for further research on managing collaboration in development.

**References**


Consumer Perceived Dimensions of Organizational Creativity and Innovativeness

Kelly Naletelich, University of North Texas

Keywords: creativity, innovation, scale, organization, innovativeness, new product development

EXTENDED ABSTRACT

Introduction
In an ever-changing world, innovation lies at the heart of a competitive advantage (Andrew & Smith, 1996; Atuahene-Gima, 2005; Han et al., 1998; Hurley & Holt, 1998; Im & Workman, 2004; Sethi et al., 2001). Increases in international competition, technological advancements and evolving markets (Wheelwright & Clark, 1992) have put pressure on organizations to create unique solutions to existing business problems. This involves the use of continuous innovation and creativity, and herein exists a problem. Some researchers have used the terms creativity and innovation synonymously (i.e. Andrews & Smith, 1996; O’Reilly & Tushman, 2004; Slater et al., 2010), while others see them as different (i.e. Amabile et al., 1996; Shally, Zhou & Oldham, 2004). This lack of clarity has been noticed (Goldenberg & Mazursky, 2010) and presents a potentially problematic situation to both practitioners and academics. Namely, the use of the terms interchangeably is both confusing and erroneous, which hinders the advancement of focused research. Additionally, construct validity is violated when the two are treated as synonymous, which can lead to incorrect assumptions and inferences.

To address this lack of cohesion, this study takes a consumer’s perspective and explores various dimensions of creativity and innovativeness. Specifically, this paper draws upon attribution theory to examine the dimensions commonly attributed to the two constructs. The primary contribution of this study is to offer a better understanding of the way end consumers evaluate organizational creativity and innovativeness. A qualitative study was undertaken and reveals that while the two constructs have some overlaps, they also differ along various dimensions.

Conceptual Framework
Drawing upon relevant literature this paper proposes a conceptual model that hypothesizes twelve unique attributes of creativity and innovativeness: artistic, diverse, spontaneous, flexible, original, arousing, inspiring, technology-oriented, superior, stylish, useful and pleasant. These attributes represent subjective feelings and beliefs that consumers associate with creative and/or innovative companies.

Method
The present study is exploratory in nature. Data was collected from two sources: 67 participants were recruited from Amazon Mechanical Turk, and additional 63 student responses were gathered from a large Southwestern University. Respondents were asked to provide five words describing a company they consider to be creative and five more words describing an innovative company. This resulted in a total of 1,220 words.

The words were further refined by second-order coding each one. This resulted in a total of 84 words associated with creativity and 88 with innovativeness. These words were then used to create a survey, which was given to students at a large Southwestern University. Respondents were randomly assigned to either a creative or innovativeness condition. For the creative condition, participants were asked to name a company that they considered creative and then presented with the reduced list of words. Participants rated their agreement on a five point Likert scale. The same procedure was used for the innovativeness condition except respondents were instructed to list a company that they considered innovative and then presented with the previously generated 88 words.

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The final sample consisted of 463 usable responses (202 females and 261 males), 230 of which were from the innovativeness condition and 233 from the creativity condition. The two data sets were factor analyzed separately (Nunnally, 1978) and subjected to a rotated factors analysis. Cronbach’s alpha ranged from 0.73 to 0.94, indicating acceptable reliability. Convergent and discriminant validity were assessed using an item-to-item correlation matrix (Hair, 2010) and all factors showed acceptable levels of fit. Regression analysis and simple t-test were used to assess predictive ability.

Results
The results suggest that both creativity and innovativeness, as attributed by consumers to a firm, consist of six dimensions each. For innovativeness, the sub-dimensions are power, chaos, confidence, kindness, energy and style. For creativity, the sub-dimensions are chaos, dependability, steadfastness, boldness, leadership, and artistry. While there are similarities (namely that both constructs consist of the chaos dimension and the items of usefulness, reliability, visionary, passionate and independent) they differ on all other dimensions. Using the dependent variable of willingness to promote, the regression results indicate three significant dimensions of innovativeness: power, confidence, and style. Using the same procedure for creativity revealed three significant dimensions: dependability, boldness and artistry. Using the names of companies provided by respondents as their choice of either creative or innovative company, a post hoc analysis suggests that technology related companies were by far, the most prevalent choice as a creative company (62.1%) and innovative company (77.9%).

Implications
This study contributes to the innovation and creativity literature in two ways. First, it shows that consumers have different perspectives of creativity and innovativeness attributions towards firms. Managers should pay attention to these differences when developing their corporate brand image, new products, and marketing plans for existing and new products. For example, if a company wishes to appear innovative they should focus on dimensions of innovativeness such as being foreword thinking, passionate, fun and active. This will allow for greater connection with end consumers. Further, paying attention to these differences in innovativeness and creativity should help during the process of new product development.

Secondly, this study shows that not all dimensions of creativity and innovativeness are equally important, which is a significant consideration for strategy development. A key finding of this study is that one common construct within both the creativity and innovativeness domain includes a construct termed “chaos.” This suggests that consumers consider both creative and/or innovative companies to be misleading, indecisive, overhyped, scattered, unpredictable and unorganized, with innovative companies ranking significantly higher in this domain. Creative and innovative companies are bound to have some degree of unpredictability due to the very nature of being innovative and creative, which are designed to disrupt established markets. However, managers should carefully monitor the potentially negative perceptions this may create and its undesirable consequences.

Conclusion
Products are an outcome of a company’s creativity and/or innovativeness. Hence, how consumers perceive a corporate brand in terms of creative or innovative is likely to influence their behavior in terms of purchase of products from these firms. While innovativeness is important for firms and consumers, especially in today’s high paced technological society (Gumusluoglu & Ilsev, 2009), what is less understood is how creativity fits into this equation. Is creativity the same as innovativeness in the eyes of a consumer? Is it appropriate to use the terms interchangeably? Do consumers consider creative companies to be just as desirable as innovative ones? Previous studies have measured creativity and innovativeness in terms of new products, which can be potentially misleading. This study attempts to address these concerns by uncovering the dimensions of creativity and innovativeness, seen from a consumer’s perspective.

References


Understanding Innovative Consumers: Effects of Innovativeness in the Innovation Adoption and Post-Adoption Phase

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Keywords: innovativeness, adoption, post-adoption, word of mouth, hedonic utility, attitude toward the innovation

EXTENDED ABSTRACT

Research Question

Innovativeness is a personality trait causing attraction to product novelties. We know that innovative consumers play an important role in the overall diffusion process, because they are among the first to adopt an innovation and they are also the ones to talk the most influential word of mouth in their peer groups. However, research is still limited in the following ways: Our knowledge about the adoption reasons of innovative consumers is noticeably scarce. Although we know that innovative consumers feel attracted to high-tech innovations, we do not know which dimension of product perception causes this attraction. Research is also limited regarding the post-adoption attitude formation process of innovative consumers. Consumers form attitudes towards products while using them. Whereas research shows that emotional and rational evaluations generally matter in the post-adoption attitude formation process, we still do not know how innovative consumers form their attitudes. Word of mouth is one of the most central behaviors in diffusion of innovations research. Yet, research so far did not explain how product perception influences the spread of word of mouth during the post-adoption phase for innovative consumers. The research questions addressed in this paper therefore are:

Is perceived hedonic utility an especially relevant reason of purchase for innovative consumers?

How does innovativeness affect the relationship between attitude towards the innovation and word of mouth behavior?

How does the innovativeness trait interact with hedonic and utilitarian utility during the post-adoption attitude formation process?

Method and Data

We conducted a three-wave online study among a sample of early adopters of a radically new constructed and designed electric car. The first contact was made around the date of purchase of the car. Customers got contacted the second time three month later, when they already had gathered some more usage experience. We finally contacted them for the last time half a year later, when they already had fully implemented the innovation in their everyday routines. Our complete data currently consists of N = 85 respondents. Panel data enables to control for time-invariant unobserved heterogeneity. We apply panel regressions with within-estimators in order to test our hypotheses.

Key Contributions

We contribute to innovation adoption research by showing that innovative consumers feel attracted to innovations because of the anticipated hedonic gratification they seek to experience during consumption. The study furthermore has direct implications to models of innovation adoption as it shows that innovative consumers adopt due to hedonic motivations. The unified theory of technology use and acceptance (UTAUT) accounts for the fact that consumers are motivated to adopt and use a product because of hedonic motivation. We contribute by showing that those hedonic purchase reasons are especially relevant to innovative con-

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consumers. We furthermore contribute to research on post-ado-
option consumer behavior by showing that the dependency of
word of mouth on attitude towards the innovation is system-
atically stronger for innovative consumers. This finding is
relevant to literature on the diffusion of innovations, because
many prior studies reported that innovative consumers are
opinion leaders in the diffusion process.

**Summary of Findings**
Our results show that innovators tend to purchase because of
the anticipated fun while consuming the product. We further-
more find that innovative consumers systematically differ
from other early adopters regarding their post-adoptions
product perception. Innovative consumers form more hedo-
nic attitudes during the implementation phase of the innova-
tion. The utilitarian aspect of the attitude however does not
differ between consumers high and low on innovativeness. A
positive attitude towards the adopted innovation leads to
more positive word of mouth, when early adopters have high
levels of innovativeness.

*References are available on request.*
Usefulness vs. Freedom—Reactions to Different Levels of Automation

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Isabelle Kes, Technische Universität Braunschweig
David M. Woisetschläger, Technische Universität Braunschweig

Keywords: automation, automated cars, technology acceptance, consumer reactance

EXTENDED ABSTRACT

Research Question
Automated technologies are increasingly applied to facilitate processes in the daily life of consumers. One example that is affecting consumers in daily routines is automated driving. Although existing research proves that consumers are generally open to automated driving (Payre et al. 2014) these studies do not provide further insights under which conditions consumers are willing to hand over control to an automated car and to which extent usage intention is influenced by this. Against this background, in this study we examine how automation relates to positive and negative psychological consequences, which, in turn, influence consumers’ behavioral intentions. The contribution is given by analyzing different levels of automation and how they impair freedom from the user’s perspective. The conceptual model relates different levels of automated driving to perceptions of usefulness and risk, and to feelings of reactance.

Method and Data
The model is tested empirically using a laboratory experimental design in which we compare different levels of automation (i.e., optional and obligatory automated driving) with a control scenario of manual driving. A total of 144 respondents participated in this study and answered a questionnaire relating to one of the three manipulated conditions. To test the conceptual model, we employed structural equation modeling using Mplus 7.

Summary of Findings
Our findings show that both options of automated driving are perceived as more useful than manual driving. However, automation is also associated with higher levels of risk and reactance. Both psychological consequences are negatively related to usage intentions. Furthermore, individuals clearly prefer optional over mandatory automation, as reactance is even higher when automated driving is obligatory. These results imply that car manufacturers and other service providers (e.g., insurances) should invest in risk and reactance reducing measures in order to increase customer acceptance of automation.

Key Contributions
The study makes several important contributions to the academic literature and managerial practice. First, it conceptualizes positive and negative consequences of car automation which could be generalizable to other contexts (e.g., smart home appliances). Second, the empirical study tests the relationships of different levels of automation on consumer perceptions and behavioral intentions. Car manufacturers, insurances, and the society face the dilemma that obligatory automation is associated with many desirable outcomes, but perceived as a restriction of individual autonomy at the same time. Based on these findings, we derive implications for these stakeholders.

References are available on request.

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Innovation and Customer Participation from the Customer’s Perspective: Examining the Interaction Between Two Types of Breakthrough Innovation and Customer Participation

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Seoil Chaiy, Korea University Business School

Keywords: breakthrough innovation, customer-participation, co-creation, brand attitude

EXTENDED ABSTRACT

Research Question
Prior research has shown that innovation has a positive impact on firm performance, and recently researchers have begun to explore the impact of innovation from the consumer’s perspective. However, little of this research has investigated the impact of specific types of innovation on the consumer’s perception such as brand attitude and product evaluation.

Recently firms have attempted to invite their customers to join the development process for innovative new products. Prior research has reported on the positive impact of customer participation in this process (or co-creation value) on both consumer’s brand attitude and firm performance, though there has been little work done on the impact of specific types of customer participation on consumer’s brand evaluation. If the effect of each type of participation is significant, the question arises as to whether the effect changes if the two variables are combined.

The specific research questions for the present study are as follows:

1. Do the two types of breakthrough innovation—technology-based (hereinafter T-INNO) and market-based (hereinafter M-INNO)—influence the brand attitude (hereinafter BA) of consumers and do their effects differ?

2. Do the two types of customer participation—as a co-developer (hereinafter CPC) and as an information-provider (hereinafter CPI)—influence BA and do their effects differ?

3. Is there an interaction between breakthrough innovation and customer participation? If so, which combination has a more positive impact?

Method and Data
The model was tested for a cell phone product of Motorola. Participants were 148 university students from Seoul, Korea in the same class and university. We used a 2x2x2 mixed subjects design. It employed a 2 (breakthrough innovation: T-INNO and M-INNO) x 2 (customer participation: CPI and CPC) between-subjects design for independent variables and the dependent variable had a 2 (brand attitude: pre-brand attitude and post-brand attitude) within-subject design. Participants were randomly assigned to one of the treatment conditions. These treatment conditions were manipulated via a fictitious newspaper. Stimuli included in the newspaper were developed based on pretesting. Established scales from the literature were used to measure the major constructs of interest (Chandy and Tellis 1998, 2000; Benner and Tushman 2003; Fang 2008; Michall and Olson 1981; Mackenzie, Richard, and George 1986; Edell and Burke 1987). All items were measured on a seven-point scale. We tested the

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hypotheses using paired sample t-tests and repeated measured ANOVA in SPSS.

**Summary of Findings**

The results suggest that each type of breakthrough innovation and customer participation positively influenced the brand attitude held by consumers. Both types of breakthrough innovation, T-INNO and M-INNO, had a significantly positive influence on brand attitude, though there was no difference in the level of impact between the two. The two types of customer participation, CPI and CPC, also had a significantly positive influence on brand attitude, and again there was no difference between the two in the magnitude of the impact. It was also found that the two-way interaction effect between breakthrough innovation and customer participation was significant. As expected, the impact of T-INNO and M-INNO differed depending on whether CPI or CPC was involved: M-INNO with CPI had a stronger positive impact on BA than did M-INNO with CPC, while T-INNO with CPC was more influential than T-INNO with CPI.

**Key Contributions**

These results have a number of theoretical contributions. First, prior innovation research has mostly focused on the impact on firm performance. Even though a few researchers have investigated the consumer perspective, they did not consider specific types of innovation in their model. In the present study, two forms of breakthrough innovation were categorized and their impact investigated. Second, prior customer participation or co-creation research has mostly looked at the positive impact on performance from both the firm’s and consumer’s perspective. However, they did not consider the specific type of customer participation, which can affect performance differently. In this study, the differential impact of each type of customer participation was explored. Third, previous studies have not focused on the interaction effect between two types of innovation and customer participation. We found that although consumers are not influenced differently by particular types of innovation or participation, the interaction effect can be significant when they are combined.

This study also has managerial implications. First, when managers launch a new innovative product which is developed without customer’s participation, they do not need to emphasize the specific type of innovation in communication with their customers. Second, when marketing managers utilize both breakthrough innovation and customer participation strategies, they need to consider the most effective combination of the forms of innovation and participation available. Third, this interaction effect should be considered not only in the innovative product development process but also in communication with their customers.

*References are available on request.*
Let’s Keep It Simple! The Influence of Minimalistic Product Design on Innovation Adoption

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Keywords: minimalistic product design, design complexity, processing fluency, ease of use, innovation

EXTENDED ABSTRACT

Research Question
An increasing number of innovative products remain unsuccessful in terms of their economic outcome (Ogawa and Piller 2006). Consumers expect high learning costs for innovations which represent a significant barrier in the adoption process (Gourville 2006; Mukherjee and Hoyer 2001; Farrell and Shapiro 1988). Product innovations for their part can be divided into really new products (RNP) and incrementally new products (INP) (Freeman and Perez 1988). These alternative forms differ mainly in terms of the perceived level of novelty. RNPs are regarded as “groundbreaking innovations” (Dahl and Hoeffler 2004; Moreau et al. 2001). In contrast to that, INPs are improvements of existing products from the consumer’s everyday life and are therefore lower on the innovation scale. Drawing on literature about processing fluency (Schwarz 2004), we argue that the level of design complexity influences the perceived ease of use of a product innovation, the expected learning costs and thus the consumer’s preference for this product.

Method and Data
We conducted an online survey with a sample size of 208 participants to test the interaction effect of the level of innovation and the visual design complexity of a product. The experiment had a 2 (level of innovation: high/low) x 2 (visual design complexity: high/low) between subject design. To analyze the data sample we conducted an ANCOVA. Here we found a marginally significant interaction effect for the level of innovation and the design complexity of the product. A simple effects analysis confirmed these results.

Key Contributions
Our investigation provides valuable insights about the relationship outlined above. In case of a low innovation level (INP) the visual design complexity does not exert an influence on the consumers’ preferences for innovations. The estimated learning costs of an INP already appear to be low and a reducing effect through low design complexity does not have a significant influence. Furthermore, in case of a high innovation level (RNP) the visual design complexity exerts a significant influence on the consumers’ preference for innovations. Here, the estimated learning costs for a RNP might be high. Low design complexity may in this case have a significant influence on the perceived ease of use and may therefore lower the estimated learning costs for these innovations. As a result, the preference for the innovation increases with a minimalistic product design.

Summary of Findings
In summary, our findings provide insights about the moderating effect of a product’s design complexity on consumers’ evaluation of innovations. A minimalistic product design can exert a positive influence on the evaluation of innovations by enhancing the ease of use and lowering the estimated learning costs. This is especially true for RNPs as opposed to INPs, as the perceived learning costs are expected to be higher in these cases. From a theoretical perspective and to the best of our knowledge, until now nobody has examined our proposed relationship between the design complexity and the level of product innovation. Here we were able to generate valuable insights. From a practical point of view, high failure rates of innovations of 40% to 90% (depending on the product category) are forcing companies to take a closer look at relevant success factors of innovations. Our findings outline one possibility to enhance their financial performance by lowering the failure rate.

References are available on request.
The Effect of Product Innovation on IPO Performance: The Moderating Role of Insider Selling

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Keywords: innovation, new product, initial public offering, insider selling, marketing-finance interface

EXTENDED ABSTRACT

Research Question
Our research investigates three important issues related to the effect of innovation on IPO first day returns and the moderating role of insider selling: (1) the impact of product innovation (current and future new products) on insider selling, (2) the interaction effect between product innovation and insider selling on IPO first day returns, (3) the relationship between insider selling and future innovation outcome. Specifically, we examine how the quantity and quality of innovation (as measured by the number of new products, new products’ innovativeness, and the proportion of technological breakthroughs) are associated with insider selling.

Method and Data
To test our hypotheses, we collect (1) new products information in consumer packaged goods industry from Product Launch Analytics, (2) Securities Data Company (SDC) by Thomson Reuters and SEC’s EDGAR database to obtain IPO and firm ownership data, (3) stock market data from CRSP, and (4) firm characteristics data from Compustat database. Our final sample consists of 155 IPO events in from 1980 to 2013. We use a Heckman selection model to control for a selection bias of going public, and estimate the three models using a seemingly unrelated regression model to account for potential correlations among the error terms.

Summary of Findings
We show that pre-IPO new product innovations increase insider selling, while post-IPO short-term new product innovations decrease insider selling. Additionally, insider selling dampens the positive effect of innovation on IPO first day returns. Lastly, the quantity and quality of post-IPO innovation decline after IPOs when insiders sell their shares at IPOs.

Key Contributions
This research contributes to the study of the value of innovation at IPOs by linking insider selling at IPO with actual innovation outcomes, which has not been examined in previous studies. In addition, our study extends the existing perspective in marketing-finance interface literature by showing not only the effect of current marketing actions on financial decisions, but also the effect of financial decisions (i.e., insider selling) on future marketing actions (new product innovation).

References are available on request.

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The Effects of Marketing Innovation on Firm Performance: Market-Driven or Market-Driving?

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**Keywords:** marketing innovation, market-driven, market-driving, market dynamism

**EXTENDED ABSTRACT**

**Research Question**
Marketing innovation is an innovative product that involves significant changes in marketing mix, including product design or packaging, product placement, product promotion or pricing, but does not entail significant technological changes (OECD 2005; Rust et al. 2004). Apple’s iPhone 5C is a marketing innovation from iPhone 5S in that it offers alternative colorful covers as changes in marketing mix but does not encompass significant technological changes from iPhone 5S. Marketing innovation becomes a major profit source for companies since 82% of new product failures are related to marketing mix (Accenture 2008), and marketing mix can predict over 50% of customer satisfaction about new products (Ahmad and Ahmad 2008). Furthermore, more marketing innovations have been introduced globally while the number of introduction of technological innovations is decreasing. Over 50% of firms reportedly used marketing innovation in 2011, exceeding European average of 27.5% reported in 2008 (UIS 2012). In contrast, only 36.5% of firms reportedly used technological innovation in 2012, dropping from 49.9% in 2009 (Statistics Canada 2012). This growing trend of marketing innovation is related to our increasingly dynamic market conditions, such as consumers preferences are changing fast and become more uncertain due to multiplatform lives (Arthur 2013), product life cycles are shorten because of rapid technological advancement (Horn 2012), and competition within or across industries becomes increasingly intense (U.S. Department of Commerce 2012). As market dynamism continues to dominate the global market, firms need to utilize marketing innovations to address market dynamism and maintain competitive advantage.

From a theoretical standpoint, technological view on innovation has dominated in academics over the past twenty years mainly because technological innovation has long been regarded as a vital driver for firm growth (Chandy and Tellis 2000; Gatignon and Xuereb 1997; Sorescu, Chandy and Prabhu 2003; Sorescu and Spanjol 2008; Srinivassan et al. 2009; Zhou, Yim and Tse 2005). Thus marketing innovation has been ignored as a potential driver for firm performance. However, recent studies on non-technological innovation have caught attention (Dotzel, Shankar and Berry 2013; Evangelista and Vezzani 2010; Rubera and Dorge 2013). These studies have found that organizational innovation (Evangelista and Vezzani 2010), service innovation (Dotzel, Shankar and Berry 2013), and design innovation (Rubera and Droge 2013) can drive firm performance. These findings have emphasized the effect of non-technological innovation on driving firm performance. Nevertheless, there still lacks of systematic study on marketing innovation because marketing innovation is too trivial and may be ignored as a solely driver for firm performance (Levitt 1960).

To obtain the whole picture of marketing innovation’s impact on firm performance and realize how firms can utilize marketing innovation to address market dynamism, we attempt to answer the following research questions in this study:

1. Does marketing innovation bring values to firms and other stakeholders?
2. How can firms use marketing innovation to achieve competitive advantages under different types of market conditions?
dynamism (e.g., uncertain consumer preference, turbulent technological advancement, intense competition)?

Method and Data
We formulate a conceptual model of the main effects of market-driven and market-driving marketing innovation on firm performance and the moderation effects of three aspects of market dynamism (i.e. demand uncertainty, technological turbulence, and competitive intensity) on the innovation effect. With a uniquely assembled panel data set of 1,293 market-driven marketing innovation and 1,448 market-driving marketing innovation introduced from 1980 to 2010 by 590 firms in consumer packaged goods industry, we develop two systems of equations that are using product sales and firm value as firm performance metrics. A two-way fixed effect model was employed to estimate the effects.

Summary of Findings
Our findings reveal that both market-driven and market-driving marketing innovations have significantly positive effects on firm performance. Whereas market-driven marketing innovation has greater positive effects on product sales, market-driving marketing innovation has greater positive effects on firm value. Both effects of market-driven and market-driving marketing innovations on firm performance are positively moderated by demand uncertainty. Nevertheless, technological turbulence negatively moderates the effect of market-driven marketing innovation on firm performance and positively moderates the effect of market-driving marketing innovation on firm performance. Further, competitive intensity positively moderates the effect of market-driven marketing innovation on firm performance while negatively moderates the effect of market-driving marketing innovation on firm performance.

Key Contribution
Theoretically, our study is among the first to offer a systematic understanding of marketing innovation by classifying it from market-driven and market-driving perspectives and examine their respective effects on firm performance. Our study aligns with the recent attention on rediscovering non-technological innovation as a driver for firm performance (Dotzel, Shankar and Berry 2013; Evangelista and Vezzani 2010; OECD 2005; Rubera and Droge 2013; Schmidt and Rammer 2007). Moreover, we formulate a theoretical framework to assure the differential effects of market-driven and market-driving marketing innovations on addressing different aspects of market dynamism, offering a broader understanding of the function of marketing innovation. Empirically, our study is also among the first to offer managerial insights into the effects of market-driven and market-driving marketing innovations on different firm performance metrics (i.e. product sales and firm value) and to provide guidelines on how firms should approach market-driven and market-driving marketing innovations under different aspects of market dynamism.

References are available on request.
Research Question
In marketing literature, firm innovativeness is widely accepted as an essential element for generating value in the marketplace. Innovation initiates a chain of effects that leads to an improved market position, financial position, and ultimately firm value.

In a supply chain context, the important link between innovation and financial performance represents an unexplored stream of research. Therefore, this study aims to analyze the quantitative impact of supplier innovativeness to the ultimate financial performance of their customers. Further, the moderating effect of customer concentration and supplier exposure is examined. Identifying distinct supplier-customer dyads, we draw on objective measures of supplier and customer innovation as well as financial performance, using COMPUSTAT, CRSP, and NBER data comprising around 1,200 customers and 3,500 supplier firms for the 1976–2008 time period. Research questions being analyzed are:

1. Does supplier innovation influence customers’ financial performance?
2. Does the external innovation effect experienced by customers relate to supplier dependence and supplier exposure?

We expect supplier innovation (expressed through R&D spending and patenting activity) to have a positive effect on the customer financial performance. Further, customer concentration and supplier exposure are expected to have a positive effect on the degree of the financial effect of supplier innovation.

Method and Data
Testing our research model, we build on large scale secondary data. Central to our research, we identify supplier-customer relationships using the COMPUSTAT Segment File. Covering the 1976-2008 time period, this file contains the type and name of a major customer along with the annual revenue amount that suppliers report in their annual and interim financial reports. The matching process is not straightforward, since customer names stated in the segment file are not always identical to those names included in the COMPUSTAT Fundamentals, CRSP, and NBER files. Therefore, we use fuzzy string matching with subsequent manual examination for matching customer names with each corresponding database. With applied filters for data requirements on innovation and firm linkage we arrive at about 15,000 supplier-customer firm years.

For examining the effect of supplier innovation on customer financial performance, we first apply stock return response modeling to determine how supplier innovation changes investors’ expectations of a focal firm’s future cash flows and eventually increases its stock price. Subsequently, we relate the influence of supplier innovation to customer ROA and sales performance by applying pooled cross sectional regression models. We consider lags among R&D spending,
patents, and performance, which may appear in an innovation context.

**Summary of Findings**

Initial analyses provide empirical evidence that supplier innovation influences customer financial performance. Firstly, we find that customers experience significant positive abnormal stock returns following significant supplier R&D increases. This relation indicates that investors account for the innovation potential of the supplier-base when estimating the future cash flow potential of a firm. Our findings suggest that a higher degree of interaction based on supplier exposure as well as supplier firm size increases the effect that customers experience with regard to innovation externality. Moreover, in line with previous research on R&D effects, results indicate that the level of supplier innovation influence is related to customer firm size and industry affiliation. Similarly, a positive relation between innovation outcomes and customer firm value exists. However, in contrast to patent citations, this coherence is not significant for patent count. Controlling for patent count multiplied by citations reveals a significant positive relation to positive abnormal stock returns. We presume that the sole registration of patents does provide only minor influential information for investors while patent citations imply the relevance of innovation outcomes. Comparable effects of supplier innovation on performance outcomes (ROA and Sales Growth) are observable within pooled cross sectional regression modeling.

**Key Contributions**

The predominant literature on innovation in the supply chain context has mainly addressed collaboration factors which influence the generation of innovations in business-to-business relationships and eventually affect business performance. This study addresses the linkage between innovation and financial performance with regard to inter-company dependencies. More specifically, drawing on objective measures for innovation and financial performance, financial outcomes of supplier innovation are investigated from a customer perspective. Furthermore, the moderating factor of customer linkage is analyzed. Initial analyses suggest that supplier innovation affects customer financial performance and that supplier exposure influences the degree of the external innovation effect.

The present study adds to the academic literature, which seeks to gain insights on the role of innovation in business-to-business relations. It reveals that the effects of individual innovation may extend across the whole supply chain, eventually influencing the financial performance of a directly related company. In general, our results may add arguments for the notion that supply chain interactions with regard to innovation may lead to joint effects beyond the extension of technical capabilities. In business practice, our results may highlight the importance of strategic collaboration, adding a different perspective to the current discussion about cost-driven relationship optimization.

*References are available on request.*
Me, Myself, and I: Influence of CEO Narcissism on Firms’ Innovation Proclivity and Likelihood of Marketing Controversies

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Keywords: CEO, narcissism, aggressiveness, innovation, marketing controversy

EXTENDED ABSTRACT

Research Question
The strategic decisions taken by Chief Executive Officers (CEOs) significantly impact firms’ key stakeholders and society at large. Empirical findings in this area have highlighted that CEOs are heterogeneous in their strategic choices (Hambrick 2007). CEOs’ personal characteristics can shed some light on this heterogeneity (England 1967). However, while a number of researchers have investigated the influence of CEOs’ characteristics on their decision-making, these researchers have mainly focused on the impact of CEOs’ demographic backgrounds such as age, functional background, education, and tenure (e.g., Palmer and Barber 2001; Jensen and Zajac 2004; Bertrand and Schoar 2003; Baker and Mueller 2002). Surprisingly, research that investigates the impact of CEOs’ personality traits on their strategic choices remains scant. In addition, given the wide prevalence of narcissism in the general population as well as among corporate executives, there have been recent calls to empirically investigate the “bright” and “dark” sides of CEO narcissism on firms’ strategic behavior (e.g., Back et al. 2013). We answer the call of these researchers and explore the impact of CEO narcissism on the firms’ rate of new product introductions (NPIs) and conversely, the likelihood of the firms’ engaging in marketing controversies.

Method and Data
Our sample consisted of 395 large publicly listed U.S. firms (from WRDS and Execucomp databases) tracked annually from 2006-2010. The resulting panel dataset included 1975 firm-year observations. Firms in our sample were included if: (1) the CEO was appointed between 2003 and 2005 and (2) the CEO did not change during our sample. Our key dependent variables were new product introductions (measured as the number of new products introduced by a firm in the year of observation) and marketing controversies (measured using KLD product concern categories). Our key independent variable, CEO narcissism was measured as the average of four unobtrusive indicators following Chatterjee and Hambrick (2011) (i.e., prominence of the CEOs photograph in firm’s annual report, CEO prominence in company’s press releases, CEO’s relative cash compensation compared to that of the second highest paid executive, and CEO’s relative non-cash compensation compared to the next highest paid executive). Our proposed mediator (competitive aggressiveness) was measured as the frequency of competitiveness-related words appearing in the firm’s 10-K reports (normalized to per 500 words) following Short et al. (2010). We used a random effects negative binomial regression with NPIs as the dependent variable, and employed a random effects logistic regression with marketing controversy as the dependent variable. Mediation analysis was conducted using Preacher and Hayes (2004)’s bootstrapping method.

Summary of Findings
Our findings suggest that firms with more narcissistic CEOs introduce significantly more new product introductions...
(coefficient of CEO’s narcissism = +.20, p < .10; p < .05 when removing non-significant control variables). Furthermore, CEO narcissism was positively associated with our measure of marketing controversy (coefficient of CEO’s narcissism = +1.37, p < .05). These results broadly support our hypotheses indicating that firms with narcissistic CEOs are likely to introduce a greater number of new product introductions, but also more likely to get involved in a marketing controversy even when controlling for firm age, firm size, globalization, diversification, financial leverage, CEO age, CEO compensation structure, and industry SIC code. Furthermore, the results from our mediation analysis indicate that the indirect effect of narcissism on product introductions via competitive aggressiveness was positive (unstandardized coefficient = .303; standardized coefficient = .017, p < .05) and the 95% confidence interval of the indirect effect did not contain zero. The indirect effect of narcissism on marketing controversy via competitive aggressiveness was also found to be positive (unstandardized coefficient = .045; standardized coefficient = .013, p < .05) and the 95% confidence interval of the interval effect did not contain zero.

Key Contributions
Our research provides marketing literature with the first investigation of the role of CEO narcissism on specific marketing related variables. We suggest that narcissistic CEOs can be a burden and a benefit to their firms in terms of their impact on marketing outcomes. Secondly, our findings of a specific firm orientation as a significant mediator (competitive aggressiveness) helps to further explicate the process linking CEO narcissism to marketing outcomes. These results provide additional evidence supporting upper echelon theory and help to elucidate how CEO characteristics can impact marketing outcomes. Finally, our research adds to the relatively scant research on the antecedents of marketing controversies.

Our results indicate to corporate board members the need to be aware of potential outcomes of appointing narcissistic individuals as CEOs so that they may make better-informed hiring decisions. More specifically, our results suggest that although many of the characteristics associated with narcissistic CEOs make them difficult to deal with, narcissistic CEOs may also help firms outcompete industry counterparts. All in all, our research suggests that boards should consider putting in place stronger control mechanisms to minimize the risks associated with appointing narcissistic CEOs, while continuing to reap the rewards.

References are available on request.
Sustainability Orientation in New Product Development: Antecedents and Managerial Implications

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Keywords: sustainability orientation, innovation strategy, global strategy, open innovation, new product success

EXTENDED ABSTRACT

Research Question
Sustainability has become a prominent item on the corporate agenda. Senior executives are increasingly concerned with how they could foster a culture that embeds sustainability into their business models. While sustainability has generated significant interests among practitioners and academics, its implementation pertaining to corporate new product development (NPD) has received little research attention to date. Incorporating sustainability into a firm’s product development efforts is expected to garner significant benefits, including greater customer focus and higher NPD performance. However, how to establish and cultivate sustainability orientation that delivers these benefits and facilitates successful NPD outcomes is not well understood. Shedding light on this research gap should help to foster an understanding of how and under what circumstances sustainability orientation can benefit innovating firms. Establishing a sustainability orientation likely requires top management direction, a culture of continuous improvement fed by information flows from both internal and external sources, and responsiveness to the multi-faceted needs of customers and other stakeholders in increasingly global markets. Consequently, the current research develops and tests a framework of antecedents of sustainability orientation in the NPD context. Specifically, we examine the effects of a firm’s innovation strategy, global perspective, and open innovation activities on its sustainability orientation. We also examine the mediating role of sustainability orientation in linking these antecedent conditions to NPD outcomes.

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

Summary of Findings
The findings of the study suggest that a proactive innovation strategy and a global perspective are positively linked to sustainability orientation. Open innovation has a curvilinear (inverted U-shaped) relationship with sustainability orientation such that the influence of open innovation on sustainability orientation is positive at a moderate level but diminishes when the intensity of open innovation reaches a higher degree. Finally, the findings also indicate that sustainability orientation plays an important mediating role in the global perspective—NPD performance and the open innovation—NPD performance linkages. On the other hand, innovation strategy exerts a direct effect on NPD performance. Taken together, this study offers significant insights for theory and practice regarding sustainability and NPD.

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Additional analysis suggests that national culture and industry factors play important moderating roles in the above relationships. In particular, global perspective has a stronger positive effect on sustainability orientation for firms in Western, individualistic countries (e.g., U.S.) relative to those in Eastern, collectivistic countries (e.g., China). Similarly, the curvilinear relationship between open innovation and sustainability orientation only exists among firms in Western, individualistic countries. On the other hand, innovation strategy plays a stronger role in a firm’s sustainability orientation for Eastern, collectivistic countries, but is unrelated to sustainability orientation in Western, individualistic countries.

Further, the antecedents–sustainability orientation relationships are fully supported only for firms in high-technology sectors but not for those in low-technology sectors. Taken together, these results suggest that future research should take into account cross-cultural and cross-industry factors when investigating antecedents of sustainability orientation.

**Key Contributions**

This research offers significant insights for theory and practice regarding sustainability and NPD. First, the study contributes to the NPD literature by shedding light on the effects of several key NPD constructs (e.g., innovation strategy, open innovation) on a previously unexamined yet increasingly important outcome, sustainability orientation. Specifically, the current research suggests that sustainability orientation is part of the underlying process through which a firm’s innovation strategy, global perspective, open innovation practices influence its NPD performance. The mediating role of sustainability orientation is important for two reasons. It reveals not only the antecedents of sustainability orientation, but also the important relationship of sustainability orientation with NPD performance. Second, the study advances the current understanding of how various levels of open innovation activities affect sustainability orientation. Specifically, it extends the open innovation literature by finding diminishing returns to NPD performance when firms open up their innovation process to external sources of knowledge too much. Beyond a certain point, there is a negative relationship between a firm’s open innovation activities and NPD performance. The findings of this study also offer ways on how a sustainability orientation can be fostered via a global perspective, a proactive innovation strategy, and open innovation. These factors appear to strengthen the cultivation of a firm’s sustainability orientation. Furthermore, we find a clear and strong relationship between sustainability orientation and NPD performance.

*References are available on request.*
Crowdfunding: Is It About You or Is It About Me?

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Keywords: crowdfunding, motivation, backer, pledging

EXTENDED ABSTRACT

Research Questions
The prevalence of the Internet has led firms and entrepreneurs to a new era of new product development. It allows them to reach out to the general public outside of the organizational boundary to obtain additional support, including innovative ideas (known as crowdsourcing) and financial resources (known as crowdfunding). In this research, we base our study on the context of crowdfunding.

Crowdfunding is defined as an open call over the Internet for financial resources in the form of monetary contribution, and those who offer project creators financial support are called backers. The conceptualization of crowdfunding suggests that such a behavior relies on the backer’s voluntary funding decision on new projects either as donation or in exchange for rewards. Due to the voluntary nature, prior research has predominantly assumed that the intrinsic motivation of backers is to help others (e.g. the project creators), which is inherently rooted in altruism. However, in this research we contend that the backer’s pledge to a new product development project does not necessarily rely on his or her altruistic intention to help others, but also is catalyzed by his or her self-interest, which is rooted in egoism. We suggest that such self-interest as feeling the power as a backer and gaining personal satisfaction also plays a key role in the backer’s funding decision. In line with the altruism vs. egoism contrast in the literature, this research investigates two dimensions of intrinsic motivation: other-oriented and self-oriented. Furthermore, we examine the relationship difference between men and women.

H1: The backer’s other-oriented motivation is positively related to likelihood of pledging money to a crowdfunding project.

H2: The backer’s self-oriented motivation is positively related to likelihood of pledging money to a crowdfunding project.

H3: The backer’s self-oriented motivation has a stronger positive effect than his or her other-oriented motivation on likelihood of pledging money to a crowdfunding project.

H4: The relationship between other-oriented motivation and likelihood of pledging money to a crowdfunding project is stronger for women than men.

H5: The relationship between self-oriented motivation and likelihood of pledging money to a crowdfunding project is stronger for men than women.

Method and Data
The authors conducted three studies to examine the hypotheses.

Summary of Findings
Results show that while other-oriented motivation was not related to likelihood of backing, the effect of self-oriented motivation was significant. Thus, H1 is not supported but H2 is supported. We ran a t-test to compare the two coefficients. Results show that the two coefficients were significantly different, supporting H3. Furthermore, the interaction of other-oriented motivation and sex was positively associated with likelihood of backing; the interaction of self-oriented motivation and sex was negatively associated with likelihood of backing. Hence, H4 and H5 are supported.

Key Contributions
A main function of marketing is segmentation, targeting, and positioning. Using this concept, project creators on
crowdfunding platforms should learn to recognize potential
targets and attract backers, and position projects in an effec-
tive way to obtain financial resources. To explore this phe-
nomenon, our research emphasizes the importance of moti-
vational differences between men and women in the
backing behavior.

Most prior innovation literature focuses on personality-moti-
vation effects in new product development. When consider-
ing the crowdfunding industry and motivation studies, exist-
ing studies have been limited. This research attempts to
investigate the emerging crowdfunding industry by examin-
ing intrinsic motivation and the moderating role of sex. Our
results confirm and extend the theoretical concept of the
effectiveness of self-benefit and other-benefit marketing
appeals. Furthermore, this research explores motivation in a
gender-specific norm in crowdfunding practice. In contrast
to some findings that other-benefit appeals are more effec-
tive than self-benefit appeals for certain consumer behavior,
this research leads to an opposite perspective that self-
oriented motivation is much more effective in crowdfunding
practice. Applying to marketing tactics in crowdfunding
practice, a notable implication of this research is the impor-
tance of messages delivered to potential backers. To attract
more visitors and backers, a male-preferred (e.g., sports and
video game) can use more self-oriented appeal to arouse
psychological need for self-recognition. On the other hand,
female-preferred projects (e.g., cooking and fashion) can
rely on more other-oriented motivation by reinforcing the
need of helping others.

References are available on request.
Enhancing Outcome in Crowdsourcing Contests: Leveraging Motivation, Opportunity, and Ability Framework

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Keywords: crowdsourcing contests, cash rewards, duration, skills diversity, communication

EXTENDED ABSTRACT

Research Question

How does the setup of crowdsourcing contest features drive contest outcome in terms of quality of submissions?

Method and Data

We analyze 172 contests, using proprietary data provided by eYeka, a Paris-based crowdsourcing platform. We hypothesize that: H1: Contest-level cash rewards (the total value of cash rewards in euros per contest) do not have an impact on contest outcome (number of accepted submissions per contest); H2: Communication among contest participants enhances contest outcome; H3: Increasing contest duration (in days) will decrease contest outcome; H4: Participants’ skill diversity has an inverted U-shaped relationship with contest outcome; and H5: Communication between participants positively moderates the relation between participants’ skill diversity and contest outcome. Communication is measured as the ratio of number of comments exchanged among participants divided by number of participants for each contest where submissions are visible and communication among participants is allowed. Skill diversity is measured as the entropy index of diversity of skills in video making, photography, animation and design of all the participants in a contest. Contest outcome may also depend on the contest type, the contest size, the number of rewards, the number of languages in which the contest is translated, brand disclosure of the firm opting for crowdsourcing, and submissions visibility. We include these controls in our equation. In order to test our 5 hypotheses, we use a negative binomial regression.

Summary of Findings

The results of the negative binomial regression analysis show that: (1) cash rewards, has no impact on contest outcome ($\beta = .000, p = \text{non-sig}$); (2) communication among contest participants, has a positive impact on contest outcome ($\beta = .133, p < 0.01$); (3) contest duration, impacts contest outcome negatively ($\beta = -.017, p < 0.01$); (4) participants’ skill diversity, and contest outcome have an inverted U-shaped relationship ($\beta$ for skill diversity = -.295, $p = \text{non-sig}$, and $\beta$ for skill diversity squared = -.848, $p < 0.05$). To demonstrate the relation between skill diversity and contest outcome we plot increasing skill diversity against contest outcome. It shows that contest outcome increases when the skill diversity between participants increases from 0 to 1.6, and after the threshold point of 1.6 any increase in the skill diversity leads to a decrease in contest outcome. (5) Communication among contest participants positively moderates the relationship between participants’ skill diversity and contest outcome. The coefficient of the interaction term is .104 ($p < .05$). We also interpret this interaction effect, by plotting the predicted probabilities and 95% confidence intervals of contest outcome in association with different combinations of skill diversity and communication.

Key Contributions

First, our study exposes that cash rewards might increase participation but they do not have an impact on quality of submissions as measured by number of accepted submissions in a crowdsourcing contest. We also reveal a positive
impact of communication among participants on contest outcome. Thus, we shed light on the motivation-quality of outcome relationship that has otherwise been restricted to motivation-participation outcome relation in extant crowdsourcing contest literature. Second, results suggest that for a contest to generate high number of accepted submissions, the duration of the contest needs to be limited. Third, we argue that managers relate skill diversity with the potential of generating more creative solutions. However, most managers of contests are ill-equipped to deal with problems emerging when skill diversity exceeds the threshold point. Since maintaining skill diversity at an optimal level is not under managerial control, they need other tools to maneuver through this situation. Communication among contest participants serves as one such tool, and allowing and encouraging such communication is within managerial control. This finding regarding the relation between skill diversity and contest outcome is consistent with insights regarding the relationship between skill diversity and performance in the open innovations literature.

References are available on request.
The Economic Impact of Crowdsourcing During Product Development

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Keywords: new products, crowdsourcing, co-creation, customer empowerment

EXTENDED ABSTRACT

Research Question
This study investigates the antecedents and consequences of crowdsourcing during the NPD process, specifically the design phase of product development. This study examines a situation when a firm has a product idea and is deciding whether to develop the design in-house or crowdsource the product design. Our research questions are twofold: first, what are the antecedents of the managerial decision to crowdsource? Little is known about the criteria that managers use when evaluating whether or not they should outsource a task to the crowd. Second, does crowdsourcing during new product development actually impact new product performance? While many agree that customer involvement has positive effects on branding, development processes, and other ancillary outcomes, the value of customer involvement on actual market outcomes (e.g. sales) remains inconclusive.

Method and Data
We collect data from an online crowdsourcing website and supplement it with survey data which collects consumer perceptions of the product idea. From the crowdsourcing website we collect information about the product, whether or not the product design was crowdsourced, and unit sales. From the consumer survey we collect perception measures about the new product such as quality and ease of use; we use these perception measures as antecedent constructs of whether managers will crowdsource the design.

Summary of Findings
Our results suggest that the perceived difficulty of use, the perceived level of product quality, and the perceived technicality based on the original idea prompt managers to involve customers in the design phase. Regarding the second research question, we find that crowdsourcing a new product design has a significant positive effect, but only when the original concept performs poorly in market pre-testing (i.e. concept testing). In this case, we find that involving customers in the product design significantly increases a product’s unit sales. But, crowdsourcing when the product does well in market pre-testing does not have a positive impact.

Key Contributions
The present research adds to the crowdsourcing literature by investigating antecedents of crowdsourcing decisions and demonstrating a link between crowdsourcing and financial performance. It adds to the design literature by suggesting a way to improve designs that perform poorly in the concept-testing stage.

References are available on request.

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Marketing Analytics, Metrics, and Research

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Demographic Models for Predicting Future Markets

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ABSTRACT
We demonstrate the capability of cohort analysis as a tool to study the evolution of markets and their decomposition into demographic subcomponents using aggregate market penetration data in four fast moving consumer good categories. This paper introduces, benchmarks, and empirically evaluates a Bayesian age-period-cohort approach which overcomes the problem of non-identifiability of parameter estimates in an innovative way. An empirical study shows that this approach newly applied to marketing also allows the analyst to condition the derived model parameters on demographic scenarios for future population projections. Our findings suggest that models which ignore cohort effects tend to underestimate variations in age group-specific forecasts which in turn might result in misleading managerial conclusions. From a methodological perspective, this is one of the first contributions which integrate cohort analysis into demographic population projections in a coherent way to explore and to forecast future trends of consumer markets. We discuss marketing implications and draw conclusions for further research.

Keywords: age-period-cohort decomposition, Bayesian cohort analysis, generational marketing, demographic research, market forecasting

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Introduction
Demographic shifts, like the aging population in Europe and North America are reported to have a considerable impact on currently observable (Reisenwitz and Iyer 2009, Pitta and Gurau 2012, Moore 2012, Parment 2013, Pitta et al. 2012) and most likely also on future consumption patterns (Rentz et al. 1983, Rentz and Reynolds 1991, Fukuda 2010). In extreme cases, and in particular if paralleled by ground-breaking technological innovations (e.g., the rise of online media), such demographic shifts entail the potential consequence of vanishing industries and/or product and service categories just to take-off.

To study and to forecast such long-term changes of aggregate purchasing patterns, marketing researchers and analysts traditionally rely on a set of approaches including expert estimates and judgmental methods (Goodwin and Wright 1993, Lim and O’Connor 1996, Rowe and Wright 2001), time series analysis (Dekimpe and Hanssens 2000, Brodie et al. 2001), or diffusion models for the case of new product introductions (Mahajan et al. 1990, Sood et al. 2012). Most of these techniques assume some underlying structural process (like social contagion between innovators and adopters) that drives historical data and utilize this process to carry them forward into the future.

However, even accurate projections on the aggregate level may mask inherent processes that drive substantial changes in the composition of market segments and related customer needs and preferences at the disaggregate level (Noble and Schewe 2003, Schewe and Noble 2000). For example, the ongoing process of so-called “baby boomers” (age cohorts born in the post WW2 era between 1946 and 1964) reaching retirement ages has strong marketing implications, since they are substantially bigger and different in terms of their customer needs, attitudes, and media consumption as compared to prior age groups of the so-called 50+ segment (Musico 2008, Williams and Page 2011). Likewise, the
green-movement and related age cohorts are becoming of age, digital natives are becoming adult and gaining importance as consumer groups for many products, etc. All these demographic changes continue to challenge marketing strategists and media planners in many industries. In order to carefully evaluate such changes in the consumer populations and to derive implications for the marketing plans of the products and services they offer, strategic planners and marketing managers require decent forecasts on the direction and magnitude of such demographic changes.

Cohort analysis can serve as one possible modeling framework to assist analysts with such forecasts. As we will describe in more detail below, cohort analysis is a method designed to decompose age (A), period (P), and cohort (C) effects to examine consumer behaviors. A cohort can be defined as a group of individuals with the same age location over time (Ryder 1965) contrary to the definition of age that considers individuals at the same period in time. The method was first introduced to the marketing literature by Reynolds and Rentz (1981) and was further recognized in a number of subsequent applications (Rentz et al. 1983, Rentz and Reynolds 1991). Although a number of descriptive contributions have used the concept of cohort effects to study the dynamics of consumption patterns for a variety of goods (for example, market segmentation based on cohorts; Schewe and Noble 2000, Noble and Schewe 2003), there are only few applications of APC analysis in economics and marketing. (Chen et al. 2001, Fukuda 2010)

A number of recent developments justify the further exploration of cohort analysis in the context of strategic marketing planning: First, more long-term tracking data is becoming available to marketing analysts at low cost. Aside from a rich set of publicly accessible data provided by central bureaus of statistics, many companies track the consumption patterns of their clients and systematically record customer interactions with the brands and product/service categories they offer over time. Second, recent methodological advances allow business analysts to overcome some of the limitations (e.g., model identification problems, cf. Rentz and Reynolds 1991) traditional approaches to cohort analysis are confronted with and refrained cohort analysis from further diffusion into practice. Finally, recent research in disciplines like demography provide analysts with well-grounded scenarios on projected demographic changes of consumer populations which can serve the framework of cohort analysis as a perfect starting point to simulate future long-run developments of markets (cf., e.g., Lutz et al. 2008).

In this paper, we show how cohort analysis and demographic research can be combined in one coherent approach to explore future developments of consumer markets. Using the formal framework of a Bayesian version of an age-period-cohort (APC) model presented in this research, market analysts are able to decompose consumption patterns and to derive long-term forecasts conditional to alternative future demographic scenarios. In our empirical study, we illustrate this property for a selection of fast moving consumer good (FMCG) categories using panel data collected over a time horizon of 17 years.

The Age-Period-Cohort Model

Cohort analysis comprises a class of modeling techniques which trace back inter-temporal change to the population’s aging process (Ryder 1965, Palmore 1978). In sociology, these changes are typically explained by tracking individuals by age location (i.e., the date of birth) rather than by focusing on age and period alone. This general concept is also known as APC analysis. Its primary aim is to disentangle age, period and cohort effects to determine which is dominant in driving behavioral variations over time. It is common practice in APC analysis to explain changes on the aggregate population level using rates or proportions as dependent variables. Following Reynolds and Rentz (1981), Rentz et al. (1983), Rentz and Reynolds (1991), we focus in our subsequent analysis on the penetration rate (PR), which is defined as

\[ PR_{ij} = \frac{I_{ij}}{P_{ij}}, \]  

where \( I_{ij} \) measures how many households within a certain age group \( i \) have consumed a certain product or product category within a specific time period \( j \) at least once and \( P_{ij} \) is the population of relevant households in the same age group \( i \) and period \( j \). The corresponding PRs are arranged in a rectangular array, with age intervals defining the rows and time periods defining the columns. The diagonal elements of the matrix correspond to the birth cohorts. Based on this data structure, a commonly adopted approach to cohort analysis fits a linear regression of the PRs on the model parameters (Mason et al. 1973):

\[ PR_{ij} = \mu + \alpha_i + \beta_j + \gamma_k \]  

where \( \mu \) denotes the intercept, \( \alpha_i \) the \( i \)th row age effect (\( i = 1, \ldots, I \)), \( \beta_j \) the \( j \)th column period effect (\( j = 1, \ldots, J \)) and \( \gamma_k \) the \( k \)th diagonal cohort effect, as a function of the age index \( i \) and period \( j \) such that \( k = (I - i) + j \).

The key in APC modelling is to obtain unbiased estimates of the main effects. Due to the definitions of age, period and cohort the effect parameters are linearly dependent which implies that the conventional APC model in its general form cannot be uniquely identified. This well-known non-identifiability problem (Fienberg and Mason 1979, Kuang et al. 2008) can be resolved by constraining the APC model’s intercept and by imposing constraints on the effect levels.
(O’Brien 2011). However, the problem with this approach is that these linear substitutes lead to biased estimates by arbitrarily choosing linear constraints on combinations of age, period and/or cohort for identifying the respective main effects (Mason et al. 1973, Rentz and Reynolds 1991, Chen et al. 2001). In the present research we adopt the approach proposed by Riebler et al. (2012) by imposing second-order random walk priors as smoothing priors on the main effects incorporated in a Poisson model to obtain unbiased estimates. It can be shown that the second-order differences penalize deviations from a linear trend and are not affected by the non-identifiability problem (Berzuini and Clayton 1994). For example, the second-order random walk prior for age can be written as

\[ \pi(\alpha_1 | \delta_\alpha) \propto \delta_\alpha^{-\frac{1}{2}} \exp \left( -\frac{1}{2} \sum_{i=3}^{n} (\alpha_i - \alpha_{i-1} - (\alpha_{i-1} - \alpha_{i-2}))^2 \right) \]

\[ \pi(\alpha_1 | \delta_\alpha) \propto \delta_\alpha^{-\frac{1}{2}} \exp \left( -\frac{1}{2} \alpha^T R^{(2)} \alpha \right) \]

with precision matrix \( R^{(2)} \) where \( \delta_\alpha \sim \Gamma(a,b) \) determines the degree of smoothing for the age effect (the higher the precision, the smoother the estimated parameter vector). Due to the functional form of the prior and because the observational model belongs to the class of generalized linear models, the model can be incorporated into a Gaussian Markov Random Field (GMRF; Fahrmeir and Lang 2001) and estimated via Integrated Nested Laplace Approximation (INLA; Rue et al. 2009). INLA is an approach to perform fully Bayesian inference on GMRFs and provides a deterministic alternative to MCMC sampling which is computationally fast and more accurate. In the following empirical study, estimation and forecasting of the APC model parameters are accomplished using R 3.2.2 (R Core Team, 2015) and the add-on package R-INLA (Rue et al. 2009).

**Empirical Study**

To illustrate the empirical performance of the previously introduced methodology, we use household panel data obtained from GfK Austria which tracks the purchase behavior of a representative sample of around 3,000 households\(^1\) in four different FMCG categories for an observational period of 17 years (January 1996 until December 2012). The product categories used in our study are (1) *wine*, (2) *beer*, (3) *near water* and (4) *organic food*. We selected these categories to reflect two different types of environmental conditions: While the wine and beer categories are established markets with slightly increasing (in the case of wine) or relatively stable market volumes, so-called “near water” and organic food products are emerging markets with high growth rates in the early 2000s (World Health Organization 2014, Wier and Calverley 2002). The dependent variable we wish to explain (and to predict for a future holdout period) by using the APC model are the yearly PRs we calculated for the four product categories.

**Data Description**

For each of the four selected categories Figure 1 represents the respective PRs, the corresponding average per capita spending (in Euro) and consumption volumes. The overall yearly rates are broken down into six specific age groups covering 8-year intervals and ranging from “aged 32 years or younger” to “65 years and older” (notice that the official retirement age in most European countries is around 65 years). Since GfK panel households can consist of several persons we defined the respective reporting person as consumer unit. With respect to the product categories under study, a couple of observations can be made:

- Austria, the county under investigation in our empirical study, is among those European countries with highest per capita wine consumption in litres (World Health Organization 2014). There is a peak in volume consumption as well as in terms of spending in 2006-2008 which can be explained by a general increase in consumption combined with a record wine crop (in terms of both quality and prices). Notice that the decrease afterwards goes in line with the decline of the GDP in 2009 and 2010.

- Our focal country has a very strong beer culture too, with a per capita consumption of approximately 108 litres in 2012 and experienced at least some volume growth (World Health Organization 2014). Similar to the wine category, however, the aggregate trend does no longer hold if it is broken down into age groups. Generally, PRs and spending are increasing with age, but this does not hold for the youngest age group where a general downward trend is visible. Interestingly, as GDP goes down, Euro spending for beer is increasing, which is contrary to wine spending. This might be due to a temporary substitutitional effect.

- The near water category comprises mineral water based beverages flavored with fruits or herbs and are typically less sugared than soft drinks. The strong lift in PRs and spending across all age groups since 2000 is clearly reflecting the healthy life style trend (Polaki and Yarla 2014). Notice that the two largest national beverage companies started producing and marketing near water beverages in 2000/2001.

\(^{1}\)Note that GfK panel services replace panel members every two years by new households with similar characteristics. Thus, the effective number of reporting households varies between 2,405 and 3,477 throughout the observation period.
The trend toward a health conscious lifestyle is also reflected in the evolution of the organic food category (Thogersen 2010). In Europe, Austria is a country with one of the highest per capita consumption volumes of organic food. Figure 1 clearly shows that PRs and spending are increasing over time, but the market apparently reflects a considerable degree of heterogeneity across age groups since 2005. This observation is consistent with other empirical evidence that mainly younger people (<45 years) and/or families with children showing higher propensities to consume organic products (Hughner et al. 2007, Steenkamp 1997).

Model Estimation and Model Selection
To estimate the APC models for the four selected product categories, following Schmid and Held (2007) and Riebler et al. (2012) we assume that the number of consuming households $I_{ij}$ in equation 1 is Poisson distributed with

$$I_{ij} \sim \text{Poisson}(\eta_{ij})$$

and

$$\eta_{ij} = \mu + \alpha_i + \beta_j + \gamma_k$$

The specific arrangement of yearly penetration rate data (i.e., unequal length of period and age groups) requires to cope with another identifiability problem which induces artificial cyclical patterns in the parameter estimates (Holford 2006). To adequately address this issue, we defined cohorts as proposed by Heuer (1997) which results in our empirical applications in $k = M \times (1 - i) + j$ cohorts (i.e., the cohort index appears only every $M = 8$ years yielding 57 cohorts).
Subsequently to determine the relative importance of including the effects in the full APC model, we fitted sub-models for only one or two of the three dimensions under consideration. To evaluate the in-sample model fit, we use the logarithmic scoring rule (log Score; Dawid 2007). To assess the predictive performance of the model specifications, we calculate the root mean squared error (RMSE) between the predicted and the observed values for a holdout period of 8 years.

Our findings reported in Table 1 suggest that the full APC model fits the data best for wine and near water according to the log Score criterion. For the beer and organic food categories the CP model performs only slightly better. For long-term forecasts the full APC model performs best for wine, beer and organic food. For near water it is not clear weather age or cohort have the strongest impact. However the full APC model still fits better for long term forecasts than our suggested benchmark models. Notice, that the PRs in the organic food category show a level shift in the hold-out period, which is hard to predict.

The visual inspection of the effect estimates depicted in Figure 2 reveals almost linear effects in age and period parameters for the wine and beer category, which is generally easy to interpret and to extrapolate (since the age effect quantifies differences in the age groups and period reflects a trend component). However, the cohort effect is generally of a non-linear fashion, except for organic products, where non-linearity is captured only in the period and not in the cohort effect. Thus, the cohort effect is not necessarily required to be added in this case, as suggested by RMSE criterion according to Table 1. For the wine category we find an increasing cohort effect, with older cohorts showing higher PRs, but there is a “plateau” in the middle. For the beer and near water product categories we find an inverse U-shaped cohort effect implying that the age cohorts in the middle show highest PRs in these categories. In the case of near water the period and cohort effects are needed in addition to capture the level shift in the hold-out period which explains the result in Table 1 for the RMSE.

### Conditional Market and Age Group-Specific Forecasts

The usage of PR as dependent variable in the APC models allows us to condition on actual and potential population sizes of the respective age groups. Thus, conditional forecasts along different population growth scenarios are feasible. In the following, we use different demographic scenarios according to the *Europop2013* population projection up to 2030 published by European bureau of statistics EURO-STAT (European Commission and Economic Policy Committee 2014). Figure 3 shows the empirical (up to 2012) and projected percentage changes (using two year increments) of the Austrian population both on the aggregate and age group-specific levels.

While the (1) main scenario essentially assumes a continuation of recent net-migration levels, the (2) reduced net-migration scenario assumes a reduction of international net migration by 20% and the (3) no net-migration scenario a net migration of zero. Figure 3 clearly shows significant population aging in all three scenarios with a considerable decline of the population share in the youngest age group and a steadily growing older age groups. Since migration is concentrated at young adult age, the differences among the three scenarios are most clearly visible for the younger adult age groups.

To predict the expected number of consuming households $I_{ij}$, we used the estimated parameter sets for the four analyzed product categories and plugged them into equation 6 together with the respective population sizes $P_{ij}$ in equation 6 according to the three above-described demographic sce-

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**Table 1. Logarithmic Scores (Log Score) and Root Mean Squared Error (RMSE) for the Holdout Period of 2007–2012.**

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>P</th>
<th>C</th>
<th>AP</th>
<th>CP</th>
<th>AC</th>
<th>APC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine</td>
<td>1.7395</td>
<td>2.0410</td>
<td>1.9886</td>
<td>1.0170</td>
<td>0.9131</td>
<td>0.9246</td>
<td>0.9100*</td>
</tr>
<tr>
<td>RMSE</td>
<td>0.0954</td>
<td>0.1060</td>
<td>0.1184</td>
<td>0.0489</td>
<td>0.0297</td>
<td>0.0416</td>
<td>0.0280*</td>
</tr>
<tr>
<td>Beer</td>
<td>1.5406</td>
<td>2.1113</td>
<td>2.1260</td>
<td>1.3395</td>
<td>1.1791*</td>
<td>1.1961</td>
<td>1.1896</td>
</tr>
<tr>
<td>RMSE</td>
<td>0.0521</td>
<td>0.0751</td>
<td>0.0187</td>
<td>0.0369</td>
<td>0.0127</td>
<td>0.0274</td>
<td>0.0114*</td>
</tr>
<tr>
<td>Near</td>
<td>3.8290</td>
<td>2.7992</td>
<td>3.6725</td>
<td>1.8279</td>
<td>1.5238</td>
<td>2.7951</td>
<td>1.5012*</td>
</tr>
<tr>
<td>Water</td>
<td>0.0478*</td>
<td>0.0657</td>
<td>0.0488</td>
<td>0.0830</td>
<td>0.1056</td>
<td>0.0607</td>
<td>0.0916</td>
</tr>
<tr>
<td>Organic</td>
<td>3.1108</td>
<td>1.6054</td>
<td>3.0988</td>
<td>1.0650</td>
<td>1.0418*</td>
<td>1.6024</td>
<td>1.0472</td>
</tr>
<tr>
<td>food</td>
<td>0.3913</td>
<td>0.1380</td>
<td>0.3705</td>
<td>0.1172</td>
<td>0.1096</td>
<td>0.1645</td>
<td>0.1047</td>
</tr>
</tbody>
</table>

*Note: The best fitting models are marked with (*). Due to scaling of the marginal likelihood for the log Score smaller values indicate better model fit.*
Figure 2. Decomposition of Effect Estimates for Wine, Beer, Near Water, and Organic Food Categories

Note: The solid line depicts the posterior median of the effect parameters, the dashed lines indicate the corresponding 95% confidence regions.

Figure 3. Percentage Changes in the Age Distribution and Total Population Growth (Solid Line) in Austria Based on Three Different Demographic Scenarios
The model parameters were estimated for a calibration period of 17 years ranging from 1996 to 2012.

Several conclusions can be derived from inspecting the graphs shown in Figure 4. There is considerable variation across age groups, and this variation is expected to increase in the future (in particular for the “established” categories wine and beer) if we include a cohort effect in the model (see APC vs. AP forecasts). This implies that ignoring cohort effects for forecasting markets can result in misleading conclusions regarding any segment-specific marketing actions and communications devoted to these age groups. Furthermore, older age groups generally show higher PRs as compared to younger age groups. In the near water product category this finding only becomes apparent if a cohort effect is included in the model; forecasts based on an AP-model would result in a different conclusion. In addition, the “spread” between PRs forecasted for the >64 and the <33-year age groups is much higher both in the wine and beer category, but also in the organic food category. This observation becomes even more apparent if we evaluate the PRs with the corresponding per capita consumption volumes (see

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3The contrasts between the observed PRs from Figure 1 and the corresponding “predicted” PRs in Figure 4 are due to data smoothing prior to estimation of the corresponding models. In addition, notice that we used 2-year increments in Figure 4 to facilitate the visual inspection of the time series.

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**Figure 4.** Conditional Forecasts of Age Group-Specific Penetration Rates Across Four Product Categories Based on the APC and the AP Model
the plots in Figure 4, rows 3 and 4). Apparently, the future of these markets (particularly the wine market) will be expected to be extremely dominated by older age groups. Finally, notable differences in the forecasted PRs between the projected scenarios of population changes can only be detected for younger age-groups. In Figure 4 these instances are visualized by the grey shaded areas deviating from the main scenario. Because the population shares in younger age groups are expected to decrease already according to the main scenario, the major driver of the age-specific composition of future markets is clearly the “aging effect” in the Austrian society.

Conclusion and Discussion
Our research contributes to the market forecasting and planning literature by combining a novel APC modeling approach with scenario-based demographic forecasting. We introduce a novel Bayesian approach to APC modeling, which avoids identification problems more traditional approaches are typically struggling with, in an efficient manner. In our empirical application study, we demonstrate how the APC model estimates can be used to derive conditional expectations based on alternative projections of future demographic scenarios.

In summary, our empirical findings in four FMCG product categories suggest that models which ignore cohort effects tend to underestimate the variation of age group-specific forecasts. Our empirical findings clearly show that—at least in the categories we studied—future market volumes are dominated by the demand of “aged” population groups. Thus, the ageing trend in many societies can be expected to be translated into consequences for future market demands. Such developments clearly call for adequate marketing actions targeted to the various cohort-specific segments. On the other hand, marketing managers might also consider alternative strategies to stimulate stagnating (or even declining) markets in younger subgroups of the population. This finding is also consistent with various industry reports and sentiments which continue to see the age-groups of Boomers and Generation Xers as the most important wine consumers (e.g., McMillian 2015, p. 28). Marketing managers, but also public policy makers need to design their future communication strategies accordingly to respond to the projected generational shifts in consumption behavior.

References


Automatic Temporal Retail Segmentation from Big Data

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Keywords: segmentation, topic mining, consumer behavior, big data

EXTENDED ABSTRACT

Transactional data captures a significant amount of information regarding consumer purchasing behavior. However, in its raw form such data is both large and unwieldy, obfuscating actionable insights able to inform business decisions. One example of insights that have shown clear business utility is the summarization of consumer behavior into actionable behavioral sub-groups or “customer segments.” These segments are normally obtained via the manual or semi-automated specification of a set of behavioral groups based on a pre-selected set of measurable aggregate statistics. These segments are relatively simple to create, interpret and manage. However, the complexity of the human behavior they seek to distil is often incompatible with such approaches, in practice violating many assumptions pre-made to facility the simplicity they provide. Specifically, traditional customer segmentation (e.g. Bock and Uncles, 2002; Boone and Roehm, 2002; Oppewal et al., 2010) suffers from at least one of two key potential weaknesses:

• Segments tend to assume that an individual’s behavior is stationary—i.e. it is static over time.

• Segmentation traditionally assumes that each individual can be adequately summarized by placing them in a single behavioral group or assigning a probability of membership to multiple groups.

Both of these assumptions are not only tenuous, but have the potential to lead to non-optimal business decisions. In the former, assuming that an individual’s behavior is stationary neglects the well-known behavioral influences of seasonality, holiday periods and life stage changes. Under such an assumption all these differing behaviors are conflated to a single aggregate, temporally invariant, model—a potentially unrepresentative temporally averaged model which is unlikely to reflect an individual’s actual behavior at any given, short term, time frame. In the latter, discriminative and/or insightful non-dominate sub-behavioral patterns are potentially obfuscated or lost.

In this work we present and discuss a new customer analysis technique that tries to remove the coarseness of traditional segmentation approaches, while maintaining conceptual simplicity.

Research Question
Do novel mathematical techniques couple with big retail data enable us to move beyond traditional customer techniques?

Method and Data
A new approach to segmenting consumers is presented and applied to large transactional data set from a UK retail company. Results of the segmentation are presented and evaluated.

This work presents a new customer analysis technique which addresses the limitations of traditional segmentation approaches by representing consumers by the *extent to which they express a set of temporal purchasing behaviors*, derived from mass sets of transactional data. We cast this problem as a variant of finding *latent temporal topics* considered as a recent extension to traditional static topic models (Blei and Lafferty, 2006), implementing our model via Non-negative tensor factorization. In context, under such extensions temporal behavior is simultaneously modeled with purchase behavior over products. Note that these static topic models can themselves be considered an extension to the tradi-

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tional Dirichlet-multimomial model allowing for in depth summarization not just of a consumer’s preferences towards one type of good, but to their purchasing behavior across all products.

Thus the approach does not represent a customer simply as an instance of a single catch-all segment, but as a combination of general underlying temporal behaviors and purchasing trends. Additionally, these building block trends are not static, but reflect varying behavior—providing a significantly richer descriptive mechanism that is still parsimonious and actionable.

Summary of Findings
The significant quantities of consumer transactional data enables significant insight into consumer behaviour. However, traditional segmentation algorithms, which are typically temporally static and focus on single class assignment, currently fail to take full advantage of such data sets and the significant opportunities they afford to decision makers. Acknowledging the complexity of consumers temporal behavior that has been highlighted in consumer research literature, this work presented a technique that uses a variant of dynamic topic modeling based on non-negative tensor factorization. This technique is able to describe individual consumers by an automatically identified set of latent temporal topics—purchasing trends. As demonstrated on a large real world transactional dataset and in contrast to traditional approaches (and dynamic topic models developed for alternative domains), the technique is able to uncover the latent time-varying purchasing behaviours that underpin a market, and express customers as a combination of these building blocks. This adds sophistication to analyses while importantly retaining interpretability.

Key Contributions
1. A new computationally tractable approach to segmenting consumers from ‘big data’ scale transactional logs that:
   a. forgoes single class (or probabilistic assignment to a class) replacing it with segmentation based on an individual’s expression of a set of automatically identified, interpretable temporal purchasing behaviours
   b. enables the identification of temporal purchasing patterns with arbitrary temporal expression including (near)periodic behaviour
2. An evaluation of the technique on a large transactional data set showing the application of the technique in drawing insights about:
   a. general temporal trends in the data set,
   b. summaries of individual’s purchase behaviour and
   c. understanding behavioural groups within the population.

Acknowledgments
This work was jointly supported by the EPSRC Neo-demographics: Opening Developing World Markets by Using Personal Data and Collaboration grant, EP/L021080/1 and the EPSRC From Human Data to Personal Experience grant, EP/M02315X/1. The data used is both commercial and personal in nature and is therefore not publicly available. For further information please contact the authors.

References are available on request.
A New Method for Big Data Analytics

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Keywords: big data, dimension reduction, sparse constraints, p > n, supervised factor models

EXTENDED ABSTRACT

Research Question
Big data sets present both large sample sizes and many variables for analysis. While large sample sizes create computational challenges that garner attention, the presence of many variables begets statistical challenges that remain under-researched. Consequently, this variable space expansion, which we call the 4th “V” of big data analysis augmenting the popular 3Vs (volume, velocity, variety), requires new methodologies to tackle high dimensionality, especially when the number of predictors (p) exceeds sample size (n). Thus, the research question is, how do we reduce the dimensionality of the variable space to analyze big data sets with more variables present than the available sample size?

Method and Data
The paper develops an original method which is not available in the extant literatures in marketing, statistics or econometrics. To this end, the authors integrate contemporary thinking on dimension reduction from statistics and develop a new method, which they call called Sparse Constrained Inverse Regression (SCIR). Specifically, they derive analytical propositions to provide the necessary statistical foundation for SCIR, construct algorithms to implement it using sample data, conduct simulation studies to understand its efficacy, and illustrate its application to predict movie sales using movie features and user-generated content.

Key Contributions
The proposed SCIR method outperforms the classical constrained inverse regression (CIR) when p < n. Second, unlike CIR, it does not break down when p > n. Third, an empirical illustration to the text mining of movie reviews, which contain 400 frequently used words, the proposed method identifies just four words (about 1%) that systematically impact sales and account for 5 percent of the explained variance. In other words, out of one billion combinations of possible sets of four words, only one specific set, namely, storytelling, characters, kids, and fun, has some influence to significantly impact sales, whereas all other combinations add noise rather than signal. Thus the proposed SCIR efficiently removes this noise from high-dimensional data and reveals the proverbial needle from the word stack.

Findings
A new method, which the authors call sparse constrained inverse regression, was developed. Its properties were studied using asymptotic theory and in finite sample simulations. The proposed method was shown to outperform other comparable existing methods. To illustrate its empirical performance in real data analysis, the method was applied to user-generated reviews for movies, which contained p = 400 variables and n = 116 movies. The method does not break down because p exceeds n and, in fact, it identifies 4 variables out of 400 that potentially could impact sales (which is the dependent variable). Thus, sparse constrained inverse regression paves the way to analyze big data with more variables than the available sample size.

References are available on request.

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A Methodology for Identifying Brand Associations Through the Analysis of Web Search User Behavior

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Keywords: brand associations, brand perception, associative networks, network analysis, web search user behavior

EXTENDED ABSTRACT

Research Question
The idea of using concept associations in studying brands is well accepted. A lot of research has been making on studying consumer based brand equity through the elicitation and analysis of brand associations. According to Keller (1993), brand knowledge is the essential part of brand equity and it “is conceptualized according to an associative network memory model in terms of two components, brand awareness and brand image (i.e., a set of brand associations).” He stated that brand image is defined as “perceptions about a brand as reflected by the brand associations held in consumer memory.” This work presents a methodology for collecting, modeling and analyzing brand associations using information inferred from web search user behavior. The objective is to obtain association networks exhibiting non-trivial topological features, so to derive consistent network insights useful for studying brands, such as: image profiles, network clusters, centrality measures. An application of the methodology to the Italian telecommunication market is presented, to verify if and how the stated objectives are accomplished.

Method and Data
The presented methodology proposes three stages for identifying and studying brand associations: a data collection stage for shaping the analysis domain and for gathering data, a modeling stage for extracting brand associations from data and for building associative networks, and an analysis stage for understanding the positioning and perception of brands in the market. Data about web search user behavior are extracted using Google Trends, a public web facility of Google.

Summary of Findings
An application of the methodology to a real case is presented: the Italian telecommunication market. The purpose of this study is to identify the network of brand concept associations using information collected from Google Trends, so to understand the positioning and perception of the brands in the market. Our empirical tests provide evidence of reliability and validity of the proposed methodology: the obtained networks exhibit non-trivial topological features, such as heavy tails in the degree distribution and well-defined community structures. The analysis of brand associations, network clusters and centrality measures has allowed us to gain useful insights about perception and positioning of the brands in the market, with a focus on the status of the ongoing rebranding process of one of the brands considered in the analysis.

Key Contributions
Different methods have been proposed for studying brands using concept associations and almost all of them include an elicitation stage relying on surveys or on the analysis of entities co-occurrences in social media conversations.

In this paper a new approach is proposed: the study of web search user behavior for discovering associations in the mind of people searching for brands, products, services and market attributes.

References are available on request.

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Automated Product Recommendations and Personalized Explanations for Consumers in the Digital Era

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Keywords: recommender systems, explanations of recommendations

EXTENDED ABSTRACT

Research Question
Prior research has achieved significantly improved recommender systems’ accuracy by improving numeric algorithms, but such algorithms remain subject to potential errors. When companies present erroneous recommendations to consumers, recommender systems can damage their credibility and even be rejected by consumers, which would diminish both firms’ reputations and customer satisfaction. The authors argue that consumers might find recommender systems more useful if they comprehensibly account for those consumers’ preferences by processing the now available big data in the digital era and think like the people they are attempting to help. However, the ability of recommender systems to provide explanations, and the appropriate content and level of detail of these explanations, depend on the algorithm used to develop the recommendations. That is, questions about how to improve recommendation algorithms and how to generate useful explanations are related, but they have been addressed only separately in extant research. The authors pose the question: How can automated product recommendations be generated more accurate than with existing systems and how can consumers be provided with detailed explanations for the personalized predictions?

Method and Data
The authors applied their new product recommendation method to two real-world data sets with more than 100 million product ratings, provided by half a million consumers and compare the prediction accuracies to existing methods. To assess the relative accuracy improvements achieved through different algorithms, they introduced two benchmarks. The first is a heuristic that predicts that the global average of a data set is the value of all future ratings for all users. The second benchmark is the algorithm that won the Netflix Prize.

Summary of Findings
The application of the new method to two real-world data sets reveals that the proposed method outperforms established recommender approaches in terms of prediction accuracy and with respect to the capability to provide actionable explanations. These results are consistent for both examined data sets; the authors observe no substantial differences between them. Thus, this new method scales well to big data.

Key Contributions
This study proposes that the negative effects of erroneous recommendations can be mitigated by aligning the recommendation generation process with an individual user’s preference structure and providing explanations for the reasons underlying the provided recommendations. A novel method enables consumers to address algorithmic errors in recommendations, because it provides explanations for the recommendations in terms of preference-relevant product attributes. Managers of recommender system providers should attempt to increase their understanding of the criteria users employ to reach decisions. Instead of employing one algorithm for all generated recommendations, a recommender system should handle its users in individually tailored fashion. Specifically, a recommender system should be a hybrid of different methods that match the digitalized decision-making processes of individual consumers.

References are available on request.

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Weather and Mobile Promotion Purchase: Evidence from Big Data Field Experiments

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Keywords: mobile, targeting, field experiment, e-commerce, advertising, weather

EXTENDED ABSTRACT

Although weather may profoundly affect people’s daily life, marketers rarely commit resources for launching weather-related business strategies due to the fleeting nature of weather. However, mobile technology is now changing the speed of business and the business of weather. Facebook and Twitter, who earn the majority of their advertising revenue from mobiles, are contemplating on how to target customers based on specific weather conditions. This study exploits a field dataset with ten million smartphone users to identify the role of weather in mobile ad effectiveness. Our empirical identification strategy is to isolate the effects of weather after controlling for geographic locations which have different latitudes and altitudes that are naturally correlated with weather conditions. We also check the robustness in results by testing the effects over and beyond wind direction, wind power, temperature extremes and ranges, using different measures for weather, and accounting for weekday vs. weekend conditions, competitive effects, and hazardous conditions. In further dealing with endogenous concerns and ruling out alternative explanations, our identification strategy includes the use of forecasts and unexpected changes in weather. The results indicate that mobile purchases are significantly higher (lower) on days with more sunshine (precipitation) than those on cloudy days. In terms of the odds ratio of purchase likelihood, there is a 31% increase in sunny weather and a 9% decrease in wet weather when compared with cloudy weather, holding other things constant. Survival model analyses at the hourly level suggest that the hazard rate or purchase speed would be 41.93% faster (49.87% slower) in sunny (rainy) weather. With over 150 million users of weather apps, there are 2 billion checks of weather each day. Managers may take actionable steps of avoiding prevention-framing on sunny days but using it on rainy, snowy, foggy, and stormy days to boost the purchase of digital goods on smartphones.

References are available on request.
Part I
Marketing Strategy

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Alan Malter, University of Illinois at Chicago
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Impact of Promotion Characteristics on Consumers’ Participation in Discussion of Promotional Deal Offers

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Keywords: word-of-mouth, information source effect, promotions, consensus of reviews

EXTENDED ABSTRACT

Research Question
Marketers now live in a “reputation economy” where online review sites allow consumers to rate every aspect of a firm including its promotions. However, much of the attention of marketers is devoted to how to handle negative ratings. Prior research suggests that a core group of “activist” consumers who frequently provide ratings account for a disproportionate number of negative ratings. In response, marketers have been trying to encourage more consumers to provide ratings in the belief that wider participation in rating behavior will dilute negative reviews from these frequent reviewers. However, it is unclear whether encouraging consumers who are less prone to provide ratings to nonetheless rate a promotion is actually advantageous. Prior research suggests that less frequent raters may be prone to “bandwagon effects” in which less frequent raters adopt the views of more frequent raters. If these bandwagon effects are concentrated on negatively rated promotions, a drop in the ratio of consumers aware of the promotions relative to the number of ratings may actually backfire, leading to increasingly negative ratings. To assess whether efforts to encourage more consumers to rate promotions is advisable, this study examines the drivers of the ratio of consumers aware of promotion to the number of ratings. Thus, the purpose of this study is to investigate when and why infrequent raters come out of ‘lurking’ status to rate the deal in online consumer evaluation of promotions.

Method and Data
We gathered data on the evaluation of promotions posted on a C2C promotions forum website, which allows consumers to post ratings of promotions. The data consisted of a random sample of 1,000 promotions from a population of 11,354 promotions posted by 2,356 different members of the forum and subsequently rated by both frequent and infrequent participants.

For this study, we calculated the P-L ratio (participation vs. lurking ratio) as the dependent measure by dividing the number of clicked views (ranging from 1 to ∞) by each promotion’s total number of ratings (ranging from 0 to ∞). This ratio provides a measure of the degree to which users lurk versus participate in rating promotions when they browse the forum website. To test our hypotheses, we used general linear regression models with the dependent variable being the absolute value of the P-L ratio, which can range from 1 (total participation) to ∞ (almost no participation), respectively. The independent measures included a measure of whether the overall evaluation is positive or negative, the number of votes that each posting received, the number of clicked views that each posting received, and a range of promotional deal characteristics.

Summary of Findings
The results from this study revealed that a higher number of votes is being fueled by infrequent raters who do not rate or reply to others’ postings on a regular basis. Similarly, the number of clicked views in each individual deal postings is being fueled by infrequent raters as well. Also, among promotional deal characteristics, deals that have limitations in terms of quantity and time and deals that are uncertain to be redeemable decrease the P-L ratio, fueling bandwagon
effects. More importantly, when the overall evaluation of the deal is negative, the bandwagon effect tends to occur more frequently. Thus, there is not only clear evidence of bandwagon effects by less frequent raters, but these effects exacerbate negative ratings rather than offset them. Moreover, promotions with limitations or restrictions are more prone to this negative outcome.

**Key Contributions**

For marketers, this study provides insights into how to influence the online ratings of promotions. Contrary to conventional wisdom, encouraging more consumers to rate a promotion is not an effective means to “dilute” negative ratings from frequent participants. The more people who rate a promotion, especially those who do not rate or reply to the deal postings on a regular basis, the more likely marketers are to end up with a detrimental negative bandwagon or “pile on” effect that leads to very low ratings of their promotion. Instead, marketers are advised to focus on courting the most frequent raters on such websites in order to secure a more favorable initial rating. Furthermore, when faced with a negative initial rating, marketers may be best served by observing the “first rule of holes”: when you find yourself in one, stop digging.

*References are available on request.*
The Influence of Political Ties on Government Contracts and Firm Performance

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ABSTRACT
As markets become ever more global and competitive, a firm’s ability to develop and execute innovations becomes increasingly important. A firm’s ability to innovative has a direct impact on its viability (Atuahene-Gima 2005). To enhance innovativeness, firms must continually search externally for new sources of knowledge. The importance of acquiring external knowledge is illustrated by the diverse body of research on sources of innovation including mergers and acquisitions (e.g., Ahuja and Katila 2001), joint ventures (e.g., Zhou and Li 2008), strategic alliances (e.g., Lee, Johnson, and Grewal 2008), universities (e.g., George, Zahra, and Wood 2002), and customers (e.g., Prahalad and Ramaswamy 2002). However, a search of the marketing literature point to academic inattention concerning government contracts as a source of innovation. A search of peer reviewed academic marketing articles, dating from 2000, found that none considered government contracts. The federal government is the largest purchaser of goods and services in the world. It has spent more than $6.3 trillion in the period 2000-2015 (USASpending 2015). Thus, the scope and scale of the federal government’s purchases and its significance to the economy would suggest that more academic attention and analysis is warranted.

Keywords: government contracts, lobbying, social ties, resource-based view

We argue that unique and valuable knowledge is embedded in government contracts that is often not available elsewhere and may provide to firms a competitive advantage and superior performance. Inherent in government contracts are different types and degrees of knowledge firms can acquire that result in new processes, procedures, and technologies. Furthermore, knowledge embedded in government contracts is often applicable beyond its original intent. For example, knowledge obtained from the U.S. Space program resulted in broader developments such as digital imaging, computer miniaturization, and earthquake prediction (NASA). Finally, government contracts provide commercialization opportunities as evidenced by Lockheed Martin’s Cyber Kill Chain®, which originated from government cyber security contracts. Because the government is often the only customer for particular goods or services, such as defense and space exploration, interaction with the government or a government contract holder, is the only mechanism by which a firm can acquire certain knowledge. Moreover, the needs of the government often precede those of the private sector by decades (Marshall 2005). Thus, by satisfying those needs, firms may obtain access to certain knowledge long before their competitors. We assume in this study that the greater the dollar amount of a government contract, the deeper the knowledge it offers. Further, we assume that the greater the number of contracts that a firm acquires the more likely the firm can acquire a wider range of knowledge.

Because acquiring government contracts is different from acquiring business contracts (Cibinic, Nash, and Nagle 2006), the resources necessary to acquire them are also different. The sociology (Granovetter 1973, 1983) and marketing literature (Noordhoff et al. 2011) discuss the benefits of strong business ties on knowledge acquisition. We posit that strong political ties rather than business ties are necessary to acquire government contracts. As defined in Sheng, Zhou, and Li (2009), business ties are a firm’s informal social connections with firms in the market such as buyers, suppliers, competitors, and other collaborators. We define political ties a firm’s informal, interpersonal social links with government officials at various
levels of administration and in government agencies (Peng and Luo 2000). Both business and political ties depend on personal interactions and social networks, but they diverge with respect to resources they provide and their relationship length (Sheng, Zhou, and Li 2009).

Political ties accrue to firms’ access to decision makers, novel information, and influence (Hillman, Zardkoohi, and Bierman 1999). Hill et al. (2013) suggest that political ties are constructed through investment strategies including lobbying, and that lobbying may aid in the acquisition of government contracts. This study uses a firm’s lobbying expenses as a measure of political tie strength. Lobbying is the act of attempting to influence decisions made by officials in the government, most often legislators or members of regulatory agencies. Grounded in the resource-based view (RBV), which provides an essential framework for explaining and predicting the source of a firm’s competitive advantage and performance (Barney, Ketchen, and Wright 2011), the current research argues that one such source is the strength of its political ties that influence the acquisition of government contracts, and subsequently firm performance (i.e., Tobin’s q and stock price).

Finally, we recognize that firms differ in the amount of resources they possess. Slack resources offer firms the ability to study the relevancy of potential knowledge and to expend efforts to acquire knowledge. Slack is an idle resource giving firms flexibility to meet unpredictable challenges (Bourgeois 1981). Thus, we examine the moderating effect of slack resources on the relationship between political ties and government contracts. Figure 1 summarizes our conceptual framework.

We make several contributions to the literature. First, we advance the strength of ties literature by highlighting the importance of the strength of a firm’s political ties. Government contracts present unique challenges to B2B researchers because although government agents are business buyers, the process of attaining business from government agencies, discussed in more detail subsequently, is different from regular organizational customers (Cibinic, Nash, and Nagle 2006), and yet, B2B research has overlooked this important area. Second, because business and political ties fundamentally differ in regard to the resources they provide (Sheng, Zhou, and Li 2011), we answer scholars’ call for further research to differentiate the two types to advance the understanding of social ties (e.g., Li, Zhou, and Shao 2009). Finally, we study government contracts as an underexamined source of a firm’s knowledge acquisition to sustain competitiveness. For practitioners, knowing how political ties affect government contracts is crucial given government contracts offer critical knowledge to the firm.

Hypotheses are empirically tested using secondary data from 140 public firms that provide goods and services to the U.S. Government. We selected the United States as the setting for this study because the U.S. has long used political ties to conduct business (Hillman and Hitt 1999). Further, we selected publically traded firms that have U.S. Government contracts as our empirical context for two main reasons. First, government contracts are (1) difficult to secure and manage, (2) subject to numerous regulations, (3) subject to special contractual rights, and (4) difficult to litigate (Cibinic, Nash, and Nagle 2006). Thus, firms have incentives to build political ties with government agencies and retain organizational slack. Second, U.S. government contracts are wide-ranging and often provide knowledge not available elsewhere, thus, exploiting unique knowledge from government contracts will likely results in superior firm performance.

Conceptual Framework and Hypotheses

We adopt the resource-based view (RBV) that a firm is a bundle of heterogeneous resources. The RBV provides an important framework for explaining and predicting the basis of a firm’s competitive advantage and performance (Barney, Ketchen, and Wright 2011). According to the RBV, what allows firms to outperform others is the result of scarce, valuable, and imitable resources it possesses that provide the firm heterogeneous capabilities and competencies (Peteraf and Barney 2003). More recent research has emphasized that the extent to which a firm can leverage internal capabilities for superior performance is reliant on the use of external ties. External ties (i.e., political ties) serve as a bridge between organizational members and other institutions (Kemper, Engelen, and Brettel 2011).

Strength of Political Ties and Government Contracts

To understand lobbying as a proxy for political ties, we must first consider the U.S. political system. The pervasive use of lobbying is well documented in the U.S. For example, Baumgartner and Leech (2001) show that firms employ 41 percent of Washington lobbyists. “Political analysts have long agreed that access is the principal goal, and lobbyists have always recognized that access is the key to persuasion” (Sabato 1984, p. 127). The scope and budgets of government agencies are dictated by legislators. This legislative and financial control allows legislators to steer agency decisions. Political ties have been shown to provide regulatory resources, favorable policies, access to scarce information, and political legitimacy (Sheng, Zhou, and Li 2011) and to positively affect corporate bailouts (Faccio, Masulis, and McConnell 2006). Political legitimacy may provide firms preferential government endorsements and favorable treatment (Sheng, Zhou, and Li 2011). Thus, lobbyists may approach legislators to seek favorable outcomes.
Granovetter (1983, p. 209) notes that “Weak ties provide people with access to information and resources beyond those available in their own social circles; but strong ties have greater motivation to be of assistance and are typically more easily available.” Furthermore, strong ties assume greater contact frequency than weak ties (Granovetter 1973). Lobbying is an activity used to strengthen a firm’s political ties and is a seemingly necessary condition for obtaining preferential treatment (Fisman 2001). Schuler, Rehbein, and Cramer (2002) suggest firms pursuing U.S. government contracts rely on strong political ties, and that lobbying is an important means of increasing tie strength (Kaiser 2009). Because of the high degree of closeness and reciprocity inherent to strong ties (Granovetter 1983), firms with strong ties have increased, on-going access to decision makers and therefore are likely to receive great number and higher amount of government contracts. We posit:

**H1:** A firm’s political tie strength positively affects (a) the dollar amount and (b) the number of government contracts.

**Moderating Effect of Organizational Slack**

Lobbying may involve a wide range of expected and unexpected activities and challenges. Thus, organizational slack offers a buffer for a firm to deploy additional resources, if needed, to help secure government contracts. Slack resources are a cushion of idle resources that allow firms to be malleable, to improvise, and to respond to the unforeseen (Bourgeois 1981), and are necessary to help safeguard the long-run survival of the firm (Tan and Peng 2003). Furthermore, slack can used to facilitate strategic behavior, enabling the firm to experiment with new strategies (Thompson 1967). Easily convertible (i.e., liquid) forms of slack are used to manage political, economic, and financial risks (Jones and Ostroy 1984).

Additionally, organization slack may provide evidence to government officials of financial stability, the ability to obtain the necessary talent and technical knowledge, and to demonstrate the ability to comply with the contracted delivery or performance schedule. Finally, firms may need to construct facilities or purchase equipment necessary to perform a contract. Thus, we hypothesize

**H2:** Organizational slack strengthens the positive effect of political ties strength on (a) the dollar amount of government contracts and (b) the number of government contracts.

**Government Contracts and Firm Performance**

The dollar amount and the number of government contracts a firm receives offer different implications to the firm. Large contracts, i.e., greater dollar amount, are more likely to result in deeper knowledge accrued to a firm for a number of reasons. First, large contracts are much more likely to provide within-contract knowledge heterogeneity, requiring the coordination of a larger amount of organizational resources, in turn, increasing the overall amount of organizational learning, and enhancing its knowledge stock. For example, the $52 billion contract for the KC-46A Pegasus aerial tanker—a version of Boeing’s commercial 767—awarded to Boeing is one of the Pentagon’s largest weapons initiatives (Department of Defense 2015), required Boeing to marshal resources that spanned multiple divisions of the firm, develop new systems, and upgrade existing systems. Second, larger contracts are more likely to result in alliances, and thus firms’ gain access to the skills and competencies of

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**Figure 1. Conceptual Model**

![Conceptual Model Diagram](image)
others’ (Lee, Johnson, and Grewal 2008), which may increase knowledge depth.

Knowledge depth represents the level of sophistication of knowledge in key fields (Bierly and Chakrabarti 1996). Depth refers to a vertical dimension of unique, complex, within-field knowledge content (De Luca and Atuahene-Gima 2007). Products based on knowledge depth limit competitors’ ability to observe and comprehend the entire set of distinct and interdependent knowledge components that comprise it (Reed and DeFillippi 1990), increasing such products’ competitiveness. Finally, the literature suggests that knowledge depth leads to stronger firm performance (Lin and Wu 2010).

**H3: The dollar amount of government contracts positively affects firm performance.**

In contrast to the dollar amount of government contracts that can potentially increase a firm’s knowledge depth, a number of diverse contracts is likely to offer between-contract knowledge heterogeneity, resulting in an increased breadth of a firm’s knowledge. Knowledge breadth denotes the extent to which a firm’s knowledge repository encompass distinct and numerous domains (Bierly and Chakrabarti 1996). For example, Northrop Grumman was recently awarded a number of diverse government contracts for ground-based radar, anti-ship missile defense, radio equipment, unmanned aircraft, training, and military aircraft repairs and components (USASpending 2015). Acquiring many diverse government contracts points to a firm’s existing variety of knowledge, and thus would act further to increase its knowledge breadth. Prior research suggests that a firm’s knowledge breadth aids innovation (Bierly and Chakrabarti 1996). Further, several researchers have indicated the significance of being able to assimilate knowledge from across diverse fields, particularly in technically complex industries (Volberda 1996). Firms with a broad knowledge base are less likely to develop core rigidities and thus be locked out of emerging technical domains (Leonard-Barton 1992). Overall, these arguments suggest that knowledge breadth aids in a firm’s ability to innovate, which, in turn, positively affect firm performance. We posit:

**H4: The number of government contracts positively affects firm performance.**

**Political Ties and Firm Performance**

Political ties are a firm’s informal, interpersonal social links with government officials at various levels of administration and bureaucrats in government agencies (Peng and Luo 2000). Peng and Heath (1996) identified interpersonal ties among firms and politicians as a growth strategy intended to improve firm performance. Political ties help managers obtain key regulatory resources, such as favorable policies, access to scarce information, and political legitimacy (Sheng, Zhou, and Li 2011). The effects of government policy on a firm’s competitive position is an important determinant of its performance (Shaffer 1995). In a bid to reduce uncertainty and increase the chance of survival, firms maintain access to the political process (Hillman, Zardkoohi, and Bierman 1999). For many firms, success in the public policy arena is no less important than success in the marketplace; therefore, it is crucial for firms to maintain political ties (Baron 1995).

Ultimately, a firm’s lobbying is an attempt to use the power of government to advance private ends by influencing public policy outcomes that are favorable to its sustained economic survival and success (Keim and Baysinger 1988). Thus, firms with strong political ties may be better able to cope with environmental uncertainties. Furthermore, the market responds positively to actions by a firm that provides evidence that it is proactive in shaping its environment for the benefit of the firm and its stakeholders (Shaffer, Quasney, and Grimm 2000). The strength of a firm’s political ties are such actions that provide this evidence. Thus, we posit:

**H5: A firm’s political tie strength is associated positively with firm performance.**

**Methods**

**Data Sources**

Firm-specific data (i.e., NAICS codes, number of employees, sales, retained earnings, stock prices) were extracted from COMPUSTAT for the years 2007-2014. To obtain lobbying data, we used opensecrets.org. Data on government contracts were collected from usaspending.gov. The sample frame includes firms from 13 industries. Firm characteristics are provided in Table 1.

**Measures**

**Strength of Political Ties.** The measure for political ties was collected from opensecrets.org. Sponsored by the Center from Responsive Politics, this website collects and makes publically available data regarding politicians, elections, influence, and lobbying. We measure a firm’s strength of political ties by its aggregate lobbying expenses in a given year, and assume that higher lobbying expenses indicate stronger political ties.

**Government Contracts.** Data for government contracts were collected from usaspending.gov, an official website of the U.S. Government (USA Spending). We collected the dollar amount and number of government contracts. The dollar amount is an aggregate of all government contracts awarded,
and the number is the quantity awarded, to a given firm in a given year.

**Firm Performance.** Because firm performance is a multi-dimensional construct, we have two separate firm-level measures of market values, Tobin’s q and closing stock price. Tobin’s q has been used in the marketing literature (e.g., Lee and Grewal 2004). There are several advantages to using Tobin’s q as a performance measure. First, it is a based on stock price, an indicator of future performance, therefore it is a forward-looking measure. Second, Tobin’s q is the ratio of the market value of a firm’s assets to the replacement cost of the firm’s assets and therefore reflects a firm’s long-term profitability (Bharadwaj, Bharadwaj, and Konsynski 1999). Third, since Tobin’s q is not affected by accounting conventions, it is a standardized measure of performance across industries (Chakravarthy 1986). The measure of stock return was derived using the data from COMPUSTAT.
Tobin’s q = (MVE + PS + DEBT) / TA

where:
MVE = (closing prices of share at the end of the financial year)*(number of common shares outstanding);
PS = liquidating value of firm’s outstanding preferred stock;
DEBT = (current liabilities – current assets) + (book value of inventories) + (long-term debt), and
TA = book value of total assets

Organizational Slack. Consistent with prior literature (Bourgeois 1981), we use the amount of slack resources that a firm retains to evaluate organizational flexibility. The current research employs unabsorbed slack, which is uncommitted, and thus, can be used in a wider variety of situations and provides more managerial discretion (Sharfman et al. 1988). To account for firm size, we take the ratio of retained earnings to total assets since larger firms should have higher retained earnings (e.g., Nohria and Gulati 1996).

Control Variables. We use return on assets (ROA) to control for firm-specific effects. Because ROA indicates a firm’s profitability, it is important to control for this association because a firm’s current profitability is likely to positively affect its market valuation. To control for economic changes in a longitudinal study, we used the change in GDP as reported by the Bureau of Economic Analysis of the U.S. Department of Commerce. Firm size was controlled for as the log transformed number of employees. Large firms may have more resources and therefore enjoy economies of scale. Moreover, in this study, it stands to reason that larger firms have the ability to perform larger contracts and more contracts. Finally, a dummy variable was used to control for technological sophistication at the firm level. Low and medium-low and medium-high and high technology firms, were coded as 0 and 1, respectively.

To better establish causal direction and to reduce the possibility of endogeneity bias, the exogenous variable was lagged by one year (t-1) compared to the endogenous variables (t0) (Rust, Moorman, and Dickson 2002).

Results
A partial least squares (PLS-SEM) regression model was used to test our hypotheses. We used SmartPLS Version 3.1.9 bootstrapping with 500 re-samples. Figure 3 shows the results of the structural model. The results indicate support for the positive effect of strong political ties on both the amount of government contracts (β = 0.429, p < 0.001) and number of government contracts (β = 0.091, p < 0.01), supporting both H1a and H1b. We hypothesized that organizational slack strengthens the positive effects political ties on both the dollar amount and number of government contracts. However, the results do not indicate support for H2a (β = -0.095, p < 0.001) or H2b (β = -0.046, p < 0.01). The dollar amount of government contracts appears to have a positive and significant effect on stock price (β = 0.152, p < 0.001) but a non-significant effect on Tobin’s q (β = -0.029, p > 0.10), indicating partial support for H3. We did not find support for H4 as the results show that the number of government contracts has a negative effect on Tobin’s q (β = -0.024, p < 0.01) and a non-significant effect on stock price (β = -0.024, p > 0.10). Finally, the results show that political ties appear to have a direct and positive effect on stock price (β = .122, p < 0.001) and a non-significant effect on Tobin’s q (β = .025, p > 0.10), indicating partial support for H5. Overall, the model explained 16.4 percent in dollar amount of government contracts, 2.2 percent in number of government contracts, 17.7 percent of the variance in stock price, and 11.5 percent in Tobin’s q. All but one of our control variables were significant.

Finally, we checked whether the explanatory power of political ties was statistically significant in the nomological network by calculating effect sizes. An F2 test found that the contribution of political ties toward the explained variance in dollar amount of government contracts has a medium-strong effect (F2 = 0.155). The explained variance in the number of contracts (F2 = 0.006), stock price (F2 = 0.015), and Tobin’s q (F2 = 0.001) limit the practical significance of the effect of political ties on these constructs.

Post Hoc Analysis
To further analyze the relationship between strength of political ties and performance, we tested the both the dollar amount and number of government contracts as possible mediators. First, we calculated the effect of political ties on Tobin’s q and stock price (β = 0.03, p > 0.10; β = 0.176, p < 0.001). Although the main effect of political ties on Tobin’s q was nonsignificant, according to Zhou, Lynch, and Chen (2010) there is still the possibility of indirect-only mediation. Therefore, we first included the amount of government contracts in the model. The results indicate that the dollar amount of government contracts to Tobin’s q was not significant (β = -0.027, p > 0.10), thus it is not a mediator. Next, we tested the number of government contracts and found that both political ties to number of government contracts (β = 0.047, p = 0.07) and number of government contracts to Tobin’s q (β = -0.066, p < 0.001) are significant, suggesting full mediation. In the presence of the amount of government contracts, the initial effect of political ties on stock price (β = 0.176, p < 0.001) was reduced but remained significant (β = 0.126, p < 0.001), and the paths between political ties and amount of government contracts (β = 0.371, p < 0.001) and amount of government contracts and stock price (β = 0.134,
We operationalized the framework by measuring lobbying expenses as a proxy for political tie strength on the dollar amount and number of government contracts acquired by firms. The results seem to show that strong political ties aid in both the amount of government contracts ($\beta = 0.429$, $p < 0.001$) and the number ($\beta = 0.091$, $p < 0.01$). Thus, this points to the importance of strong political ties for acquiring government contracts, and thus access to unique and valuable knowledge. Political ties appear to have a direct and positive effect on stock price ($\beta = 0.122$, $p < 0.001$). The visibility to the market of strong political ties may be a reason for its effect on stock price. The unexpected finding regarding Tobin’s q may be due to the financial measures comprising it being measured in the same period (i.e., $t_0$) in which government contracts were measured. Additional time may be necessary for the knowledge acquired through government contracts to affect performance. A plausible explanation for the negative effect of the number of government contracts on Tobin’s q may be due to short-term administration costs of numerous government contracts. Thus, a longer time horizon may be necessary. A likely explanation for negative effects of the interaction between organizational slack and political ties is that the large, public firms in our sample likely carry slack in excess of that necessary for acquiring government contracts. Prior research suggests that the positive effects of slack—if any—may not linear. Rather researchers submit that a curvilinear relationship exists that suggests that both too much and too little slack is detrimental (Tan and Peng 2003).
Limitations

There are certain limitations to this study. For one, our sample is limited to public firms in the United States, which may limit the generalizability of our findings. Our findings indicate that the strength of political ties is a firm resource that, via government contracts, contributes to performance. Although we have taken steps toward understanding the direct relationship between strong political ties and performance, it is important to note that less is known regarding how strong political ties affect performance. Another limitation is that our measure of strength of political ties was measured as an aggregate of a firm’s lobbying expense, which we argue is an appropriate indicator. However, aggregation is a rather coarse method and fails to capture the complexity of the strength of political ties. The sample in this study included both high and low technology firms, which may differ in the type of knowledge acquired and its effect on innovation and performance. Thus, it would be interesting to study the type of knowledge acquired via government contracts for these firms. Because we rely on secondary data to test our model, (1) our study is limited to the variables for which we could obtain data, and (2) measurement error was not taken into account, which can lead to biased estimates.

Theoretical and Managerial Implications

The three primary theoretical contributions of this research are the development of a conceptual framework for political tie strength on knowledge acquisition and performance, government contracts as a source of unique and valuable knowledge, and government contracts on performance. First, we show empirically that to the extent to which firms use their political ties affects their ability to acquire government contracts, and thus novel external knowledge. Empirical findings of this study lend support the efficacy of strong political ties in that endeavor. Our conceptualization of strong political ties is a foundation on which researchers can base further studies. Further, it suggests additional ways that political ties can be operationalized.

Second, the framework illustrates the influence of strong political ties on performance. We theoretically link the strength of political ties to at least one measure of performance and empirically establish this link. By showing that at least one measure of performance is positively associated to shareholder value, suggests that strong political ties may benefits shareholders in other, less visible ways. For example, we suggested that the display of a firm’s strong political ties conveys to the market its attempt to shape its environment to protect itself and thus shareholders.

Third, the framework promotes government contracts as both a source of unique and valuable knowledge and as a possible conveyance to the market the capabilities and competencies of a firm, and demonstrated via superior performance. From a methodological standpoint, we use longitudinal secondary data from multiple sources to examine a strategic marketing research issue. Finally, we contribute to the growing marketing literature that attempts to understand the strength of ties. Although researchers and practitioners consider political ties to be critical to a firm’s survival, to date we are unaware of any attempt to link political ties to a firm’s knowledge acquisition. Our model sheds some light on this issue and underscores the importance of political ties on knowledge acquisition via government contracts.

This study also sheds light on two important strategic issues for managers: the value of strong political ties on knowledge acquisition and government contracts as a novel source of knowledge to the firm. First, the results suggest that strong political ties can be leveraged as a potent tool for acquiring knowledge. Second, we highlight the importance of government contracts as a source of unique and valuable knowledge to a firm that it might not be able to acquire elsewhere. We argue that acquiring government contracts can introduce new sources of external knowledge. Finally, we suggest that managers look to a large government contract, relative to firm size, to increase the firm’s knowledge depth, and, to numerous diverse government contracts to increase its knowledge breadth. Both breadth and depth of knowledge are positively linked to a firm’s performance.

Future Research

Measures such as the total number of lobbyists used by a firm, staff lobbyists versus outside lobbyists, individual politicians and agencies lobbied, and specific issues and bills lobbied may provide additional insight into a firm’s strength of political ties. Furthermore, a firm’s importance to an industry, community, state, national reputation, or national security may play a role, and thus, should be measured. For example, companies such as Boeing and Northrop Grumman may be awarded particular government contracts because of their importance to all or some of the reasons listed above. A measure for the type of organizational slack rather than an amount would go far in explaining what slack firms might want to retain in their bid to acquire particular types of government contracts. Maintaining particular types of slack may contribute to a firm’s heterogeneity, hence, their ability to perform a particular contract. Future research is encouraged to increase the time period between the effect of government contracts on performance (e.g., $t_1$ or $t_2$), specifically, Tobin’s $q$.

Because political tie strength may not be important for firms operating in low competitive environments, future research should examine industry competitiveness. Furthermore, researchers are encouraged to explore possible mechanisms.
potentially fruitful opportunities for further research. These limitations present measurement errors manifest itself in variables (e.g., stock prices, slack, Tobin’s q, amount and number of government contracts) acquired from COMPUSTAT, Open Secrets, and USA Spending. These limitations present potentially fruitful opportunities for further research.

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How Marketing Strategies Shape Customers’ Warmth and Competence Judgments of Organizations and Their Divergent Effects on Key Marketing Outcomes

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Keywords: perception of organizations, warmth, competence, marketing strategies

EXTENDED ABSTRACT

Research Question
Given the fundamental role of warmth and competence in social perception, it is not surprising that initial research in marketing found that consumers strongly rely on warmth and competence judgements to make sense of organizations in consumption contexts (Aaker, Vohs, and Mogilner 2010; Gao and Mattila 2014). Therefore, it is of crucial importance for marketing research and practice to gain deeper insights into (a) how customers’ judgments of an organization’s warmth and competence affect their attitudes and behavior towards the organization and (b) how an organization may influence customers’ judgments about their warmth and competence.

Therefore, the current study makes a first attempt to address these research questions by offering a differentiated picture on the consequences and antecedents of customers’ warmth and competence judgments of organizations. Specifically, we develop a conceptual framework to investigate the complex interplay between these central dimensions and their differential effects on key marketing outcomes; i.e., customer satisfaction, customer–company identification, and share of wallet. In acknowledgment of the significance of customers’ warmth and competence judgments of an organization in shaping important marketing outcomes, the study additionally explores how core marketing strategies such as corporate social responsibility and market aggressiveness influence customer perceptions of organizations’ warmth and competence.

Method and Data
To address our research questions, we collected data from a broad range of customers of retail banks. This context is especially suited to test our hypotheses as retail banks are typical for-profit organizations in the business-to-consumer context in which both warmth and competence judgments are highly relevant for customers’ perception of an organization (Aaker, Vohs, and Mogilner 2010). To test our hypotheses, we rely on a nonlinear structural equation modeling approach and response surface analysis (Edwards 2002; Edwards and Parry 1993).

Summary of Findings
Results of the study support our prediction that both dimensions are crucial for customers’ reactions towards organizations, but that the relative importance of warmth and competence judgments depends on the type of marketing outcome considered. Furthermore, results of the study show that cus-
Customer perceptions of a corporate social responsibility strategy have a positive impact on both warmth and competence judgments of organizations. Moreover, our results imply that organizations can foster customer perceptions of competence when they rely on an aggressive market strategy, but thereby also impair the positive effects of corporate social responsibility on customer judgments of organizations’ warmth.

Key Contributions
This study contributes to marketing research and management in several ways. Amongst others, we offer first insights into the complex interplay between warmth and competence judgments and their differential roles in driving customer responses towards organizations in business-to-consumer contexts. Thereby the study provides marketers with a practical guideline to understand and manage the complex and differential effects of customers’ warmth and competence judgments on important marketing outcomes.

Furthermore, the study contributes to research on customer perceptions of organizations by investigating how core marketing strategies, such as corporate social responsibility and market aggressiveness, shape customers’ perceptions of organizational warmth and competence. Results of this investigation offer important managerial implications by revealing how marketing managers can systematically shape the view customers hold of their organization through important marketing strategies.

References are available on request.
The Contingency Value of Market-Based Capabilities: A Configurational Approach

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Keywords: market-based capability, organizational culture, environmental turbulence, configuration, performance

EXTENDED ABSTRACT

Research Question
How a firm should configure its entire base of market-based capabilities so that they fit together, and so that they fit with environmental conditions and organizational factors? In other words, how internal and external contingency factors call for different combinations of market-based capabilities in order for firms to achieve high business performance?

Method and Data
The data were collected in early spring 2010 using a web-based survey, which was targeted at the top management in Finnish companies with more than five employees. The survey resulted in 1134 responses, corresponding to a firm-level response rate of 10.9%. Roughly two thirds of the SBUs in our sample operate in the business-to-business sector; otherwise, the sample is diverse and well balanced in terms of firm size, market position, phase of industry lifecycle, and market share. After eliminating cases with missing values, the data set included 689 respondents. We use fuzzy-set qualitative comparative analysis (fsQCA) as our analytical method to identify organizational configurations. In order to understand the sensitivity of the high-performance configurations to contextual factors, we introduce a novel, hierarchical approach to fsQCA. This enables us to examine the context-specificity of capability complementarity and to investigate whether our findings remain consistent as additional contextual elements are introduced into the analysis. CFA is employed to obtain the latent variables for fsQCA. Moreover, we employ a series of log likelihood tests to investigate whether the configurations identified by our analysis improve the explanatory power of market-based capabilities on financial performance beyond direct and two-way interaction effects (cf. Fiss 2011).

Summary of Findings
First, irrespective of the levels of market turbulence and competitive intensity, firms with strong innovation and customer-linking capabilities, as well as a strong market-based learning culture, perform well in financial terms. Second, under certain environmental conditions, even firms with either a strong innovation or strong customer-linking capability (and strong culture for market-based learning) or a weak market-based learning culture (but strong market-based capabilities) can perform well. Allocating sufficient resources for developing both market-based capabilities and market-based learning at the same time appears to be an environmentally robust way to achieve high performance. However, in particular environmental contexts, either a strong innovation capability or a strong customer-linking capability may suffice for good performance if complemented with a strong culture for market-based learning. Our findings also suggest that the explanatory power of organizational configurations identified by our analysis goes over and beyond those of the rival approaches, that is, direct effects and two-way interactions using regression.

Key Contributions
This study makes four primary contributions to theory and practice. First, we develop a configuration theory concerning the effect of market-based capabilities on business per-
formance, integrating insights from the capability complementarity approach (Moorman and Slotegraaf 1999) and the contingency theory of capabilities (Morgan, Vorhies and Mason 2009; Song et al. 2005). We propose that there are two effective approaches to configuring market-based capabilities (cf., Miles and Snow 1978). Second, we introduce the fsQCA methodology (Ragin 2000; Fiss 2007) into the marketing capability literature and show that it provides significant value added to studying complex interactions and their performance outcomes. Moreover, we perform a statistical comparison between three rival approaches—
direct effects, two-way interactions, and configurations—
concerning their ability to explain performance differentials between firms. Third, the present study addresses one of the main critiques of the resource-based view about producing too context-insensitive prescriptions (Priem and Butler 2001; Sirmon, Hitt and Ireland 2007). Fourth, managerially, we provide both environmentally robust and context-specific capability-culture configurations for achieving high performance.

References are available on request.
From Strategy to Performance: An Investigation of the Factors Affecting Marketing Plan Implementation

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Keywords: implementation, marketing plan, structural equation modeling, bank marketing

EXTENDED ABSTRACT

Research Questions
1. Which set of variables is primarily responsible for implementation success: interpersonal factors or the structural characteristics of the firm?
2. Besides interpersonal and organizational resources, what other resources lead to implementation success?
3. Upper managers must be committed to the marketing plan for it to reach the implementation stage, but what happens to the plan if middle managers are not committed to their roles in the implementation process?
4. Are there clear organizational benefits to meeting the deadlines and key milestones outlined in the marketing plan?

Method and Data
This study employs a survey-based research design. Key informants are primarily executives and marketing managers in the banking industry. The sample frame consists of three major trade associations (i.e., the Independent Bankers Association of Texas (IBAT), the Northern Panhandle Bankers Association (NPBA), and the Oregon Bankers Association (OBA)), as well as Research Now’s nationwide panel of bank managers.

The questionnaire for the survey contains 50 questions. All measures are based on established scales and arranged in a 1-7 Likert scale format (1 = strongly disagree, 7 = strongly agree). Respondents took approximately 11 minutes on average to complete the questionnaire. After eliminating careless responses from the dataset, the 13.8% response rate for the survey resulted in a total of 142 usable responses.

Structural equation modeling (SEM) is the primary technique for data analysis. The researcher adheres to the two-step approach suggested by Anderson and Gerbing (1988). Subsequent tests of the measurement and structural models reveal that they provide “adequate” but not “close” fits to the data. Furthermore, the use of a marker variable suggests that common method bias is not a significant problem in this study.

Summary of Findings
The researcher finds support for hypotheses relating interpersonal factors, resources, middle manager role commitment, and timeliness to implementation success. However, the researcher finds no statistically significant relationships between the structural characteristics of the firm (i.e., centralization, formalization, and specialization) and implementation success. Likewise, the researcher does not find a statistically significant relationship between implementation success and implementing the plan “on budget.” In sum, six of the eight proposed hypotheses receive at least partial support.

Key Contributions
This study has several implications for marketing theory and practice. For instance, this study updates seminal work on marketing implementation, including Bonoma (1984) and Noble and Mokwa (1999). The results of the study corroborate Noble and Mokwa’s findings on role commitment, but they are somewhat at odds with Bonoma’s model of implementation success. Interpersonal factors appear to be more important to implementation success than the structural characteristics of the firm. This is an interesting and unexpected result because it implies that firms can develop and
leverage implementation capabilities irrespective of their organizational structures.

Regarding the study’s implications for marketing practice, a major takeaway is that managers should focus their efforts on developing the interpersonal factors that lead to implementation success. The results of the study also suggest that informational resources are vital to implementation success. In fact, informational resources play a larger role in implementation success than financial resources, which some managers might find counterintuitive. Finally, implementation success is dependent upon the commitment levels of the middle managers who oversee the implementation phase of the plan. Committed managers ensure that the implementation process remains on budget and on schedule, and the latter is critical to the implementation effort.

*References are available on request.*
Task Environment–Strategy–Performance Sustaining Configurations: A Set-Theoretic Analysis

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Keywords: realized marketing strategies, task environment, configurations, fuzzy-set qualitative comparative analysis

EXTENDED ABSTRACT

Research Questions/Problems
The study addresses a neglected area of marketing management, namely, the use of marketing strategy typologies; scholarly work incorporating such typologies facilitates theoretical knowledge development and advances understanding of the strategic realities facing firms. While classical typologies (e.g., Miles and Snow) address diverse problems (e.g., entrepreneurial, engineering, and administrative) facing firms, marketing issues—pertaining to the creation, communication, and delivery of value to specific target markets (Varadarajan, 2010)—remain uncharted. The few existing marketing strategy typologies (e.g., Slater and Olson, 2001) have not been taken forward empirically in order to advance understanding of the realities facing modern marketing strategists. Thus, marketing theory remains incomplete.

Further, contrary to the proliferation of content-based studies in marketing strategy research, marketing theory has yet to scrutinize the connotation of intended (i.e., planned) and realized (i.e., actionable) strategies. Failure to conceptualize and directly assess realized strategies increases the risk of overemphasis of an idealized version of strategy that does not reflect changes made to intended marketing plans.

Task environment—comprising competitive hostility, and market dynamism, complexity and munificence—provides stock of resources or sources of information and impacts strategic decision making and organizational performance. Despite its importance and managerial relevance, it remains unexplored how decision makers can benefit from fitting specific marketing strategies with specific task environment settings and conditions.

Research Methods and Data
Prior to the main study we conducted a pre-study check to ensure the applicability of the Slater and Olson’s (2001) taxonomy in today’s business environments. Specifically, data (i.e., structured questionnaire), from 100 marketing directors—U.S.-based, and with more than 10 years of experience—confirmed the pragmatic relevance of the taxonomy in contemporary business settings.

For the main study, the empirical context comprises UK manufacturing firms. The research hypotheses were facilitated by using a structured questionnaire. A multi-industry sample was drawn from MINT database and a sample of 586 companies yielded 215 usable responses. Multi-item scales were employed to measure constructs.

To testing hypotheses, we employ a set-theoretic approach based on fsQCA. fsQCA is an analytic technique that allows a detailed analysis of how alternative complex conditions of causes (i.e., task environment components) combine and contribute to high membership scores of the outcome (i.e., financial profitability) for each strategy type.

Summary of Findings
The derived complex solutions of fsQCA show: for realized aggressive and mass marketer strategies there is only one sufficient pathway of core task environment conditions that lead to high financial performance memberships. For real-
ized marketing minimizers and value marketers, the fsQCA derives two sufficient recipes of core and peripheral task environment conditions for higher levels of financial performance. Regarding realized aggressive marketers the pathway indicates three core conditions—that is, a combination of low competitive hostility, high market complexity and munificence. For realized mass marketers the pathway combines high competitive hostility, low market dynamism, and high market complexity and munificence. For realized marketing minimizers there are two pathways indicating two core (i.e., market complexity and munificence) and two peripheral conditions (i.e., market dynamism and competitive hostility) for higher financial performance. The first pathway combines low levels of market dynamism and complexity, and high levels of market munificence. The second recipe is a combination of high levels of competitive hostility and market munificence, and low levels of market complexity. Regarding realized value marketers the derived solutions two solution pathways: a combination low competitive hostility and high market munificence as core conditions and low market hostility (i.e., for first pathway) and high market dynamism (i.e., for second pathway) as peripherals.

**Key Contributions**

Unlike previous typology research, we focus on realized marketing strategy types. We posit that Slater and Olson’s (2001) taxonomy captures holistically marketing strategy activities and addresses the “marketing problem.” The taxonomy is managerially relevant and applicable for applied marketing decisions in contemporary business environments. Distinguishing between intended and realized plans and concentrating on realized marketing strategies we ensure a realistic representation of the running strategy. We develop a task environment framework that guides the deployment of Slater and Olson’s (2001) taxonomy. We adopt a configurational approach and develop “realized marketing strategies–task environment” profiles; we test ideal configurations against performance to identify how specific task environment settings and conditions (i.e., high/low levels) complement realized marketing strategies to achieving superior profitability. Our study departs from conventional approaches that favour empirical over theoretical profile development. We employ multiple inputs (i.e., theoretical and qualitative) to fully inform “realized marketing strategies–task environment” configurations. To testing ideal profiles assumptions, we deviate from traditional correlation-based analytical techniques (e.g., profile deviation analysis); alternatively, we introduce a set-theoretic analytical method (i.e. fsQCA) which is uniquely appropriate for testing typological and configurational theory.

References are available on request.
Conscious Marketing: Meaning, Relevance, Determinants, and Consequences

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Keywords: conscious capitalism, service-dominant logic, stakeholder marketing, marketing strategy, value cocreation

EXTENDED ABSTRACT

Research Question
In their seminal 2013 paper, Fred Webster and Robert Lusch issued a vociferous call for marketing to be elevated to a higher level of consciousness that encompasses the entire value creation system. In response to that call, we explore how for-profit organizations actually practice marketing under an ‘elevated’ paradigm. We propose a marketing perspective that accounts for the realities of contemporary business. We explore the influence of the business philosophy known as ‘conscious capitalism’ on the development and execution of marketing theory and strategy. In so doing, we develop and offer a new construct: “conscious marketing.” We define conscious marketing as a firm’s capability to assume responsibility for, direct activity towards, and effectively communicate the long term value-in-use of its offerings and contributions toward the well-being of its entire network of stakeholders. We engage a vibrant practitioner community to advance contemporary concept development in marketing—a critical yet rare phenomenon in marketing scholarship.

Method and Data
The axioms of service-dominant logic (SDL) and the tenets of conscious capitalism provided the theoretical grounding for seven research propositions for validation by field research. Using a theories-in-use approach, we focused on the actual thoughts and behaviors of marketing managers working in contexts where SDL axioms and conscious capitalism tenets are in apparent use. The research method, involving both inductive and deductive logic, blends in-depth interviews with marketing executives with extant literature to discover and develop conceptual themes. Data collection followed a theoretical sampling method to discover the lived dimensions of concepts identified in the literature. Sixteen research participants were selected from a population of companies making concrete moves to practice the tenets of conscious capitalism. Interviews were semi-structured, and began with a general inquiry on the marketing philosophy adopted by the company. The data underwent multiple rounds of coding, using N*VIVO qualitative analysis software. Coding was initially guided by the axioms of SDL. Subsequent rounds of coding focused on the four tenets of conscious capitalism. Theme consistency began to emerge by the eighth interview; subsequent interviews focused on testing, verifying, and confirming themes.

Summary of Findings
The conscious marketing model emerged from the field interviews. The interview data showed evidence of determinants of conscious marketing: the higher purpose is the marketing purpose; assumption of responsibility of stakeholder integration; the elevation of employees and suppliers in the firm’s marketing; an articulation of the organizational culture in the marketing; and leadership humility. The interviews also suggest that conscious marketing has five major consequences for the firm and its marketing: proactive stew-
ardship of the firm’s stakeholder multiplicity; assignment of the responsibilities to customers in the marketing process; marketing as accountable; the pursuit of value-in-use for stakeholders; and earned trust. Finally, we found that conscious marketing results in apparent dichotomies or tensions that strike at the heart of the executives’ jobs and roles. These tensions must be negotiated and balanced in the execution of the conscious marketing function. We identify two that emerged from the data: a struggle between internal culture and market forces; and a dichotomy between informants’ apparent reluctance to cede control to the marketing function, and the realization that in order to fulfill their purpose and build their conscious marketing capability, effective marketing was necessary.

Key Contributions
The research has indicated that there is evidence of the practice of what Webster & Lusch have called an elevated consciousness of marketing, under a conscious capitalism business philosophy. As such, the managerial implications of this research are significant. Moreover, as it is grounded in established SDL and stakeholder marketing theory, and addresses how managers and businesses are (or are not) applying these theoretical principles, the paper also makes a contribution to the further development of theory.

This paper addresses calls for more applied research in marketing in general, and in service-dominant logic and a stakeholder-centric perspective of marketing in particular. The work addresses the question of whether and how the practices of conscious capitalism firms result in an elevated marketing consciousness, thus contributing to the development of marketing theory-in-use, as it focuses on the lived meaning of marketing practice under a conscious capitalism business philosophy. Research that addresses theory from the perspective of senior marketing executives is relatively rare within marketing, compared to that focusing on consumers due to the challenges of collecting data from such informants. Conscious marketing provides a theoretical context to what is actually taking place in the field, contributing to both theory and practice.

References are available on request.
The Effects of Past Financial Performance on Firms’ Short-Term and Long-Term Marketing Strategies

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Keywords: financial performance, marketing strategy, strategic change, entrepreneurial orientation

EXTENDED ABSTRACT

Research Question
When firms experience unfavorable financial performance, how do they respond? Research examining strategic change tends to rely on one of two perspectives: (1) the process view, which focuses on the role of managers in the strategic change process, and (2) the content view, which focuses on the antecedents and consequences of strategic change (see Rajagopalan and Spreitzer 1997). The process view emphasizes internal factors, such as upper management’s advisory and consulting roles and its influence over resource deployment; while the content view emphasizes external factors, such as industry characteristics and marketplace performance. These views evolved independently with little theoretical or empirical synergy, which has resulted in gaps in our understanding of strategic change (Rajagopalan and Spreitzer 1997). In the study, we use resource-based theory to incorporate both views into a single theory-based model and examine the following research questions:

1. How does a firm’s past financial performance affect its future strategic choices (i.e., short-term and long-term marketing investments)?

2. How do internal and external factors influence the strength of the relationship between past financial performance and future marketing strategies?

Method and Data
To test the model, we developed a unique dataset that combines data from multiple sources. Specifically, we (1) manually collected and coded firms’ top management strategic orientations (e.g., innovative, risk-taking, proactive) from firms’ annual reports and shareholder letters using content analysis, and we (2) collected firms’ financial performance data and firm characteristics information from the COMPU-STAT database. The dataset includes data for 159 S&P 500 companies and consists of 728 firm-year observations covering 7 years (2007-2013). Following previous studies (e.g., Berger and Schwartz 2011), this study employs a two-level mixed model to test the hypotheses.

Summary of Findings
The data analysis results reveal that (1) a firm’s past financial performance influences both its short-term and long-term marketing strategies but in different ways. Specifically, a firm’s short-term marketing investment is a positive function of its past financial performance, whereas a firm’s long-term marketing investment is a negative function of its past financial performance; (2) This process is influenced by the firm’s internal environment (e.g., top management entrepreneurial orientation and resources slack) and external environment (e.g., industry competition and industry growth rate).

Key Contributions
The study provides a comprehensive theoretical foundation for explaining how firms change their marketing strategy following financial performance, and how the firm’s internal and external factors contribute to the process. The paper concludes by providing implications for managers interested in understanding the conditions under which their organizations should make changes to their marketing strategies.

References are available on request.
Winning Me (Us) Back: How Self-Construal Shapes the Efficacy of Targeted Brand Apologies

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Keywords: transgression, apology, brand relationship, self-construal, trust, relationship recovery

EXTENDED ABSTRACT

Brand transgressions—e.g. service failures, misinformation, and data breaches—are inevitable, and brand apologies have proven effective in recovering customer relationships. However, the effect of an apology varies, and while most previous research has largely focused on whether brands apologize, it is possible that to whom a brand apologizes plays a critical role in apology efficacy. Drawing on brand relationship and self-construal theories, the authors propose that collective (vs. personal) apologies targeted to all (vs. individual) customers are more effective at high levels of interdependent (vs. independent) self-construal. This is because targeted apologies shift the focus of brand concern, and this shift is amplified by self-construal. Two experiments explore how apology target interacts with self-construal to influence relationship recovery (i.e., restore trust, improve attitudes, and increase behavioral support). Overall, results suggest brand managers seeking to recover after a transgression may benefit from matching apology target to customer self-construal.

Research Question
This research explores how customer self-construal moderates the effect of targeted brand apologies on relationship recovery, addressing the question: “To whom should brands apologize after a transgression?”

Methods and Data

Study 1
Study 1 was conducted using a 2 (apology target: personal vs. collective) x continuous (self-construal) x continuous (self-brand connection) design, with 178 students (76 females; median age 20 years) from a large Midwestern university completing the study in exchange for course extra credit.

Study 2
Study 2 was conducted using 2 (apology target: personal vs. collective) x continuous (self-construal) x continuous (self-brand connection) design, with 198 participants (71 females; median age 31 years) from Amazon’s Mechanical Turk panel completing this study in exchange for $.30.

Summary of Findings

While most prior research has focused on the role of an apology in brand relationship recovery following a transgression, very little work has examined the target of the apology and the resulting impact on relationship recovery. We found that:

• For personal (collective) apologies, an independent (interdependent) self-construal resulted in greater relationship recovery. Importantly, we demonstrated this effect on a variety of recovery outcomes (i.e. restored trust, improved attitudes, and increased behavioral support).
• Illuminating the underlying process, we found that this effect was mediated by perceived focus of concern.
• Additionally, we demonstrated the moderating effect of self-brand connection.

Key Contributions
This research makes four primary contributions.

1. We enrich the literature on brand relationship recovery by providing an initial investigation of the interactive effect of
apology target and self-construal on brand recovery across three domains: restored trust, attitude change and supportive brand behaviors following a transgression. Whereas prior work has focused on the necessity of an apology, we suggest that the audience of a brand’s apology is as important as the apology itself and that apology target interacts with self-construal to impact relationship recovery.

2. We illuminate the underlying process, perceived brand focus of concern.

3. We establish that this relationship recovery effect is only relevant when brands have a pre-existing customer relationship.

4. We link these results to important managerial implications for both how brands can effectively apologize following brand transgressions and the supportive role customers can play in relationship recovery.

References are available on request.
Sales Impact of Sweepstake Promotions: Evidence from Field Experiments

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Keywords: sweepstake, promotions, win lose, customer loyalty

EXTENDED ABSTRACT

Sweepstakes are popular promotions for many firms. These promotions are unique as most customers will not win but rather lose the sweepstakes game. Thus, it is critical to help managers understand the sales impact of sweepstakes—specifically among the losers. No prior research has assessed the causal sale impact of sweepstakes with real-world consumer purchase in field settings. Using two randomized field experiments, we investigate the varying sales impact of sweepstake wins and losses. Surprisingly, the results suggest that sweepstake win or loss may appear to be equally effective at first look. As a result of the sweepstakes, both winners and losers made similar amount of purchases. However, after accounting for customer status, sweepstake loss has a negative sales impact for high-status customers but a positive sales impact for low-status customers. With naïve analyses neglecting customer status heterogeneity, managers may derive a murky sales lift of sweepstakes because an increase in sales by low-status losers offsets the decrease by high-status losers. Follow-up surveys confirm the plausible explanation that high-status losers purchase less because of negative mood and inflated belief in the luck of winning. Besides purchasing less, high-status losers engage in less upselling with luxury products and are less likely to participate in the subsequent sweepstake promotion. These findings guide managers to recognize the perils of sweepstakes and design them more effectively to improve net sales revenue.

References are available on request.

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Family Ownership, Advertising, and R&D: Implications for Firm Performance

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EXTENDED ABSTRACT

The literature on family firm performance has failed to conclusively link the impact of this corporate governance structure to accounting or financial market metrics of performance. The goal of this paper is to address this gap by considering mechanisms through which family ownership may decrease agency costs for the firm and ultimately result in superior firm performance when compared to non-family owned firms. I investigate the link between family ownership in publicly-traded firms and firm performance in terms of both accounting (Return on Assets) and financial market (Buy-and-Hold-Abnormal-Returns) metrics. Using competing hypotheses, I suggest that the performance of public firms featuring significant ownership by founding family members is contingent on advertising and R&D investments. The findings support the agency theory-based argument that the increased advertising and R&D spending in family firms reflects a longer-term, more balanced firm management, consistent with decreased agency costs. Using a large cross-sectional-time-series sample of publicly traded firms for the period between 2001 and 2010 from 65 different industries, the findings suggest that family firms that invest in advertising and R&D projects have better performance than non-family owned firms. I show that the results are robust to alternative models, measures of firm performance, industry, firm, and time effects. I also discuss implications for theory and practice.

References are available on request.

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Re-examining the Effect of Market Share on Firm Performance

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Keywords: market share, profit, resource based view, complementary assets

EXTENDED ABSTRACT

Research Question
In this study, first, we develop a theoretically anchored framework to understand and identify the mechanism through which market share may influence profit in firms. Second, we empirically test this evaluative framework and provide recommendations for managers.

Method and Data
We obtained firm financials from COMPUSTAT to calculate market share we first collected the GDP by industry data that comprise gross domestic output for 62 broad industry sectors (4 digit NAICS code) and are maintained by the Bureau of Economic Analysis (BEA). We then divided the total sales of each firm in COMPUSTAT by the GDP value for that sector for that year. To assess the validity of this measure we compared our metric to the market share values provided by the Global Market Information Database (GMID).

For evaluating the reputation of large-scale organizations we use Fortune magazine’s listing of America’s Most Admired Companies (AMAC).

We test the hypothesized model by employing dynamic panel GMM estimation which accounts for potential sources of endogeneity, firm specific effects, dynamic dependent variables, and heteroskedasticity and serial correlation within firms.

Key Contributions
Overall, this research contributes to the literature in two main ways.

First, we show that despite past controversies, market share does lead to increased profit for firms and thus may be considered to be a valuable asset, which goes some way in answering the fundamental question of what makes a firm profitable. We are also the first to directly estimate each of the possible causal mechanisms proposed for the share-profit relationship. While past studies have theoretically reasoned for why market share might have an effect on profit, none have empirically examined the mechanism through which it operates. We show that there are three mechanisms for this effect—increases in perceived firm quality, gains in efficiency and gains in market power which completely mediate the market share-profit relationship.

Second, this research re-conceptualizes market share as an asset and identifies absorptive capacity as a complementary asset which allows a firm to extract greater returns from market share. This provides both internal benefits—greater efficiencies in operation, as well as external benefits—greater reputation.

Summary of Findings
Using the resource based view of the firm as a theoretical lens, we find that market share is a valuable market based asset and that its effect on firms’ future profits is strengthened by complementary assets the firm possesses.

References are available on request.

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Values That Shape Marketing Decisions: Influence of CEOs’ Political Ideologies on Strategic Marketing Behavior, Firm Value, and Risk

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Keywords: political ideology, chief executive officer, marketing behavior, firm value, firm risk

EXTENDED ABSTRACT

Research Question
In what ways do the personal characteristics of senior executives influence firms’ strategic marketing behavior? The upper-echelon theory (Hambrick and Mason 1984) provides the theoretical underpinning of a relatively large stream of research that investigates the corporate impact of executives’ demographic attributes, such as tenure, functional backgrounds, and education (e.g., Baker and Mueller 2002; Jensen and Zajac 2004). Very few studies investigate the influence of executives’ personal values, and those that do mostly limit themselves to exploring the impact of these values on such corporate decisions as capital structures (Hutton, Jiang, and Kumar 2015), and corporate social performance (Chin, Hambrick, and Trevino 2013).

In this article, we investigate if and how the personal values of the most powerful corporate executive—the Chief Executive Officer—directly or indirectly shape firms’ strategic marketing behavior. Specifically, we examine whether and how CEOs’ degree of political liberalism (i.e., support for the Democratic Party relative to the Republican Party) is likely to impact firms’ innovation proclivity, propensity to form marketing alliances, and market performance. Based on the premise that liberal individuals tend to be more risk-taking (e.g., McAllister and Anderson 1991), we expect Democratic-leaning CEOs to be more risk-taking in their strategic marketing decisions.

Method and Data
Our sample, collected using ExecuComp and WRDS GMI Ratings databases consisted of 421 large publicly listed U.S. firms, whose performance was tracked annually across 5 years (2006–2010). Using data from Center for Responsive Politics, CEO’s political liberalism was measured as the average of four indicators measures over the years 1990-2005: (i) the proportion of the number of donations the CEO made to Democratic recipients, (ii) the proportion of the dollar amount of donations the CEO made to Democratic recipients, (iii) the proportion of number of distinct recipients to whom the CEO made donations who were Democratic, and (iv) the proportion of number of years the CEO made donations to Democratic recipients. We measured new product introductions (NPIs) and marketing alliance formation (dummy variable) using Capital IQ database and company press releases. Using Compustat database, we calculated Tobin’s q as a measure of firm value, and standard deviation of daily stock-returns as a measure of firm risk. We used a random effects GLS regression to model firm value and risk, a random effects negative binomial regression to model NPIs, and a random effects logistic regression to model marketing alliance formation. We used Preacher and Hayes’ (2004) bootstrapping method for testing mediation.

Summary of Findings
We found that firms with more liberal CEOs, even after controlling for firm size, firm age, level of globalization, level of diversification, CEO’s equity-pay ratio, CEO’s age, financial leverage, and industry classification, introduced more new products than firms with less liberal CEOs (p < .01). Furthermore, even after accounting for these control variables, CEO’s political liberalism was positively associated with the firm’s likelihood of forming a marketing...
alliance ($p < .01$). Additionally, CEO’s political liberalism was found to have a positive and significant association with both Tobin’s $q$ ($p < .05$) and firm risk ($p < .05$). We found that the positive link between CEO’s political liberalism and Tobin’s $q$ was mediated by greater NPIs: mean indirect effect via NPIs was $+.015$, and the 95% confidence interval of the indirect effect did not contain zero. However, we did not find evidence of the link between CEO’s political liberalism and Tobin’s $q$ being mediated by marketing alliance formation. Finally, we found evidence that marketing alliance formation mediated the link between CEO’s political liberalism and firm risk: mean indirect effect via marketing alliance formation was $+.014$, and the 95% confidence interval of this indirect effect did not contain zero.

**Key Contributions**

We shed light on the relatively unexplored antecedents of marketing actions by suggesting that CEOs’ political ideologies influence their firms’ propensity to innovate and forge marketing alliances. To managers, we reveal that a high rate of new product introductions and a high propensity to form marketing alliances has both positive (higher Tobin’s $q$) and negative (higher firm risk) financial implications. Thus, managers can benefit by weighing the pros and cons of a proactive marketing strategy while formulating their decisions. To boards of directors, we emphasize that a CEO’s political ideology—a stable personal value which is likely to become injected into the firm’s strategic marketing decisions—is easily observable *ex ante* to the CEO’s appointment. Thus, a prospective CEO’s political ideology has the potential of helping board members assess the executive’s risk propensity before the executive is hired. This assessment, considered in conjunction with environmental factors, may help the board of directors make more well-informed hiring decisions. The higher Tobin’s $q$ together with a higher stock return volatility of firms with liberal CEOs also highlights the finding that CEOs’ political contributions data can be used as part of investors’ evaluative criteria when selecting attractive investment options.

*References are available on request.*
This paper provides the results of a longitudinal study that addresses the evolving role of the CMO and the nature of the relationship between the CMO and CIO. As mobile, social media, digital marketing, and big data have taken on greater significance in organizations, it has become increasingly necessary that the CMO have technical knowledge and coordinate more closely with the CIO in order to more effectively design the technology strategies to meet the needs of the marketing function and overall strategic objectives of the organization. The results are based on data collected from the Fortune 100 companies and support the contention that the CMO role has evolved to meet the technology needs of the marketing function and that the relationship between the CMO and CIO has taken on greater importance.

**Introduction**

Traditionally, there has been little coordination or communication between the CMO and CIO related to marketing strategies. The marketing function has operated autonomously with support from IT in a similar manner as other functions in the organization. With the advent of social media and the proliferation of social business, it has become evident that new skills and knowledge will be required for top marketing executives. Implementation of strategy also requires closer communication with the CIO and understanding of the IT function. Companies have addressed these needs in various ways. In some companies this trend has resulted in conflict and dysfunction. In organizations that have embraced more focused relationships between the CIO and CMO, executives have reported success in implementing technology and social business strategies. Data collected for an initial study in 2010 showed the beginnings of these trends and new governance structures for Marketing and IT. This study looks at changes over time to determine how the initial trends have impacted Marketing and IT in a five year timeframe (2010–2015). The results suggest that successful implementation of marketing strategies involve joint Marketing and IT ownership and accountability.

**Background Literature**

Academic studies on the role of the CMO in the C-Suite focus on causal impacts on firm performance. Recent findings indicate that the firms’ performance (Tobin q) is approximately 15% higher when a CMO is in the C-Suite (Germann, Ebbes and Grewal 2015). The CMO’s presence and power on the Top Management Team (TMT) impacts sales growth positively when the CMO has responsibility for the sales organization, as well as, the integration of strategy when there is diversification across structural divisions (Nath and Mahajan 2011). The importance of marketing in the C-Suite brings the customer’s voice to the boardroom (Kerin 2005).

Recent industry surveys and reports highlight the criticality of CIO and CMO collaboration. Many large companies including B2B firms have more than 50 marketing applications and technologies; therefore, managing the portfolio requires an integrated approach (Gartner 2015). Predictions by McLeLLan for Gartner include the possibility that CMOs in progressive firms may spend more on IT and analytics than CIOs by 2017 (Murphy 2012). IBM’s meta-analysis based on 10 years of surveys completed by thousands of private and public sector C-Suite executives identifies key challenges requiring shared vision by CMOs, CIOs and CEOs including innovation, communities of interests, personalization of customer contacts and external partnerships. These need alignment in the planning of technology strategies (Ban and Marshall 2013).

Technology is also changing the scope of work and job functions in Marketing. At the executive level companies are

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beginning to develop Chief Marketing Technologist, Chief Customer Officer and Digital Officer positions to serve as a cross-functional liaison to align C-level strategy (Brinker and McLellan 2014). The skills needed to do data analysis and utilize knowledge gained from the deployment of social media technology are scarce and in demand (Day and Malcolm 2012).

These industry reports further substantiate the need for academic research on this topic.

**Research Questions**

The research in the study is guided by the following questions:

1. How did the company’s leadership / governance structure related to Marketing and IT evolve over a five year period (2010-2015) with the introduction of new technologies that impact the marketing function (i.e. mobile, social media, digital marketing, big data, the Internet of Things). Specifically, how does the introduction of new technologies in marketing impact the role and leadership profile of the CMO?
2. How has the impact of technology trends in marketing changed the CMO / CIO relationship over a five year time frame (2010-2015)?

**Methodology**

In the original research in 2010, the Fortune 100 companies were studied to examine trends in leadership/ governance for the CMO and CIO roles based on the introduction of social media and other marketing technologies in the organization. Data collected included Fortune rank, revenue, profit, number of employees, industry, business model (B2C, B2B, etc.), and social media being used by each company. In addition, the name and title of the CEO, CMO, CIO, and CFO were determined. Some companies did not have a CMO. In other companies, the person in charge of marketing had a different title such as Chief Digital Officer.

The data was collected using the Fortune 100 data, the company’s printed annual reports, and in-depth analysis of the company’s web site. For most data points, these sources provided the information clearly with sufficient explanation. In some cases, calls were made to the company to clarify information or ask additional questions. Results were analyzed by industry, business model, size, and governance structure in order to identify significant trends.

Based on the 2010 results, eight companies were selected for case studies and models (Deans 2011). These eight companies had different governance structures related to Marketing and IT. When possible, the companies chosen were ones in which relationships had been established previously through MBA capstone projects, consulting work by the authors, or through a prior contact in the company. Interviews with the CMO, CIO and other relevant executives and employees were conducted to better understand the issues and trends related to the roles and responsibilities of the CMO, CIO and their evolving relationships. These findings provided insights for executives dealing with some of the same issues and trying to find solutions to similar problems in their organizations.

The current study is based on data collected from the Fortune 100 companies for 2015. The same variables are collected and analyzed. The data has been collected and the research is currently in the analysis phase. The results will examine trends and patterns over time.

**Preliminary Findings**

For both studies the number of companies with a CMO, the number of companies with a CIO, the number of companies with both a CMO and CIO, and the number of companies without either or both are determined. The results from the original study show four prominent models emerging for leadership and governance related to Marketing and IT (Deans, 2011). The four models include the following:

1. CIO is leading and in charge of all technology efforts including the marketing initiatives.
2. CMO is leading and in charge of all marketing technology initiatives.
3. CMO and CIO share joint ownership and accountability.
4. CMO and CIO report to the CEO and work collaboratively with the CEO who drives technology strategies.

This follow-up five year study evaluates these trends over time.

**Conclusions**

The CMO and Marketing are taking on a more significant role with the advent of new technologies directly related to the marketing function. This study identifies some of the ways the marketing leadership and functions are responding and the current trends for success over time. Findings can guide strategy, practices, and development for marketing management.

**Selected References**


Which Characteristics Make a Difference? Comparing Successful Managers in Marketing and Sales

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Keywords: leadership, marketing, sales, personality, leadership style

EXTENDED ABSTRACT

Research Question
Our paper deals with the topic of successful leadership in the context of marketing and sales. Thereby, we address the following questions, former research has not answered yet.

1. Do successful marketing and sales managers differ from each other?
2. What are the characteristics of successful marketing versus sales managers?

Method and Data
We collected a unique dyadic multilevel data set consisting of 63 marketing and sales managers (n_{marketing} = 33 and n_{sales} = 30) and 191 of their direct employees. In order to test our hypotheses, we applied hierarchical linear modeling. First, we calculated a model without the interaction effects. Second, we included the interaction effects with the dummy variable coded as 1 for marketing and 0 for sales. Third, we calculated another model with the reversed coding of the dummy variable (will be provided upon request).

Summary of Findings
We find that the effects of personality traits and leadership styles on employee job satisfaction differ in marketing versus sales. Specifically, we investigate that expressive personality traits and a transactional leadership style lead to more favorable outcomes in marketing than in sales. Furthermore, instrumental traits and a transformational leadership style are more beneficial in sales than in marketing. Furthermore, we identify agreeableness and a transactional leadership style as specifically important for a marketing manager’s success.

Key Contributions
Our paper contributes to marketing research in three major ways.

1. We provide the first study to compare the effect of manager characteristics, i.e. personality traits and leadership styles, on leadership success in the marketing and sales function. Thereby, we show the importance of taking a more differentiated look on leadership and suggest to focus research attention on contingency factors like departmental affiliation.

2. Our study is the first to identify characteristics of successful managers in marketing. Thus, we extend the literature that has already investigated characteristics of successful sales managers by a first look on characteristics of successful marketing managers.

3. We provide implications for managers and the human resource department. Managers in marketing and sales, who are often subject to job rotation measures between the two departments, need to be aware that their leadership style has differing effects on employee attitudes in marketing versus sales. Furthermore, the human resource department should consider managers’ personality traits, especially expressive and instrumental traits, when staffing a management job in marketing or sales.

References are available on request.

For further information contact: Leonie Roecker, University of Mannheim (leonie.roecker@bwl.uni-mannheim.de).
Research Question
Since the 1990s, CEOs have gained greater prominence in the media and were attributed with progressively more importance. CEOs in that time have changed from emblematic figureheads to critical drivers of investors’ brand perceptions and hence financial performance. Research to date has examined the favorable transfer of a positive CEO image onto the corporate image. However, this connection is not solely positive, but can break or even become negative. CEOs can for instance tarnish their own image through an involvement in scandals causing a severe impact on the CEO-company relationship. Such incidents accompanied with successive publicity increase distress for the affected company, damage its financial performance and impair the relationship with its stakeholders during as well as after the time of scandal. Surprisingly, only few empirical studies have touched the field of CEO scandals and their aftermath for the associated company. The presently increasing media attention on CEO scandals suggests the need for research focusing on the dynamic and long-term impact of these scandals on financial performance. This research fills this gap and is the first to address these issues by considering the role of media attention and a company’s prior media presence in this context. It thereby contributes to a more comprehensive understanding of dynamic wear-in and wear-out effects.

Method and Data
Using stock market returns, we quantify and shed light on the magnitude and dynamic effects of CEO scandals on companies’ financial performance by means of an event study. The search for CEO misbehaviors inhibited the screening of websites and newspapers that regularly publish articles about CEOs, press agency reports archived in the Factiva database and online news archived in the Google news database. We eliminated several observations due to unreliable publication data, incomplete stock price data and cases with confounding events in the considered timeframe. Therefore, the final sample contains 88 CEO scandals of companies listed in AMEX, NYSE or NASDAQ such as fraud, sexual harassment, bribery and tax evasion among others in the USA, Germany and the UK for the time period between January 2000 and March 2014.

Summary of Findings
The results highlight the temporal extent of CEO misbehavior and confirm that the damage in financial performance does not vanish overnight. The destructive overall effect of such an event lasts on average for about 50 days with financial performance hitting bottom line after 12 days (wear-in effect) before recovering slowly again to pre-crisis level (wear-out effect). The duration varies with regard to the media coverage on the scandal and companies’ prior media presence. More specifically, the damage in financial performance through CEO misbehavior may become exacerbated with an increasing amount of media coverage on the scandal, especially for companies with lower media exposure. Thus, we found time and companies’ prior media presence to offer a healing effect, whereas ongoing media attention on the CEO misbehavior adds fuel to the financial performance decrease.

Key Contributions
This study is one of few to investigate the financial impact of CEO scandals. Moreover, it is the first to quantify the deleterious effect on corporate financial performance, which has gained theoretical as well as practical relevance due to an increasing importance of CEOs in general and a growing
amount of CEO misbehavior reported in the media. Further, the findings of this research contribute to the theory of negativity bias and add to the body of knowledge on corporate crises, financial performance as well as investor reactions in a negative publicity context.

For managers the results of the study emphasize the importance of managing negative company news as it pertains to the CEO during a turbulent time. Thus, the findings create awareness for the temporal dimension and the dynamics of the financial damage through CEO misbehavior. Thereby, the results can help practitioners to better understand these interrelations and plan their crisis response and communication strategy in the midst of a CEO scandal accordingly.

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

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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.

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**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.*
Fifty Shades of Day: Assessing the Influence of “The Capabilities of Market-Driven Organizations”

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Keywords: bibliometrics, marketing capabilities, market orientation, innovation, dynamic capabilities

EXTENDED ABSTRACT

Research Question
How has the marketing domain’s knowledge of marketing capabilities advanced since the publication of Day’s “The Capabilities of Market-Driven Organizations” in 1994?

Method and Data
Using the Web of Science™ Core Collection, we identify 1442 citations of Day (1994) through to April 2015. We analyze the data in two ways: (1) a bibliometric analysis of all 1442 citations; and (2) a scientometric analysis of 163 survey measures yielded by 561 citations. The latter are citations from the marketing domain within the same data used for the bibliometric analysis. We produce and analyze network maps based on the co-occurrence of authors as well as frequently used keywords. To corroborate these findings, we use corpus linguistics techniques to analyze article title and abstract data. Our study also examines trends across time, journals, and research domains.

Summary of Findings
The structure of knowledge related to Day (1994) is monolithic. Our results characterize this body of literature as one occupied with only a handful of constructs beyond that of marketing capability. These constructs include firm-level performance, market orientation, and innovation. The dominant theoretical base is the resource-based view. Our findings suggest that the body of capabilities research in marketing that has emerged post-Day (1994) is large and relatively unified. It also appears somewhat fossilized. In addition, the definition and dimensions of marketing capabilities remain vague and in the context of capabilities, relatively little attention is paid to the specific activities traditionally associated with the marketing function. We also observe that a comprehensive catalogue and taxonomy of marketing capabilities is yet to be developed, and alternative theoretical bases are only recently beginning to inform research in this area.

Key Contributions
Contributions to the marketing literature are, first, a bibliometric analysis that reveals the intellectual structure of marketing capabilities to be robust but narrow. Second, a scientometric analysis of how marketing capabilities are measured uncovers imbalances and limitations in past research. Third, these analyses allow us to identify numerous areas for research to help advance the study of marketing capabilities.

References are available on request.

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OEM and Component Supplier Use of Explicit and Normative Contracting in Collaborative Joint Profit Generation

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Keywords: governance, contracting, original equipment manufacturer, component supplier, collaboration

EXTENDED ABSTRACT

Research Question
In an industrial dyad with a component supplier and OEM how are joint profits influenced by the magnitude of the collaboration, the alignment between firms in terms of goals and importance, explicit contracting, and normative contracting? Do component suppliers and OEMs regard these relationships similarly, and are there apparent buyer/seller relational differences between the parties in collaboration?

Method and Data
Hypotheses are tested using a research design that incorporates two independent cross-sectional surveys, first with managers at industrial component suppliers (Study 1), then with managers at industrial OEMs (Study 2). Overall, usable surveys included responses from 156 CSs and 153 OEMs. Model A tests the indirect effects of collaborative magnitude on joint profits subject to the use of explicit contracts (H1) and normative contracts (H2). Model B tests the indirect effects of collaborative alignment on joint profits subject to the use of explicit contracts (H3) and normative contracts (H4). Finally, we compare the results of the two models to assess how CSs and OEMs differ on their perspectives of the aforementioned relationships (H5), (H6), and (H7).

Summary of Findings
Results of structural equation modeling indicate that CSs and OEMs regard explicit and normative contracting as full and distinctive mediators. Further, between-group analyses suggest that CSs and OEMs regard the effects of collaborative magnitude and alignment on each governance mechanism differently, and their perception of the effects of explicit and normative on joint profits also differs.

Key Contributions
First, the work introduces two constructs, collaborative magnitude and collaborative alignment, and empirically investigates the indirect effects of these constructs on the collaboration’s outcome (i.e., joint profits), wherein explicit and normative contracting act as separate and co-existing mediators. In doing so, we are better able to understand how collaborations can differ from each other and how those differences can influence their outcomes. Second, the work investigates the coexisting mediating effects of explicit and normative contracting. In doing so, we illuminate the importance of these unique mechanisms and advance the study of governance mechanisms in the marketing literature. Finally, the investigation is accomplished using two studies, one from the perspective of industrial CSs, and the other from industrial OEMs. Two studies allow us to potentially replicate results between cross-sectional studies, and provide a view of collaboration and governance through the separate lenses of two important roles in industrial supply chains.

References are available on request.
Part J
Media and Entertainment

Track Chairs
Yong Liu, University of Arizona
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Market Reactions in Entertainment
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Alex H. Cohen, Jorge E. Fresneda, Rolph E. Anderson

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Online Accessibility of Sports Teams’ Websites: Impact on Fanship and Purchase Intentions

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Rolph E. Anderson, Drexel University

Keywords: online accessibility, sports, vision impaired, purchasing behavior

EXTENDED ABSTRACT

Research Question
This research proposes that the inaccessibility of a team’s official website impacts how disabled fans—about 30 million Americans and 300 million people worldwide—purchase tickets and merchandise leading to decreased revenue for the team. Our research examines comparatively how normally-sighted and visually impaired sport fans are similar in a variety of fan related dimensions such as team support, interest in sports, knowledge, empathy, achievement, community, and fan expression. We compare how the two fan groups differ in their purchase behavior while at an official team website by examining purchase probability and intention based upon online retail quality dimensions such as ease of use, information, selection, and convenience as a proxy for accessibility for the disabled.

Method and Data
To show the depth and breadth of this problem, we scanned the official team websites for all the teams in the NFL, MLB, NBA, NHL, the official university athletic sites for the top 50 NCAA basketball and football programs as ranked by ESPN, plus a large sample of professional European soccer clubs for their website accessibility using the Sort Site accessibility evaluation software tool. By demonstrating a connection between the ability to conduct transactions on a team’s official website by the disabled population, based upon the accessibility of the website as made salient by the differences in online purchasing behavior, we show how sports organizations are reducing their revenues by the inadvertent closure of an important transactional channel to a large and growing segment of the population.

In addition to this, an online survey was conducted targeting visually impaired and normally sighted sports fans in order to test our hypotheses. For this pretest phase the survey was electronically distributed through MTurk and also through the National Federation of the Blind (NFB), with a total of 134 respondents (53 visually impaired and 81 normally sighted).

Summary of Findings
Our results show that the official websites are barely accessible for many of the teams both in the professional and collegiate leagues. The problem is even more critical for the home page, the merchandise landing page, and the ticket landing page analysis, since none of these pages from an official website was free from priority A errors (compliance with level A means that all indispensable criteria for the document information to be accessible to all are met).

We analyzed the results of the survey by employing a one-way ANOVA comparing the two populations: visually impaired vs. normally sighted respondents on all the scales described previously. The results show that there is no statistical difference between the two populations regarding fanship dimensions except for attending games.

Our pre-test results also show that visually impaired respondents find it less convenient to buy sports-related products through the team’s official website. They also reported it was hard to navigate these official websites since it requires a lot of effort and still they found it difficult to find what they were looking for. Finally, visually impaired respondents

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reported that they found it difficult to get the information they needed in order to make purchases.

**Key Contributions**

Typically, there are three reasons given or arguments made for a seller to consider making their products or services accessible. The first reason cited usually involves a government mandate of some kind, such as the ADA. The second reason pertains to commercial motivations where the segment is targeted or accepted as a potential customer base. The third reason is a sense of corporate social responsibility (CSR) where an inclusive environment based upon sustainability provides greater benefits to society as a whole. Profit-driven motivations, such as the second reason above, are more likely to persuade sellers to make their website accessible to all as philanthropic efforts are generally done in a manner that benefits the firm. Although the ADA does not have specific guidelines in place now, it seems likely to happen in the near future, as cost estimates for designing an accessible website from the start is only about one percent higher than producing an inaccessible website. Considering the large number of patrons affected by the accessible design, improving accessibility to fans with disabilities could be a win-win scenario for all parties involved.

*References are available on request.*
Substitute or Complement? Exploring the Market Impact of New Product Introductions in High-Tech Markets

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Suman Basuroy, University of Texas at San Antonio

Keywords: new products, complement, cannibalization, high-tech markets

EXTENDED ABSTRACT

Research Question
Managers assess a host of factors when deciding if and when to introduce new products into the marketplace. One of these decisions is the effect that the product will have on other existing products. Conventional wisdom suggests that introducing a new product will cannibalize the sales of other products. But there are numerous reasons to suggest that introducing a new product may help the sales of other products, for example by bring new customers into the industry or helping to build networked externalities. We develop two research questions regarding the impact of new products introductions. Our first research question is whether new products introduced in high-tech markets serve as a substitute or complement to other existing products in the marketplace. The second research question investigates contextual factors (moderators) that determine the extent to which new products exhibit indirect effects.

Method and Data
Our data comes from the video game industry where we observe the introduction of 8,500+ games and their effect on the sales of other games already on the market at the time of introduction. We use Arellano-Bond estimation to account for the autoregressive process, probable serial correlation, as well as any possible endogeneity concerns.

Summary of Findings
We find that new product introductions do indeed exhibit a complementing effect. We find that introducing a new product into the market place has an immediate impact of increasing the sales of other products already in the market and that the effect diminishes over time. Second, we find important moderators that impact the degree to which new product introduction effects the market. Specifically, younger, lower-selling, and lower quality games are more likely to be helped by new introductions. We also find an important moderating characteristic of the market, namely that this positive halo effect is accentuated when the market is young and less saturated.

Key Contributions
Our study contributes to marketing academia and marketing practice by showing the importance of accounting for the indirect effect of product introduction. While managers normally think that new products cannibalize the sales of other products, our study shows that new introductions can help the sales of other products in the market.

References are available on request.

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Unpacking Selling Out from a Music Fan Perspective

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Michael Volkov, Deakin University
Sean McDonald, Deakin University

Keywords: music, authenticity, selling out, qualitative

EXTENDED ABSTRACT

Research Question
Authenticity generally is associated with sincerity, honesty and integrity attributes. Literature clearly articulates what is authentic or inauthentic. However, the factors that lead consumers to question the authenticity of brands and judge them to have “sold out” remain unexplored. We draw from various bodies of literature including social constructionist theory, authenticity, together with human (celebrity) branding, music discourse and insights from fan literature to unpack the concept of selling out. The notion of selling out can present a significant challenge for marketers. This is particularly pertinent for industries where the word-of-mouth and advocacy of consumers, supporters and fans can make or break a brand. Musicians or bands do not come with a certificate of authenticity; it is a classification or quality attributed to them by their fans. The music industry is an exemplar case where the interests of multiple stakeholders fuel the debate surrounding selling out. This paper poses the questions: how do fans authenticate a musician and judge a musician to have sold out?

Method and Data
This study utilized an interpretive qualitative research design employing in-depth interviews and group discussions to explore both the internal and peer-to-peer debates fans go through when considering artists selling out. In total, 22 people participated in interviews and 20 participated in group discussions. All had a common passion for attending live performances and identified themselves as fans of specific rock artists. Attending live performances was seen as a social network where many issues relating to authenticity in music are frequently discussed and witnessed. Participants were selected with varying backgrounds to ensure a cross section of perspectives was canvassed. The emergent narrative/story telling nature of the interviews and group discussions provided a rich source of data from which to unpack the selling out concept. Upon completion of the interviews and group discussions and after transcription, the data was analyzed by two authors, beginning with open coding. After key themes were identified through open coding, the data was further analyzed using axial coding to explore subcategories amongst these key themes. The authors exchanged their analysis as a means of corroborating the dominant themes prior to further coding and analysis. The final coding stage of the analysis was selective coding.

Summary of Findings
Consistent with a social constructionist view, we find that music fans make claims of authenticity or selling out for artists and that this can be accepted or rejected by others. When discussing selling out, many informants recognize that musicians must first have been deemed to possess musical integrity in order to have lost, sacrificed or surrendered it in exchange for success. Our findings draw attention to the critical theme of a musician’s motives when judging a musician to be a sellout. Fans seek out cues to validate their initial perception of a musician’s authenticity. Such cues can also lead to doubt and a judgment of selling out. Fans refer to changes in music/sound, image and behavior when justifying their verdict of selling out. A deliberate change in sound to obtain commercial success is seen by informants as the highest form of selling out. Incongruent changes in

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behavior are directly related to how fans conceive a musician to have sold out. Image change is also passionately discussed by informants and used as evidence to support accusations of selling out. It is important to note that informants are capable of making a distinction between a musician that is perceived to be motivated solely by financial reward and those that have achieved financial success and popularity as a result of an original creative endeavor. Fans are also heavily influenced by the opinions of their peers. Fans actively discuss and debate the artists that they passionately follow.

**Key Contributions**

We conclude that authentication is more akin to a spectrum of conclusions based on a number of considerations. At the heart of the authenticity and selling out debate is the perception of the moral authority of the artist. Selling out is associated with loss, sacrifice and compromise in relation to an artist’s personal integrity. This is a fresh contribution to the authenticity field, particularly relevant to researchers and marketing practitioners managing human brands. Whilst fans rely heavily on indexical cues, they are also influenced by the opinions of their peers. Fans seek out the opinions of their peers to validate and support their interpretation of certain cues. Our findings identify how important it is for musicians to balance their musical morality with commercial imperatives and understand the process fans traverse through in considering whether a musician has fallen from grace and sold out. The findings of this study emphasise that musicians must consider the balance between traditional artisan foci (the craft of musical expression) with a consumer focus (fan receive such music, interpret it and make conclusions) in managing their life cycle in the industry. The emergent themes and ideas regarding selling out are applicable to other consumption experiences that can be characterised by (1) diverse consumer opinions (2) the primary offering and the secondary offering being used as consumer cues (3) consumption being impacted by the concept of motives.

*References are available on request.*
Hedonic Adaptation in Shared Experiential Consumption

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Natasha Zhang Foutz, University of Virginia

Keywords: sports entertainment, skin conductance, physiological measurement, experiential consumption, arousal, shared consumption

EXTENDED ABSTRACT

Research Question
We aim to understand how individuals’ moment-to-moment (MTM) arousal responses to joint experiential consumption can be linked to their eventual retrospective evaluations of the experience.

Method and Data
We collected MTM skin conductance data using a 2 (close versus distant relationship) x 3 (entertainment only versus social only versus mixed consumption goals) between-subjects design from dyads of participants viewing a college basketball jointly.

Key Contributions
Our research makes several contributions. Conceptually, we broaden the marketing literature from solo utilitarian consumption to shared experiential consumption, which is critical to multi-trillion dollar experiential industries such as entertainment. Specifically, we take an early step in quantitatively measure and model MTM experience in shared experiential consumption. We demonstrate the important influence of hedonic adaptation in MTM arousal captured by physiological measures, beyond the peak and end experiences reported in the literature from using self-reported measures, on retrospective evaluations of experiential consumption. Methodologically, we demonstrate how to use a physiological measure of MTM affective responses—skin conductance—coupled with experimental design and statistical modeling to better understand how consumers respond to and evaluate experiential consumption. This has been a historically challenging topic. As the industrial practice increasingly emphasizes experiential marketing and academic research on biometric and physiological, beyond self-reported and behavioral, measures of consumer responses, such as eye-tracking, heart rates, and brain waves, this research illustrates the potential value of this line of inquiry. Substantively, this research shows, for instance, how shared consumption can be satisfying to both current customers engaged with entertainment and their partners (potential customers) focusing on socialization. Thus it offers managers important strategies for customer retention and acquisition.

Summary of Findings
Our findings reveal the heterogeneity in hedonic adaptation of MTM arousal across individuals. When paired individuals possess different consumption goals, they tend to hedonically adapt less or better maintain their levels of arousal throughout the game. Individuals who are less subject to hedonic adaptation subsequently evaluate the social, but not the entertainment, value of the experience more positively. Interestingly, while individuals evaluate the entertainment value of the experience more positively when their MTM arousal decreases more slowly than their partners’, they evaluate the social value more positively when their partners’ MTM arousal decreases more slowly than theirs.

References are available on request.

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Engaging Sports Fans in Social Media: Insights from an Empirical Analysis

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Keywords: social networking sites (SNS), social media, interaction process analysis (IPA), Facebook, customer engagement, sports marketing

EXTENDED ABSTRACT

Sports marketers have been using social networking sites (SNS) to connect with and to engage customers/fans online. We analyzed the levels of engagement of fans of four sports teams of a cricket league in India, indicated by likes, shares and comments on the teams’ Facebook (FB) posts, using variables like number of tags, types and forms of FB posts, and interactional category of the posts using Interaction Process Analysis (IPA) in this study.

Need of Research

Though the use of social media as a corporate tool to communicate with stakeholders is not new (Kietzmann et al. 2011), and the sports marketers have been using social media tools (Pedersen et al. 2010), existing research indicate lack of sufficient research in this area (Mahan 2011, Wang 2013, Bal-louli and Hutchinson 2010 and O'Shea and Duarte Alonso 2011), various gaps in using the social media like less than optimal use of the tools, lack of competency of organizations in using social media, absence of clear objectives, lack of relationship orientation (Macnamara and Zerfass 2012, McCarthy et al. 2011). The limited extant research related to the social media in the area of sports has studied the benefits of social media, characteristics of users of social media, and existing use and usage of social media, but, there is a lack of research studies aimed to determine the detailed impact of activities in social media on the engagement of the users. That’s why, we designed this study to analyze the effect of posts in Facebook on the users’ engagement, indicated by the numbers of likes, shares and comments.

We used the Facebook pages of four teams of Indian Premier League (IPL), an annual Indian Twenty20 cricket tourna-

ment, contested between eight franchisee teams representing various Indian cities. We used interaction process analysis (IPA) (Bales 1950) for content analysis.

Research Method

We performed a content analysis of the recent 100 posts (posts before 10th of October, 2014) in the official Facebook pages of four teams: Kolkata Knight Riders, Chennai Super Kings, Mumbai Indians and Kings XI Punjab of Indian Premier League. These teams were selected due to the large number of likes in their official Facebook pages. Numbers of likes, comments, shares, and tags on each post were recorded. We categorized the posts in five different forms: Text, Single Picture, Single Picture with Text, Multiple Pictures with Text, and Video with Text. Further, we categorized the posts into four different types (“Update Type”): Cricket Related, Fan Related, Celebrity Player(s)/Owner(s) Related, and General Information.

Bales Interaction Process Analysis (IPA) was used to code the posts. IPA is a validated framework to be used for content analyses (Shen and Bissell 2013; Lin and Pena 2011). We used the broad categories of socio-emotional and task/instrumental orientation of IPA framework to code the data. Positive and negative socio-emotional categories were merged into one due to a small number of posts in the negative socio-emotional category. Out of the several messages orientations under the task/instrumental category, we retained only “gives information” due to the inadequate number of posts with other orientations. Similarly, we retained only “shows solidarity,” “shows tension,” and “visual display” orientations in the category of socio-emotional orientations.

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Data Analyses and Result
We did log transformation for the data on numbers of likes, shares and comments in order to meet the assumptions of normality and homoscedasticity of the data. Three sets of Stepwise linear regression using SPSS with dependent variables as log transformed values of: (1) no. of likes (LNLIKES), (2) no. of shares (LNSHARES), and (3) no. of comments (LNCOMMENTS) were performed. These three variables also acted as independent variables for each other. In addition to these three, other independent variables used in the regression were number of tags, IPA category, modified IPA sub-category, message form and post type. Please refer to table 1 to find a summary of the impact of different variables on number of likes, shares and comments as indicated by the regression results.

The highest impact on number of likes is by number of comments, and highest impact on number of shares and comments is by number of likes. Celebrity related updates and cricket related updates have no significant difference in impact on number of likes, shares and comments. Cricket related updates have higher impact on number of shares as compared to the fan related updates, and a higher impact on number of likes as compared to the posts with general information.

Single picture posts (SPP) have higher impact on number of shares as compared to multiple pictures with text and only text posts. SPP also has higher impact on number of likes than the video with texts. But, multiple pictures with texts has highest impact on number of likes as compared to other

Table 1. Regression Results Summarized

<table>
<thead>
<tr>
<th>Variables in Scale Measure:</th>
<th>Impact on % of Increase in No. of Likes</th>
<th>Impact on % of Increase in No. of Shares</th>
<th>Impact on % of Increase in No. of Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of tags</td>
<td>Negative: (.01%)</td>
<td>Negative: (.01%)</td>
<td>Positive: .02%</td>
</tr>
<tr>
<td>No. of Likes (Log transformed)</td>
<td>Positive: 0.22%</td>
<td>Positive: 0.49%</td>
<td>Positive: .67%</td>
</tr>
<tr>
<td>No. of Shares (Log transformed)</td>
<td>Positive: .61%</td>
<td>Positive: 0.42%</td>
<td>Positive: 0.23%</td>
</tr>
<tr>
<td>No. of Comments (Log transformed)</td>
<td>Positive: .61%</td>
<td>Positive: 0.42%</td>
<td>Positive: .23%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Posts Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPA category: Socio-emotional message orientation</td>
</tr>
<tr>
<td>IPA category: Task/Instrumental message orientation (reference dummy)</td>
</tr>
<tr>
<td>Update type: Celebrity related update</td>
</tr>
<tr>
<td>Update type: Fan related update</td>
</tr>
<tr>
<td>Update type: General information</td>
</tr>
<tr>
<td>Update type: Cricket related update (reference dummy)</td>
</tr>
<tr>
<td>Message form: Single Picture with text</td>
</tr>
<tr>
<td>Message form: Multiple pictures with text</td>
</tr>
<tr>
<td>Message form: Video with text</td>
</tr>
<tr>
<td>Message form: Text</td>
</tr>
<tr>
<td>Message form: Single picture (reference dummy)</td>
</tr>
</tbody>
</table>
forms of posts. The impact of video posts with texts and only texts messages have highest impact on number of comments.

**Implications and Discussion**

While the practitioners have been using tags in the posts, our results indicate that overall, tags do not impact the number of likes and shares, and their impact on number of comments is also very low. Therefore, trade-off between the time spent on tagging and the return achieved by tagging needs to be considered by practitioners.

In case practitioners target to increase in the likes, to achieve an immediate, but short lived engagement by fans (as compared to the shares and comments), use of socio-emotional messages is recommended. On the other hand, a longer and deeper engagement, reflected by the increase in number of comments is possible by posting the task/instrumental messages. Practitioners should use cricket related updates more often as compared to the fan related updates and posts with general information to increase the number of likes and shares.

SPP are easier and cheaper to generate, and convenient to upload in the posts as compared to the multiple picture posts. SPP are most ideal to increase the number of likes. Similarly, if the intent is to generate comments and obtaining the opinions from fans, indicating a higher level of engagement, the most ideal post is video with text, followed by only text posts. Multiple pictures posts result in significant increase in number of likes, a short-term engagement of fans.

**Future Research Directions**

Future research in this area can enhance the insights by using a larger sample size, conducting analyses with multiple sports, and including qualitative analyses to gather a deeper understanding on the impact of using different forms and types of posts and activities in SNS. In addition, use of other SNS like Twitter, Instagram and Linkedin for similar studies will help practitioners to use SNS in enhancing the engagement of fans in a more effective and efficient manner.

**References**


Examining Online Review Distributions: 
The Role of Coefficient of Variation

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Keywords: online consumer reviews, coefficient of variation, variance, distributions

EXTENDED ABSTRACT

Research Question
What happens in marketing stays digital. Online consumer reviews afford great opportunities for firms to facilitate the formation of a favorable online reputation. Like other content such as social networks, blogs, microblogs and media sharing sites in the User Generated Content (UGC) area that uses the Internet to facilitate conversations, online consumer reviews are flourishing on the Internet every day.

Previous research has studied online consumer reviews’ influence on consumers (Mayzlin 2006), product quality signals (Senecal and Nantel 2004), and informational roles (Sun 2012). Motivated by a better understanding of consumers and providing a useful tool for companies to monitor the online consumer review distributions, this study has the following main research questions:

Research question 1: Based on some theoretical foundation, is there a modern transformation for coefficient of variations (CV) to be used by companies?

Research question 2: In terms of information roles of online consumer reviews, is there any difference among two distribution measures, such as CV and variance?

Method and Data
This study uses a quantitative research design, including a mixture of theoretical model developments and empirical examinations. The empirical analysis makes use of consumer ratings of video games that were posted on a major online retailer website. Video games provide a good data content for this study. Based on a list of over 100 games all released during one fixed month period, game characteristics and detail review information were collected.

Summary of Findings
For the first research question, two modern transformations for CV are proposed. They are simple to use and can provide insights about online consumer reviews.

After examining empirical review data and conducting statistical analysis, the second research question is answered. Over time, more consumers are providing reviews on these video game products. Furthermore, the percentage of one-star reviews has a significantly negative effect on CV of online consumer reviews, but not on variances.

Key Contributions
This research intends to fill in a research gap calling for useful distribution measurements of online consumer reviews. In today’s dynamic marketing environment and fast-changing consumer trends, companies can be proactive and keep an eye on their consumers by adopting CV of online consumer reviews.

References


For further information contact: Enping (Shirley) Mai, Associate Professor, East Carolina University, Greenville (maie@ecu.edu).
Psychological and Motivational Predictors of Customer to Customer Resource Integration in Online Platforms

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Keywords: customer value co-creation, customer to customer resource integration, social media, theory of planned behavior, uses and gratification paradigm

EXTENDED ABSTRACT

Research Question
Value co-creation has received great attention from marketing scholars during the past decade. Literature emphasizes the importance of value co-creation formed through firm-customer resource integration (e.g., Auh et al. 2007; Bendapudi and Leone 2003; Chan, Yim, and Lam 2010). However, recent studies have highlighted the salient role of customer to customer (C2C) interaction in the value co-creation process (Barron and Harris 2008; Laud et al. 2015). Social media (i.e. Facebook, Twitter, and YouTube) and mobile applications (i.e. Instagram, Airbnb, and Yelp) are fertile platforms for C2C interactions. In online platforms users, as the actors of value co-creation process, actively integrate their resources (i.e. information, idea, knowledge, and etc.) with one another through their dyadic interactions.

Drawing on the extant literature in consumer intra-role/extra role behaviors and co-creation processes (Bove et al., 2008; Natarajan, & Gong, 2011, Yi and Gong 2013), this study conceptualizes customer to customer joint value creation behavior (CCJVC) as a third order construct reflecting on two dimensions including customer participation and citizenship behaviors in online service environment. Capturing psychological and motivational antecedents of CCJVC, this study incorporates the theory of planned behavior (TPB; Ajzen 1991) and the uses and gratification paradigm (U & G; Dabholkar and Bag ozone, 2004).

Method and Data
We gathered data from 387 social media and mobile application users through an online survey. Three rival models were tested to provide detailed explanatory properties for theories and related factors. Model 1 indicates the effects of attitude, subjective norm and perceived behavioral control as the elements of TPB on CCJVC. Model 2 demonstrates the effects of the five motivational values within the U & G paradigm (i.e. purposive, self-discovery, socializing, social enhancement, and self-discovery values) on CCJVC. Finally, Model 3 incorporates the combined effects of TPB and U & G elements on CCJVC.

Summary of Findings
The three hypotheses included in Model 1 (i.e. positive associations between attitude, subjective norm, and perceived behavioral control with CCJVC) were supported. Model 2, which stipulates a positive relationship between each motivational value and CCJVC, is partially supported. Among the eight hypotheses in Model 3 (three related to TPB variables and five related to the U & G paradigm), attitude, along with entertaining values and socializing values, appeared as significant predictors of CCJVC. Moreover, partial support was found for the mediated effect of motivational values on CCJVC through attitude. Comparing three rival models, Model 1 explains 35% of the variation in CCJVC; while Model 2 and 3 explain 75% and 63% of the variation, respectively. Considering comprehensiveness and parsimony as criteria, Model 2 emerges as a better means for predicting CCJVC. This research and its findings contribute to the development of the CCJVC construct in social media and mobile application platforms.

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**Key Contributions**
This study is a pioneering effort to contextualize CCJVC and its dimensions (i.e., customer participation and citizenship behavior) in social media platforms and mobile applications. Drawing on TPB and the U & G paradigm, we empirically examine 3 rival models, highlighting the psychological and motivational underpinnings of CCJVC.

_References are available on request._
A Sentiment-Based Model for Credible Online Reviews

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Keywords: sentiment analysis, prospect theory, online review comments

EXTENDED ABSTRACT

Online reviews are complex, and users need to spend considerable time reading various sources. In addition, online platforms, such as TripAdvisor, only use 5 levels for reviewers’ credit; hence, they lack credibility. Thus, this study investigated key factors that affect customer decision making. We proposed a model on the basis of a sentiment analysis in terms of positive and negative words and the concept of credibility inferred from prospect theory. We assumed that all users are neutral in reading reviews (no fixed reference point); that is, highly reliable reviews may have low risk and vice versa. This study used TripAdvisor to examine the proposed model and selected 10 out of 271 hotels in Las Vegas between January and February 2015, which is the peak season for traveling to Las Vegas. Through the sentiment analysis, we determined that the credibility factor affected the overall ranking. In this study, we combined sentiment analysis and credibility in the proposed model and provide references for enterprises regarding operation, management, and strategic decisions.

Research Question

Researchers have indicated that, in addition to overall ratings, useful reviews are meaningful for reference to an online platform. Existing studies have considered only the credibility of reviews, not emotions. Hence, this study proposed two research questions: (a) What are the key factors of reviews and how can a quantitative review model be constructed? and (b) How crucial are emotions in the review model? This study reviewed the literature to emphasize the importance of emotions and used the concept proposed by Sian (2011) to quantify emotions on the basis of the case of TripAdvisor. Moreover, Gretzel, Yoo, and Purifoy (2007) indicated that credibility should be measured on the basis of the reputation of reviewers. Thus, this study considered the concept of credibility in the proposed review model. The research goals were as follows: (a) constructing a sentiment- and credibility-based review model (e.g., quantifying emotions in review content) and (b) emphasizing the importance of the credibility of reviews (e.g., considering the travel experiences of reviewers).

Method and Data

This research combined the concepts of sentiment of review content and credibility of reviewers. O’Mahony and Smyth (2010) specified combining reviewer reputation, degree of interaction, and sentiment terms for finding useful review comments. Thus, reviewer and review content were two major components in our model. The sentiment factor was used for review content, and credibility was used for reviewers. Sentiment is the value from review content based on the sentiment analysis, and credibility is the function for adjusting the sentiment value. The adjusted score is represented as Review_Score, which is the score of an individual review.

This study used TripAdvisor as the platform for collecting data. According to the ranking from TripAdvisor, the top 10 hotels were selected out of 271 hotels in Las Vegas. We ruled out bias because English is the official language on TripAdvisor for providing comments. In addition, we collected review comments between January and February 2015 because New Year vacation is the peak season for travel.

Summary of Findings

The sentiment analysis of review titles and content revealed that the adjusted ratings of all the hotels decreased, which means that customers intended to give high ratings. In particular, the rating of Skylofts at MGM Grand decreased by one level because of lower sentiment scores of its review title and content than those of the other hotels. We inferred that because customers intended to encourage the hotel...
owner, they gave an overall rating of 5; however, the review content revealed their true emotions. The results of the sentiment analysis revealed that review titles and content differed from hotels and confirmed the importance of the sentiment factor in the proposed model.

We summarized the ratios of positive and negative reviews from high- and low-credibility reviewers. This study revealed that Four Seasons Hotel lacked the combination of negative reviews and low-credibility reviewers. The combination of positive reviews and high-credibility reviewers reached 70%. Thus, negative reviews and low-credibility reviewers influenced the proposed model. Specifically, the combination of positive reviews and low-credibility reviewers was 23%, which was higher than that of negative reviews and high-credibility reviewers (7%). This indicated that the sentiment factor deceptively influenced the proposed model.

**Key Contributions**

This study provided a different viewpoint for investigating online ratings on the review platform. The proposed model also provided academic and managerial implications. Regarding academic implications, this research measured sentiments regarding review titles and content. In addition, the use of emphasized words (strongly and common positive and negative) also helps further analyze sentiments regarding review titles and content. Moreover, we included the concept of credibility of reviewers, which most researchers have overlooked (O’Mahony & Smyth, 2010; Sian, 2011). Regarding managerial implications, we constructed a model with sentiments and credibility for online reviews. The adjusted rating and ranking can provide a more comprehensive and referable basis to online users, and platform owners can convince users of the validity of certain reviews. Furthermore, the proposed model can provide more references and another perspective for examining online reviews compared with existing overall rating mechanisms. Overall rating can reveal only general information; however, our model can provide detailed information on the basis of numerous online reviews.

*References are available on request.*
The Economics of Sensationalism—The Lack of Effect of Scandal-Reporting on Business Outcomes

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Keywords: newspaper, sensationalism, tabloid, media coverage

EXTENDED ABSTRACT

Research Question
It goes nearly unchallenged that ambition for increased demand and therefore commercial forces induce newspapers to engage in sensationalism. However, who actually benefits, and to what extent, by reporting on alleged “scandals” remains largely unclear. Accordingly, this study evaluates the business outcomes of the most spectacular German scandal in recent decades. We focus on the exceptional scandal surrounding Germany’s former Federal President Christian Wulff, who was accused of the unlawful acceptance of benefits and bribery in public office and was finally forced to resign. For this study, we concentrate our attention on the BILD tabloid, which was itself accused of having made substantial profits after it became the driving force in reporting on, even producing, the Wulff scandal. Our research questions are:

RQ1: Did the coverage of the Wulff scandal indeed produce additional profits, reflected by an increase in (a) BILD’s circulation, (b) BILD’s online traffic volume, or (c) Axel Springer Corporation’s (BILD’s publishing house) market value?

RQ2: Did journalists profit from the coverage of the Wulff scandal?

RQ3: Did BILD’s advertising clients receive the windfalls of greater audiences than they had paid for?

Method and Data
We employ an event-study approach and explore whether investors consider the approach of covering events over the “scandal lifecycle” and overhyping related incidents as financially promising and, thus, whether they expect any additional revenues from the Wulff scandal. Moreover, we transfer the event-study concept to time series data other than the share prices, i.e., to the development of abnormal “returns” concerning BILD’s circulation and online traffic.

We initially compared existing chronologies of the Wulff scandal from different media outlets to identify outstanding events. We identified 71 specific events from December 2011 to April 2013. We obtained historical data on the Axel Springer Corporation’s stock prices as well as on different market indices (HDAX, DAXsector media) from Datasstream (Thomson Reuters).

For the analysis of abnormal increases in sales, we obtain weekly data on BILD’s circulation from the German IVW (similar to AAM in the US or ABC in the UK). Moreover, we requested data on visits to BILD’s website as well as to the websites of BILD’s peers (SPIEGEL, FOCUS, WELT, and STERN). We created a benchmark index by calculating the unweighted average of visits to peers’ websites. The final sample for the analysis of online traffic included 14 event months.

Summary of Findings
The results provide an explanation for an intentional lack of high-quality journalism; while news corporations, as well as advertisers, come away empty-handed, sensationalism seems to be incited by self-seeking journalists.

Key Contributions
To date, who actually benefits from newspaper reports on scandals remains largely unclear. Consequently, we study...
the economics of sensationalism, focusing on three questions: (1) Does coverage of alleged scandals indeed result in increased profits for publishers (profit-driven sensationalism)? Or, (2) Is it rather the journalists who have a strong motive to engage in sensationalism to improve their (future) pecuniary or non-pecuniary income? Or, (3) Ultimately, do only advertisers benefit from the windfalls of greater audiences than they pay for?

Our study seeks to enhance the current understanding of linkages between editorial strategies, market reception, and business outcomes in news publishing and addresses the question of what can actually be gained from scandal reports. Our results reveal that sensational news and disclosure of political scandals hardly affect business outcomes of news outlets. Hence, the results contradict public wisdom, which holds that publishers produce scandals to benefit monetarily. While the literature has discussed the benefits of quality journalism, we provide reasons for an intentional lack of supplying such. In addition, we integrate arguments regarding sources of “inaccuracies” in news coverage by studying both journalistic action in the context of economics, and the impact of self-seeking journalists on newspaper content.

References are available on request.
Research Question
In contrast to the many mobile research projects that focus on young recipients who have grown up with digital technologies (e.g., Choi, Hwang, and McMillan 2008; Hsiao and Chang 2013), this research investigates whether DIs and DNs depend on different extrinsic and intrinsic motivations when forming their intentions for branded app use and how do these interrelationships differ between DNs and DIs. According to Kim, Lin, and Sung (2013), recent branded app styles differ in their content orientations (i.e., whether they are informational versus entertaining). Considering the style of execution appears promising as a method of specifying ways to effectively reach both DNs and DIs through branded mobile apps. Thus, we seek to enrich the previous research on branded apps by specifying findings in accordance with target group preferences. Therefore, we investigate whether content orientation of branded apps moderate the interrelationships between motivations and use intentions among DNs (DIs).

Method and Data
To test our hypotheses, we conducted a survey in which we presented participants with select branded apps. Study attendees were asked to interact with one of two randomly assigned apps. To obtain data variance, two apps were chosen that represent the recently available content orientations of branded apps (Kim, Lin, and Sung 2013). Both the informational and entertaining apps promoted the same brand.

Data were collected among smartphone users in the summer of 2013 in Germany during a four-week period. The final sample comprises 226 usable questionnaires and is representative regarding smartphone users in Germany in terms of age and gender (Comscore 2013).

The questionnaire consisted of four parts and captured individuals’ answers regarding private Apple or Android smartphone use, brand knowledge, general mobile app knowledge, brand evaluations, and brand involvement. In the second part of the questionnaire, participants were asked to interact and become familiar with one of the above-mentioned apps. The audience assessed the branded app used in terms of perceived usefulness, perceived ease of use, perceived enjoyment, perceived entertainment and future use intentions on seven-point Likert scales. As an incentive, participants had the opportunity to take part in a drawing for Amazon gift cards.

Summary of Findings
To analyze differences between DNs and DIs on the model and path level, we conducted multi-group SEM. The findings suggest that DNs and DIs, despite their different digital origins, form use intentions toward branded apps through similar motivations. The findings of the analyzed differences between the respective path coefficients for both groups indicate that the impact of PEU on PU is weaker for DIs ($\gamma_{21}=.017$, n.s.) than for DNs ($\gamma_{21}=.328$, $p<.05$).
Analysis of the remaining path coefficients reveals that there are no significant differences between DNs and DI. Moreover, we modeled the moderating effect of perceived entertainment as an interaction term (Chin, Marcolin, and Newsted 1996) separated the estimation of the models with interaction terms and obtained results for DNs and DIs. Our findings demonstrate that DIs react sensitively to the specific content type of branded apps, whereas DNs do not change the strengths of the motivations that form use intentions for branded apps. Unexpectedly, the perceived entertainment of a branded app strengthens the relationship between PU and PE (and use intentions) among DIs compared with the relationship between PE and use intention that is weakened by the moderator.

**Key Contributions**

Based on the results gained in our study, marketers do not have to highlight different extrinsic or intrinsic parameters when marketing to DNs and DIs. However, among DIs, they can strengthen the impacts of PEU and PU by providing them with entertainment content. Hereby, use intentions can be positively influenced solely via the app’s PU. Consequently, we suggest that marketers target DIs via an entertainment app that also offers high user value, such as a gaming app that allows users to unlock supplementary information and additional functionalities after a successful game. When trying to strengthen DNs’ use intentions via extrinsic and intrinsic motivations, it is irrelevant whether the branded app is hedonic or utilitarian oriented.

Although this study provides new insights into motivations and intentions to use branded apps, additional research should be encouraged to enrich our understanding. Thus, by considering the impact of prior knowledge and attitudes, future studies might illustrate a variety of apps to identify differences beyond product categories (e.g., durables versus consumer goods) and brands. Moreover, with regard to our finding that an entertainment content orientation weakens the impact of enjoyment on the use intention, future research might rely on a deepened view of intrinsic motivations.

*References are available on request.*
Quality Kills the Mediastar? Career Paths of Intellectuals

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Keywords: incentives, search costs, superstar effects, winner-takes-all markets, media quality

EXTENDED ABSTRACT

Research Question
Recent economic crises show that forecasts made by “experts” are frequently off the mark, fueling discussion about a potential decline in intellectuals’ reliability to offer predictions of value. While intellectuals were originally assumed to be trusted with sound analyses of developments in society, nowadays intellectuals (or those pretending to be) are often blamed for primarily striving for prominence, giving birth to the role model of the “public intellectual.” We adopt an economic perspective and take a market-oriented view on intellectual output.

Our data suggests that the market for public intellectuals brings forth few omnipresent “media stars” that are able to largely cover the market demand for “expert knowledge.” On such markets with “winner-takes-all” characteristics, the best performers can command substantially higher (non)monetary incomes. Our research question is: What separates the media stars from the long-tail of media midgets? Thereby, we pay attention to an economic issue of general interest: Does it pay off to further engage in knowledge specialization, or is it better to capitalize on your current skillset and engage in increasing market presence?

Method and Data
Cross-sectional and longitudinal data: The procedure to assess the influence of intellectuals is based on people’s (1) presence within the 160 most important German-language newspapers and magazines, (2) online citations, (3) Google Scholar hits, and (4) number of cross-references within the biographic archive Munzinger. A list of the 500 most influential intellectuals in Germany was published in Cicero magazine for the years 2007 and for 2012. To avoid subjectivity bias, our sample uses Cicero’s compilation.

We labeled the top 35 intellectuals of each ranking as MEDIASTAR (these account for one third of overall media mentions of the total ranking). Moreover, the standard deviation of media presence is divided in half when excluding the MEDIASTARS, as these values disproportionately vary from the rest of the sample. We labeled those 35 intellectuals that are least prominent in regard to media mentions as MEDIAMIDGETs. As a second indicator for prominence and public stardom, we consider TALKVIS, which reflects whether the intellectual has ever been visiting one of Germany’s major political talk shows.

We use stepwise logistic regression to model the impact of the independent variable on the chances to be considered a MEDIASTAR, and separately, to become a guest in TV talk shows.

Summary of Findings
Covering a broad range of different issues and going beyond the area of one’s expertise disproportionately increase the odds for public stardom, giving rise to a winner-takes-all-market where the best known performers are able to snatch large incomes. That is, incentives and options for performing publicly increase with differentiation, i.e. the range of issues that an intellectual addresses.

Yet, the quality of intellectual output in case of covering a broad range of issues might decrease, due to a public preference for infotainment to rigor and generalization to specialization. Nevertheless, the public and mass media do not necessarily act irrationally when giving credence to few media stars that operate beyond their capabilities. In case that there is little benefit from being reliably informed, the quality of intellectual news might be of minor importance. Instead,
public and media seem to value entertainment higher than information and primarily aim at reducing search costs. Therefore, they rather focus on few notorious faces than quarrying for a specific expert on a particular problem.

Besides, distinguished academics do not perform within the public sphere, but represent media midgets rather than media stars. Instead, top positions seem to be occupied by intellectual rioters.

**Key Contributions**

We enhance Posner’s (2001) attempt, who claims to conduct “A Study of Decline” but actually takes a non-dynamic empirical approach. Moreover, we provide some ideas on quality measurement in public intellectual discourses, while Posner (2001) rather rants against declining quality.

In addition to scholarly citations that are hardly recognized by the media, we take a look upon intellectuals’ specialized expertise concerning the issues they address to cautiously assess the potential quality of their output and provide a measure that illustrates the tradeoff between time investment in public discourses and in academic research. Finally, while previous studies take a polemic and moral perspective to criticize decline in intellectuals’ output, we focus on the economic reasoning behind media presence of intellectual rioters.

*References are available on request.*
My Life Has Become a Major Distraction from My Cell Phone: Partner Phubbing and Relationship Satisfaction

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Keywords: cell phones, addition, romantic relationships, relationship satisfaction

EXTENDED ABSTRACT

Research Questions
Partner phubbing (Pphubbing) is best understood as the extent to which an individual’s relationship partner uses or is distracted by his/her cell phone while in each other’s company. The primary question addressed in this research is, “Does phubbing impact relationship satisfaction among romantic partners?” The research presented also investigates whether such behavior impacts the personal well-being of the affected individual.

Method and Data Used
Study 1 (n = 308 US adults, 46% f) was a measurement study in which our 9-item measure of Pphubbing was developed. The results indicate that the scale has good measurement properties and the scale’s discriminant and convergent validity was established. In addition, Pphubbing was found to predict conflict in relationships (regarding cell phone usage), as well as overall relationship satisfaction.

Study 2 (n = 145 US adults, 55% f) tested the prediction that Pphubbing increases conflict in relationships and that attachment anxiety moderates this relationship. In addition, study 2 examined the impact that Pphubbing has on relationship satisfaction, and ultimately on personal well-being (life satisfaction and depression) of the affected romantic partner.

Summary of Findings
A valid measure of Pphubbing is established. In addition, sequential moderated mediation analyses reveal that the effect of Pphubbing, which is moderated by attachment anxiety, on conflict and relationship satisfaction, carries over into negative effects on personal well-being. Specifically, Pphubbing has an indirect effect on one’s life satisfaction and level of depression.

Key Contributions
Given the ubiquitous and intrusive nature of cell phones, a key contribution of the present research is the development of a needed valid measure of Pphubbing. As a behavior that occurs regularly, Pphubbing should be at the forefront of any efforts to understand how cell phone use impacts romantic relationships. A second contribution is that the present study investigated how Pphubbing affects romantic relationships – an area of research that has received scant attention. The specific focus on cell phones and its impact on relationship satisfaction is also an important contribution. Previous research has combined a variety of technologies when investigating the impact of technology use on relationships obfuscating the unique role that any specific technology might play. A fourth contribution is the incorporation of a measure of cell phone conflict as a mediator between the Pphubbing—relationship satisfaction link. Previous research suggests that it is not the amount of time spent with technology, but the conflict it creates that impacts relationship satisfaction. The impact of Pphubbing on personal well-being is a final contribution of the present study. A sequential moderated-mediation model revealed the indirect effect that Pphubbing has on life satisfaction and depression.

References are available on request.

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Emotional Contagion Through the Use of Emoticons in Service Interactions via Twitter

Svenja Widdershoven, Josée M.M. Bloemer, Mark Pluymaekers

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Research Question
Should machines replace interpersonal interactions in service encounters? Current business practice suggests so. While research has long suggested that “service with a smile” improves customer satisfaction (Barger and Grandey 2006), business practice has not shied away from standardizing processes and automating the human part in service delivery. Today, customers conduct their financial business online, order their retail on the Internet, or interact with a self-service kiosk to get their airline boarding-pass. In strive for increased service productivity, businesses often substitute expensive service personnel with self-service technologies (SSTs) and actively “push” customers to these channels (White, Breazeale, and Collier 2012).

Considering the broad introduction of SSTs in a vast variety of service industries, a more nuanced understanding of customers’ psychological responses to a technology-based self-service becomes all the more important. This study aims to address this issue. Drawing from the theories of the person-sensitivity bias and attribution-biases in human cognition, this research contrasts customers’ attribution-processes and subsequent satisfaction judgments between technology-based self-service and personal service channels. More precisely, we aim to address the questions (1) if customer satisfaction with a service outcome differs between technology-based self-services and personal services and (2) how and why customers’ evaluations may differ.

Method and Data
We have examined a large-scale customer satisfaction survey and conducted two experiments to examine the person-sensitivity-bias and its boundaries in service settings in detail. In our field study, we draw on customer satisfaction data collected from 157,240 airline customers from January 2009 to July 2010 across different members of an airline alliance. This study provides first support for a person-sensitivity bias in service encounters by demonstrating that customers are in fact less dissatisfied with a wrong seat assignment during check-in when they used a self-service channel instead of a personal-assisted channel. We validate these findings in two experiments. Both experiments were conducted online and relied on different service scenarios, which represented the experimental conditions. Experiment 2A establishes the existence of a person-sensitivity bias in service settings by demonstrating that customers evaluate personal, “high-touch” services in more extreme manners than technology-based, “high-tech” services. In Experiment 2B we demonstrate an important boundary of this effect. By drawing from literature on interdependence vs. independence and extending the main experiment to an intercultural level, this study shows that the channel effects mostly arise in highly independent (Western) cultures, and cease to exist in more interdependent (Eastern) cultures.

Summary of Findings
This research shows that customers tend to evaluate personal, “high-touch” services in more extreme manners than technology-based, “high-tech” services. Accordingly, when service outcomes are good, customers are more satisfied with a provider when using a personal service instead of a self-service. When service outcomes are poor, however, customers are more satisfied (or less dissatisfied) when using a technology-based self-service instead of a traditional per-
sonal service. By drawing from attribution theory, this study further demonstrates that differences in satisfaction levels between service channels arise as customers make different causal inferences for an outcome when using a technology-based self-service instead of a traditional personal service. In particular, the results reveal that customers of a personal service tend to overestimate the power of the service employee to cause a particular outcome and hence assume that the service employee causes the outcome intentionally. Personal service customers consequently attribute more responsibility to the provider than self-service customers regardless of the service outcome. Technology-based self-service customers, on the other hand, are more egocentric and hence consistently attribute more responsibility to themselves or—when outcomes are poor—to external, situational factors.

Key Contributions
Findings of this research reconcile seemingly contradictory findings of human-machine and social psychology research. Accordingly, we demonstrate that humans react similarly to humans and machines and hence engage in self-serving attributions in both self-service and personal service settings, as suggested by social response theory. Results, however, also reveal that customers differ significantly in their attribution of responsibility when interacting with a machine instead of a human. Self-service customers are thus more likely to consider external, situational factors as well as their own responsibility that might have contributed to an outcome. As a result, this study also finds support for a person-sensitivity bias as customers react to personal service encounters in more extreme manners than to self-service encounters.

This study also uncovers an important limitation of this channel effect. By drawing from literature on interdependence vs. independence and extending the previous experiment to an intercultural level, we show that the channel effects mostly arise in highly independent, i.e. Western, cultures, but not in more interdependent, i.e. Eastern, cultures. Results reveal that one reason for this limitation is the fact that these customers assign responsibility for an outcome differently.

References are available on request.
Could Customer-to-Customer Interpersonal Relationships Prevent Customers from Following Their Preferred Service Employee to a Competitor?

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ABSTRACT
The trustworthiness of customers’ loyalty intentions towards the service provider has been the concern of many marketing scholars. This paper examines the drivers of three levels of customers’ loyalty (i.e. firm loyalty, employee-owned loyalty, customer-to-customer loyalty). Findings showed that social and functional benefits received from a preferred service employee or other close customers have differential effects on the three levels of loyalty.

Keywords: employee-owned loyalty, social benefits, functional benefits, C-to-C interactions

Introduction
Customers attend many service places (Rosenbaum, 2008) or online communities (Dholakia et al., 2009) to get access to social (i.e. friendship) and functional (e.g. reduced risk, help) benefits when they interact with service employees (Reynolds & Beatty, 2002), and other customers (Moore, Moore and Capella, 2005). These benefits are likely to keep customers emotionally attached to the service place (Rosenbaum, 2008), but they may encourage customers to follow their preferred service employee (i.e. employee-owned loyalty) (Palmatier, Scheer & Steenkamp, 2007). Equally, social and functional benefits received from other customers may also create additional bonds to the service firm (Rosenbaum, 2008). As a result, they may also develop loyalty intentions towards other customers (Curth, Uhrich, & Benkenstein, 2014). Different forms of loyalty might face disruption when a preferred service employee (Palmatier et al., 2007) or a close customer(s) (Curth et al., 2014) switches to a competitor. How would interpersonal relationships with other customers/a preferred service employee give a strong reason to stay rather than to follow a preferred service employee or other preferred customers? Although the extant literature proposed many different ways (e.g. retention strategies of service employees) to reduce the dangers of employee-owned loyalty, little is known about how would companies leverage relationships among other customers to counter the negative side of employee-owned loyalty.

Literature Review
Collective Versus Individual-Based Loyalty
Relationship marketing literature extensively examined customers’ interactions with the firm and a preferred employee (Reynolds & Beatty, 2002), while the service environment literature considered other customers as an integral part of the service environment (Bitner, 1992). In more recent literature, other customers are considered an important element of the service experience (Rosenbaum, 2008). Customers could form multi-level relationships with a specific organization (Palmatier et al., 2007). According to Arbore, Guenzi and Ordanini (2009), customer loyalty is formed on two related levels: collective level (i.e. firm loyalty) and interpersonal level (e.g. employee-owned loyalty). Customers’ loyalty towards a service employee, refer to “behaviours that signal the motivation to maintain a relationship specifically with the focal service employee” (Palmatier et al., 2007: 186). Customers could also form friendship ties with other customers, which might be the main reason to patronize a particular service place (Rosenbaum, 2008). Accordingly, it is expected that customers could form loyalty bonds with certain customers (Curth et al., 2014; Guenzi
and Pelloni, 2004). This term is identified in this paper as “customer-to-customer loyalty.” It is conceptualised as behaviours that signal customers’ interest to maintaining relationship with certain customers.

**Relationship Benefits: Social and Functional Benefits**

According to Grayson (2007), commercial relationship is built on both instrumental (i.e. functional) and intrinsic (e.g. friendship) (i.e. social benefits) orientations. Social benefits refer to the emotional aspect of the relationship as reflected in many distinctive features such as “personal recognition of customers by employees, the customer’s own familiarity with employees, and the creation of friendships between customers and employees” (Dagger and O’Brien, 2010: 1634). Functional benefits refer to advice, information and help, resulting in a convenient error-free service experience (Beatty et al., 1996).

**Conceptual Framework**

The conceptual framework of this paper is depicted in Figure (1). According to social judgement theory, customers decode consistent actions of a particular service person over time to form their perceptions and consequently, their personal loyalty (Arbore et al., 2009). Prior research showed that social benefits received from a particular service employee were found associated with employee-owned loyalty (Reynolds and Beatty, 1999). In a qualitative study, Beatty et al. (1996) illustrated that customers could develop a personal loyalty towards a sales associate based on their perceptions of his/her social and functional benefits.

**H1**: There is a positive association between relationship benefits (a. functional, b. social benefits) received from a service employee and employee-owned loyalty.

In parallel to customer-to-service employee relationship, customers can exchange information, know-how (Harris, Baron and Parker, 2000) and social benefits (Rosenbaum, 2008). Prior research found that social and functional benefits received from other online community members encouraged customers’ to engage in behaviours that signal their intention to maintain their relationship with other customers (i.e. helping other customers) (Dholakia et al., 2009). Equally, Guenzi and Pelloni (2004) put forward an empirical evidence of the association between social benefits received from a certain close customer and loyalty intentions towards this customer.

**Figure 1. The Conceptual Framework**
H2: There is a positive association between relationship benefits (a. functional, b. Social benefits) received from other customers and customer-to-customer loyalty.

In line with resource exchange theory (Foa, 1971), customers are likely to appreciate resources received from others (e.g. service employees) and in turn, reciprocate by sharing same or other resources with them (cited in Chan and Li, 2010). Accumulated empirical evidence showed that customers may feel indebted not only towards the source of resources but also to the medium of exchange such as a service place (Rosenbaum, 2008) or an online community (Dholakia et al., 2009). Guenzi and Osmonbekov and Czaplewski (2006) asserted that functional benefits received from interactions with online community are likely to enhance customers’ ability to use the service and in turn, it is expected to enhance their loyalty towards the service provider. In the context of customer-to-customer interactions, prior research found that social benefits exchanged among other customers are positively associated with customers’ loyalty intentions towards the service provider (Moore et al., 2005; Rosenbaum, 2008).

H3: There is a positive association between relationship benefits (a. functional, b. social benefits) received from a service employee and firm-owned loyalty.

H4: There is a positive association between relationship benefits (a. functional, b. Social benefits) received from other customers and firm-owned loyalty.

According to the relationship marketing paradigm, relationship benefits are likely to increase customers’ dependence on relationship as well as their perceived cost when they consider ending a particular relationship (Hennig-Thurau, Gwinner & Gremler, 2002). Compared to other switching barriers (e.g. procedural and functional barriers), social switching barrier (e.g. losing friendships) was found to have the strongest impact on customers’ intentions to stay with the firm (Burham Frels, and Mahajan, 2003). Accordingly, it is expected that customers would weigh the benefits received from different interpersonal relationship partners (i.e. other customers and a service employee) when consider switching to a competitor. Guenzi and Pelloni (2004) provided a preliminary evidence of negative association between social benefits received from a preferred service employee and customers’ tendency to follow another close customer to a competitor.

H5: There is a negative association between relationship benefits (a. functional, b. Social benefits) received from a service employee and customer-to-customer loyalty.

H6: There is a negative association between relationship benefits (a. functional, b. Social benefits) received from other customers and employee-owned loyalty.

Methods

Health clubs were chosen as a research context. Unlike services that require brief interactions (e.g. retail banking), social benefits are more likely to occur within services that require high level of repeated personal interactions (e.g. GYM). A total of 320 self-administrated questionnaires were collected using a systematic sample from two branches of a national branded GYM located in a greater Cairo. Out of 320 surveys, 58 respondents were found exercising alone and another 15 responses were found incomplete, resulting in 247 valid responses, which is in line with sample size in other comparable studies (Guenzi and Pelloni, 2004; Moore et al., 2005). The survey was pre-tested on twenty customers. A seven-point Likert scale was used in this study. The sample was dominated by males (78%), where 65% of the respondents were aged between 18 and 24 years. They were also well-educated (60% of them hold a bachelor degree). Their average length of membership was around seven months.

Data Analysis

The Partial Least Square approach of the Structural Equation Modelling was used for the data analysis. All the study’s measures were first factor analyzed (Barlett’s test of sphericity ($P = 0.000$), KMO (0.828). Then, they were subjected to confirmatory analysis using the PLS-SEM approach. Table (1) reports factor loadings and associated composite reliability and AVE of the constructs, which were found above the recommended (Jöreskog and Sörbom 1996). The square root of the AVE for all factors exceeded the correlation values of all possible pairs, which support the discriminant validity, as shown in Table (2). The results of the path analysis are reported in Table (3).

Discussion of Results

Customers develop a multi-level loyalty towards a particular organization: firm loyalty, employee-owned loyalty and customer-to-customer loyalty (Guenzi and Pelloni, 2004). The tensions between these forms of loyalty materialize when a preferred service employee switches to a competitor with similar services (e.g. Beatty et al., 1996). This paper extends this discussion by examining the differential effects of social and functional benefits coming from two different sources (i.e. a preferred employee and a group of preferred customers) on the three forms of loyalty (i.e. firm loyalty, employee-owned loyalty and customer-to-customer loyalty). Unlike prior research (Curth et al., 2014; Guenzi and Pelloni, 2004) which concentrated on social benefits when examining customer-to-customer loyalty, this paper examined the consequences of functional and social benefits.

Reasons to Leave the Selling Firm

The findings demonstrated that customers’ tendency to maintain their relationship with the focal service employee,
### Table 1. Confirmatory Analysis

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Loading</th>
<th>ComReliab.</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social Benefits-Other fellow customers</strong> (Gwinner et al., 1998)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The friendship aspect of my relationship with certain GYM members is very important to me</td>
<td>0.85</td>
<td>0.94</td>
<td>0.82</td>
</tr>
<tr>
<td>I enjoy spending time with other GYM members</td>
<td>0.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I value close, personal relationship I have with other GYM members</td>
<td>0.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I enjoy the company of other GYM members</td>
<td>0.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Functional Benefits-Other Fellow Customers</strong> (Reynolds and Beatty, 1999)</td>
<td>0.91</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>I value the convenience benefits certain GYM members provide me very highly*</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certain GYM members provide information at an appropriate level of detail*</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I benefit from the exercise/diet advice certain GYM members give to me</td>
<td>0.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I exercise better because of certain GYM members</td>
<td>0.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am getting into shape because of certain/other GYM members</td>
<td>0.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social Benefits-A Preferred Service Employee</strong> (Gwinner et al., 1998)</td>
<td>0.93</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>The friendship aspect of my relationship with my trainer is very important to me</td>
<td>0.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I enjoy spending time with my trainer</td>
<td>0.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I value close, personal relationship I have with my trainer</td>
<td>0.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I enjoy my trainer’s company</td>
<td>0.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Functional Benefits/Preferred Service Employee</strong> (Reynolds and Beatty, 1999)</td>
<td>0.92</td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td>I value the convenience benefits my trainer provides me very highly*</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My trainer provide information at an appropriate level of detail*</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I benefit from the exercise/diet advice my trainer gives to me</td>
<td>0.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I exercise better because of my trainer</td>
<td>0.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am getting into shape because of my trainer</td>
<td>0.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer Loyalty towards the Firm</strong> (Zeithaml, Berry, Parasuraman, 1996)</td>
<td></td>
<td>0.89</td>
<td>0.73</td>
</tr>
<tr>
<td>You consider this GYM your first choice when choosing a GYM</td>
<td>0.81</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This is the GYM you prefer over others</td>
<td>0.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>You would continue your membership with this GYM</td>
<td>0.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee-owned Loyalty</strong> (Palmatier et al., 2007)</td>
<td></td>
<td>0.90</td>
<td>0.70</td>
</tr>
<tr>
<td>If my trainer(s) moved to a new GYM with similar products, I would like to follow him/her if there is no binding subscription</td>
<td>0.80</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would come less frequent to my current GYM, if my trainer(s) left the GYM</td>
<td>0.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would be less loyal to this GYM, if my trainer(s) moved to a new GYM</td>
<td>0.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel greater loyalty toward my trainer(s) than to this GYM</td>
<td>0.85</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would recommend this trainer(s) to others even if he/she moved to a new GYM*</td>
<td>—</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer-to-Customer Loyalty</strong> (Palmatier et al., 2007)</td>
<td></td>
<td>0.94</td>
<td>0.81</td>
</tr>
<tr>
<td>If certain GYM members moved to a new GYM with similar products, I would like to follow them if there is no binding subscription</td>
<td>0.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would come less frequent to my current GYM, if certain members left the GYM</td>
<td>0.93</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would be less loyal to this GYM, if certain GYM members moved to a new GYM</td>
<td>0.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel greater loyalty toward certain GYM members than to this GYM</td>
<td>0.87</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would talk positively about certain GYM members even if they moved to a new GYM*</td>
<td>—</td>
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</tbody>
</table>

*items removed during measurement purification
even if s/he left to a competitor, was driven by social benefits in terms of social conversations and friendships but not functional benefits. These results are consistent with prior research (e.g. Plamatier et al., 2007). Reynolds and Beatty (1999) showed that, unlike social benefits, functional benefits received from a preferred employee were indirectly related to employee-owned loyalty via customers’ satisfaction with the service employee. Interestingly, the results showed that social benefits received from other customers were found to reduce customers’ tendency to follow their preferred service employee to another competitor, while functional benefits received from other customers were found to increase intentions to follow a preferred employee to a competitor. Possibly, customers may get used to certain level of social resources when they attend a service place (e.g. GYM). Any disruption to the supply of these social benefits received from a preferred service employee may encourage them to follow him/her to a competitor, unless these social resources were compensated from other customers. In contrast, advices and educational exercise tips received from other customers were the strongest predictor of customers’ tendency to follow certain customers to a competitor. These findings are consistent with Guenzi and Pelloni (2004) in terms of the consistency of the effect of social benefits on customer-to-customer loyalty. However, their study did not examine perceptions of functional benefits received from other customers, as provided in this paper. It is well-established that functional benefits might be more important at the early stages of relationship, but at later stages, social benefits become more important (Dagger and O’Brien, 2010).

Receiving social and functional benefits from a preferred employee was found unrelated to customers’ tendency to fol-

<table>
<thead>
<tr>
<th>Table 2. The Correlation Matrix</th>
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<tr>
<td></td>
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<tr>
<td>1. C-to-C loyalty</td>
</tr>
<tr>
<td>2. Firm loyalty</td>
</tr>
<tr>
<td>3. Emp-owned loyalty</td>
</tr>
<tr>
<td>4. Fun. benefits/employee</td>
</tr>
<tr>
<td>5. Fun. benefits/other customers</td>
</tr>
<tr>
<td>6. Soc. benefits/employee</td>
</tr>
<tr>
<td>7. Soc. benefits/other customers</td>
</tr>
</tbody>
</table>

The diagonal represents the Sq. root of AVE

<table>
<thead>
<tr>
<th>Table 3. The Structural Model</th>
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<tbody>
<tr>
<td></td>
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<tr>
<td>Social benefits/other customers → Firm loyalty</td>
</tr>
<tr>
<td>Functional benefits/other customers → Firm loyalty</td>
</tr>
<tr>
<td>Social benefits/service employee → Firm loyalty</td>
</tr>
<tr>
<td>Functional benefits/service employee → Firm loyalty</td>
</tr>
<tr>
<td>Social benefits/other customers → C-to-C loyalty</td>
</tr>
<tr>
<td>Functional benefits/other customers → C-to-C loyalty</td>
</tr>
<tr>
<td>Social benefits/service employee → C-to-C loyalty</td>
</tr>
<tr>
<td>Functional benefits/service employee → C-to-C loyalty</td>
</tr>
<tr>
<td>Social benefits/other customers → Employee-owned loyalty</td>
</tr>
<tr>
<td>Functional benefits/other customers → Employee-owned loyalty</td>
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<tr>
<td>Social benefits/service employee → Employee-owned loyalty</td>
</tr>
<tr>
<td>Functional benefits/service employee → Employee-owned loyalty</td>
</tr>
</tbody>
</table>

Critical t-value = 1.645 (one-tail tests)
low certain customers to a competitor. Prior research showed that social benefits received from a service employee may reduce customers’ tendency to follow a preferred customer (Guenzi and Pelloni, 2004). As a post hoc test, the tendency to affiliate and mix (i.e. measured by a single-item seven point scale) with other customers were found negatively related to customers’ tendency to follow certain close customers.

**Reasons to Stay with Selling Firm: Firm-Owned Loyalty**

Unlike social and functional benefits coming from other customers, the study findings showed that the functional, but not social, benefits received from a preferred service employee are likely to enhance customers’ loyalty intentions towards the service provider. These results are inconsistent with prior research that found that social benefits received from a preferred service employee were the dominant driver of customers’ loyalty towards the service provider (Hennig-Thurau et al., 2002). Future research needs to identify conditions (e.g. relationship length, service category) under which social and functional benefits received from different sources (i.e. other customers, service employees) enhance customers’ intentions towards the service provider.

Taken altogether, social conversations with a preferred service employee were more likely to make customers’ tempted to follow him or her to a competitor, while receiving social benefits from other customers may reduce this temptation. In addition, social and functional benefits received from other customers, were adding up to one’s loyalty towards them, but not towards the service provider. In contrast, functional benefits provided by a preferred service employee contribute to one’s loyalty intentions towards the service provider. A possible explanation to these results may rests on the attribution research. Customers may attribute exercise tips and skills provided by the service employee to the service provider, but they may not think of other close customers in the same way. Companies need to play a more active role in facilitating positive customer-to-customer interactions to buffer against drawbacks of employee-owned loyalty. With respect to research limitations, the conceptual framework was tested in a single industry as well as the sample was dominated by male. The cross-sectional nature of the study may not support causality of some relationships.

**References**


Hennig-Thurau, T., Gwinner, K., Gremler, D., 2002. Understanding relationship marketing outcomes: An inte-


Working for “The Man” Without Pay: An Initial Investigation of Consumer Perceptions of Effort

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Paula Margaret Fitzgerald, West Virginia University
Laurel Aynne Cook, West Virginia University

Keywords: consumer effort, resource valuation, service provider choice, self-service goals, experiment

EXTENDED ABSTRACT

Research Question
Self-service is a common way for firms to provide faster, lower-priced, and convenient services. Additionally, customer collaboration is utilized in a variety of marketing activities. In these examples, firms are extracting (sometimes offering, sometimes demanding) effort from the consumer. Lambert (2015) describes these tasks as “shadow work” which include the unpaid tasks consumers do on behalf of businesses. Importantly, effort is defined as the amount of time and energy (mental, emotional and/or physical) an individual expends (c.f., Berry, Seiders and Grew 2002; Jaramillo and Mulki 2008). Effort can be “voluntary,” such as when a consumer freely engages in completing the task him/herself as opposed to having a service provider complete the task. Alternatively, effort can be “involuntary,” such as when s/he has no choice but to “do-it-yourself.” Of specific interest in the current research are the effects of involuntary effort on consumers’ perceptions and behavioral outcomes for maintenance-related self-service goals (Berry et al. 2002).

Involuntary effort may be perceived by consumers as a violation of distributive justice. When a consumer engages in involuntary effort to maintain the status quo, s/he may believe that effort has been expended without personal benefit; however, the firm has exerted no effort and is reaping the benefits of the consumer’s time and energy. Therefore, the consumer may evaluate the situation as unfair and the firm as untrustworthy. As trust leads to cooperation-enhancing, long-term relationships (c.f., Kim and Maugorn 2003), the negative effect of involuntary effort on trust should also negatively influence consumers’ cognitions and behavior. Here, we examine cognitive outcomes (e.g., trust in the company, fairness and price perceptions) and behavioral outcomes (e.g., choice and intentions to “troll”—publically and anonymously posting negative comments). We also explore how skepticism (a context-specific belief or attribution that an actor is motivated by its own self-interest; Mohr, Eroglu and Ellen 1998) moderates our hypothesized effects.

Method and Data
The pilot study was a 2 (Effort: low/high) x 2 (Skepticism: low/high) between-subjects design. 195 adult American consumers were obtained using Amazon’s Mechanical Turk (mTurk) online platform. Cell sizes ranged between 45 and 51. The main experimental study used a between-subjects design identical to the pilot study. Participants were 189 adult American consumers obtained through mTurk. Cell sizes ranged between 48 and 51. The sample had a median income of $40,000 to 49,999, 90% had at least some college and 56% had a college degree. Slightly less than half of the sample was male (43%), and the mean age of the respondents was 50 (SD = 13.4). 73% were Caucasian, 42% were employed full-time, and geo-IP measures embedded within the survey confirmed responses from 39 states.

Summary of Findings
Results from the pilot study confirm the negative relationship between high consumer effort and our measures. As expected, consumers’ skepticism plays a moderating role.

For further information contact: Raika Sadeghein, doctoral student, West Virginia University (rasadeghein@mix.wvu.edu).
Specifically, for skeptical consumers trust perceptions are lower when perceived effort is high. For consumers’ price perceptions, the favorable effect of low effort is strongest under conditions of high skepticism. Results also suggest that consumers’ perceived effort works through perceptions of trust to increase the likelihood of trolling (i.e., a mediating effect of trust). Similarly, the effects of effort on perceptions of price were also mediated by trust in the company. We also found that consumer effort influences choice (e.g., changing the current service or switching providers), such that the likelihood of choosing a more severe course of action (switching providers vs. changing the current service) increased as consumers’ perception of effort also increased.

In the main study, in addition to testing the robustness of our observed effects, we offer a multidimensional measure of consumer effort and examine some of the theoretical processes underlying the effects detected in the pilot study. Results show how perceptions and behavior change as a function of effort type. Interestingly, both dimensions of effort (emotional and mental/physical) have varying effects. Trust perceptions are influenced by both dimensions of effort while only mental/physical effort is associated with negative affect. While both dimensions were associated with increased price perceptions, only mental/physical effort is associated with trolling behavior. Examination of the main effects shows that mental/physical effort is associated with lower trust, unfairness in terms of marketplace power, negative affect, increased price perceptions and anticipated trolling behavior. The results also indicate that it is the mental/physical dimension of effort that predicts the choice between simply changing the service and switching providers. Importantly, the more the consumer viewed the effort as an investment (as opposed to a ‘cost’), the lower his/her effort perceptions. However, consumers who attributed the firm’s changes in service to the profit motive perceived significantly more effort. Additionally, attributions to profit motives increase perceived effort.

**Key Contributions**

The present research provides evidence that consumer effort is multidimensional and results are strongest for the mental and physical dimension of this underexplored construct. As expected, trust underscores the influence of effort on consumers’ perceptions and behaviors. Greater effort generally reduces trust and fairness perceptions, increases negative affect, leads to higher price perceptions, and even drives consumers to switch to competing service providers. Interestingly, involuntary effort can motivate consumers to actively “troll” the firm—a measure that extends beyond firm evaluations. Additionally, we have indications that effort perceptions may be moderated by skepticism and are a function of the consumer’s goals, his/her framing of effort as a cost or investment, and his/her attributions regarding firm’s desire to increase profit.

*References are available on request.*
Antecedents and Consequences of Customer-to-Customer Interaction at Self-Service Technology Environments

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Mohammadali Zolfagharian, The University of Texas Rio Grande Valley

Keywords: customer-to-customer interaction, self-service technology, helping transaction, customer-company identification

EXTENDED ABSTRACT

Research Question
Self-service technologies (SSTs) reduce and in some situations eliminate the interaction between the customers and the frontline employees. They may not necessarily have a similar effect on customer-to-customer interactions (CCIs). In this paper, we suggest that self-service technology environments encompass helping transactions, which we refer to as interactions between customers who seek help (help-seekers) and other customers (potential helper) with regard to operating the SST.

We investigate helping transaction from the potential helpers’ perspective. The present study bridges a gap in the literature by addressing two main research questions:

1. What are the underlying factors that influence potential helpers at SST environments to comply with direct requests for assistance from fellow customers and how do those factors influence the quality and outcome of the interaction?

2. What are the consequences of helping transactions in SST environments?

The hypothesized relationships are as follows:

H1a: Role clarity is positively and significantly associated with CCI outcome in SST environments.

H1b: Role clarity is positively and significantly associated with CCI quality in SST environments.

H2a: Ability is positively and significantly associated with CCI outcome in SST environments.

H2b: Ability is positively and significantly associated with CCI quality in SST environments.

H3a: Motivation is positively and significantly associated with CCI outcome in SST environments.

H3b: Motivation is positively and significantly associated with CCI quality in SST environments.

H4: CCI quality is positively and significantly associated with customer-company identification.

H5: CCI outcome is positively and significantly associated with customer-company identification.

H6: Customer-company identification is positively and significantly associated with customer loyalty.

Method and Data
Data were collected from a convenience sample of undergraduate students at a university in southern Texas. Students were asked to complete the survey in exchange for extra credit. The survey instrument consisted of three sections: in section one, participants’ level of role clarity, ability, and motivation in regard to using SSTs were gauged using Likert-type scales with anchors strongly disagree to strongly agree. In section two, participants were first asked to remember whether they had ever been asked by a fellow customer to help him/her with an SST and to specify that particular SST. Then, they were instructed to respond to a num-
ber of survey questions pertaining to that past incident. Lastly, section three assessed the demographic characteristics of the participants. A total of 127 usable survey responses were collected. Fifty-eight percent (58%) of the respondents were females. The data were fit to our proposed conceptual model using SmartPLS3, a PLS structural equations modeling software. We assessed the psychometric properties of the measurement model and estimated the parameters of the structural model.

Summary of Findings
We found that customer ability and motivation to use SSTs influence outcome and quality of the interaction between a potential helper and a help-seeker at SSTs. However, the proposed relationship between customer role clarity and CCI output and quality was not supported. As expected, we found support for the direct linkage between CCI and customer-company identification. Our last hypothesized relationship between customer-company identification and customer loyalty is also supported. Our research findings suggest that when potential helpers successfully and pleasantly help a fellow customer to resolve his/her problem with SST, their identification with the company increases which will eventually lead to loyalty attitudes toward the company.

Key Contributions
Much of the research concerning CCI has investigated it in service settings ranging from leisure and hospitality to education. However, this growing body of research has not investigated the nature of CCI in SST settings. We contribute to the literature by introducing the ‘helping transaction’ as an important form of customer-to-customer interaction (CCI) in self-service technology environments. Our findings shed light on a potentially useful route for building stronger customer relationships and thereby expanding customer-company identification, the favorable outcome variable of positive CCI. We empirically established the impact that such helping transactions have on the formation of a deep bond between the customers and the company. In addition, we show that this bond leads to an increase in the customers’ attitudinal loyalty toward the company. We also examine the underlying factors that determine the outcome and quality of the helping transaction, between a potential helper and a help-seeker, as perceived by the potential helper at the SST.

References are available on request.
Research Question
Customers use their mobile devices for a variety of reasons at the point of sale (e.g., compare prices, gather detailed product information, or search for product reviews; Daurer et al. 2015). The purpose of this research is to improve the knowledge of the value of mobile devices as a communication channel in contrast to personal communication. In other words, this research addresses the question of how the communication channel (mobile device vs. face-to-face) affects the persuasiveness of recommendations by both customers and salespersons in a brick-and-mortar environment.

Method and Data
To investigate the impact of different communication channels and information sources on persuasiveness of recommendations we conducted two 2 (mobile device vs. face-to-face) × 2 (salesperson vs. customer) between-subjects experiments. The communication channel was manipulated in such a way that participants in the face-to-face condition got the information from a personal consultation, whereas respondents in the mobile condition were told to imagine a situation in which they used their mobile device to search for a review on the mobile web. To manipulate the information source, participants in the salesperson condition were told that the recommendation came from a salesperson of the store, while participants in the customer setting were told they got a review from another customer. While Study 1 (N = 232, Mage = 21.2 years) is of explorative nature, Study 2 (N = 354, Mage = 23.4 years) intended to provide a better understanding of the underlying mechanisms by including additional measures.

Summary of Findings
The results of our studies demonstrate the relevance of research on mobile devices as a communication channel. In the context of mobile web search, the effect of mobile devices seems to be contradictory. On the one hand, digital devices increase the persuasiveness of information by a salesperson, but in contrast, customers’ advice is more convincing in a personal conversation. Further analysis reveals a mediating effect of perceived egoism and therefore, an explanation for the negative influence of salesperson as information source on persuasiveness. In addition, our results show that customers’ perception of control over the information process is triggered by the communication channel. Finally, results indicate that usage of mobile devices as communication channel increase perceived control, which in turn results in an attenuation of negative consequences of salesperson as information source on persuasiveness.

Key Contributions
This research provides several important implications for business practices. For retailers it might be important to provide their customers the opportunity to gather additional information by means of digital devices. Thereby, retailers can convey the impression that customers have control of the information process; which entails a reduction in the
negative impact of adverse attributions to the salesperson. Moreover, this study contributes new aspects to existing research on salespersons’ persuasiveness (Sharma 1990) and responds to several calls to investigate the impact of mobile devices on customers’ in-store behavior (e.g., Cliquet et al. 2014). Finally, we offer a first approach to bridge the gap between research on computer-mediated communication (Kiesler, Siegel, and McGuire 1984) and systematic information processing of digital content in the context of retailing (Chaiken 1980).

References are available on request.
In the Right Place: The In-Store Location of Promotional Displays Can Alter Shoppers’ Attention and Buying Decision

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Keywords: point of sale, buying decision, decision process, shopper behavior

EXTENDED ABSTRACT

Research Question
Our field experiment compared the effects of congruent und incongruent display locations on shoppers’ attention and their buying decision process.

Method and Data
We tested our assumptions in a field study by using a quasi-experimental design with the between-subjects factor in-store display location (congruent x incongruent location). The study was conducted in a store of a Swiss grocery retailer. Congruence of the in-store location was manipulated by locating an in-store display for chocolate in the aisle for chocolate products (congruent condition) or in the aisle for dairy products (incongruent condition). The location altered respectively every five hours, which means that every day the display was placed between 9 a.m. to 2 p.m. in one aisle and between 3 p.m. and 8 p.m. in the other aisle. On the following day, the in-store display was located in the aisles in reverse order. To collect data on the variables of interest, we conducted a non-participating observation, meaning that consumers were unaware that their behavior was being observed. The observation served to measure shoppers’ attention to the in-store display and the final purchase decision in terms of the amount of purchases as well as purchase abandonments of displayed chocolate bars. N = 1,670 shoppers were observed with n = 863 in the congruent location and n = 807 in the incongruent location setting.

Key Contributions
First, retailers and manufacturers could learn from these results how to improve the design of displays depending on its in-store location: In congruent settings, design elements of the display should aim at gaining attention. If the display is located in an incongruent setting, the design should focus on communicating a fit between the surrounding products and the displayed products. Second, our results underscore the impact of relevance of the products for shoppers’ buying decisions. Therefore, an in-store display should address aspects relevant to shoppers in the respective aisle. This requires that retailers and manufacturers gain insights into the expectations and needs of shoppers in the relevant aisle. Randomly targeting a message in-store appears unlikely to be of success, so specificity is likely to deliver better results.

Summary of Findings
The results of our study showed support for our assumptions. The display in an incongruent setting attracted substantially more attention from shoppers than in the congruent setting: In the incongruent setting 24.7% of the shoppers in the aisle had visual contact with the displayed product, while only 18% of the shoppers in the congruent setting had visual contact. Obviously, the displayed chocolate was not expected by shoppers in the dairy aisle, which led to the shoppers’ more intensive interaction with the display. However, our results indicate that it is not always enough for an in-store marketing tool to gain attention: The conversion rate from visual contact to purchasing the product and the total share of buyers of the displayed product were both substantially higher in the congruent setting (in the congruent setting, 61.9% of shoppers who had visual contact also took hold of the displayed product, in the incongruent setting, this share 33.2%). Furthermore, the
conversion from attention to a displayed product (visual contact) to buying the product was significantly higher in the congruent setting (52.9%) than in the incongruent setting (28.6%). And also the share of buyers was larger in the congruent setting (9.8%) than in the incongruent setting (7.1%). Retailers and manufacturers could learn from these results how to improve the design of displays depending on its in-store location.

References are available on request.
Creative In-Store Packaging Cues: Are Consumers Noticing?

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Keywords: advertising creativity, divergence, relevance, curiosity, brand attitude

EXTENDED ABSTRACT

Research Question
Retailers and brand managers agree that in-store cues, such as creative packaging can increase sales across a number of product and store categories. However, limited attention has been paid to the effects of these creative cues on process (i.e. motivation to process) and response (i.e. brand attitude and purchase intentions) measures. While it is accepted that process, response and persuasion measures can act in synchronicity to provide sensitive and reliable metrics of in-store marketing effectiveness, yet their combined effect with regards to extrinsic creative cues has not been investigated. Extant research on influence of creativity on behavioral outcomes has examined only highly creative cues. In retail supermarkets, varying degrees of creativity employed in packaging design is observed. However, the impact of less creative cues on consumer process, response and persuasion measures is largely unknown. This paper empirically investigates, (a) whether an increase in creativity has an impact on motivation to process and response measures?, (b) whether creative cues make consumers more curious?, (c) what is the effect of curiosity on consumer's motivation to process the ad?, and (d) what is the impact of process measures on response measures in the presence of a creative extrinsic cue?

Method and Data
In order to create a variation in the creativity associated with less creative and highly creative extrinsic cues, two pretests were carried out. The first pretest involved 6 people from creative industries including 2 advertising agencies executives, 2 music industry executives, and 2 academics in the area of advertising and marketing. After careful deliberations the team agreed on music album covers as the final choice, selecting 10 creative and 10 non-creative packages. The team used both qualitative and quantitative methods to decide on the final choice of creative and non-creative album covers. A self-administered structured questionnaire was used to measure and validate the hypothesized relationships. Data were collected in two cities from South East England through mall intercept over five weeks. Once a consumer agreed to participate, they were first shown either the creative or non-creative album covers as selected above. The consumers were then asked to complete the self-administered structured questionnaire. In total, 457 consumers agreed to participate in the study. After cleaning the data, the final usable sample for creative cues was 201 and the non-creative cues 196 representing a cumulative response rate of 41.68%. The hypothesized relationships were tested using maximum likelihood simultaneous estimation procedure.

Summary of Findings
The significant relationship between creativity and motivation to process suggests that creative cues increase chances of motivation to process. However, the impact of divergence on motivation to process was significant with regard to less-creative cues. A highly divergent cue requires extra attention and time to process the information due to its originality and innovativeness when consumers are hard-pressed for time in retail setting. This may lead consumers to avoid processing highly divergent creative cues to simplify their overall buying process. On the other hand, when the highly creative cue is appropriate and meaningful, it increases the overall motivation to process. Further, the results on the influence of divergence and relevance on persuasion measure of curiosity demonstrate that highly creative (divergent) cues make consumers curious. However, if the cue is less creative, divergence does not ignite curiosity. This result shows that depending upon the level of creativity, consumers process...
creative cues differentially. The construct of relevance, relates to consumer involvement and the interpretation of meaningfulness of cues. The study show that relevance significantly influences curiosity in both high and less creativity context, a result explained in the nature of the retail context where customer involvement is relatively low.

**Key Contributions**
There are several unique contributions of this study. First, the study provides a comparative model of less creative and highly-creative cues on consumer decision making focusing on process, response and persuasion measures. Second, the study analyses two specific dimensions of creativity—divergence and relevance. The results highlight that divergence is a critical component for creativity, and relevance plays a role too. Third, the study examines the influence of creativity on process and response measures. Fourth, it examines the impact of creativity on persuasion measures by incorporating the construct of curiosity. Overall, the study makes novel contributions to the domain of creativity by examining the simultaneous measurement of process, response and persuasion measures in understanding the differential impact of ad creativity. The finding relating to the impact of persuasion measure on response measure is crucial for the context of the overall impact of creativity. In the presence of a creative extrinsic cue, consumers become more curious and in turn, are more inclined to process the stimuli. Therefore, mangers should test a creative extrinsic cue for not only its originality and relevance, but also on its ability to generate curiosity in the recipients.

*References are available on request.*
Happy Grocery Shopper: The Creation of Positive Emotions Through Affective Digital Signage Content

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Keywords: digital signage, store environment, emotions, cognition

EXTENDED ABSTRACT

Research Question
Does the presence of digital signage affect consumer responses?

Which (congruent) digital signage content (i.e., affective, cognitive, or mixed) evokes the most favorable responses?

Method and Data
A one-factor between-subjects design with digital signage as a manipulated factor tests the conceptual framework. Digital signage was manipulated according to its application and particularly with regard to its content (i.e., traditional, non-digital promotional tags for the control group but affective, cognitive, mixed digital signage content for three experimental groups). The study was conducted in an outlet of a well-known grocery chain in the country under investigation (N = 200). Data were analyzed with MANOVA and mediation analysis with dummy variables.

Summary of Findings
Drawing on resource matching theory and the limited capacity model, the present research demonstrates that digital signage content congruent to the shopping task positively affects emotions, cognition and behavioral intentions. The results confirm that affective digital signage evokes the most positive emotions and most favorable store and merchandise evaluations. This finding goes along with our theoretical reasoning that emotional content creates more favorable responses than mixed or cognitive content.

Key Contributions
The current study reveals that a digital signage system creates positive and avoids negative shopping experiences and thus offers practical guidelines for retailers on the creation of positive emotions in utilitarian shopping situations. Extant literature suggests that grocery shopping evokes negative emotions. Since negative emotions outweigh positive ones, the finding of the present research that digital signage can reduce negative emotions is of high relevance. In particular, grocery retailers should rely on affective content to create pleasant shopping experiences. Positive emotions enhance impulsive buying and increase store revisit intentions.

References are available on request.
Exploring the Customization-Satisfaction Link in Services

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Keywords: customization, encounter satisfaction, theory of social information processing

EXTENDED ABSTRACT

Research Question
Both practitioners and scholars have paid increasing attention to the strategy of customization (e.g., Arora et al. 2008; Franke et al. 2009). This research focuses on customization of services as an approach to enhance customer satisfaction by providing customer-tailored service. The objective of this article is to advance the services literature by explaining how customers’ perceptions of employee adaptive behavior translate into satisfaction judgments. Drawing on theory of social information processing (Wyer 2012), we posit that customers encode and interpret employee adaptive behavior and draw conclusions about the existence of individual-level operant resources on the side of their service providers (i.e., expertise and perspective-taking), which in turn are the basis for subsequent satisfaction judgments. In addition, we posit that the extent to which these employee evaluations influence satisfaction differs contingent on customers’ familiarity with the service.

Method and Data
To test the hypothesized effects, we conducted a quantitative study within the travel agency context. The unit of analysis in this research is the interpersonal relationship between customers and frontline service employees, which we analyzed from the customer’s point of view. A standardized questionnaire including construct measures based on previous work served as the data collection instrument and was administered to a sample of respondents who were randomly selected from a listing provided by a travel agency. We tested the multiple mediation model and the moderated multiple mediation model with robust data analytic techniques based on a bootstrapping approach (Preacher and Hayes 2008).

Summary of Findings
The results show that customers’ perceptions of employee adaptive behavior have significant positive effects on customers’ assessments of employee perspective taking and expertise, which in turn have significant positive effects on customers’ level of encounter satisfaction. In addition, the results reveal a significant total indirect effect and significant specific indirect effects via perspective taking and expertise. Since the direct effect from employee adaptive behavior on encounter satisfaction remains significant and positive after entering the mediators, the results point to complementary mediation. Regarding the moderation effects of customers’ level of service familiarity, the results show significant interaction effects for both perspective taking x customer service familiarity and expertise x customer service familiarity on encounter satisfaction. The indirect effect via perspective taking becomes weaker when service familiarity increases and the indirect effect via expertise becomes stronger when service familiarity increases.

Key Contributions
This research contributes to the literature by zooming in the relationship between employee adaptive behavior and satisfaction and by offering new insights about the causal pattern of factors specifying this relationship. The findings from this study suggest that customers ‘read’ employee behaviors in service situations to construct mental representations about employee skills, which in turn translate into judgments of service situations. In addition, this article extends current knowledge by demonstrating boundary conditions of the mediation effects. The findings from this study show that the ways in which evaluations of perspective taking and expertise...
influence satisfaction judgments differ contingent on customers’ familiarity with the service. In summary, this research makes a theoretical contribution by offering an integrative position and new insights about the customization-satisfaction link. The findings of this study clarify prior research as they support the account that customers’ assessments of employee skills mediate the relationship between perceived employee adaptive behavior and encounter satisfaction. In addition, the findings of this study demonstrate that customers’ familiarity with the service act as a moderator of these mediation effects. This knowledge helps resolve some of the mixed results as shown in previous studies and provides guidelines for managers who wish to implement customization approaches to enhance customer satisfaction with service.

References are available on request.
How to Deal with Uncertainty While Interacting with Professional Services Clients: The Role of Communication Style and Uncertainty Disclosure

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Dirk Totzek, University of Passau

Keywords: professional services, service encounter, customer-employee interface, communication style, uncertainty disclosure

EXTENDED ABSTRACT

Research Question
Professional services providers often have to make advice and take decisions without being sure which option will eventually work out and best address their clients’ needs. For example, physicians face uncertainty when treating patients with non-specific or complex symptoms, amongst others, with regard to the choice between alternative medications and potential outcomes of alternative treatments (Blanch et al. 2009). To tailor the interaction to the needs of their clients, professional services providers need to know how and to which extent their clients want to be informed about such uncertainty. As the issue of dealing with uncertainty is embedded in a professional services provider’s communication style, the latter should play a pivotal role when it comes to the question of whether and how uncertainty should be disclosed. However, previous research falls short of linking the concepts of communication style and uncertainty disclosure (e.g., Liu et al. 2015).

This study addresses three research questions: (1) How should professional services providers deal with uncertainty during the service encounter? (2) What is the role of the professional services provider’s communication style in this respect? (3) How do these two aspects affect the client’s service encounter satisfaction, trust, and loyalty?

Method and Data
To conceptualize our framework, we first conducted semi-structured interviews with 30 representatives from various professional services industries. The interviews explored professional services providers’ communication styles and strategies to deal with uncertainty. Interviews lasted 40 minutes on average and centered on the service encounter in the professional services context.

To test our hypotheses, we conducted a scenario-based experiment in the medical context with 404 participants. We manipulated the physician’s communication style and strategy of uncertainty disclosure in a 2 (interaction orientation: high vs. low) x 2 (participation orientation: high vs. low) x 2 (uncertainty disclosure: open vs. restrictive) between-subjects design. As outcome variables, we assessed the participants’ service encounter satisfaction, trust, and loyalty in the different experimental conditions.

Summary of Findings
Our interviews indicate that professional services providers generally focus on two dimensions of communication (interaction orientation and participation orientation). Moreover, professional services providers mostly rely on two strategies to disclose uncertainty (open vs. restrictive).

The experimental data show that a high participation orientation and a high interaction orientation have positive effects on the client’s satisfaction with the service encounter, trust, and loyalty. In this, a high interaction orientation particularly increases outcomes for participants with low medical expertise. With regard to uncertainty disclosure, a restrictive

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strategy to cope with uncertainty generally outperforms open uncertainty disclosure. However, a high participation orientation mitigates the negative effect of open uncertainty disclosure.

In sum, our findings indicate that professional services providers should adopt a communication style that is high in interaction and participation orientation. In addition, professional services providers should communicate uncertainties rather in a restrictive than in an open manner.

**Key Contributions**

Our study makes three contributions to previous literature. (1) We develop a typology of communication styles for the professional services context. The typology integrates two major dimensions of communication of professional services providers (interaction orientation and participation orientation). (2) We analyze to what extent knowledge-intensive services providers inform their clients about uncertainties. We identify two basic strategies of professional services providers to disclose uncertainty (open vs. restrictive). (3) We empirically examine how a professional services provider’s communication style and strategy to disclose uncertainty affect customer perceptions of the service encounter as well as clients’ trust in and loyalty to the service provider. Thereby, we also analyze the moderating role of client expertise.

From a managerial perspective, our study provides a better understanding how professional services providers should communicate and deal with uncertainties while interacting with their clients. Gaining such insights is crucial as professional services providers can draw on such knowledge to better address a client’s needs during the service encounter. This is especially relevant in the professional services context as professional services providers have been criticized to lack customer orientation (Sweeney, Soutar, and McColl-Kennedy 2011).

*References are available on request.*
Patient Centered Service Delivery Mechanisms in an Emerging Economy: An Institutional Theory Perspective

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Keywords: institutional theory, patient centered service delivery, identity theory, employee engagement

EXTENDED ABSTRACT

Research Questions
Intense pressure to attract and retain patients has driven a paradigmatic shift in hospital industry’s approach to patient care. Our interest lies in understanding the shift from the traditional patient compliance management strategy to the emerging customer care strategy in the hospital industry. A patient centric service delivery (PCSD) approach reflects a relationship orientation that advocates patients as strategic assets who create a competitive advantage for the firm. PCSD crosses over two key stakeholders in a hospital organization—external and internal customers—since delivering high quality patient centered care involves designing and implementing a delivery system that not only addresses key patient needs and preferences but also structures work in a manner that enhances FLE outcomes.

Given that PCSD reflects the institutionalized practices of the marketing domain, we call the new found emphasis on customer orientation in the hospital organizational field as customer care logics. We propose that PCSD routines influence FLE outcomes such as engagement and attrition. Our specific research questions are: How do exemplary hospitals pursue PCSD strategies triggered by logics shift from compliance to customer care? What is the impact of these strategies on FLE outcomes?

Method and Data
We examined the hospital industry in India between 2007 and 2014 focusing on exemplar hospitals that won national awards for high quality care. Our data constituted 29 interviews with the hospital administration which were transcribed and coded. The interview data were complemented with extensive archival data on quality control, customer satisfaction, and FLE outcomes. Our analysis started with open coding of the data in order to identify and categorize critical service delivery mechanisms internally within the organization. We initially identified key PCSD tactics and followed this initial coding with axial coding where we grouped and linked these key actions to service delivery themes. These themes were then aggregated into service delivery mechanisms and extrapolated to the literature on logics shift and sharpened with insights from the services marketing literature. We performed several iterations of the data till clearly identifiable themes emerged and additional analysis proved redundant.

Summary of Findings
Data analysis revealed two major service delivery mechanisms that constituted the hospital’s core approach to service delivery. These included legitimacy and identity which underpinned the interlinked service delivery themes that in turn fed into specific PCSD tactics.

Legitimacy. A shift from a closed governance system to an open governance with transparency at the heart of corporate actions emerged in our data analysis. Given the novelty of PCSD practices, signaling transparency to key publics assumed importance to ensure trust towards PCSD. The dual challenges of signaling transparency and balancing customer centricity with employee centricity emerged as clear service delivery dynamic in our analysis.

Our respondents sought identity in our study by coalescing around identity claims and identity work that is aligned with

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the new logic. Finally, our data revealed a significant positive impact of PCSD strategies on FLE engagement and a significant negative impact on employee attrition.

**Key Contributions**

We explored the PCSD practices resulting from logics shift from compliance to customer care within the institutional field of corporate hospitals in India. Our results illustrate the emerging PCSD practices involving legitimacy shifts and identity shifts. These shifts, in turn, influenced FLE engagement positively and FLE attrition negatively. By intersecting institutional theory with identity theory, we contribute to the services marketing literature in at least two ways. First, we intersect institutional theory with services marketing theory by linking macro level institutional logics to micro level shifts in service strategy. Second, we examine micro level shifts in the FLE management practices necessitated by the logics shift from compliance to care.

Admittedly, we have no causal evidence of the effect of PCSD on employee outcomes, since we depend on a single case study to document the exceptional value of PCSD in enhancing engagement and curtailing attrition. Although a rigorous empirical study with a longitudinal design is ideal to establish causality, we hope to have piqued the interests of services marketing researchers to examine the many possibilities that illuminate the non-linear linkage between PCSD and FLE outcomes.

*References are available on request.*
Customer Contact Employee Passion: How Dyadic Interactions Between Frontline Employees and Customers Transcend the Digital Age

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Keywords: frontline employees, services marketing, passion, customer relationship management

EXTENDED ABSTRACT

As digital technology continues to connect companies and customers, frontline employees can hold the key to finding new opportunities to differentiate services and redefine brands. Unfortunately, employee engagement in these roles is often dismal and declining. Through an initial qualitative study, based on grounded theory, with 38 frontline employees who provide good to excellent service across six diverse companies, we find strong positive emotions and identity reinforcing focus for 61% of the respondents who describe “loving their jobs” in a way that we could only define as passion. Based on these results, we then develop a scale and pilot test the instrument with a Fortune 500 global technology company, resulting in 578 initial responses (a 45% response rate). We further refine the survey and expand the sample within the same company, receiving 882 completed surveys (a 22% response rate). Our research introduces and begins to develop the concept of Customer Contact Employee (CCE) Passion. We also establish convergent and discriminant validity for two dimensions: affect and identity which have two unique role emphases, (a) serving and (b) solving, enacted uniquely by frontline employees. This is a first step in understanding how some frontline customer contact employees leverage dyadic interactions with customers to fuel their intrinsic motivation while serving customers in the digital age. For companies seeking to discover new ways to connect with their customers, designing roles to support passionate frontline employee may be their best opportunity to stay competitive. Leveraging both digital and human resources allows organizations to prepare for uncertainty ahead through the power of frontline marketing.

References are available on request.
Distortion from Depletion: The Effect of Stereotype Threat on Product Price and Value Judgments

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Keywords: price perceptions, stereotype threat, working memory

EXTENDED ABSTRACT

Negative stereotypes about social groups are prevalent in the society. For example, there are stereotypes about women’s knowledge in cars and electronics, and men’s ability to cook and taking care of children (Broverman et al., 1972; Spencer, Steele, and Quinn, 1999). When people purchase products, there are occasions that would salience these stereotypes. For example, Lee et al. (2011) found that the situation in which female consumers purchase cars from male salespeople activates these consumers’ stereotype about their car knowledge, and bring up the concern that they might be treated unfairly.

The phenomenon mentioned above is called stereotype threat, which is defined as a situational predicament caused by the notion that one might be treated differently due to negative stereotypes about one’s group (Steele & Aronson, 1995). Prior literature has found that stereotype threat temporarily reduces cognitive resources (e.g., working memory), leading to various consequences for targeted individuals (Beilock, Rydell, & McConnell, 2007; Schmader & Johns, 2003). For example, two studies demonstrated that stereotype threat impacts consumers’ financial decisions through reducing their working memory resources (Carr & Steele, 2010; Inzlicht & Kang, 2010). However, no research so far has identified whether this stereotype threat could influence consumers’ product purchasing decisions. Pricing research shows that the availability of cognitive resources affects consumers’ price perceptions (Monroe, 2003; Suri & Monroe, 2003). Since price perception predicts perceived value, which determines consumers’ willingness to buy (Dodds, Monroe, & Grewal, 1991), understanding whether stereotype threat influences consumers’ price and value perceptions is essential for increasing product sales.

Results from four studies suggest that stereotype threat induced reduction of working memory resources influences both consumers’ product price and value perceptions. Specifically, we found that such reduction increases consumers’ reliance on price-quality relationship to judge product value.

The present research made theoretical contributions to pricing literature in two ways. First, our research provided evidence that impairment of working memory resources affects price perceptions. Suri and Monroe (2003) examined the role of time as a cognitive resource for the processing of price information, suggesting that cognitive processing might be impaired when time resource is limited. Our research uniquely demonstrates that when working memory resources as a cognitive resource is limited, individuals will rely more on heuristic processing. Second, our research added to the pricing literature by examining the role of stereotype threat in price perceptions. Our research unveiled the causal chain that stereotype threat negatively impacts targeted individuals’ working memory resources, which leads to the consideration of price as heuristic cue for quality and value perceptions. Whereas prior work typically examined that stereotype threat affects working memory resources (Beilock et al., 2007; Johns et al., 2008; Schmader & Johns, 2003), this research moved one step further to investigate stereotype threat effects on price perceptions.

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Practically, this research proposed entirely different strategies for up-scale and discount stores that sell stereotype-related products. Since targets of stereotype threat consider high-priced products as having high value, up-scale department stores should increase consumers’ feeling of being stereotyped so as to increase sales. They can achieve this goal by inducing consumers to recall situations that are consistent with product-related negative stereotypes, or increasing the number of outgroup salespeople. On the contrary, since stereotype threat lowers purchase intention for low-priced products, discount stores should decrease stereotype threat so as to achieve higher sales. This could possibly be achieved through decreasing the number of outgroup salespeople.

References are available on request.

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Keywords: price fairness, tariff choice, service pricing, customer characteristics

EXTENDED ABSTRACT

Research Question
In many industries, service providers offer a wide range of alternative tariff options. Given the wide array of options to design these tariffs, it is important to understand the underlying psychological processes of how customers perceive and react to different tariffs in diverse service contexts. However, there are alternative explanations regarding the major drivers of consumer preferences for different tariffs in different industries. First, consumers may evaluate a tariff based on their perceived price fairness. Second, consumers may rely on their perceived fit of the tariff with their own preferences, that is, their idiosyncratic fit with the offer. Moreover, the role of both concepts in consumer judgment should be moderated by customer and context characteristics. Accordingly, we (1) develop a comprehensive framework of the determinants and outcomes of price fairness and idiosyncratic fit in tariff choice, we (2) address how customer and context characteristics moderate these relationships, and we (3) consider alternative tariff frames in a multiple-industry approach.

Method and Data
To address these three issues we conducted an experimental study. We considered consumer perceptions of four alternative tariff types in three service contexts to provide a broad empirical support for the effects of our conceptual model. We rely on a representative consumer sample with in total 528 observations. To gain some insights on the level effects regarding the different tariff and service types, we first conducted a 4 × 3 MANOVA with tariff and service types as the independent variables and the constructs of the basic model as the dependent variables. Second, to address our hypotheses on main and moderating effects we applied structural equation modeling with latent interaction terms.

Summary of Findings
Supporting prior work, we first find that customers’ tariff choice is based on two aspects: consumer judge tariffs on basis of price fairness and idiosyncratic tariff fit. Both are driven by their perceptions of price level and pricing transparency, both affected by the perceived price complexity of the tariff. Second, we find that these effects are moderated by customer characteristics. In particular, a high service usage weakens the negative effect of price level on price fairness and idiosyncratic tariff fit whether it strengthens the positive effect of pricing transparency on price fairness and idiosyncratic tariff fit. When the customer’s consumption goal is hedonic (utilitarian) in nature, the negative effect of price level on price fairness and idiosyncratic tariff fit is weaker (stronger) whereas the positive impact of pricing transparency becomes more (less) important. Moreover, the role of price fairness and idiosyncratic tariff fit for customers’ purchase intentions are moderated by their expertise, innovativeness, and preference confidence. Experts, innovative, and preference confident customers tend to put a

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stronger emphasis on price fairness and less on idiosyncratic tariff fit when evaluating a tariff.

**Key Contributions**

The findings of our paper advance academic knowledge in three ways. First, we develop a comprehensive framework of the determinants and outcomes of customers’ price fairness judgments in tariff choice. Moreover, whereas previous studies have either focused on price fairness or idiosyncratic fit, this study integrates the two perspectives. Second, we show how customer characteristics moderate the links between the determinants and the two tariff evaluation concepts. In particular, we address the customers’ service usage and consumption goals. Moreover, we show how the customers’ focus on either price fairness or idiosyncratic fit is moderated by their expertise, innovativeness, and preference confidence. Third, we provide generalizable findings by considering a broader set of alternative tariff types addressing traditional tariffs and extend it by new-emerging tariffs. Moreover, we analyze the degree to which our results are industry-specific or consistent across different service contexts.

Addressing these research issues provides important implications for pricing practice. In particular, our findings raise awareness that customer characteristics moderate the underlying processes of tariff evaluation and choice, i.e., the same price-related factors can have a varying impact on different customers in different contexts. Managers should consider these mechanisms underlying tariff choice when deciding on their pricing of services.

*References are available on request.*
Mobile Coupon Redemption: Choosing Among Rival Offers

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Keywords: mobile coupons, redemption, choice, multiple offers

EXTENDED ABSTRACT

Research Question
This paper examines the behavior of supermarket shoppers who trigger the delivery of mobile coupons by scanning the bar code of a product using their mobile phone. On scanning an item, the shopper receives a coupon for the product scanned as well as a set of coupons for closely related products. In this context, this paper addresses the following questions:

1. What determines the decision to scan a product’s bar code in order to receive a mobile coupon? What consumer and environmental characteristics predict the likelihood that a shopper will scan for a coupon?

2. What determines whether a customer redeems a coupon for the product they scanned, or a coupon for a rival product? We examine the customer, environmental, coupon and coupon set characteristics that influence redemption.

3. Can customers be segmented according to their redemption behavior?

Method and Data
This paper analyzes data from 171 shoppers who scanned 1,624 grocery items, generating 10,174 coupons across five major product categories. This allows us to model the determinants of scanning, and coupon redemption using logistic and OLS regressions.

Data for this study was collected at multiple different levels. Consumer-level data contains characteristics of the sample of shoppers who used the mobile coupon app. Trip-level data contains the full history of shopping trips in which scanning was observed, purchases and basket size for each trip, coupon redemption, and times of the day/week where trips occurred.

A feature of our data is that coupon values for each shopper are determined by their prior coupon redemption history. This provides an opportunity to examine consumer choice in a dynamic setting in which the range of net prices, along with the relative position of the focal brand within that range varies across observations.

The redemption patterns were analyzed using hierarchical, within-groups clustering using correlations and absolute scanning frequency as similarity measures (Powers et al. 1998).

Summary of Findings
First, since consumers receive a set of competing mobile coupons, as opposed to a single coupon, we address whether the characteristics of this coupon influence coupon redemption for the focal product. We find that, consistent with Range Theory (Volkmann 1951), the size of the coupon set and the net product price in terms of the range of rival products’ prices influence the likelihood that a shopper will redeem a coupon for the item they scan.

Second, we discover managerially relevant user segments based on scanning behavior over time. We find three major segments: (1) platform adopters (72.5% of users), who scanned at a consistent rate over shopping trips in the investigated time period, (2) novelty users (15.2% of users), who exhibited a strong initial use of the platform, but stopped scanning after approximately fifteen shopping trips; and (3) dwindling users, (12.3% of users), whose initial interest is followed by a sharp reduction in scanning activity until usage stops around the fifteenth trip. Novelty users, who did not exhibit sustained platform adoption, are as valuable as platform adopters as measured by basket value and number of items purchased. In contrast, dwindling users are less valuable when using the same measures.

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Key Contributions
Since data from commercial mobile coupon platforms is scarce, prior research has been largely conceptual and focused on coupons whose content and delivery are determined by the manufacturer or retailer (i.e., “push” coupons). This paper provides a rare opportunity to examine consumer behavior using actual mobile coupon purchase data, and where coupon content and delivery are triggered by the shoppers request for coupon (i.e., “pull coupons”).

Our research examines a setting in which shoppers consider which coupons to redeem from among sets of competing coupons rather than evaluating coupons in isolation. Consumers appear to evaluate coupons by comparing the coupon for the focal brand to the set of rival coupons based on features such as the net price in relation to the price range of rival brands.

We identify different segments of mobile coupon users based on their use of the mobile coupon application over time. Thus, promotional efforts that encourage platform adoption “across the board” may not be an appropriate strategy. Instead, retailers and brand managers may find it beneficial to develop a strategy to intervene with additional promotions or messaging at critical points during adoption to encourage use of mobile coupons such that novelty users become adopters.

References are available on request.
Offering Value and Capturing Surplus: A Strategy for Private Label Sales in a New Customer Loyalty Building Scenario

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Keywords: private label, retailing, diapers, quality perceptions, pricing, brand management

EXTENDED ABSTRACT

The competition between private label brand and national brands in the diaper category is investigated from the view of the private label brand manager. In this category, new customers routinely enter the category buying entry-level diaper sizes (for infants) and then progress to buy larger diaper sizes over time (as their child grows older). Thus, consumer comparisons between the private label brand and national brands are focused on single diaper sizes during any single purchase scenario. Because private label brands are known to suffer from low quality perceptions that often understate the true quality levels of private label brands, this paper advances a pricing strategy to optimize private label performance in the category. The private label brand should price significantly low for small diaper sizes (maintaining a sizeable price gap from national brand competitors). Then, in most cases, the private label brand should shrink the size of this price gap for large diaper size offerings. This strategy will successfully offer initial value to new customers, build private label brand quality perceptions and loyalty, and then capitalize on these gains through higher dollar sales in the late stages of the customer relationship. The price gap shrinking strategy is found to be generally effective, but high national brand competition and too high of an initial price gap diminish the effectiveness of the strategy.

References are available on request.
Understanding the Various and Simultaneous Roles of the Generic Actor in Service Co-Creation Networks

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Keywords: generic actor, actor-to-actor (A2A) exchange, Service-Dominant Logic, network value co-creation, service systems, bilateral value propositions

EXTENDED ABSTRACT

Research Question
Despite the wide adoption of Service-Dominant Logic, marketing research still implies that value creation (1) involves participants in static roles, (2) moves in a fixed direction (i.e., from a supplier to a customer), and (3) is limited to the actor or dyad level. The primary goal of this paper is to further develop S-D logic and A2A exchange theory by refining the conceptualization of the generic actor. With a more robust generic actor conceptualization we can better understand how value is co-created in networks through the multiple roles that actors can assume.

Method and Data
Data collection was carried out from fall 2012 to summer 2014. The main source of information was interviews with a commercial real estate firm, a software development company and 10 commercial real estate tenants in Stockholm, Sweden, all engaged with an application focused on sustainability in the real estate sector. The researchers jointly discussed the material and cooperated to analyze the described scenarios as involving true generic actors. The commercial real estate firm and software company were followed through the app development process and we were involved in activities including meetings, brainstorming sessions, customer meetings and other activities that dealt with the app.

Summary of Findings
Based on our study, we develop a 2 x 2 typology for generic actor roles that recognizes that actors may be active or passive providers and beneficiaries of value. We demonstrate that the proper way to understand the generic actor is as one that fluidly and simultaneously assumes multiple roles and exhibits various behaviors in complex exchange settings. Thus, there is no specified direction of exchange (e.g., from supplier to customer). We also demonstrate the different network levels at which value may be realized. Results are presented in a case narrative from which nine (9) propositions related to the generic actor are developed.

Key Contributions
By exploring each actor as truly generic we break from the traditional goods-dominant view of service provision that focuses on the customer as the lone beneficiary of a service and the firm as the solitary provider. Our typology provides a generalizable framework that captures the dynamic nature of the role(s) of a generic actor in a service system over time. Thus, a priori assumptions of fixed roles (e.g. “supplier” or “customer”) and a direction of value delivery are not valid. Second, we identify bilateral value propositions where two partners search for joint value creation potential. Such mutually initiated value co-creation highlights that a value proposition can be preceded by an invitation, rather than a promise, to engage in value co-creation. Third, by focusing on the multiple levels at which value may be realized we address the current theoretical discussion on whether value co-creation takes place in the dyad (between a provider and beneficiary) or solely at the beneficiary (“customer”) level. From a managerial standpoint, we emphasize the possibility of recognizing multiple types of value and the importance of recognizing that inactive or passive actors may still provide value and become more active in the future.

References are available on request.

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Money Talks? What Motivates Consumers to Co-Create Value

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Keywords: value co-creation, intrinsic motivation, monetary incentive, crowding out effect, task complexity

EXTENDED ABSTRACT

Research Question
1. What is the influence of consumers’ intrinsic motivation on their intention toward future co-creation?
2. Do the extrinsic rewards (e.g. money) moderate the relationship between consumers’ intrinsic motivation on their intention toward future co-creation?
3. Do the task context factors (e.g. complexity) moderate the relationship between consumers’ intrinsic motivation on their intention toward future co-creation?

Method and Data
To test the proposed theory of customer participation in value co-creation activities, we use scenario-based role-playing experiments to collect data. The data were collected by posting an invitation for two weeks on the online community site and random issuing the questionnaire for one week on the road in March 2015. We adopted a 2 (task complexity: low vs. high) x 2 (monetary incentive: Yes vs. No) between-subjects design. Participants were randomly assigned to one of four between-subjects groups and be measured their motivation of value co-creation. Overall, we recovered 403 questionnaires. 96 respondents were deleted because they were incompletely (n = 7) or indiscriminately (n = 66) or repeatedly (n = 23) fill out the questionnaire. Hence, there are 307 valid questionnaires in the analysis.

Summary of Findings
1. Consumers’ intrinsic motivation will positively affect their intention toward future co-creation.
2. Monetary incentives are useful only for consumers with low intrinsic motivation, not for those with high co-creation intrinsic motivation.
3. In the high task complexity condition, consumers with high intrinsic motivation are not likely to decrease their intention toward future co-creation, but those with low intrinsic motivation are.

Key Contributions
Most of marketers believe that extrinsic rewards (e.g. monetary incentive) are the best way to motivate consumers to participate in value co-creation activities. This study adopts crowding out effect to demonstrate that monetary rewards are not always useful, especially for the customers with high intrinsic motivation. That is, companies should provide corresponding incentives for consumers with different co-creation intrinsic motivation level, it not only can increase consumers’ participation in co-creation activities but also can reduce their marketing costs. Furthermore, this study also tests how does the task complexity affect consumers with different intrinsic motivation level to co-create value.

References are available on request.

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The Impact of Weather on Retail Structure: An Exploration in the Restaurant Industry

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Keywords: retail structure, weather, household production theory, SDL

EXTENDED ABSTRACT

Research Question
Every year the popular press overflows with articles about how weather events affect retail sales. However, little is known about how such events influence retail structure—retail sales per store and stores per household within a geographic market. Hence, this study aims to provide an initial understanding of the effect of weather on retail structure.

Household production theory and service-dominant logic form the theoretical basis for this research. These theories suggest that households can “make” goods and services, “outsource” their production to specialist organizations (e.g., retailers, service providers), or “co-produce” them with such specialists. Such decisions depend on the resources that households have available for internal production or external purchase. We expect households with more resources—time, income, and mobility—to be better able to endure adverse weather conditions. Thus, another aim of this study is to understand how such resources interact with weather conditions to shape retail structure.

We study these basic propositions in the restaurant industry. Full-service restaurants are more reflective of the household’s decision “buy” while limited-service restaurants signify the household’s “co-production” decision. Note that dining at home would be more indicative of the household’s decision to “make.”

Method and Data
We tested these propositions in the U.S. restaurant industry using cross-sectional, secondary data for 2006 obtained from several U.S. government sources. Our unit of analysis was 369 Metropolitan Statistical Areas (MSAs) in the United States and Puerto Rico.

The dataset contained variables indicative of an MSA’s household resources (i.e., family life cycle, socio-economic status, time, and mobility), weather, and retail structure. Principal components analyses (PCA) with varimax rotation summarized the family life cycle variables, the socio-economic status variables, and the weather variables into three factors each.

Five variables measured an MSA’s household time resources (mean household size, average number of hours worked each week, unemployment rate, median household income, and cost of living). Mobility was reflected by the number of cars per household, the MSA’s public transit miles per capita, traffic congestion, as well as the lack of parking space. For both full- and limited-service restaurants, retail structure was captured by the number of stores per household and average sales revenue per store.

A step-wise regression procedure reduced the large number of predictor variables enabling us to test our propositions. We slightly modified this procedure to include non-significant “main effect” terms to assist in interpreting the interaction terms.

Summary of Findings
Our findings showed that the number of full-service restaurants per household (i.e., store saturation) in an MSA was significantly associated with greater household resources, in particular, more upper SES households, more family house-
holds, higher median household incomes, in addition to lower unemployment rates. We also found that MSAs with higher median household incomes have more limited-service restaurants per household. Thus, consistent with previous research, household resources seem to drive store saturation in the restaurant industry.

Smaller full-service restaurants (i.e., those with lower sales per store) characterize MSAs having a greater proportion of upper SES households. Further, MSAs with smaller limited-service restaurants are associated with greater proportions of single-parent households, single-person childless households, and lower income households, as well as higher unemployment rates. These findings are consistent with prior research on store size (i.e., average sales per store).

We add to existing knowledge by showing that both the availability of household resources and its weather conditions shape an MSA’s retail structure, in particular, its store saturation. Colder weather MSAs have more full-service restaurants per household when they also have a greater fraction of upper SES households. When such MSAs have a greater proportion of lower SES households, they also have more limited-service restaurants per household. With more restaurants per household, restaurants are closer together, thereby minimizing the distance through cold weather that households have to travel to dine out.

Although we found some statistically significant results for the wet and windy weather factors, these findings were not easily interpretable, suggesting that additional research is needed to understand their effects.

**Key Contributions**

This paper contributes to the literature in three ways. First, we extend previous research on weather and retail sales by examining weather’s effects on retail structure. Second, previous research has utilized the theory of household production economics to understand retail structure. While these studies have investigated how various household resources influence retail structure, we provide additional focus to that literature by clarifying and classifying household resources to be more consistent with the household production theory. Finally, we show how those household resources can interact with weather to shape a market area’s retail structure.

*References are available on request.*
What Determines Financial Health of Arts and Cultural Organizations? Does Marketing Matter?

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**Keywords:** nonprofit organization, arts and cultural organization, financial health, marketing efficiency

**EXTENDED ABSTRACT**

**Research Question**
The purpose of this study is to identify factors that influence the financial health of non-profit organizations. In particular, we examine the effect of marketing expenditures on financial health of arts and cultural organizations, controlling for government support, revenue diversification, primary fundraising structure, and administrative inefficiency.

**Method and Data**
We use the Cultural Data Project (CDP) database which is an emerging national standard for data collection in arts and cultural organizations. The CDP database contains financial, programmatic, and operational data for arts and cultural organizations in 11 states. The final dataset includes 23,706 observations with 5,413 art and cultural organizations between the years of 2003 and 2014.

Since the Hausman specification test and time-effect test show that both organization specific effects and time effects exist in the panel data, Ordinary Least Square (OLS) will cause spurious regression. In order to control for such issues, we use a fixed effect model with time dummy variables in this study.

**Summary of Findings**
There are five findings in this paper: (1) Marketing expenditures as a measure of marketing activities positively influence financial health of arts and cultural organizations. (2) There is an inverted U-shape relationship between government support and the financial health of arts and a cultural organization, which indicates that government supports will increase financial health of an arts and cultural organization up to a certain level, beyond which there is a decrease in financial health. (3) Revenue diversification has a positive effect on financial health of arts and cultural organizations. (4) Donation-oriented organizations are more likely to have better financial health compared to commercial-oriented ones. (5) Administrative inefficiency does not have a significant effect on financial health of arts and cultural organizations.

Our findings suggest that arts and cultural organizations should focus more on increasing revenue diversification by making investment in marketing activities rather than merely relying on government supports or commercial practices.

**Key Contributions**
Key contributions of this study are summarized. First, making use of time series cross sectional data from an arts and cultural non-profit organization database, we provide empirical evidence that shows the underlying relationships among marketing expenditures, government support, revenue diversification, primary fund structure, administrative inefficiency, and financial health of arts and cultural organizations. Second, we suggest marketing strategies for arts and cultural organizations to improve their financial health. Third, methodologically, in order to alleviate econometric issues in panel data, we use fixed effect models with time dummies.

*References are available on request.*

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Investigating the Dynamic Effects of Customers’ Attributions of Coproduction Motives for Customers’ Satisfaction over Time

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Keywords: customer engagement, coproduction motives, customer satisfaction, longitudinal design, latent growth modeling

EXTENDED ABSTRACT

Research Question
Marketing researchers and practitioners increasingly emphasize the benefits of engaging customers in coproduction as this concept is argued to offer both (1) higher profits (Fitzsimmons 1985; Lengnick-Hall 1996) and (2) better satisfaction of customer needs (Etgar 2008; Prahalad and Ramaswamy 2000). However, despite the importance of these two central motives for firms to offer coproduction, previous research has largely neglected to examine how these motives are perceived from a customer perspective. This lack of attention is surprising, as attribution theory suggests that customers’ beliefs about why a firm encourages them to engage in coproduction should have a strong impact on their current and future responses towards that firm.

Therefore, this study aims to provide an understanding of customers’ beliefs about the motives underlying a firm’s coproduction offering and its consequences for customers’ overall satisfaction over time. Specifically, we consider customers’ perceptions of profit- and customer need-driven firm motives for offering coproduction and explore their short- and long-term effects on customer satisfaction. Given the potential relevance of these motive attributions for customers’ evaluation of the coproduction offering firm, the study further explores how customers’ perceptions of firm motives are influenced by core coproduction factors such as coproduction empowerment and intensity.

Method and Data
To address these research questions, we collected a large-scale, multi-wave longitudinal data set from customers of a multinational retailer that sells ready-to-assemble furniture. This context is especially well suited to study customers’ attributions of coproduction motives as it reflects a prototypical coproduction context (Bendapudi and Leone 2003). To test our hypotheses, we employed a latent growth modeling approach (Bollen and Curran 2006) as this approach enables us to analyze our longitudinal data at the individual customer level (Steenkamp and Baumgartner 2000).

Summary of Findings
Results of the study show that customers can hold perceptions of both profit- and customer need-driven firm motives for offering coproduction simultaneously and that these motive attributions have substantial short- and long-term influences on customers’ satisfaction with a firm. Specifically, the results confirm our predictions that the positive effects of attributions of customer need-driven motives on customers’ satisfaction decrease in the long-run whereas customers’ perceptions of profit-driven motives have detri...

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mental initial effects on customer satisfaction which are highly persistent over time.

Moreover, the study examines how motive attributions vary with the nature of a firm’s coproduction offer. Specifically, the results show that higher perceptions of coproduction intensity derogate attributions of customer-oriented motives but fuel attributions of profit-driven motives. Conversely, greater perceived empowerment in the configuration of coproduction products or services amplifies customers’ attributions of customer-oriented motives and lessens their attributions of profit-driven motives.

**Key Contributions**

This study contributes to marketing research and management in several ways. First, the study advances previous literature by making a first attempt to empirically investigate how firm motives for offering coproduction are perceived from a customer perspective and how these motive attributions shape customer behavior over time. Specifically, the current study provides a differentiated picture on the short- and long-term consequences of customers’ beliefs about firms’ coproduction motives for customers’ satisfaction with the firm. The findings of the study thus imply that attributions of coproduction motives are highly relevant for marketing academics and managers to understand the dynamics of customers’ responses towards coproduction offering firms and retailers.

In addition, the study enhances the understanding of how core coproduction factors influence customers’ perceptions of a firm’s intentions to offer coproduction. Specifically, we find that coproduction empowerment leads customers to draw more positive inferences about a firm’s motives while coproduction intensity derogates these motive attributions. Therefore, the study offers practical guidance for managers by explaining how customers’ attributions of coproduction motives are shaped by core coproduction factors.

*References are available on request.*
An Examination of the Influence of ICT on Patient Co-Creation in Healthcare Service Delivery at the Micro Level

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Keywords: value co-creation, online health information, service encounter process, healthcare, mixed methods

EXTENDED ABSTRACT

Research Question
This study provides an empirical perspective of the influence of online health information search on patient co-creation in healthcare service delivery at the micro level. The study primarily sheds light on the influence of information seeking on the clinical encounter process and how this cumulatively impacts on the expected service outcomes. The following research questions are addressed:

1. How do patients search for information and what motivates them to seek health related information?
2. What impact does online information seeking have on patients’ engagement in healthcare clinical encounters?
3. How is co-creation modeled in healthcare to ascertain the cumulative effects of ICT on the expected outcomes at the micro level?

Method and Data
Mixed methods specifically sequential exploratory design was employed in this study, involving a qualitative phenomenological approach in the first phase followed by a quantitative survey design. Semi-structured depth interviews were conducted with 20 outpatients and 7 doctors who were purposively selected in two public hospitals in Ghana. The interview questions aimed at exploring patients’ use of online resources in seeking healthcare information and the motivations they have for searching for information prior to their visit to the hospital. Further questions were asked to provide a clear understanding of the consultation process and how their pre-encounter information search influenced such clinical encounters. On average, each interview lasted about 50 minutes. Interviews were audio-recorded with the permission of the respondents, transcribed and analyzed.

The findings of the qualitative study together with the literature led to the development of a model that was tested quantitatively employing a survey research design in the second phase of the study. By employing a systematic random technique, a survey involving 360 outpatients from 20 randomly selected public health facilities in the Accra and Tema metropolitan areas in Ghana were interviewed using a structured questionnaire. Data was analyzed using SEM AMOS 21.

Summary of Findings
The study provides insight into the influence of online health information search on the encounter process, examining pertinent variables of interest, which have not been empirically examined in previous research. The qualitative study resulted in the following themes: pre-encounter information seeking, nature of interactions, shared decision-making (SDM), provider-patient orientation, commitment to compliance, and improved service engagement. These themes were categorized into three main stages of the clinical encounter notably; pre-encounter stage (pre-encounter information seeking); encounter process (nature of interactions, shared decision-making (SDM), provider-patient orientation); and expected outcomes (commitment to compliance, and improved service engagement).

This led to the development of a model whose validation was supported by the results of the quantitative survey.

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highlighting the various important elements in the consultation process. The encounter process elements aided by increased access to online information were found to impact on service outcomes including increased commitment to compliance and service engagement. The results indicate no significant effect of provider-patient orientation on patient’s commitment to compliance, which could be a result of the fact that, patients’ consider other factors other than just the provider orientation in the consulting room when it comes to compliance.

**Key Contributions**

The study provides an empirical understanding of how patients are avid for health related information, which is brought to bear in consultations and the effective integration by the doctor.

We present a model that integrates multiple research disciplines from a theoretical perspective (e.g., access to information, information seeking and knowledge creation, healthcare consultation models) and extends research on patient integration, participation, and co-creation of value.

Our conceptualization and findings suggest that the dependence of technology in promoting healthcare transformations and the participation of patients in consultations is unparalleled. Access to information and knowledge acquisition empowers patients to actively participate in clinical encounters, understand the service orientation, and suggest options in relation to the treatment plan. This suggests that the patients’ role in value co-creation is essential leading to possible improved outcomes. It is therefore, incumbent on actors to play their respective roles in service encounters to ensure effective integration of resources. This brings to the fore the importance of understanding the emerging roles of today’s patient, and how this could influence the service outcome. Our findings, thus, contribute to the value co-creation literature and further provide an understanding of the influence of technological advancements on healthcare delivery at the micro level.

*References are available on request.*
Engagement, Co-Creation and Social Media Networks in Higher Education

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Keywords: co-creation, value, higher education, social media, engagement

EXTENDED ABSTRACT

Research Question
Throughout the Higher Education (HE) sector the idea of students being given value during their HE experience is commonly discussed, however from the marketing Service Logic perspective; consumers cannot be given value but rather can be offered value propositions that they can choose to actively engage with to create value-in-use (Grönroos and Voima, 2013). This research explores the use of online learning environments at a UK University from a student’s perspective and addresses how Social Media Networks (SMN) are used by students in their value co-creation process. Neier and Zayer (2015) noted that SMNs could potentially be effective for students to engage, discover and share ideas and thus forming co-creation platforms (Gronroos and Gummerus, 2014). Neier and Zayer (2015) also point out that there is a lack of understanding in how students use these SMN to co-create value. It is this co-creation value process that is of particular interest to our research. Diaz-Mendez and Gummesson (2012, p. 576) also highlight that the “student-lecturer relationship requires being approached from a value co-creation perspective.” In answering this call, our research is informed by both a Service Logic perspective from the marketing literature and the concept of engagement from the HE literature. Our aim therefore is to empirically investigate the use of SMNs in facilitating student engagement and the co-creation of value.

Method and Data
Ng and Forbes (2009) and Jüttner et al. (2013) suggest that due to the nature of service experiences and value being emergent, methodological challenges can arise in examining the co-creation process. However, through the dynamic nature of focus groups, the unstructured nature of value from the student’s perspective can be explored along with emergent discussions on how value is co-created by students. In taking a phenomenological approach these focus groups offered the opportunity to question students regarding their general course engagement and co-creation processes (Taylor et al., 2011). Two distinct approaches were used in conducting the two Focus Groups (FG); FG1 concentrated on the topic areas of engagement, perceptions of study and learning and student study habits, allowing for a free flowing discussion; FG2 used a hard laddering approach and concentrated on online learning environments. The use of a laddering technique in FG2 offered an understanding of the attributes, consequences and personal values of the students within an online learning environment, thus further addressing some of the methodological challenges in examining the co-creation process (Gruber et al., 2011, Jüttner et al., 2013).

Laddering is generally employed in research to reveal the relationships between the service or products Attributes (A), the Consequences (C) that these attributes represent for the individual, and the personal beliefs, or Values (V), that are satisfied by the consequences (Reynolds and Gutman, 1988, Veludo-de-Oliveira et al., 2006, Jüttner et al., 2013). Attributes are the tangible or intangible characteristic or stimuli of the service offering. “Consequences are the reasons why certain attributes are important to the individual” (Gruber et al., 2011, p. 1265). This technique results in A-C-V chains or “Value chains” “which represent the link between company stimuli as perceived by the customer and the value-in-use created through them for, or rather by, the customer” (Jüttner et al., 2013, p. 743). Throughout this process, respondents are “probed” to move up the ladder of abstraction to reveal Value chains. After this probing process the Value chains are shown to the respondents who in turn give opinions about...
them. This is known as respondent validation technique and eliminates research bias (Veludo-de-Oliveira et al., 2006).

Manual and in-vivo coding ascertained emerging constructs that encompassed terms used by the participants themselves to describe their experiences. Codes based on student engagement, peer-to-peer engagement and online learning environments (e.g. Virtual Learning Environments (VLEs) and SMNs) were initially developed.

**Summary of Findings**

In addressing our aim we identified two key areas of interest: first, student engagement is core to the co-creation process, and students look to both lecturers and their peers in their learning environments, second, some SMNs may offer effective and co-creative peer-to-peer learning environments as an alternative to an institutions own VLE. We found that in comparison to school led VLEs, some SMNs offer positive alternative opportunities for both students and educators to the co-creation process. We found that overall there was disengagement with the VLE as an interactive learning environment due to attributes such as “poor layout,” “lack of usability” or “a lack of lecturer knowledge,” which resulted in students “feeling annoyed,” “isolated” and “stressed” with the course. Students viewed the VLE as a one-way method of communicating, emphasising its lack of usefulness in promoting learning, engagement and interaction.

In using a hard laddering approach our research gave considerable insight into student’s perspectives of their value-in-use and how they perceive the co-creation value process. We found that students wanted to use an easily accessible SMN to co-create value with their peers, and clear Value chains emerged to identify three key attributes of an online learning environment that students would want to engage with: “ease of use,” “all in one place” and “interactive.” The consequences of these attributes resulted in student values of “feeling relaxed,” “reaching goals” and “getting a degree,” which shows that students are impacted by the online educational service offering. Through examining student engagement from a co-creation perspective we found that some SMNs may offer opportunities to facilitate co-creation. In particular, Storify which provides; additional readings in focus groups is innovative in its approach to examining what is key to students as co-creating consumers, this research provides educators ways to further facilitate the educational service thus allowing for positive student engagement in the co-creation process. Significantly this research offers advice to fellow academics in there delivery of value propositions through the use of a student oriented SMN called Storify. Storify was deemed by the students as an effective method for collaborating, engaging and learning.

Furthermore, the application of the hard laddering technique in focus groups is innovative in its approach to examining student’s value-in-use in the HE service. In applying this unique methodology to the research of students as co-creating consumers, we have contributed to the understanding of student’s value-in-use in the HE literature. In using the laddering approach we identified Value chains and provided a path for educators to follow in launching engaging online learning environments that will facilitate student co-creation.

**Key Contributions**

This research contributes to both the service marketing literature and the HE literature. A key contribution of this research is that through applying a Service Logic lens, this research gives insight into students as co-creating consumers in their HE, a professional service area that has had limited research from a Service Logic perspective. Desai et al. (2010, p. 136) pointed out “the more faculty members know about students, the better they can provide educational services to them.” In identifying what is key to students as co-creating consumers, this research provides educators ways to further facilitate the educational service thus allowing for positive student engagement in the co-creation process. Significantly this research offers advice to fellow academics in there delivery of value propositions through the use of a student oriented SMN called Storify. Storify was deemed by the students as an effective method for collaborating, engaging and learning.

**References**


Does the Salesperson Have the Midas Touch? The Moderating Effect of Adaptive Selling on the Purchase Intention of the Multichannel Consumer

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Keywords: multichannel consumers, control, adaptive selling, salesperson, retail

EXTENDED ABSTRACT

Research Question
The rate of evolution and diffusion of technology has created new means for consumers to search for product information and gain increased knowledge before an actual purchase. The additional channels available for product search and purchase leads to the use of multiple channels by consumers, thereby changing the consumer’s purchase behavior. In the past, consumers encountered all stages of product delivery through mostly one channel source, the salesperson (Deeter-Schmelz and Kennedy, 2004). Today, the ability to surf and switch amongst channels (Van Dijk et al., 2007) provides consumers with an abundance of choices and more knowledge which contributes to their perceptions of control (Hui and Toffoli, 2002; Tanner, Ahearne, Leigh, Mason, and Moncrief, 2005).

In this new landscape of retailing in which certain multichannel consumers (MCCs) seemingly have more knowledge and control than the salesperson (Verbeke et al., 2010), it is unknown how or if the in-store salesperson can be used to increase MCCs’ purchase behaviors, as prior literature has not specifically addressed the persuasive role of the salesperson in the MCC environment. Recent research proposes conflicting roles of the salesperson with the implication that the salesperson is obsolete (Grewal et al., 2002), suggestions that the salesperson has been transformed to a knowledge broker (Bendixen, Yurova, Abratt, and Rawdan, 2014), and yet other scholars contrast this by claiming technology cannot replace the unique functions of the salesperson (Ahearne & Rapp, 2010). It appears a gap of agreement, understanding, and knowledge exists regarding what role, if any, the in-store salesperson has in the new shopping environment.

This paper extends adaptive selling to multichannel consumer behavior and investigates the impact of adaptive selling when “click and brick” multichannel consumers encounter in-store salespeople. We also examine how the degree of multichannel consumer search affects the perceived control of the same consumers in the retail store and how the relationship between the consumers’ perceived control and purchase intention is affected by adaptive selling. Overall, we seek to answer whether adaptive selling shows promise as a technique for retailers to use when selling to a multichannel consumer who values control.

Methods and Data
College students from several southeastern colleges in the United States participated in an online survey resulting in 387 useable responses. The study consisted of a single...
manipulated factor (adaptive selling: high vs low) and a second factor that was measured (degree of MCC search: high vs low).

The covariance-based structural equation modeling (SEM) was selected and analysis was conducted using IBM SPSS AMOS 22.0.0.0. The proposed model was tested first to ensure validity and reliability of the measurement model for total sample and group invariance of the factorial structure for high and low adaptive selling samples. Hypotheses H1 (There is a positive relationship between MCCs search and perceived control, with increased MCCs search behavior resulting in higher perceived control), H2 (When consumers display MCC search behavior, there is a positive relationship between perceived control and purchase intention), and H3a (MCC search behavior is positively and directly related to consumer’s purchase intention) were tested by examining path estimates of the estimated structural model. The hypothesized mediating effect of Perceived Control on the relationship between MCC search behavior and purchase intention (hypothesis H3b) was tested using bootstrap with 5000 replications and 95% bias-corrected confidence interval. When the moderator is not continuous, traditional analysis involving estimation of interaction terms in SEM might yield misleading results (Joreskog, 1994); hence, a multi-group SEM analysis (Joreskog, 1971; Bagozzi and Yi, 1988) was selected to test moderating effect of adaptive selling on the relationship between perceived control and purchase intention (hypothesis H4). For robustness check, hypothesis H4 was examined using general linear model (GLM). In addition, Hayes (2013) procedure was employed to test simultaneous significance of perceived control mediation (hypothesis H3b) and adaptive selling-perceived control interaction (hypothesis H4) and examine the difference in mediating effect of perceived control between high/low adaptive selling samples using PROCESS macro in SPSS 22.0.0.0 (Model 14).

Key Contributions
Our findings suggest that salespeople can use adaptive selling skills to increase the likelihood of the MCCs’ in-store purchase intention while not reducing their feelings of perceived control. For example, marketers can emphasize “you are in charge” and complement this message by training salespeople to use adaptive selling techniques. Training initiatives to help the salesperson identify MCCs who have done a lot of prior search from an MCC with less prior search are also recommended. In a time where many marketers struggle with how to combine multichannel retailing efforts effectively, this research confirms that new channels create MCCs who desire control. When MCCs come to the retail store, companies can use retail salespeople who have the midas touch through adaptive selling techniques to nurture these feelings and positively influence purchase intention.

Summary of Findings
Our analyses validate previously identified relations in the literature between MCC search, control, and purchase intention and substantiates the statistical significance of adaptive selling in the multichannel environment. We find that salespeople who are able to adapt the sales presentation to the MCCs’ needs are more effective in influencing purchase intention than those who present the same information to all buyers. Overall, the results confirm the ability of adaptive selling to be utilized as a technique in persuading a multichannel consumer who values control to purchase in the retail store.

Interestingly, the consumer perception of control not only positively affects purchasing behavior, but also fully mediates the relations between MCC search and purchasing behavior. In other words, while MCC information search is a sufficient condition, it is the higher level of perceived control that is necessary to secure the actual sale in the retail store. Relatedly, the use of adaptive selling by a salesperson with consumers who value control further enhances the purchase intention. The effect of perceived control on purchase intention is significantly higher in the high adaptive selling scenario as compared to the lower adaptive selling scenario. Furthermore, our findings of moderated mediation, in that adaptive selling strengthens the positive indirect effect (through perceived control) of MCC search onto intention to buy, suggests that salespeople who are able to adapt their selling approach can motivate purchase intention for multichannel consumers. This demonstrates the effectiveness of adaptive selling as a retail tool in the multichannel context and adds support to the notion that the salesperson is not obsolete, but rather can be very influential in persuading MCC’s to purchase at the retail store. Our findings represent an opportunity for companies to encourage multichannel retailing efforts effectively, this research confirms that new channels create MCCs who desire control. When MCCs come to the retail store, companies can use retail salespeople who have the midas touch through adaptive selling techniques to nurture these feelings and positively influence purchase intention.

References are available on request.
Overcoming Franchisee Disillusionment: The Role of Individual and System-Level Factors

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Keywords: franchising, franchisee adjustment, social learning theory, hierarchical linear modeling

EXTENDED ABSTRACT

Research Question
The decision to enter a franchise system and to become a franchisee represents an important change in an individual’s work environment which requires a phase of adjustment—and adjustment which may (or may not) lead to becoming a productive part of the franchise system. Despite a fairly large body of research on the role of initial training and franchisee selection, a comprehensive theoretical as well as empirical assessment of factors influencing franchisee adjustment is still lacking. Therefore, the key question this study addresses is to understand factors associated with the adjustment after entering a franchise system.

Method and Data
The empirical study is based on franchise data. More precisely, we matched two data sources: (1) survey data from franchisees (n = 1,581) and (2) system-level data of the franchise system (n = 32). To test the conceptual model, we employed a hierarchical linear modeling approach.

Summary of Findings
Empirical results indicate that franchisors can facilitate franchisee adjustment through measures in the area of job design (autonomy, participation), knowledge management (knowledge transfer, prior self-employment), and attractiveness of the franchise (initial investments, royalty rate, reputation of the system). Our results indicate that, for example, autonomy is particularly beneficial, therefore the franchisor should carefully evaluate which aspects of the concept should be standardized which elements are less critical so that franchisees may make autonomous decisions (e.g., organizing local advertisement, training of employees). Moreover, franchisees favor opportunities to participate in strategic decision making.

Key Contributions
Despite a fairly large body of research on the role of initial training and franchisee selection (see Jambulingam and Nevin 1999), a comprehensive theoretical as well as empirical assessment of factors influencing franchisee adjustment is still lacking. Drawing from the extant international management literature on the process of expatriate adjustment, this study’s main contribution is to (1) develop a deeper understanding of how to support franchisees in their first years of belonging to a franchise system and (2) shine some empirical light on the process of franchisee adjustment.

References are available on request.

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The Role of the Recruitment Brand on Service Firms’ Performance

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Keywords: recruitment, brand, recruitment brand, employer brand, stock market, firm value, returns, service firms

EXTENDED ABSTRACT

Research Question
First, what is the nature of the relationship between a firm’s consumer brand and its recruitment brand? Second, how might recruitment brand ratings impact firm stock market performance?

Method and Data
We provide initial answers to these questions with YouGov’s daily BrandIndex dataset of 147,664 brand judgments across 194 firms in U.S. service industries from 2008 to mid-2011. Using principal component analysis, we reduced the six brand dimensions into two—a consumer brand rating and a recruitment brand rating. We then employ a dynamic vector-autoregression (VAR) model to identify (1) the influence between consumer and recruitment brand ratings, (2) the impact of recruitment brand rating on daily abnormal stock returns (calculated from the 4 factor financial benchmark model), and (3) organizational moderators of these relationships. The dynamic model allows us to capture the cumulative effects of recruitment and consumer brand magnitude improvement, after accounting for seasonality, non-stationarity, serial correlation, reverse causality, and complex feed-back loops.

Summary of Findings
We find a significant, positive effect for how the consumer brand perception affects perception of the service firm as a place to work. In return, we also find a significant, positive effect for the impact of the recruitment brand on the consumer brand. Further, we find a significant, positive moderating effect of average salary level on the effect of the recruitment brand on the consumer brand, but do not find this for organizational size. Concerning the impact of the recruitment brand changes on abnormal stock return, we do not find empirical evidence for the hypothesized positive effect. We find a significant negative moderating effect of organizational size on the effect of the recruitment brand on return and a significant negative moderating effect of average salary level on the effect of the recruitment brand on return. Concerning the impact of the interaction between consumer and recruitment brand rating on return, we find the hypothesized positive effect and this is significant.

Key Contributions
We reveal that service firms’ consumer and recruitment brand perceptions are mutually symbiotic, and further the spillover from the recruitment brand is stronger for high salary service firms. This provides new insight into the interplay between the recruitment and consumer brands and valuable guidance for brand building in both markets. The relative influence of the consumer and recruitment brand on each other is also assessed. Further, we provide the first examination of recruitment branding’s impact on stock returns. Improvements in the firm’s recruitment brand enhance the stock returns from consumer brand improvements and this supports the worth of recruitment brand building. However, recruitment branding’s stock return impact is weaker for larger firms and for high salary firms. These results thus offer new guidance for firms weighing their recruitment brand investments and should strongly encourage marketing departments to assert more control over the recruitment brand.

References are available on request.

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Survival of the Fittest: How Service Portfolios Impact Incumbents’ Vulnerability to New Entrants

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Keywords: retail, competition, service, strategy

EXTENDED ABSTRACT

Research Question
Many retailers invest in ancillary services to provide shoppers with additional reasons to come to their stores. However, it is unclear whether these services insulate incumbents from new entrants. We address this question by examining how the size and uniqueness of an incumbent’s service portfolio impacts its sales after a new competitor enters. We study uniqueness by introducing the notion of “competitive service overlap” (CSO) which measures service similarity, and show both that retailers are best served by offering many services and that particularly successful retailers have unique service portfolios. Furthermore, the impact of uniqueness is most prominent when a grocery incumbent faces a discounter entrant (e.g., Kroger facing a Wal-Mart entry).

Method and Data
Like Ailawadi et al. (2010), we test our conceptual framework using a naturally occurring field-based quasi-experiment approach. As they note (p. 16), the effect of a new store opening is best conceptualized as “…the difference between ‘before’ and ‘after’ for the experimental store [incumbent] minus the corresponding before-and-after difference for the control.” In our research, stores are matched using propensity scores (Rosenbaum and Rubin 1984) to create five strata of comparable incumbents. Within these strata, experimental stores are within fifteen miles of the new entrant, whereas control stores are incumbents outside of this fifteen mile radius but still in the corresponding strata.

In addition, we conduct a “what if” analysis to isolate and quantify the effects of key variables. We specifically estimate incumbents’ yearly sales losses after a new competitor arrives as a function of eight variables—the five aforementioned covariates, an indicator variable when the new entrant is a grocery store, an indicator variable when the new entrant is a mass discounter, total services, and CSO. Finally, we predict CSO as a function of six categories of ancillary services to identify the services that are most (least) likely to be matched by new entrants; the categories represent the six most popular services in our sample.

Key Contributions
Using a natural experiment, we show that the most successful retail incumbents offer a large number of unique services. In addition, our “what if” analysis shows that retailers have more to gain from managing the size rather than the composition of their service portfolios. Retailers should specifically focus on increasing the size of their service portfolios even if doing so risks uniqueness. This is not to say that managing uniqueness is trivial, but that the size of one’s service portfolio is a more important determinant of retail performance. This “what if” analysis also indicates that grocers, not discounters, are the most formidable new entrant in metropolitan areas. In addition, we show that loyalty and coupon services tend to be matched by new entrants, while food, online, and other services are often left unmatched. This latter group of services (food, online, and other) tends

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to be unique and provides an opportunity for incumbents to achieve competitive lift.

**Summary of Findings**

We extend extant literature on retail competition by demonstrating how services can be used to insulate existing competitors from new entrants. In doing so, we show that an incumbent’s ability to withstand new competitive threats is positively related to the size of its service portfolio. Incumbents that offer many services experience significantly smaller sales losses after new competitors arrive than those that offer few. Further analysis suggests that while the mere presence of additional services significantly increases an incumbent’s ability to withstand new competitive threats, this is especially true when the incumbent possesses a unique service portfolio. In addition, we show that incumbents that minimally overlap with entrants fare better than their counterparts. This suggests that ancillary services may be “sticky,” that customers place a high value on them making customers less likely to switch to new retailers. It is worth noting that the effect of having a unique service portfolio is most pronounced for grocery incumbents facing discount entrants, suggesting that offering unique services may be a tool that benefits grocers most.

As an interesting complement to previous research that only studied discounter entry (e.g. Singh et al. 2006, Gielens et al. 2008, Zhu and Singh 2009, and Ailawadi et al. 2010), we show that new grocers (not discounters) pose the greatest threat to grocery incumbents. This result specifically highlights the reality that grocery stores are facing competitive threats from many sources. It also encourages future research to identify additional conditions that impact the retail format-strength of threat relationship.

*References are available on request.*
Research Question
Social presence constitutes an integral element of everyday life. An intense form of social presence is social density, which occurs when the number of people in a given space exceeds a critical threshold (Stokols 1972). Drawing on the fundamental motives framework (e.g., Griskevicius et al. 2009; Wang and Griskevicius 2014), this research examines how social density triggers consumers’ disease avoidance system and, in turn, consumers’ approach intentions for products that help prevent or remove contamination. In addition, this research offers insights into boundary conditions of the causal process by examining the moderation effect of consumers’ level of contagion aversion.

Method and Data
To test the hypothesized effects, we conducted two experimental studies. In Study 1, we used a between-participants experimental design (social density: void vs. dense) to examine whether social density activates the disease avoidance system. Students enrolled in marketing classes served as participants in Study 1. The participants received booklets with a picture of a grocery store. We manipulated social density by presenting many versus no co-shoppers in the store. To analyze the data, we employed t-tests. In study 2, we used a between-participants experimental design (social density: void vs. dense) to examine the causal chain from social density through activation of the disease avoidance system to approach intentions, and to examine the moderation effect of the contagion aversion. The stimuli used in Study 2 were the same as in Study 1. In addition, after exposure to these stimuli, the participants were requested to read a scenario, which asked them to imagine they encounter a promotion display for a hand sanitizer during their shopping trip in the store. The scenario presented a picture of the hand sanitizer and a short product description. To analyze the data, we performed t-tests. In addition, we tested for mediation and moderated mediation using the bootstrapping approach as suggested by Preacher and Hayes (2004) and Zhao, Lynch, and Chen (2010).

Summary of Findings
The results of Study 1 show that participants exposed to the socially dense store environment experience stronger activation of the disease avoidance system than participants exposed to the socially void store environment. The results of Study 2 replicate this finding. In addition, Study 2 shows that activation of the disease avoidance system mediates the effect of social density on approach intentions. This indirect effect is moderated by participants’ level of contagion aversion. Participants with a high level of contagion aversion show stronger activation of the disease avoidance system in response to a dense store environment than participants with a low level of contagion aversion.

Key Contributions
The contributions of this article to the literature are three-fold. First, we show that social density (as an environmental cue) has the ability to stimulate consumers’ product-related behavioral reactions. Second, we demonstrate that activation of the disease avoidance system mediates the effect of social density on consumers’ approach intentions for products that help prevent and remove contamination. Thus, we offer a new explanation for the causal process. Third, we show that consumers’ level of contagion aver-
sion moderates the mediation effect. Thus, our research improves the understanding of boundary conditions of the mediation effect. In summary, this research adds to the growing body of evolutionary psychology literature in marketing by connecting social density literature to the literature on fundamental motives.

References are available on request.
New Versus Steady Customers—Relationship Length as Moderator of the Relation Between Response Time and Customers’ Compensation Expectations

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Keywords: service recovery, compensation, response time, customer relationship management

EXTENDED ABSTRACT

Research Question
In this research, we argue that response time is an important driver of a customer’s compensation expectation, a variable that has not found significant attention in service literature so far. Particularly, we assume that the amount of monetary compensation that a customer perceives to be satisfactory might change over the service recovery process and thus might increase or reduce based on the time it takes the service provider to respond to the service failure. Moreover, we expect that the effect of response time on compensation expectations will be different according to the length of the customer-firm relationship. Customers who have a closer relationship with the service provider might show a greater sense of forgiving than customers experiencing the first interaction. To conclude, this research addresses the following research questions: Does response time affect compensation expectations of customers during service recovery? Does relationship length moderate this relationship?

Method and Data
We applied the theory of the allocation of time (Becker 1965) to investigate the relationship between response time and compensation expectations in multiple scenario-based experiments with representative consumer samples conducted in different service industries. In study 1, we used a between-subjects laboratory experiment in which response time was varied at three levels (immediate / 1 week / 4 weeks). In study 2, we had a 3 x 2 between-subjects factorial design and manipulated response time (immediate / 1 week / 4 weeks) and the length of the relationship (transactional customer / relational customer).

Summary of Findings
Our experiments reveal that response time has a robust and significant positive effect on the expected amount of compensation across service industries. The longer a firm takes to solve a complaint the higher are compensation expectations of a customer. However, the impact of response time on compensation expectations is not gradual. Thus, the expected amount of compensation does not differ significantly between an immediate response and a response after 1 week, but increases significantly if time exceeds up to a response after 4 weeks. Furthermore, we find that the length of the customer-firm relationship significantly moderates the relation between response time and customers’ compensation expectations. In this vein, we identify different patterns of compensation expectations for transactional and relational customers.

Key Contributions
This research adds to service literature in several ways: First, we introduce a new variable to measure service recovery outcomes and this is compensation expectations. Thus, we are able to measure the customer’s perceived costs in a specific recovery situation. Second, we provide a deeper understanding of response time as a key determinant of compen-
sation expectations, a topic that is heavily underresearched in literature. With Becker’s theory of the allocation of time (1965) we introduce a new theoretical lens to the recovery literature that actually measures the value of time a customer perceives. Third, we discuss the moderating effect of relationship length. In doing so, we show how important a deeper understanding of the interaction of determinants of service recovery is and how customers can be accurately compensated according to their loyalty status.

From a managerial perspective, our results might motivate managers to rethink their recovery practices. As we show that time matters in a recovery context, practitioners are advised to install recovery processes that actually meet customer requirements. This will not only reinstall customer satisfaction but also save money. Moreover, our results nicely reveal that the relationship needs to be considered, too. We unveil that transactional customers display other compensation demands compared to relational customers.

References are available on request.
Can Good News Become Bad News? 
Potential Negative Effects of Successful Service Recovery

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Keywords: online reviews, service failure, service recovery, prospect theory

EXTENDED ABSTRACT

Research Question
Positive online reviews are of high importance for service firms. So far, research and practice have assumed that satisfied customers typically report only positive aspects of their service experiences. However, based on the service recovery paradox, we can assume that customers who experienced a satisfactorily handled service failure, might also write positive online reviews. It remains unclear whether such positive online reviews consisting of a service failure and a following successful recovery will be perceived as positively by recipients as senders intended. Hence, this research aims at investigating perception differences of positive online reviews with negative content between senders and recipients. Especially, we investigate positive online reviews consisting of different types of recovered service failures: minor and major.

Method and Data
We conducted a 2 x 3 factorial between-subject design by manipulating online review perspective (sender/recipient) and review content (recovered minor service failure/recovered major service failure/no service failure). In total, 375 persons took part in the online experiment and were randomly assigned to the six experimental conditions. 50.1 percent of the participants were female and the mean age was 39 years.

Summary of Findings
As hypothesized based on prospect theory, the evaluation of online reviews with recovered service failures differs between senders and recipients. This effect is moderated by the failure severity. Recipients perceive online reviews with a recovered major service failure more negatively than senders, while their perceptions of reviews with minor failures do not differ. In situations with a severe service failure, the added value of the recovery is perceived smaller by recipients than by senders.

Key Contributions
We offer two key contributions for marketing practice and theory. First, for marketing practice it is important to observe the effects of positive online reviews more accurately. As firms typically believe that positive online reviews come with only positive consequences, they often motivate satisfied customers to give recommendations. However, as our study shows not all positive online reviews are perceived equally by recipients. Hence, firms should differentiate which customers are to be motivated to articulate online reviews, potentially avoiding those customers who are satisfied based on a successful service recovery. Second, for marketing theory it is important to take a more fine-grained look at positive online reviews. So far, research has assumed that satisfied customers articulate mainly positive aspects of their service experience which then results in positive consequences for the firm. However, our study shows that if positive online reviews contain a recovered service failure, recipients’ perceptions of online reviews are less positive than senders’ perceptions.

References are available on request.

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Understanding Service Awards: Exploit the Bright Side, Avoid the Dark Side

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Keywords: service awards, perceived risk, expectations, fault tolerance, award source, award exclusivity

EXTENDED ABSTRACT

Research Question
Service awards are a ubiquitously used marketing instrument that deserves further attention by service researchers and practitioners. This study enhances the understanding of service awards by looking at service awards from the customer’s perspective, accounting for both positive (i.e., higher customers’ willingness-to-pay) and negative effects (i.e., lower fault tolerance), and considering two design characteristics of service awards that might alter the effectiveness of awards, namely award source and award exclusivity.

Method and Data
We conducted an experimental study with 406 adult participants, relying on the scenario approach in the context of hotels. We employed a 2 x 2 between-subjects factorial design with a control group. Within the treatment groups, we manipulated award exclusivity (exclusive vs. non-exclusive awards) and award source (expert award vs. customer award) on two levels. To test the conceptual model, we used partial least squares (PLS), which is well suited for investigating experimental data with mediated causal relationships.

Summary of Findings
Our results suggest that service awards reduce customers’ perceived risk, resulting in the desired positive effect on their willingness-to-pay for the service. However, they also reinforce customers’ expectations, thereby diminishing their fault tolerance. Hence, our findings unveil the existence of a downside of service awards, that is, awards make it more difficult to satisfy and please customers. Furthermore, this research identifies and empirically tests how different award characteristics might attenuate the bright and dark side effects of service awards. We find that exclusive awards and awards given by experts have a stronger impact on customers’ expectations than non-exclusive awards and customer awards, ultimately diminishing fault tolerance. Thereby, we empirically demonstrate that the downside of service awards is subject to multiple contingencies.

Key Contributions
This study enriches marketing and service literature by investigating service awards from the customer’s perspective, thereby accounting for the triadic situation between award donor, recipient, and customer. Drawing on signaling theory, our work sheds light on the bright and dark side effects of service awards. The intended positive effect of service awards on customers’ willingness-to-pay, mediated by lower risk perceptions, gets undermined by unintended negative effects on their fault tolerance, due to growing expectations. Research that only focuses on the positive outcomes of service awards might therefore neglect an important part of the model. Moreover, this study shows that it does not only matter whether an award is bestowed, but also what type of award is at stake. Our results provide managers with guidance for how to use service awards in such a way that customers’ willingness-to-pay is enhanced, while adverse effects on fault tolerance are diminished.

References are available on request.

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Professional Engagement and Detachment: Scale Development and Validation

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Keywords: professional engagement, professional detachment, knowledge-intensive services, scale development

EXTENDED ABSTRACT

Research Question
We conceptualize the multi-dimensional constructs of professional engagement and professional detachment, and develop and validate the measurement scales for these constructs.

Method and Data
We followed the process of scale development and conducted a series of three studies to develop and validate the measurement scale of professional engagement and detachment. Four samples of knowledge intensive service (KIS) professionals were used.

Summary of Findings
Professional engagement refers to the means through which KIS professionals build closeness and intimacy with clients. It is composed of three dimensions: frequency of business contact, frequency of social contact, display of empathy. Professional detachment refers to the means through which KIS personnel maintain professional status and distance in customer interactions, and is comprised of three dimensions: upholding professional integrity, exercising knowledge authority, and maintaining boundaries. The measurement scale demonstrates internal consistency reliability, convergent validity, discriminant validity, and nomological validity.

Key Contribution
This study puts forth a clear articulation of what professional engagement and detachment are, and emphasizes that both are important factors for knowledge intensive service professionals to maneuver in serving their clients. We systematically conceptualize the constructs and develop and validate the measurement scale. This study deepens our understanding of client relationship management in the domain of KI professional services.

References are available on request.

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Research Question
Consumers using digital services are faced with multiple service updates (i.e., incremental service innovations) each week if not even more frequently, with most of these changes being outside their control (i.e., consumers have to embrace the updates to continue using the services in the long run). While they might be positive, these incremental service innovations tax consumer resources, as they have to cope and learn how to use the updated services (Moeller et al. 2013). This raises the question of how incremental service innovations affect consumer experiences since they introduce changes in how consumers interact with digital services. To stay competitive, service providers who introduce incremental service innovations need to understand what type of consumer resources or strategies they should foster or mitigate so as to keep their consumers satisfied and committed to the relationship post-updates (Hennig-Thurau, Gwinner and Gremler 2002). To address these managerial challenges we examine (1) how consumers perceive the changes stemming from an incremental service innovation initiated by a service provider, (2) how consumers deal with these changes and (3) how the changes affect the overall relationship with the service provider.

Method and Data
300 consumers took part in our field experiment. They were reminded of a recent service update and had to fill-out a survey on how they made sense of the update (their cognitive appraisal), how they attempted to deal with it (the coping strategies they used and the coping resources they developed), the extent to which they managed to enhance their relationship (on an affective and cognitive level), as well as their evaluation of the quality of the relationship post-update. To increase generalizability, participants were randomly split into two groups: one focusing on the update from the classic to the timeline version of the digital socialization service Facebook and another on the update from version 8 to version 9 of the digital learning service Blackboard. Both updates were introduced roughly at the same point in time and both added functionalities and changed the design of the service. Thirteen participants had to be removed because they indicated low or no familiarity with either the service, or the update of focus. Hence, we were left with 287 usable responses (147 referring to the Blackboard update and 140 referring to the Facebook update).

Summary of Findings
Our results obtained from a system of Seemingly Unrelated Regressions (SUR) (Zellner 1962) show that appraising the service innovation as a threat or a challenge positively affects the employment of problem-focused, social support and emotion-focused coping strategies. However, only when participants appraise the service innovation as a challenge do they also build coping resources (i.e., situation specific self-efficacy). Nevertheless, out of the three types of coping strategies only emotion-focused coping exhibits a negative effect on self-efficacy. Furthermore, we see that social support coping and self-efficacy help enhance the relationship by making participants passionate about the updated service. On a cognitive level, more self-efficacy also leads to increased feelings of achievement, but so does the employment of emotion-focused coping strategies. In terms of relationship quality, our results show that participants more passionate about the service innovation are more satisfied with and more committed to the service in general, while participants with a higher sense of personal achievement are more
satisfied with the service in general. None of the enhancement constructs directly influences the extent to which participants trust the service in general.

**Key Contributions**

First, we enrich service innovation literature (e.g., Berry et al. 2010) by conceptualizing service innovation as a stressor that can be evaluated as either something to be feared or to be pursued. In line with recent calls for research our conceptualization helps identify drivers of sustained innovation (i.e., coping strategies and resources) in a constantly changing technological environment (Ostrom et al. 2015). Second, we contribute to literature on stress stemming from consumption (e.g., Duhachek 2005) by introducing and conceptualizing social-psychology mechanisms to explain how consumers deal with stressors stemming from service innovation. Our results show that (1) consumers search for meaning when faced with service innovation, (2) try to regain mastery by employing coping strategies and building situation-specific coping resources (i.e., self-efficacy) and (3) can develop passion or enhance their own performance in the relationship. Third, we advance relationship management literature (e.g., Palmatier et al. 2006) by showing the interplay between enhancement stemming from stressor appraisal and employing coping strategies and building coping resources and relational outcomes. We show that both affective and cognitive enhancement with the service innovation can make consumers more satisfied, while only affective enhancement with the service innovation positively affects commitment to the service in general.

*References are available on request.*
How Consumers Utilize Word-of-Mouth: An Information Processing Perspective

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Keywords: word-of-mouth, information processing, evaluation difficulty, consumer evaluation, high-involvement service

EXTENDED ABSTRACT

Research Question

Earlier research has investigated the influence of WOM on decision-making through different source, receiver and contextual characteristics (e.g., Bansal and Volyer, 2000; Brown and Reingen, 1987; Gilly et al., 1998; Wangenheim and Bayón, 2007), thereby giving useful insights into the overall effectiveness and boundary conditions of WOM. Nevertheless, little is known about what happens after WOM information has been received and how it affects marketing-relevant outcomes such as attitudes and purchase intentions (Martin, 2014; Martin and Lueg, 2013; Yang et al., 2012).

Thus, this paper develops and presents a conceptual framework for modeling the processing of WOM information based on survey methodology. The framework facilitates the assessment of the extent to which consumers analyze WOM for its central merits in a high-involvement service context. Using this framework we assess the level of cognitive information processing in attitude formation, and by applying the search-experience-credence framework to attitudes we are able to assess how the nature of choice criteria affects the processing of WOM. Hence, this research contributes to the existing literature in enhancing understanding of the processing of WOM, and provides insights into how consumers use WOM information in forming their attitudes.

Method and Data

The survey method was chosen to facilitate the collection of a representative sample at the search stage of the decision-making process. According to East and Uncles (2008), measuring WOM retrospectively by means of a survey is appropriate given its informal and unpredictable nature, and thus is considered a practical way of investigating this naturally occurring phenomenon. Hypotheses are tested on survey data from 378 respondents collected prior to a high-involvement service choice with structural equations modeling (LISREL) using maximum likelihood estimation.

Summary of Findings

The results suggest that in a service context the processing of WOM information is mainly cognitive and deliberate. Furthermore, as evaluation difficulty increases, due to the complex nature of evaluation criteria, a less thoughtful route of information processing will operate in parallel to the cognitive route, relying more on simple cues of information in attitude formation. Based on the results, the extent of cognitive processing of information seemed to decrease as evaluation difficulty increased. This is an important finding since the attitudes that are considered highly difficult to evaluate are also based on criteria, which are perceived as most important in decision-making. Since the results suggest that these difficult and important criteria are largely based on information that is processed more as simple cues or heuristics, researchers and practitioners should acknowledge this finding as it suggests that the attitude may be unstable and thus susceptible to competitors’ marketing efforts.

Key Contributions

Prior research on the processing of WOM has studied WOM diagnosticity and aimed to understand the factors that contribute to the overall perceived diagnosticity of communication. This paper aimed to understand the processing of
WOM through the ELM, by adopting the concept of information diagnosticity. In addition to the diagnostic information, the study aimed to understand the simple processes of WOM operating in parallel to the cognitive and diagnostic information. This study expanded the prior research on WOM and services marketing by developing and empirically testing a conceptual framework of WOM information processing, and applying it to a high-involvement service context by taking into account the complex nature of choice criteria. Adopting the search-experience-credence framework into the evaluation of brand attitudes, allows division of the attitude construct into three distinct levels, which vary in terms of evaluation difficulty. Through this distinction, the processing of WOM was shown to vary, and different processing routes were active depending on the difficulty of the nature of the evaluative attitude. This contributed to the understanding of how consumers utilize WOM information in their evaluations of complex services.

References are available on request.
The Effects of Two-Way Communication and Chat Service Usage on Consumer Attitudes in the E-Commerce Retailing Sector

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Keywords: computer-mediated communication, e-commerce retailing, live chat, partial least squares, website interactivity

EXTENDED ABSTRACT

Research Questions
In e-commerce retailing (e-retailing), where competitors are only one click away and prices are easy to compare, providing superior customer service and reciprocal communication via a company’s website are important aspects of retaining customers. One increasingly popular solution to improve customer service is a “live chat” interface that allows consumers to have real-time conversations online with customer service agents. As the literature on the impacts of real-time communication via live chat is currently very limited, this study develops and tests a model that investigates the moderating effects of a chat service on the relationship between two-way communication (i.e., a core element of perceived website interactivity) and customer satisfaction, trust, repurchase and word-of-mouth (WOM) intentions. Specifically, the study aims at answering the following two research questions:

1. To what extent do consumers’ two-way communication perceptions on a website affect trust, satisfaction, repurchase intentions, and positive word-of-mouth (WOM) intentions in the e-commerce retailing sector?

2. Does the use of a chat service on a website strengthen the effects of two-way communication on trust, satisfaction, repurchase intention, and WOM?

Method and Data
Data were collected via an online survey in cooperation with five Finnish e-commerce stores that actively utilize live chats as a customer service tool. The target population of our study consisted of e-commerce customers who had made a purchase within the last 30 days from the selected e-commerce stores. We received 6,783 valid respondents, 1,754 of which (25.9%) had used the e-retailers’ chat service while 5,029 (74.1%) had not. We used a partial least squares (PLS) approach and tested our conceptual model with the SmartPLS 3 software. Specifically, a PLS-based multi-group analysis (chat service users vs. non-chat service users) was conducted to investigate the moderating effects of the use of a chat service. PLS was suitable for our research purpose because the data were found to be highly non-normal, and our primary focus was on the path relationships and variance explained of the target constructs rather than on the model fit.

Summary of Findings
The results show that the extent to which a consumer perceives that an e-retailer is dedicated to fostering two-way communications between a consumer and a seller has significant effects on consumer attitudes and these effects are positively moderated by the use of chat service. First, two-way communication was found to have significant direct effects on trust in and satisfaction with the e-retailer, as well as on repurchase intention. Furthermore, two-way communication was found to have a significant indirect effect on WOM via trust, satisfaction and repurchase intention. Second, the use of a chat service strengthens the direct effects of two-way communication on trust and satisfaction signifi-
cantly. Furthermore, the indirect and total effects of two-way communication on repurchase intention and WOM were significantly greater in the chat users’ subsample than in the non-chat users’ subsample. Thus, we conclude that the use of chat service strengthens the effects of two-way communication on consumer attitudes.

**Key Contributions**

The study extends the previous knowledge of the important role of real-time communication in the e-retailing sector. In particular, the study findings advance the knowledge in the fields of website interactivity and computer-mediated communication by demonstrating the effects of two-way communication on trust, satisfaction, repurchase intention, and WOM. Furthermore, while previous research has shown that the use of a chat service has positive indirect effects on consumer attitudes via interactivity perceptions, the current study adds to that knowledge by being the first study to demonstrate the positive moderating effects of a chat service on the relationship between two-way communication and consumer attitudes. From a managerial perspective, the study findings imply that interpersonal communication may be just as vital to online shopping as to offline shopping. While salespersons and customer service agents have always been a crucial part of shopping experiences in the physical stores, the same phenomenon is likely to become more prominent in the online shopping environment, as live chat interfaces and other similar technological solutions become more widespread. As the study findings implied that chat service might bring benefits to companies in terms of positive consumer attitudes, we recommend managers consider the adoption of such a service.

*References are available on request.*
Multi-channel shopping is a top priority, as customers shop in both online and offline retail channels. However, managers have little understanding of how to persuade online customers to shop in brick-and-mortar stores. This paper quantifies the causal sales effect of customized channel-targeted coupons intended to lift offline sales from online customers. It exploits a randomized field experiment in collaboration with a large department store. The field experiment promoted three different channel-targeted coupons (treatments): an offline-only coupon, an online-only coupon, and a dual-channel coupon. The control is a holdout group of customers who did not receive any coupon. Results show that the dual-channel coupon is most effective in persuading web-only customers to purchase in the brick-and-mortar store for the first time, i.e., cross-channel effects. The dual coupon increases the odds of making an in-store purchase by 31% over the online coupon, offline coupon, and holdout. Conditional on making a purchase, the dual coupon lifts sales by 63.3% over other channel-targeted coupons. Interestingly, the dual-channel coupon increases the odds of making an in-store purchase by 15 times for web-only customers who reside far away from (versus close to) the brick-and-mortar store. The moderating role of home-store distance suggests more incremental sales lifts with dual-channel coupons that are targeted to marginal customers who live far away from physical stores and would not make a purchase without the dual coupon. Follow-up survey evidence indicates the dual-channel coupon is most effective because it is in the consideration set and elicits information search. These results proffer novel managerial implications for multi-channel marketing efforts regarding how to leverage channel-targeted coupons to convert online consumers to shop offline.

References are available on request.
Member Participation in Commerce-Based Online Communities

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Keywords: online communities, customer participation, member participation

EXTENDED ABSTRACT

Research Question
Online communities such as etsy.com (handcrafted goods) or Book Mooch (book trading) combine two elements in their business models: connection and commerce. This is in contrast to online communities, which focus on connecting their members to exchange information or cultivate relationships (e.g., Facebook). We call these communities commerce based online communities (CBOCs). The CBOC provider’s role is to enable the transactions and the exchange of transaction-related information by managing the community (Eisenmann, Parker, and Alstyne 2006). To fulfill this role members pay a transaction fee to the provider (Evans and Schmalensee 2008). Consequently, the revenue of a CBOC provider depends directly on the volume of transactions by members, that is member participation. The transaction data allows us to operationalize our dependent variable as “member participation” from the customer perspective equaling “return on member participation” from the provider’s perspective since member participation directly translates into provider revenues. Thus our research question is: What are the drivers of return on member participation in commerce based communities?

Method and Data
We collaborated with the provider of a major German CBOC to collect the data. We gathered data from two sources. First, we conducted a survey and obtained self-reported survey data to measure the drivers of the return on member participation and demographics. To measure the constructs, we refer to existing scales and adapt them to the study context. Second, we matched the respondents with objective data from the community provider using an individual member number over a period of two years. To create sufficient variation in the data, we summed transactions for every three quarters, such that our analysis covered three points in time. To assess measurement quality, we ran a confirmatory factor analysis with all constructs in our model, using Mplus 6.1 (Muthén and Muthén 2010). The overall fit indices met commonly accepted standards.

Using latent growth curve modeling (LGCM), we analyzed the change in return on member participation over time and distinguished the initial state and growth components. LGCM is an advanced application of structural equation modeling and analyzes longitudinal changes (Jaramillo and Grisaffe 2009). Using measures observed across multiple time points that capture the level of a variable, LGCM calculates the latent intercept (i.e., initial level) and latent slope (i.e., growth) of the developmental trajectory. Thus, researchers can describe and explain longitudinal changes in the domain of interest (Chan 1998). Compared with more traditional longitudinal data analysis approaches (e.g., repeated measures, panel regression), LGCM provides several advantages (Chan 1998; Lance, Meade, and Williamson 2000).

Summary of Findings
Our study thus offers four main contributions. First, based on self-determination theory we identify and validate drivers of member participation of CBOCs that relate to the perception of autonomy, competence, and relatedness of the focal member. In this vein, we contribute to customer participation literature by providing a further empirical validation of drivers of participation from customers in a membership-
based service setting that is a CBOC. Second, from an empirical perspective, a contribution of our study relates to the measurement of customer, i.e. member participation. Prior research has measured customer participation primarily through self-reported survey data (e.g., Chan, Yim, and Lam 2010), our research combines survey data on the drivers of participation with transaction data about members participation behavior. The transaction data allows us to operationalize our dependent variable as “member participation” from the customer perspective equaling “return on member participation” from the provider’s perspective since member participation directly translates into provider revenues. It further allows us to demonstrate that actual participation, rather than intention, is influenced by the drivers. Third, we demonstrate not only immediate effects on the level of participation and therefore revenues, but also on the growth of participation. We are able to provide such a detailed view because of our longitudinal transaction data using latent growth curve modeling. Fourth, by explicitly assessing participation that links to revenues we quantify the financial impact of the drivers for CBOC providers. The inclusion of our objectively measured dependent variable “return on member participation” also responds to calls to reveal the financial impact of online business models (Köhler, Rohm, de Ruyter, and Wetzels 2011).

Key Contributions

With this study, we investigate the developmental trajectory of return on member participation in commerce based online communities. Such CBOCs combine commerce and connection in their business model and thus rely on member participation as the main revenue generator. We propose and test a framework rooted in self-determination theory that examines antecedents of return on member participation that are related to autonomy (enjoyment), competence (role clarity) and relatedness (perceived responsiveness, perceived co-member cooperation, and community identification). By so doing we refer in our analysis to the three important stakeholder groups: the focal member, other members of the CBOC, and the community provider. We investigate effects of those antecedents on the initial level of member participation as well as lasting effects on the growth rate. Our results of the LGCM show that with respect to the effects on the initial state of the return on member participation member role clarity, provider responsiveness and community identification unveil a significant positive effect, whereas co-member cooperation shows a negative relationship. This result challenges established opinions and former research, but it suggests that cooperativeness might have unintended effects. We cannot find any significant effect of enjoyment on the initial level of member participation, but is has an effect on growth. This is what we coin as “loyalty effect.” With respect to the growth of the return on member participation over time the importance of the different antecedents changes. Here we find enjoyment and member role clarity to positively affect the growth of return on member participation over time. Thus, these antecedents have a lasting effect. Co-member cooperation unveils a negative growth effect. Provider responsiveness and community identification have no significant effects. Overall, these results support the notion that CBOCs require separate investigation and should support providers to leverage their returns.

References are available on request.
Research Question
Whereas quality generally indicates how well a product or service meets customers’ requirements (Nagel and Cilliers 1990), website quality reflects whether a website satisfies users’ needs (Cho, Bonn, and Kang 2014). Against this background, the goal of this study is to investigate how perceived website quality affects different levels of customers’ satisfaction in online shopping. Drawing on the fundamental assumption that humans adapt their decision-making processes to specific contexts while striving to conserve the cognitive effort associated with decision-making (Häubl and Trifts 2000), this research attempts to show to what extent website quality can inspire customers’ choice satisfaction and experience satisfaction across different e-channels (i.e., mobile vs. stationary). As the constraints in a mobile setting might tempt users to use website quality as a heuristic when evaluating product choice and overall website site experiences, one can assume that website quality is a more powerful predictor for individuals’ website experience satisfaction when using a mobile device instead of a stationary device for online shopping. Furthermore, we assume that in a constrained virtual shopping surrounding, as it is the case while shopping through a mobile device, perceived variety in an online shop strengthens the effect of website quality when using a mobile instead of a large-screen device.

Method and Data
Data was collected through a web-based questionnaire from German students. In total, the final data set consisted of 177 data sets, of which 88 had accessed the questionnaire through a mobile device and were therefore assigned to the mobile group. These sub-samples were matched on criteria that have been found to characterize intensive mobile device use (e.g., age (San-Martín, Prodanova, and Jiménez 2015) and innovativeness (Aldás-Manzano, Ruiz-Mafé, and Sanz-Blas 2009). The online shop, which was created by a professional agency for this study, focused on selling cooking pots. To manipulate product variety, two versions of the online shop were created (one brand = low variety; three brands = high variety). The respondents were randomly assigned to one of the two online shops and asked to imagine a scenario, which guided them through the online shopping visit. The scenario included a search task that is qualified to induce high involvement among participants (Ha and Lennon 2010). Additionally, online survey access was verified to integrate the respective e-channel during further data analysis. To test the measurement and structural models we applied partial least-squares structural equation modeling using Smart PLS 3.0 software (Ringle, Wende, and Becker 2015).

Summary of Findings
The results of the study show, that the perceived website quality positively influences individuals’ overall website experience satisfaction and individuals’ choice satisfaction. In addition to that, the choice satisfaction positively impacts individuals’ overall website experience satisfaction. To summarize, the assessment of the inner model illustrates statistically significant relationships. Further, mediation analysis...
demonstrates that choice satisfaction partially mediates the relationship between website quality and overall website experience satisfaction (Hair et al. 2014). As expected, website quality has a stronger effect when customers use a mobile instead of a stationary device. In turn, the effect of website quality on choice satisfaction is independent of the respective device. Interestingly, the total impact of website quality is significantly stronger when customers access the online shop via a mobile instead of a stationary device. Regarding the moderating impact of product variety, the product variety slightly strengthens the effects of website quality on choice satisfaction when the online shop is accessed via a mobile device. The same relationship is weakened when accessing the online shop through a stationary device. In neither the mobile nor in the stationary sample was the relationship between website quality and overall website experience satisfaction directed by perceived product variety.

**Key Contributions**

The current research contributes to existing literature from a threefold perspective. First, it complements classical research efforts regarding website quality by emphasizing the mediating role of choice satisfaction in the relationship between website quality and experience satisfaction. Second, we contribute to the literature on e-commerce and mobile commerce by uncovering differences in how access devices influence the relationship between service quality and customers’ satisfaction. Third, effects of product variety are regarded in an online shopping context.

Furthermore, these results offer several managerial implications. Generally, customers’ satisfaction with the online experience can be managed by providing customers with aesthetically appealing, user-friendly, and informative online shops, especially when they access the online shop through a mobile device (e.g., responsive-design approaches help drive customer satisfaction). Retailers should attempt to adapt their content to mobile device requirements because adding a new e-channel can enhance customers’ loyalty through experience satisfaction. Furthermore, creators of online shops should cautiously select the number of presented products, because variety can emphasize and highlight the role of website quality, especially in mobile-shopping environments. Overall, high quality standards are crucial to satisfy customers at different levels.

*References are available on request.*
Do They Always See It, Do They Always Care? Choice and Attentional Resources as Boundary Conditions of Customer Reactions to Frontline Employees’ Emotional Authenticity

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Keywords: emotional labor, authenticity, customer satisfaction, choice, attentional resources

EXTENDED ABSTRACT

Research Question
Previous research indicates that employee emotional displays affect pivotal customer outcomes (Hülsheger and Schewe 2011). In particular, authentic displays were shown to outperform inauthentic displays with respect to customer satisfaction. Yet the production of authentic displays is dependent on the employees’ ability to regulate their emotions which is often situationally or individually constrained (Liu et al. 2008). Thus, a deepened understanding of boundary conditions which attenuate the authenticity-satisfaction relationship is of great interest for both service managers and theorists.

We investigate three novel boundary conditions of the authenticity-satisfaction relationship. We study the moderating role of choice, that is, the ability to decide the course of action (Skinner 1996). Choice is an important boundary condition as customers’ consumption choice is often restricted by, for example, budgets, business hours, or distance to service providers. Furthermore, we investigate attentional resources, in particular attentional focusing, that is, the ability to deliberately hold attention on a specific target (Derryberry and Rothbart 1988), and polychronicity, an individual’s preference for multitasking (Poposki and Oswald 2010). Attentional resources are an important individual difference. In our study, we distinguish interactions that occur in customers’ perception affecting perceived authenticity, and in customers’ interpretation affecting customer satisfaction.

Method and Data
We conducted a 2 (authenticity: high vs. low) by 2 (choice: high vs. low) randomized between-subjects laboratory experiment. Participants were asked to select a local diner from a list of alternatives and subsequently watched a professionally recorded short film depicting a scripted restaurant visit from the customer’s point of view. We manipulated authenticity by having a trained waitress either display felt emotions using cognitive change emotion regulation techniques in the high authenticity condition (Gross 1998), or modulating her facial expression without altering her felt emotions in the low authenticity condition (cf. Grandey et al. 2005). We manipulated choice by altering the number of restaurants to choose from. In the high (low) choice condition, participants chose out of a set of four (one) restaurants, which were described in terms of location, average rating, and style of cooking (cf. Botti and McGill 2006). This study uses established reflective seven-point multi-item scales. Two hundred and six students participated in our study. Participants’ age ranged from 17 to 30 with a mean of 22.09 years; 34.1% were male. Participants rated the described scenario as highly realistic.

Summary of Findings
All our measures show acceptable levels of reliability. Participants report highly significant differences in authenticity perceptions as well as choice perceptions in the expected directions. Regarding the moderating role of choice, we find...
a marginally significant positive interaction of authenticity and choice predicting customer satisfaction. Simple slope analysis indicates that authenticity affects satisfaction when choice is high but not when choice is low. Regarding the moderating role of attentional focusing, we find a significant positive interaction of authenticity and attentional focusing predicting perceived authenticity. Probing this interaction shows that people low in attentional focusing do not perceive authenticity differentially. However, with increasing attentional focusing, the difference in perceived authenticity increases significantly. Finally, regarding the moderating role of polychronicity, we find a significant positive interaction of perceived authenticity and polychronicity predicting customer satisfaction. Probing this interaction shows that for people very low in polychronicity, perceived authenticity does not affect satisfaction differentially. However, with increasing polychronicity, the effect of perceived authenticity on customer satisfaction increases significantly.

Key Contributions
Our study contributes to the emotional labor literature by investigating three novel boundary conditions of the authenticity-satisfaction relationship. In an attempt to separate boundary conditions that occur in customers’ perception affecting perceived authenticity from boundary conditions occurring in customers’ interpretation affecting satisfaction judgments, we further advance our understanding of the particularities of the authenticity-satisfaction relationship.

Our study identifies attentional resources as a further important customer individual difference and adds to previous research indicating the important role of customers’ emotional resources (Groth, Hennig-Thurau, and Walsh 2009). We find the effects of attentional focusing and polychronicity to occur either in perception or interpretation, respectively, highlighting the value of adapting a process perspective in analyzing boundary conditions.

We furthermore provide preliminary evidence for the moderating role of choice. In practice, customers’ consumption choice is often restricted, thus, knowledge about the moderating effect of restricted choice is highly relevant. We do, however, acknowledge a limitation in our choice manipulation accounting for the marginal significance of the interaction.

References are available on request.
The Role of Emotions on Customer Commitment and Repurchase Intentions

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ABSTRACT
A strong focus on maintaining and improving loyalty is a critical imperative to attracting and retaining customers (Rust, Lemon, and Zeithaml 2004). A large body of theoretical and empirical research has examined customer loyalty (Rust and Chung 2006). Much of this literature explores loyalty from a product performance-based perspective by examining customer satisfaction as an antecedent to loyalty (Oliver 2010). As products and services become more standardized and as competitors become better at reverse engineering their offerings, competing on customer satisfaction alone may not be enough. Firms must address loyalty from a broader perspective that includes mechanisms based on emotions (Rust and Oliver 2000; Rust and Chung 2006; Oliver 1993; Westbrook 1987) and commitment (Moorman, Zaltman, and Deshpande 1992; Garbarino and Johnson 1999; Verhoef 2003), which are more difficult to replicate.

Keywords: loyalty, commitment, emotions, customer retention, customer attraction, customer behavior, hotels, retail, banking

Research on maintaining and improving loyalty has evolved as two separate streams. For instance, Westbrook (1987) and Rust and Oliver (2000) focused on the role of emotions in the formation of behavioral intentions. In contrast are studies (Bügel, Verhoef, and Buunk 2011; Garbarino and Johnson 1999; Verhoef 2003) that examine commitment and loyalty to the exclusion of emotions. We take a broader perspective by jointly examining customer commitment and emotions as antecedents of customer loyalty. Moreover, this investigation is the first to provide insight into the moderating impact of emotions on the five component model of customer commitment (Keiningham et al. 2015) and repurchase intentions. In doing so, our joint and interactive examination of commitment and emotions shows that improving different commitment types may not unconditionally increase customer loyalty. Managers are often advised to increase customer commitment, though doing so may be incorrect if the effect of commitment on loyalty is contingent on emotions.

This research answers the need for research regarding the impact of emotions on the relationship between commitment and customers’ loyalty intentions (specifically, repurchase intention) by investigating the relationship between emotions, the five component model of commitment, and repurchase intentions using data from 1343 consumers across 3 product categories: banking, hotels, and retail.

Commitment and Loyalty Intentions
Commitment has been defined as “an enduring desire to maintain a valued relationship” (Moorman, Zaltman, and Deshpande 1992, p. 316). Researchers initially treated commitment as a unidimensional construct, most typically reflected as a bond based on positive affect (e.g. Garbarino and Johnson 1999). Researchers now recognize commitment as a multi-dimensional construct, most typically comprised of three components (Allen and Meyer 1990): affective commitment (i.e. positive emotional attachment), calculative (aka continuance) commitment (i.e. attachment based on switching costs), and normative commitment (attachment based on perceived obligations). For a review of marketing studies linking commitment to loyalty see Keiningham et al. (2015: Table 1).

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Recently, Keiningham et al. (2015) argued that the three component model of customer commitment, which was initially developed for organizational psychology, is “inadequate for marketing and service contexts.” Instead they propose and empirically test a five component model of customer commitment. In this model, affective commitment and normative commitment remain the same as in the three component model. Calculative commitment, however, is broadened into three distinct commitment constructs: economic commitment (attachment based upon investments made in a brand), forced commitment (attachment based upon a lack of alternatives), and habitual commitment (attachment based upon routine and inertia). In a 10 country, multi-industry study, this broadened conceptualization of commitment was found to have high reliability, convergent and discriminant validity, and stability. Moreover, each commitment dimension was found to have unique associations with repurchase intentions.

**Consumption Emotions and Behavioral Intentions**

Marketing scholars recognize the centrality of emotions especially regarding customer satisfaction (see Oliver 2010). Empirical results show positive and negative emotions have corresponding positive/negative effects on consumer satisfaction as well as behavioral intentions (Rust and Oliver 2000; Westbrook 1987). During consumption, emotions may have direct and indirect (through satisfaction) effects on loyalty (Westbrook 1987). Consistent with previous findings, positive emotions should increase repurchase intentions and negative emotions should decrease repurchase intentions. Thus:

\[ H_{1a(b)}: \text{Positive (negative) emotions are positively (negatively) associated with repurchase intentions.} \]

**Joint Effect of Commitment and Emotions on Behavioral Intentions**

Commitment-device theory (for a review, see Hirshleifer 1987) argues that emotions can act as moderating mechanisms to mitigate or bolster commitment to behaviors or relationships. Specifically, emotions serve as a means to sustain commitment to strategies or relationships that may not confer immediate rewards. Thus, emotions of love or guilt can compel a person—with varying degrees of commitment to a partner—to stay in or withdraw from a relationship. In the context of interpersonal relationships, the individual may desire to pursue an attractive other (an immediate reward), but a positive emotion counteracts the desire to cheat and ensures the individual remains in the relationship to realize its long-term benefits. In a consumption context, positive emotions, coupled with commitment, could enhance loyalty.

In the marketing literature, research that jointly examines emotions and commitment1 is lacking. One exception is Jones et al. (2007), who investigated emotions, affective and calculative commitment, and their relationship with loyalty. They compared service patrons who felt negatively about their provider to those who felt positively. They found affective commitment was positively related to positive emotions and repurchase intentions, and negatively related to negative emotions and negative word of mouth. Calculative commitment was positively related to negative emotions, and positively influenced repurchase intentions (the latter only in the negative relationship sample comprised of consumers with high calculative commitment). Though negative emotions were associated with relational outcomes, positive emotions had no effect. They focused on the mediating role of emotions (and partially supported for negative emotions); our focus is on the moderating role of emotions in the association between commitment and repurchase intentions.

Emotions should moderate the extent to which individuals with varying degrees of commitment process information. Theoretically, a negative affective state has been associated with more deliberative processing as it signals a threatening situation, motivating an individual to process information more systematically (Bless et al. 1990). Additionally, researchers have found that positive emotions may also encourage expansive, though not always deliberative, processing (Isen 2001). Specifically, positive emotions increase the number of alternatives considered, increase the amount and variety of information considered and used in problem solving, and lead to efficient integration of material for decision making (Isen 2001). In sum, negative affect typically leads to systematic processing of information. However, positive affect will lead to systematic processing only in situations where the individual is strongly motivated to process information, typically a highly committed consumer.

In general, positive emotions should play a compensatory role for low levels of affective, economic, and normative commitment, and a confirmatory role for high levels of these commitment dimensions. When these dimensions are high, customers already feel positively about their relationship with their provider and want to maintain it, either because of an emotional bond (affective commitment), rewards or economic benefits (economic commitment), or moral fulfillment and identity reinforcement (normative commitment). This results in high repurchase intentions (i.e., a positive main effect of commitment on loyalty as discussed previously) and positive emotions are expected to reinforce these intentions. Repurchase intentions, then, should stay rela-

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1 Some papers use the term “emotional commitment,” though they are conceptually discussing Affective Commitment, a dimension of commitment, and not the interplay of emotions and commitment—the focus of this paper.
tively high, but not increase further. When commitment is low on these dimensions, consumers do not necessarily feel positively about their relationship with the provider. Positive emotional experiences will compensate for the lower levels of loyalty that result from low commitment and be integrated into behavioral intentions, including repurchase intentions. Thus we predict that repurchase intentions will increase when affective, economic, or normative commitment is low and positive emotions are strong.

In the case of negative emotions, high affective, economic, or normative commitment should counteract their negative effect on loyalty. Consumers with high levels of these forms of commitment should counter-argue negative emotion information and resist changing their repurchase intentions. Negative emotion is diagnostic and complementary only when these dimensions are low. Customers should use a negative emotional consumption experience as a cue to update their behavioral intentions, as they have no means with which to counter-argue it. Thus, when affective, economic, or normative commitment is low, experiencing strong negative emotions should result in lower repurchase intentions. Therefore:

\[ H_{2a(b)^{\prime}} \text{: The relationship between affective commitment and repurchase intentions is moderated by positive (negative) emotions such that positive (negative) emotions will increase (decrease) repurchase intentions.} \]

\[ H_{3a(b)^{\prime}} \text{: The relationship between economic commitment and repurchase intentions is moderated by positive (negative) emotions such that positive (negative) emotions will increase (decrease) repurchase intentions.} \]

\[ H_{4a(b)^{\prime}} \text{: The relationship between normative commitment and repurchase intentions is moderated by positive (negative) emotions such that positive (negative) emotions will increase (decrease) repurchase intentions.} \]

Forced commitment, because it represents a relationship maintained out of necessity due to a lack of other options, indicates the consumer does not necessarily feel good about their relationship with the provider nor do they want to maintain it, even though they must. Positive emotional experiences then may compensate for high forced commitment, improving repurchase intentions. This is consistent with the mood repair literature which suggests that individuals will seek out positive information or experiences to improve a negative affective state (Isen 2001). Positive emotions are less likely to be integrated into repurchase intentions when forced commitment is low as they complement the already held repurchase intentions. Repurchase intentions should not change when forced commitment is low and positive emotions are strong.

When forced commitment is high, negative emotions moderate its relationship with repurchase intentions, i.e. play a confirmatory role (Hoch and Deighton 1989). Negative emotion information is consistent with high forced commitment consumers’ repurchase intentions. Therefore, negative emotions will not impact repurchase intentions when forced commitment is high. When forced commitment is low, negative emotion information is persuasive and incorporated into repurchase intentions. The combination of strong negative emotions and low forced or normative commitment should result in lower levels of repurchase intentions.

\[ H_{5} \text{: The relationship between forced commitment and repurchase intentions is positively moderated by negative emotions.} \]

As described previously, repetitive exposure due to habitual commitment is associated with high processing fluency, which generates positive affect (Wood and Neal 2009). Habitual behavior should operate similarly and be associated with positive affect as well. Thus, positive emotions should play a confirmatory role. When positive emotions are present, only customers with low habitual commitment should have higher repurchase intentions. When negative emotions are experienced, individuals low in habitual commitment will integrate this information into their behavioral intentions, including repurchase intentions. For those high in habitual commitment, the systematic processing associated with negative emotions may lead these individuals to think about their relationship with the provider and infer that because they repeatedly patronize the firm, they prefer it over others, and will remain loyal in the future. Negative emotions should not decrease repurchase intentions when habitual commitment is high. Thus:

\[ H_{6} \text{: The relationship between habitual commitment and repurchase intentions is positively moderated by positive emotions.} \]

Data and Measures

The data were collected by a marketing research firm through an online panel of U.S. consumers. In total, 1343 consumers participated in the study. Participants who had made a recent transaction in the banking, hotel, or retail industry were included in the sample. If a respondent had transactions in more than one of these industries, she was assigned to answer questions about one of the sectors (randomly, until quotas for each industry were filled). The industries were approximately equally represented in the final sample (32%, 34%, and 35%, respectively). Participants responded to questions regarding the primary service provider used or brand purchased.
Respondents were 51% male and 49% female. They were well represented across age ranges (20% age 18-34 years, 24% age 35-44 years, 29% aged 45-54 and 27% age 55 and older). 41% of the respondents have used their brand for five years or less, 21% have been customers for 5-10 years, and 38% have been a customer of the company for more than ten years.

**Measures**

Commitment. Each commitment dimension was comprised of two or three items (1 = strongly disagree, 10 = strongly agree). The affective and Economic Commitment items were adapted from Gustafsson, Johnson, and Roos (2005) and Normative Commitment items were adapted from Kelly (2004). Each of these first three commitment dimensions was comprised of three items. The habitual and Forced Commitment constructs were each comprised of two questions each, following Keiningham, Frennea, et al. (2015). As suggested by Singh, Goolsby, and Rhoads (1994) we averaged responses for the respective items to create a single variable for each commitment dimension. All dimensions have high internal consistency and convergent validity. Cronbach’s alpha exceeds .8 for each dimension and Average Variance Extracted (AVE) based on principal components analyses for each grouping exceeds .74 for all items.

Emotions. We started with twenty-four emotional states adapted from Oliver (1993; 2010), twelve representing negative emotions (Angry, Irritated, Regret, Afraid, Nervous, Worried, Sad, Helpless, Miserable, Embarrassed, Humiliated, Self-Conscious) and twelve representing positive emo-

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**Table 1. Measures and Constructs: Question Wording and Reliability Analysis**

<table>
<thead>
<tr>
<th>Construct/Factor</th>
<th>Cronbach’s Alpha</th>
<th>Average Variance Extracted (Based on PCA loadings)</th>
<th>1 = Strongly Disagree, 10 = Strongly Agree</th>
<th>Scale Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective</td>
<td>0.94</td>
<td>0.90</td>
<td></td>
<td>AC1: I take pleasure in being a customer of [firm/brand] AC2: [Firm/brand] is the provider that takes the best care of its customers AC3: I get back what I put into my relationship with [firm/brand]</td>
</tr>
<tr>
<td>Economic</td>
<td>0.83</td>
<td>0.74</td>
<td></td>
<td>EC1: It pays off economically to be a customer of [firm/brand] EC2: I would suffer economically if the relationship were broken EC3: The economic benefit of dealing with [firm/brand] is more than the costs</td>
</tr>
<tr>
<td>Normative</td>
<td>0.96</td>
<td>0.92</td>
<td></td>
<td>NC1: My attachment to [firm/brand] is mainly based on the similarity of our values NC2: Because of the values [firm/brand] stands for, being a customer feels like the right thing to do NC3: I prefer [firm/brand] to others because it stands for values that are important to me</td>
</tr>
<tr>
<td>Habitual</td>
<td>0.9</td>
<td>0.91</td>
<td></td>
<td>HC1: I prefer [firm/brand] just out of habit HC2: I use [firm/brand] primarily because that is what I’ve been doing for a while</td>
</tr>
<tr>
<td>Forced</td>
<td>0.81</td>
<td>0.84</td>
<td></td>
<td>FC1: I use [firm/brand] only because I have no other choice FC2: If I had another option, I’d stop using [firm/brand]</td>
</tr>
<tr>
<td>Consumption Emotions</td>
<td></td>
<td></td>
<td></td>
<td>Based on my overall experience with [firm/brand], I feel [emotion] (10 Extremely to 1 Not at all):</td>
</tr>
<tr>
<td>Negative</td>
<td>0.97</td>
<td>0.78</td>
<td></td>
<td>Angry, Irritated, Regret, Afraid, Nervous, Worried, Sad, Helpless, Miserable, Embarrassed, Humiliated, Self-Conscious</td>
</tr>
<tr>
<td>Positive</td>
<td>0.98</td>
<td>0.82</td>
<td></td>
<td>Secure, Fulfilled, Peaceful, Delighted, Thrilled, Happy, Loved, Desired, Warm-Hearted, Pride, Important, Self-Respect</td>
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</tbody>
</table>
Overall Satisfaction. Respondents were asked to evaluate their satisfaction with the brand on a scale of 1 to 10 where 1 = Completely dissatisfied and 10 = Completely satisfied.

Repurchase Intentions. Respondents were asked their intention to repurchase the brand in the future using a five point scale where 5 = Definitely will choose them, 4 = Probably will choose them, 3 = Might or might not choose them, 2 = Probably will not choose them, and 1 = Definitely will not choose them.

Covariates. In addition to the main variables of interest, the model controls for demographic characteristics: Age measured using three dummy variables (Age 18-34, Age 35-44, and Age 45-54, with Age 55+ as the reference category) and Gender (Male = 0, Female = 1). Also included in the model are the respondent’s tenure with the brand (5-10 years and More than 10 years, with Less than 5 years as the reference category), and sector (Bank and Hotel, with Retail as the reference category).

Descriptive statistics of all model variables and correlations between the key constructs are displayed in Table 2.

Method

The analysis is based on linear regression models of the five component commitment model and the positive/negative emotion constructs, as well as relevant covariates on repurchase intentions. We present the five-component commitment model as a baseline and then look at the impact of the emotion constructs, including two-way multiplicative interaction effects between the commitment and emotion constructs, on the effects of commitment to assess the role of emotions as potential moderators of the effect of the various forms of commitment on repurchase intention.

Results

Results are summarized in Table 3 which also includes goodness-of-fit statistics. In Model 1, all of the commitment constructs except normative commitment are statistically significant with effects in the expected directions. Adding the emotions constructs and interactions between emotions and commitment dimensions to the model produces Model 2, which demonstrates small but incremental improvement in fit (adjusted R-square = 41.6%, AIC and BIC are slightly better). Both positive and negative emotions demonstrate statistically significant main effects in the expected directions, supporting hypotheses 1a and 1b.

While there are no significant interactions between affective commitment and either emotions variable, the main effect of affective commitment is attenuated compared to Model 1 and becomes statistically insignificant in Model 2. This suggests that the effect of affective commitment may be mediated, rather than moderated by positive and/or negative emotions. Nonetheless, hypotheses 2a and 2b are not supported.

Normative commitment did not have a statistically significant effect in Model 1, technically leaving no effect for emotions to moderate. However, the interaction between positive emotions and normative commitment is significant (+), while interaction between negative emotion and normative commitment is also significant (-). Nonetheless, because normative commitment does not demonstrate a statistically significant main effect on repurchase intentions, hypotheses 3a and 3b are not supported.

3Smaller values for Akaike information criterion (AIC) and Bayesian information criterion (BIC) indicate better fit.
The positive main effect of economic commitment actually increases with the inclusion of the emotions constructs in the model, with a significant negative interaction between economic commitment and positive emotions. Thus, we do find evidence that emotions moderate the effect of economic commitment, but not in the expected direction, with positive emotions acting less as an enhancer and more as a mitigating influence. Hypotheses 4a and 4b are not supported.

Like the effect of affective commitment, the effect of habitual commitment on repurchase intention becomes statistically insignificant with the inclusion of the emotions variables and interaction effects. However, the coefficient of habitual commitment actually increases in Model 2, with the drop in statistical significance apparently due simply to the increase in the error of the estimate rather than any mediation by the emotions variables. There are no significant interactions between habitual commitment and emotions. Thus hypothesis 5 is not supported.

The main effect of forced commitment appears stronger in Model 2. As expected, we find no significant interaction between forced commitment and positive emotion, but we do find a significant interaction between forced commitment and negative emotions (+). Thus hypothesis 6 is supported.

**Discussion and Implications**
Consistent with hypotheses 1a and 1b, both positive and negative emotions have a direct effect on repurchase intentions when included in a model containing the five dimensions of commitment. This indicates that the effects of emotions on customers’ repurchase intentions are not fully captured by commitment. Interestingly, affective commitment, which Keiningham, Frennea et al. (2015) found to be a strong predictor of repurchase intentions when using the five component model of commitment, becomes statistically insignificant with the addition of the emotion constructs, indicating that perhaps the effect of affective commitment on repurchase intentions is mediated by the consumption emotions experienced. As affective commitment is often conceptualized as an emotional commitment to the brand (e.g., Limbu, Huhmann, and Xu 2012), the direct effect of consumers’ emotions on repurchase intentions may overlap that of affective commitment thereby masking its effect on repurchase intentions. Similarly, habitual commitment becomes insignificant when the interactions between positive and negative emotions and habitual commitment are added to the model. This lack of an effect may nonetheless be a symptom of the increased multicollinearity introduced into the model by including the interaction terms. As a result, this change should be interpreted cautiously.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std Dev</th>
<th>RI</th>
<th>OS</th>
<th>AC</th>
<th>NC</th>
<th>EC</th>
<th>HC</th>
<th>FC</th>
<th>PE</th>
</tr>
</thead>
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<tr>
<td>Gender: Female</td>
<td>49%</td>
<td>0.50</td>
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<td>Gender: Male</td>
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<td>0.50</td>
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<tr>
<td>Age 18-34</td>
<td>20%</td>
<td>0.40</td>
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<td>Age 45-54</td>
<td>29%</td>
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<td>Age 55+</td>
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<tr>
<td>Tenure: Less than 5 Years</td>
<td>41%</td>
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<tr>
<td>Tenure: 5-10 Years</td>
<td>21%</td>
<td>0.41</td>
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<tr>
<td>Tenure: More than 10 Years</td>
<td>38%</td>
<td>0.49</td>
<td></td>
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<tr>
<td>Sector: Bank</td>
<td>32%</td>
<td>0.46</td>
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<tr>
<td>Sector: Hotel</td>
<td>34%</td>
<td>0.47</td>
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<tr>
<td>Sector: Retail</td>
<td>35%</td>
<td>0.48</td>
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<tr>
<td>Repurchase Intentions (RI)</td>
<td>4.2</td>
<td>0.93</td>
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<tr>
<td>Overall Satisfaction (OS)</td>
<td>7.9</td>
<td>1.76</td>
<td>0.456</td>
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<tr>
<td>Affective Commitment (AC)</td>
<td>6.7</td>
<td>2.21</td>
<td>0.432</td>
<td>0.676</td>
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<td></td>
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<tr>
<td>Normative Commitment (NC)</td>
<td>5.7</td>
<td>2.46</td>
<td>0.383</td>
<td>0.544</td>
<td>0.795</td>
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</tr>
<tr>
<td>Economic Commitment (EC)</td>
<td>5.9</td>
<td>2.16</td>
<td>0.433</td>
<td>0.486</td>
<td>0.700</td>
<td>0.744</td>
<td></td>
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</tr>
<tr>
<td>Habitual Commitment (HC)</td>
<td>5.7</td>
<td>2.43</td>
<td>0.244</td>
<td>0.226</td>
<td>0.335</td>
<td>0.374</td>
<td>0.332</td>
<td></td>
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</tr>
<tr>
<td>Forced Commitment (FC)</td>
<td>3.4</td>
<td>2.33</td>
<td>-0.213</td>
<td>-0.281</td>
<td>-0.234</td>
<td>-0.116</td>
<td>-0.055</td>
<td>0.170</td>
<td></td>
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</tr>
<tr>
<td>Positive Emotions (PE)</td>
<td>5.5</td>
<td>2.68</td>
<td>0.333</td>
<td>0.525</td>
<td>0.721</td>
<td>0.707</td>
<td>0.560</td>
<td>0.227</td>
<td>-0.209</td>
<td>-0.217</td>
</tr>
<tr>
<td>Negative Emotions (NE)</td>
<td>1.7</td>
<td>1.39</td>
<td>-0.271</td>
<td>-0.408</td>
<td>-0.395</td>
<td>-0.265</td>
<td>-0.259</td>
<td>-0.066</td>
<td>0.342</td>
<td>-0.217</td>
</tr>
</tbody>
</table>
Table 3. Regression Results for Repurchase Intentions Model

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>2.455*** (0.12067)</td>
<td>2.48464*** (0.2071)</td>
</tr>
</tbody>
</table>

**Main Effects**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Satisfaction</td>
<td>0.151*** (0.01536)</td>
<td>0.13857*** (0.01579)</td>
</tr>
<tr>
<td>Gender: Female</td>
<td>-0.053 (0.05165)</td>
<td>-0.04864 (0.05157)</td>
</tr>
<tr>
<td>Age 18-34</td>
<td>0.144* (0.07012)</td>
<td>0.12226 (0.07053)</td>
</tr>
<tr>
<td>Age 35-44</td>
<td>0.194** (0.06574)</td>
<td>0.19136** (0.06594)</td>
</tr>
<tr>
<td>Age 45-54</td>
<td>0.084 (0.05312)</td>
<td>0.08247 (0.05301)</td>
</tr>
<tr>
<td>Tenure: 5-10 Years</td>
<td>0.137* (0.05434)</td>
<td>0.12818* (0.05442)</td>
</tr>
<tr>
<td>Tenure: More than 10 Years</td>
<td>0.174*** (0.04898)</td>
<td>0.15722** (0.04883)</td>
</tr>
<tr>
<td>Sector: Bank</td>
<td>-0.245*** (0.05109)</td>
<td>-0.21632*** (0.05185)</td>
</tr>
<tr>
<td>Sector: Hotel</td>
<td>-0.701*** (0.05202)</td>
<td>-0.70155*** (0.05219)</td>
</tr>
<tr>
<td>Affective Commitment (AC)</td>
<td>0.050** (0.01748)</td>
<td>0.04023 (0.0426)</td>
</tr>
<tr>
<td>Normative Commitment (NC)</td>
<td>-0.006 (0.01483)</td>
<td>-0.04814 (0.04004)</td>
</tr>
<tr>
<td>Economic Commitment (EC)</td>
<td>0.064*** (0.01473)</td>
<td>0.12783** (0.04366)</td>
</tr>
<tr>
<td>Habitual Commitment (HC)</td>
<td>0.025** (0.00937)</td>
<td>0.04113 (0.02746)</td>
</tr>
<tr>
<td>Forced Commitment (FC)</td>
<td>-0.039*** (0.00943)</td>
<td>-0.06908** (0.02601)</td>
</tr>
<tr>
<td>Positive Emotions (PE)</td>
<td>0.06976* (0.03028)</td>
<td>-0.10739* (0.04473)</td>
</tr>
<tr>
<td>Negative Emotions (NE)</td>
<td>0.01402 (0.01443)</td>
<td>0.01622* (0.00719)</td>
</tr>
</tbody>
</table>

**Interaction Effects**

<table>
<thead>
<tr>
<th>Interaction</th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC x PE</td>
<td>-0.00467 (0.00625)</td>
<td></td>
</tr>
<tr>
<td>AC x NE</td>
<td>0.00639 (0.01215)</td>
<td></td>
</tr>
<tr>
<td>NC x PE</td>
<td>0.01383* (0.00587)</td>
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</tr>
<tr>
<td>NC x NE</td>
<td>-0.02376* (0.01166)</td>
<td></td>
</tr>
<tr>
<td>EC x PE</td>
<td>-0.01511** (0.00534)</td>
<td></td>
</tr>
<tr>
<td>EC x NE</td>
<td>0.01402 (0.01443)</td>
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</tr>
<tr>
<td>HC x PE</td>
<td>-0.00244 (0.00332)</td>
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</tr>
<tr>
<td>HC x NE</td>
<td>-0.00111 (0.00764)</td>
<td></td>
</tr>
<tr>
<td>FC x PE</td>
<td>0.00211 (0.0032)</td>
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</tr>
<tr>
<td>FC x NE</td>
<td>0.01622* (0.00719)</td>
<td></td>
</tr>
</tbody>
</table>

**Fit Statistics**

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted R-Square</td>
<td>40.7%</td>
<td>41.6%</td>
</tr>
<tr>
<td>AIC</td>
<td>-891.9</td>
<td>-901.6</td>
</tr>
<tr>
<td>BIC</td>
<td>-889.5</td>
<td>-898.5</td>
</tr>
</tbody>
</table>

*p < 0.05, **p < 0.01, ***p < 0.001

With regard to our hypotheses concerning the moderation of positive and negative emotions on the relationship between commitment dimensions and repurchase intentions, four of the proposed hypotheses showed significant interaction effects. Positive emotions were found to significantly negatively interact with economic commitment. Therefore, there are diminishing returns to increasing positive emotions on the relationship between economic commitment and repurchase intentions. This is an interesting finding, but contrary to our hypothesized relationship.

Negative emotions were found to significantly positively interact with forced commitment. Therefore, there are diminishing effects of strong negative emotions on the relationship between forced commitment and repurchase intention. This is consistent with our expectations.
Positive emotions were found to positively interact and negative emotions to negatively interact with normative commitment. Therefore, emotions work together with normative commitment to either increase or decrease consumers’ repurchase intentions. The main effect of normative commitment, however, was not significant in any of the models investigated. Therefore, normative commitment may in fact be moderating the relationship between emotions and repurchase intentions, not the other way around. It is possible to imagine how this might be the case. Because normative commitment represents a perceived moral obligation, the impact of emotions could be filtered by customers’ perceptions of their duty to be loyal.

These findings make clear that the relationship between consumption emotions, commitment dimensions, and repurchase intentions differ by commitment type and the intensity and polarity (i.e., positivity/negativity) of emotions. Therefore the conventional view that simply increasing commitment levels and positive consumption emotions leads to positive customer behaviors needs to be revised. Instead, efforts to improve commitment and positive emotions need to be optimized to maximize customers’ repurchase likelihood.

**Limitations**
As with all research, there are limitations that should be noted. First, the data used in this analysis came from only one country (i.e. U.S.) and covered only three industries. Therefore, these results need to be validated in other countries and industries.

Given that we found significant main effects for service type, we also recognize that there may be interactions between the three service industries and the emotions/commitment relationships. For example, habitual commitment may be more relevant in retail and hotel services because consumers have more choices and can more easily switch providers than for banking services. Interactions among the commitment constructs, emotions and industries was not the focus of this investigation, but would be a fruitful area for future research.

Additionally, our findings only demonstrated a statistically significant relationship, but did not establish causation. Therefore, as the data here is cross sectional, longitudinal examinations should be conducted to test the robustness of these findings. Nonetheless, we believe that these findings offer important insights into the relationship between the five component model of commitment, consumption emotions, and consumers’ repurchase intentions.

**References**


Basic Emotions and Online Customer Engagement Behavior

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Keywords: basic emotions, online customer engagement behavior, word count analysis

EXTENDED ABSTRACT

Research Question
This paper analyzes the role of basic (i.e. primary) emotions in motivating customers to engage online. Particularly, the focus is on online consumer reviews and on how dimensions of the basic emotions (i.e. valence and arousal) affect the level of customer engagement behavior in this regard. In contrast to previous research efforts, we account for the different characteristics of the eight basic emotions that Plutchik (1980, 1982) identified. Furthermore, we strive to shed light on the influence of the basic emotions in different product/service categories (i.e. utilitarian vs. hedonic).

Method and Data
To test the theoretical-driven hypotheses, 20,000 reviews from the US website of the online retailer Amazon are analyzed. The measurement of the different basic emotions in the reviews is conducted with the computerized text-analysis tool “Distinct Emotion Word Count (DEWC)” that was developed for this research. DEWC uses more than 2,000 search terms to detect the level of the different basic emotions in the reviews. Subsequently, OLS regressions are used to test the influence of the different emotions and emotion composites on online customer engagement behavior.

Summary of Findings
Our data analysis highlights that the different basic emotions have very different effects on online customer engagement behavior. Positive emotions are more frequently expressed in online reviews than negative emotions. However, negative emotions cause higher levels of online customer engagement behavior. Compared to low-arousal emotions, high-arousal are more frequently expressed in online reviews and have a greater impact on online customer engagement behavior. In line with these findings and our theoretical development, we detect that joy is the basic emotion that is most frequently expressed in online reviews, while anger is the basic emotion that causes the highest levels of online customer engagement behavior.

Key Contributions
With this paper we contribute to research on online customer engagement behavior in three major ways: (1) We develop the distinct emotion word count (DEWC), which is a computerized text analysis tool that is able to detect distinct basic emotions in online reviews and other texts. (2) We show how the specific dimensions (i.e. valence and arousal) of the different basic emotions influence their effect on online customer engagement behavior. Additionally, we are able to highlight specific effects of different basic emotions. Thereby, we provide an essentially more detailed perspective than extant research on emotions and customer engagement behavior does. (3) We highlight that the respective product/service category (i.e. utilitarian vs. hedonic) moderates the effects of the different emotions.

References are available on request.

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Emotional Contagion Through the Use of Emoticons in Service Interactions via Twitter

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Keywords: emotional contagion, emoticons, twitter, service interactions, social media

EXTENDED ABSTRACT

Research Question
The current study investigates whether the use of emoticons by a service employee in a Twitter conversation affects the emotions as experienced by the customer. Ambiguous contexts, such as Twitter, stimulate the occurrence of conscious emotional contagion, as the receiver of a message is inclined to seek for cues that communicate the intentions and emotional state of the sender. Therefore, we examine (1) whether the use of emoticons affects the emotional state of the service employee as perceived by the customer, and (2) whether this perceived emotional state is transferred to the customer. Lastly, we investigate whether the emotions experienced by the customer have an impact on satisfaction with the interaction and loyalty intentions.

Method and Data
A scenario-based experiment was conducted in which 108 participants were shown a staged Twitter conversation between a service employee from an existing hotel chain and a potential customer. The experiment included three conditions: (1) the employee uses only text, (2) the employee uses text plus negative emoticons, and (3) the employee uses text plus positive emoticons.

The words used in the service interaction were identical across all three conditions. However, in condition 2 three negative emoticons (L) were added to specific comments made by the service employee, whereas in condition 3 three positive emoticons (J) were added. Each emoticon was added to a sentence which expressed an emotion that was in line with the added emoticon.

After seeing the Twitter conversation, participants indicated their own emotions using the Circumplex Model of Affect. On the same scale, they also rated the perceived employee emotions. Furthermore, participants answered questions concerning their satisfaction with the interaction and loyalty intentions.

We checked whether the customer-perceived employee emotions differed between conditions and analyzed whether the customer-perceived employee emotions affected customer emotions and, finally, whether customer emotions affected satisfaction with the interaction and loyalty intentions.

Summary of Findings
The results showed that customer-perceived employee happiness, enthusiasm, unhappiness, annoyance, boredom, and inactiveness differed significantly between the condition in which no emoticons were used and the condition in which positive emoticons were used. The employee was perceived as happier and more enthusiastic, as well as less annoyed, bored, unhappy and inactive when positive emoticons were used rather than no emoticons. The difference between the negative emoticon condition and the no emoticon condition was only significant for customer-perceived employee relaxedness, with the employee being perceived as more relaxed when no emoticons were used rather than when negative emoticons were used.

Moreover, every customer-perceived employee emotion had a significant positive effect on the corresponding customer emotion. Of the customer emotions, only enthusiasm had a

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significant positive effect on interaction satisfaction, which in turn had a positive effect on loyalty intentions.

The results show that the use of emoticons affect the emotional state of the service employee as perceived by the customer. This perceived emotional state is transferred to the customer and, in the case of enthusiasm, has a positive effect on interaction satisfaction which, in turn, positively affects loyalty intentions.

**Key Contributions**

We show that the use of emoticons by a service employee in a Twitter conversation triggers the process of emotional contagion, which had previously only been demonstrated in face-to-face interactions that provide unambiguous information about the employee’s emotional state. When a service employee uses positive emoticons during a Twitter conversation with a customer, this will lead to more positive perceptions of the employee’s emotions by the customer than when the employee does not use emoticons.

More importantly, the customer-perceived employee emotions have a positive effect on customer emotions. Since previous studies did not incorporate customer-perceived employee emotions as a variable in their model, the current study is the first to explicitly demonstrate the occurrence of conscious emotional contagion in a service setting.

*References are available on request.*
Part L
Social Responsibility, Sustainability, and Public Policy

Track Chairs
Gerri Henderson, Loyola University Chicago
Kevin Thomas, University of Texas

Food-Related CSR
The Sustainability Liability and Its Influence on Shopping Cart Composition
Robert Mai, Stefan Hoffmann, Wassili Lasarov, Payam Akbar, Tom Joers
Making a Good Thing Even Better? Advertising Ultra-Functional Foods
Andrea Heintz Tangari, Somak Banerjee, Swati Verma
Weight Loss Advertising: Moving from Claim Credibility Control to Performance Focus in Public Policy
Arvind Agrawal, Les Carlson
Connecting Corporate Identity and Corporate Sustainability Strategies: Insights from the Retail Industry
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Sustainability
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Contribution to the Cause
Julien Schmitt, Greg W. Marshall, Kelly Irvin, Phillip Wiseman, Frank Naylor
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Ying Zhu, Ebrahim Mazaheri

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Encouraging Charitable Behaviors: The Impact of Charitable Motivations and Materialism
Jacqueline K. Eastman, Dora E. Bock, Kevin L. Eastman
The Sustainability Liability and Its Influence on Shopping Cart Composition

Robert Mai, University of Kiel
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Wassili Lasarov, University of Kiel
Payam Akbar, University of Kiel
Tom Joers, University of Kiel

Keywords: sustainability, ethical products, implicit association test, shopping patterns

EXTENDED ABSTRACT

Research Question
Consumers in many Western countries are increasingly aware of the fact that sustainable consumption is important, yet their actual behaviors do not match this risen explicit awareness. The gap might be catalyzed by the consumer’s perception that sustainable products are less effective, less tasty, less robust, less durable, etc. This so-called “ethical = less strong”-intuition (ELSI) was shown to have a detrimental impact on the consumer’s judgments about more sustainable product variants. Thus far, little is known about the operating mechanisms. Building on established dual-process theories, this research suggests that subscription to the ELSI may diverge depending on the cognitive mode that is activated. Pursuing this line of thought, the present paper disentangles the explicit and implicit subscription to the lay theory and examines their incremental (and thus unique) effects on sustainable consumer behaviors. In addition, it is tested whether strengthening the emphasis on sustainability—which is often addressed in social marketing campaigns—helps to reduce reliance on the ELSI. As such normative measures operate on a rather elaborated, rational level, we expect that individuals who place emphasis on sustainability are much more likely to align strength-related associations at an explicit level, whereas the implicit associations should be less strongly affected.

Method and Data
The imprint of the ELSI on actual consumption patterns is analyzed at both implicit and explicit levels. This research applies the Implicit Association Test protocol that was developed by Luchs et al. (2010) to elucidate whether consumers subscribe to the lay theory at an implicit level. A questionnaire measures explicit subscription to the ELSI and the emphasis on sustainability. Prior research examined the sustainability liability’s effect on stated preferences for and the choice of individual products. Given that isolated decisions do not necessarily reflect sustainable consumption patterns (e.g., due to moral licensing), this research captures the evaluation criteria at much broader levels by examining the composition of actual shopping carts. The sustainability of each product was coded and two evaluation criteria were calculated. The share of sustainable products was calculated for the entire shopping basket. Additionally, and to control for differences in value and quantity, the analysis derives the amount of money spent on the sustainable variants in comparison to the price of the entire shopping basket.

Summary of Findings
A pretest validates the IAT procedure and confirms prior findings which suggest that mean response latencies for the ethical = less strong association are lower than for the pairing of “ethical” and “strong.” Thus, the IAT indicates a very strong reliance on the implicit ELSI. The main study reveals a substantial link to the share of sustainable products present in the shopping cart. Similarly, we find that a higher amount of money is spent on sustainable items if consumers show lower implicit reliance on the ELSI. Notably, the intuition operates at both implicit and explicit levels, independent from one another. As a consequence, implicitly and explicitly processed aspects of this intuition exert unique effects on
the shopping patterns. In addition, the evidence presented in this research indicates that directing the consumer’s focus on environmental and social issues is beneficial. Yet, such measures mitigate the sustainability liability at an explicit level only, but do not dampen the deep-seated implicit subscription to the intuition. Nevertheless, raising consumer awareness helps to reduce the negative consequences to some extent.

**Key Contributions**

This research confirms the crucial role of consumer lay theories for the consumption of products or services with social or ecological benefits. Consumers hold the intuitive belief that sustainable options have lower product strength (i.e., they are less robust, less tasty, less durable) than conventional options offered by rather self-interested companies. The ELSI was shown to be a key barrier for more sustainable consumption patterns. Bear in mind that we observed actual behaviors, rather than self-reported preferences or single-shot choices. Marketers therefore have to break new ground to overcome the intuition that is deeply rooted and partly operates outside the consumer’s awareness. Strategies in product development and communication are urgently needed that help to attenuate the sustainability liability. As demonstrated in this research, this is a difficult task because a substantial gain in the share of sustainable products can only be achieved if the implicit subscription to the lay theory is reduced as well. Hence, education as a stand-alone-measure will be insufficient to increase sustainable consumption in the long run. It is essential that marketers and policy makers address both implicit and explicit mechanisms to increase the attractiveness of sustainable options.

*References are available on request.*
Making a Good Thing Even Better? Advertising Ultra-Functional Foods

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Somak Banerjee, Wayne State University
Swati Verma, Wayne State University

EXTENDED ABSTRACT

Research Question
Lately, there have been many new products on the market that are fortified with extra vitamins and minerals. Originally, fortifying foods was done in order to address nutritional deficiencies. Recently, consumers have been more concerned about the health benefits of the foods they buy, are willing to pay more for healthy foods, and are interested in fortified foods (Nielsen 2015). The food industry responded to the public’s new attention to the health benefits of fortified products and has started to market many foods with added vitamins and minerals that are beyond what the product needs to combat a nutritional deficiency. We describe these foods as ultra-functional foods.

This paper examines the influence of advertising an ultra-functional product compared to a regular product. More specifically we contrast consumers’ evaluations of ultra-functional healthy offerings (e.g. vitamin enriched milk) versus ultra-functional unhealthy offerings (e.g. vitamin enriched cola). We propose that for the healthy product, the ultra-functional message will have the greatest positive influence on attitudes and purchase intentions compared to the unhealthy product. However addition of a health prevention message will increase attitudes, intentions, and put more focus on health goals for the unhealthy ultra-functional cola product compared to the healthy milk product.

Method and Data
We report results of two behavioral studies using over 300 MTurk participants. In study 1, we used moderation analyses to examine if differences in ultra-functional claim (ultra-functional product vs. regular product) moderated difference in attitudes and intentions across the different product types (healthy milk product vs. unhealthy cola product). In study 2, we used mediated moderation analyses to examine if differences in ultra-functional message claim (ultra-functional product vs. ultra-functional product with prevention message) moderated differences in preferences across the healthy product vs. the unhealthy product. Using PROCESS, we also show that this moderation is mediated by product health perceptions.

Summary of Findings
Consistent with our hypothesis, we found that for healthy products fortification increases attitudes and purchase intentions. Also, there was a less of an effect of the ultra-functional claim for the unhealthy product. For an unhealthy ultra-functional product a health prevention message in an advertisement will have a positive influence on attitudes, intentions and put more focus on health goals compared to an advertisement that does not include a health prevention message. There was a little effect of health prevention message on the healthy ultra-functional product. We predicted these effects because the addition of the health message increased healthiness perceptions and this was supported by the finding that product health perceptions mediated the moderating effect of the interaction.

Key Contributions
This is the first paper that provides a detailed examination of how consumers evaluate fortification of the healthy product compared to fortification of the unhealthy product. These results have implications for theory, marketers and public policy makers. Interestingly, adding additional nutrients and minerals to an unhealthy product did not increase attitudes and purchase intentions for this type of product. This is potentially good news for those concerned that advertising additional nutrients and minerals may positively influence attitudes and intentions. On the other hand, when a health message was included in the advertisement for the ultra-functional, but unhealthy product, this addition of the health message increased attitudes and intentions, which lead to a call for policy makers to help refine what types of health messages, can be included on products.

References are available on request.
Weight Loss Advertising: Moving from Claim Credibility Control to Performance Focus in Public Policy

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Les Carlson, University of Nebraska–Lincoln

Keywords: weight-loss, public policy, obesity, commercial weight-loss programs, communication

EXTENDED ABSTRACT

This research focuses on the commercial weight-loss programs (Programs) industry that presently falls under the aegis of the US Federal Trade Commission (FTC) tasked with preventing anticompetitive, deceptive, and unfair business practices. We argue that the public policy focus on controlling deceptive claims [e.g. the “Red Flag Initiative” (Avery et al. 2013)] may not always result in consumers getting enough information from Program advertising to make beneficial choices. This research argues that the possible impact of current public policy initiative needs to be assessed in their impact on availability of objective criteria for the consumers in Program advertising. Objective information can help consumers select the Program that has a better fit with their goals, sets and meets their expectations, and results in consumer trust in the Programs. In the context of obesity control objective information might help control the extent of obesity in the US. Obesity is a growing concern in the US with obesity trend on the rise (Wang et al. 2008). Consumer frustration from Programs is evident as consumer perception of weight-loss advertising credibility is low (Prendergast, Liu, and Poon 2009), consumer participation low in Programs, while consumer attrition high from Programs (Gudzune et al. 2015; Tsai and Wadden 2005).

Research Questions

This research assesses the content of the commercial weight-loss program industry communication to consumers with an objective to infer: (1) whether the content of the Program communication is influenced by the FTC Program guidelines (Commission 1999) that are applicable to only the mass media communication (TV and print) and not social media and web communication and (2) whether consumers have sufficient objective information available to them overall (across TV advertising, print, and websites) that can aid them in making choices that are compatible with their long term goal of controlling obesity. Objective information is the criteria developed by medical researchers for weight-loss success (Gudzune et al. 2015; Tsai and Wadden 2005).

The FTC guidelines include specification of staff qualifications (experience and education), program components (drugs, devices, dietary supplements, herbal products, food substitutes, etc.), nature of risk associated with the provider’s product or treatment, comprehensive Program costs (fixed, periodic, and discretionary costs), and outcome information (weight-loss experienced by customers and maintained after a year) (Commission 1999).

The medical research criteria included staff qualifications (degree trained), diet plan (calorie intake of 800 kcal/day with or without 70-100 gms/day protein or calorie intake of 420 kcal/day), physical activity (taught by the staff, help member plan, video / booklet provided, walking and calorie charts provided), behavior modification (stress management, social support, counselling sessions, or manual provided), support (group meetings, phone support), Program costs (upfront and periodic charges), costs (<$50/wk or >=$50/wk), and weight-loss expectation (more or less than the one time safe rate of 0.4 to 0.9 kg/wk) (Gudzune et al. 2015; Tsai and Wadden 2005).

Method and Data

Programs are assessed on seven dimensions: staff qualifications, Program components, physical activity, behavior

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modification, individual support, costs, and expected weight-loss. Top US national Program providers (Atkins, Jenny Craig, Medifast, Nutrisystem, Slimfast, and Weight Watchers) were selected based on expert rankings as published by the US News (TheUSNews 2015) and the Consumer Affairs (ConsumerAffairs 2015). They accounted for $400mn in advertising (2014) representing significant influence in the US Program industry (AdvertisingRedbooks 2015). Ads selected for analysis (with matching websites) were aired between January 2013 and March 2015. The ads were randomly assigned to two sets with two raters per set. Female raters were recruited since 85% of weight-loss consumers are women (ABCNews 2012) who rated each ad and website based on the FTC specified measures that would not be considered deceptive (Commission 1999), and medical research measures that were found to result in weight-loss success (Gudzune et al. 2015; Tsai and Wadden 2005). Content analysis yielded categorical data with each of the seven criteria as the unit of analysis. Counts revealed instances of the criteria found in a TV commercial or website with high inter-rater reliability (97% and 89%) for the two sets of raters (Rust and Cooil 1994).

Summary of Findings
Findings show low availability of objective information (medical research criteria instance at 14% in websites and 7% in ads) for consumers to judge whether the Program will deliver results. This research found that ads promoted “weight-loss experienced by others” while websites provided objective details for consumer decision making (staff qualifications, support availability, and group meetings). As an example, Weight Watchers that has been cited as the best in achieving weight-loss (Dansinger et al. 2005), was found to have the least incidence of the FTC/medical criteria among providers in this research. Weight Watchers promotes through events and word-of-mouth and not mass media (Vignali and Henderson 2008). The importance of including websites and social media in assessing consumer impact is evident here.

We found greater instance of the FTC criteria (versus medical criteria) in provider ads and websites. The providers therefore evoked the FTC guidelines (Commission 1999) more than the objective criteria in their communication. The public policy guidelines (Commission 1999) could have ramifications and consequences beyond those anticipated by the policy designers. In this case policy guidelines for commercial weight-loss program advertising meant to control deception seem to have impacted the inclusion of objective criteria in consumer communication. In a complex product such as weight-loss program we also suggest a greater role for experts (medical researchers) in setting advertising guidelines.

Key Contributions
This study contributes to public policy strategy in three ways: (1) the weight-loss program policy initiative could be more effective if it covered alternative media such as events, word-of-mouth, social and digital media that could be becoming the locus for influencing consumers; (2) public policy designers need to assess the influence of the public policy guidelines on the content of the consumer communication beyond the immediate objective for which they are designed; and (3) overall this research finds very low incidence of objective information in provider communication which means an added emphasis in public policy development process on the implications the policy could have on the information available for consumer decision making.

References are available on request.
Connecting Corporate Identity and Corporate Sustainability Strategies: Insights from the Retail Industry

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Keywords: corporate sustainability; corporate identity; strategy; sustainability performance

EXTENDED ABSTRACT

Research Question
How do organizations connect Corporate Sustainability (CS) and Corporate identity (CI)?

Method and Data
We developed an empirical qualitative study based on 4 retailers actively engaged in pursuing CS strategies in 2 countries in Southern Europe. Data sources involved in-depth interviews (43 in total), physical artefacts of identity entailing digital and printed documents (e.g., company reports, websites and layouts in stores colors, presentation of symbols) and observation. Key informants included top and middle range managers and employees working for supermarket retailers. We registered detailed field notes resulting from observations and visits to retailers and sites where the interviewees’ were based. Data analysis entailed inductive reasoning and comparative methods. Emphasis was made on a systematic examination of transcripts, documents and remaining data.

Summary of Findings
Findings revealed the emergence of patterns related to the intertwiness between CS and CI, showing how organizations can prominently bridge both dimensions. The study showed that at the strategic level, Corporate Sustainability (CS) is embedded and is usually part of the definition of the Corporate Identity (CI) in particular in what concerns the reflection of the company’s strategy. In terms of the implementation of CS strategies, findings revealed inconsistencies among the CI instruments and related CS activities.

Key Contributions
This investigation brings two main theoretical insights into how organizations can bridge CS and CI and articulate them at strategic and instrumental levels. Firstly it focuses on the understanding of how CS may be part of CI. At the strategic level, CS is embedded and is usually part of the definition of CI. Secondly, CI’s dimensions through their management allow for the implementation of the organization’s ethos. Companies embed CS strategies in the CI management, conveying main supporting guidelines. There are patterns on the way organizations bridge both concepts and those patterns are distinct depending on the stage of the development of the CS strategy and its implementation.

References are available on request.
Toward a Conceptual Framework for Sustaining Organizational Sustainability: Enabling Marketing’s Contribution to the Cause

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Keywords: sustainability, sustainable development, sustainability orientation, social responsibility

EXTENDED ABSTRACT

Research Question
Sustainability (i.e. sustainable development) oriented strategies and investments are increasingly viewed as a source of value for organizations. Despite the increasing integration of elements of sustainability into organizational strategy and the mounting evidence of positive outcomes that can be derived from these sustainability strategies, maintaining a longer term focus on sustainability within organizations provides significant challenges based on existing studies, a number of which indicate that a majority of firms’ sustainability initiatives have been gradually discarded over time. As a result of this abandonment, these organizations lose their associated investment and the related long-term benefits. This study begins a process of identifying factors that may facilitate the long-term development and maintenance of organizational sustainability and the key organizational outcomes resulting from this sustained capability. Specifically, we consider how marketers and marketing sensibilities might contribute to the effort of sustaining sustainability within an organization.

Method and Data
The research uses a discovery-oriented approach, relying on a review of the extant literature and multiple in-depth interviews of managers that bridge marketing and sustainability from a diverse array of industries. Each individual interviewed was in a position to be able to reflect on organizational strategy as required for the purposes of this research. Interviews followed a standard procedure. After a brief description of the research project, the interviewer followed a semi-structured interview guide composed of four main issues: (1) the actions undertaken by the interviewee’s respective firm to tackle sustainability issues, (2) the elements perceived as roadblocks to the respective firm’s long-term sustainability initiatives, (3) the actions/solutions that interviewees thought would help overcome these roadblocks, and (4) the perceived economic, social, and environmental outcomes of such sustainability initiatives. Interviews typically lasted 60 minutes and were audio-recorded as permitted. If audio recordings were not permitted, detailed notes were taken instead. Audio recordings were transcribed and collected within the context of the interview guide developed. Multiple researchers worked independently to conduct initial analysis of the resulting data, followed up by a consensus-building approach. Where necessary to resolve occasional questions or discrepancies, original interviewees were re-contacted.

Summary of Findings
Our initial research findings suggest that successfully sustaining a sustainability initiative over the long term can be

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impacted by five key factors: (1) expansion of managers’ responsibilities to include the product’s actual life (i.e., from sourcing to end-of-life disposal) and the inclusion of additional key stakeholders (e.g., society and those concerned with the environment) in decisions; (2) implementation of clear, quantifiable, and achievable sustainability performance metrics with corresponding changes to associated rewards systems; (3) strategic organizational will to see the sustainability initiative through over the long run to fruition; (4) appropriate facilitative organizational structure adjustments; and (5) assurance that the sustainability initiative is consistent with the firm’s existing identity and strategy. We propose that sustained organizational sustainability contributes positively to multiple outcomes including improvements in: (1) business performance, that may include lower costs from a reduction in material waste, better energy efficiencies, and higher financial market valuations related to the development of superior sustainability strategies; (2) external reputation resulting from enhanced customer and other stakeholder perceptions of the firm; (3) employee satisfaction, commitment, and collaboration resulting from the fulfillment of employee values related to sustainability; and (4) reduced risk from future stakeholder conflicts, liabilities, or public-relations issues.

Key Contributions
This research contribute to marketing knowledge by proposing the first extant conceptual framework (to our knowledge) that aims to begin a research stream to identify and better understand important antecedents and outcomes for sustaining organizational sustainability long term. We highlight some potential first steps for managers to begin to manage these antecedents and outcomes and also examine some of the potential challenges associated with managing each of the antecedents as well as the potential time horizons required to begin to recognize their respective impacts.

References are available on request.
Consumer Mindfulness: How Present-Moment-Awareness Affects Sustainable Consumerism

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Brinthra Subramaniam, University of Arizona

Keywords: mindfulness, sustainable consumption, perceived consumer effectiveness, environmental concern, voluntary simplicity

EXTENDED ABSTRACT

Research Question
The limits of the earth’s natural carrying capacity require us to curb overconsumption, a main driver of climate change. In order for any meaningful decrease in consumption to occur consumers need to adopt different lifestyles and change their daily routines which determine resource consumption. However, the psychological foundations for such a transition remain underexplored. We argue that increased mindfulness, a mode of consciousness that is defined as a receptive attention to and awareness of present events and experience, may provide a mechanism to mitigate overconsumption. Mindfulness practice has been shown to counteract many problems associated with overconsumption, such as obesity, alcohol abuse, or compulsive buying. Considering the demonstrated positive effects of mindfulness on individual health and wellbeing, this study suggests that mindfulness also affects sustainability of consumption in that it may lead consumers to consume differently to reduce the environmental impacts of that which is consumed (green product consumption) and to reduce the quantities of goods and services consumed (reduced consumption). In particular, the current study is guided by the research question how mindfulness affects sustainable consumption patterns in terms of composition and volume and, furthermore, how environmental concern and Perceived Consumer Effectiveness (PCE) mediate this relationship.

Method and Data
To test our hypotheses, we chose an online survey design. In all, 632 U.S. adults completed a survey distributed through Amazon MTurk. After data purification, a sample size of 546 respondents remained. Data were analyzed using structural equation modeling on LISREL 8.80. A two-step model validation was implemented to examine and refine the measurement model and to test the proposed structural model. Initial Confirmatory Factor Analysis (CFA) resulted in a well-fitting model with all items loading significantly on their respective constructs. Model fit: $\chi^2(\text{df}) = 3218.04$ (925); RMSEA = 0.067 (0.065 – 0.070), $p = 0.0000$; GFI = 0.79; and CFI = 0.98. We then tested our hypotheses in a structural equation model including Perceived Consumer Effectiveness and Environmental Concern as mediators of the associations between Mindfulness and three behavioral variables used to measure sustainable consumption. The model indicated a good fit with all indices meeting the recommended levels: $\chi^2(\text{df}) = 396.6$ (1056); RMSEA = 0.064 (0.063 – 0.068), $p = 0.000$; GFI = 0.79; CFI = 0.97. All the hypothesized effects were significant.

Summary of Findings
Our findings support that mindfulness, measured as a consumer cognitive mode, positively affects sustainable consumerism. In particular, more mindful consumers are more likely to avoid buying products that harm the environment, to consider the CSR performance of product and service providers in their purchase decisions, and to engage in a lifestyle of voluntary simplicity. The degree of individuals’ concern about the state of the natural environment and their conviction that individual actions make a difference in reducing negative effects of human behavior on the natural environment (PCE) mediate these relationships. Being attentive to one’s surroundings, changes in the environment and accepting...
that one’s actions have consequences on self and others are characteristics of mindfulness, thus accounting for a direct effect of mindfulness on environmental concern and PCE. In combination with many years of observation of the well-being benefits to mindfulness enhancement in both medical and general populations, our findings indicate that mindfulness practice throughout the day (for instance via smart phone apps and other creative use of technology) may be a promising intervention for daily consumption routines that may reduce the negative environmental impact of overconsumption.

**Key Contributions**

In addressing overconsumption as a major environmental and societal threat, our study adds to better understanding of possible mental drivers of sustainable consumerism. This is also one of the first studies to empirically investigate the concept of mindfulness in a consumer behavior context. Interest in the underpinnings and enhancement of sustainable consumption has been burgeoning in marketing literature in recent years, while interest in mindfulness has similarly grown, but mostly in research disciplines outside the marketing field. Our hope is that the present research opens the door to more marketing research on reduced consumption. Our study results indicate that mindfulness is a consumer characteristic that plays a significant role in reducing consumption in terms of composition and volume. Further research into this attribute may open up significant new avenues in reducing the effects of overconsumption on climate change while increasing individual wellbeing and environmental sustainability.

*References are available on request.*
Who Are Sustainable Conscious Consumers? A Segmentation Approach to Identify and Profile Patterns of Un-/Sustainable Conscious Consumers

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Keywords: consciousness for sustainable consumption, segmentation, sustainability marketing, human values, consumption patterns/practices

EXTENDED ABSTRACT

Research Question
Previous studies often used a one-dimensional operationalization of isolated aspects of sustainable consumption (e.g., environmentalism) that underestimates the importance of other dimensions in consumer perceptions (Simpson and Radford 2012) and fail to measure consumers’ different types of consciousness or perceived relevance (Hanss and Böhm 2012). Moreover, marketing research far too often equates conceptually different segments such as socially responsible and ecologically conscious consumers. As the CSC model accounts for these considerations (Balderjahn et al. 2013), a segmentation—identification of different patterns of sustainable consciousness—based on this approach should provide us with a greater understanding of (un-)sustainable consumers. To this end, we aim to answer the research question: Are there distinct segments of sustainable consumers that focus on different consciousness patterns of sustainability?

Method and Data
To address whether specific sustainability-conscious consumer groups exist and how and to what extent human values, socio-demographic characteristics and behavioral intentions differ between these groups, we used validated scales for CSC (Balderjahn et al.’s 2013), human values (Schwartz et al. 2001) and impulsive buying (Edwards 1993; Ridgway, Kukar-Kinney and Monroe 2008). Single items were used to measure purchasing intensities for eco-friendly and fair trade products, and a sum score of 11 selected products for product possession. After confirming the psychometric properties of the CSC measurement model (conducting principal component exploratory factor analysis, Cronbach’s α, and confirmatory factor analysis), we identify (un-)sustainable consumer groups using a three-step procedure that combines multiple correspondence analysis (MCA) and hierarchical cluster analysis (HCA). To test for differences among our identified groups, we use analysis of variance between groups with post hoc Scheffé tests.

A national marketing research institute collected representative data for the German population via an online questionnaire. In total, we received 1,833 responses. The data were representative with respect to the following criteria: gender, household income, federal state, population of town of residence and number of persons in the household.

Summary of Findings
The segmentation procedure reveals five different segments of (un-)sustainable consumers. Between fairly unsustainable consumers (50%) and comprehensive sustainability-con-
scious consumers (10%) we identify three other segments with unique sustainable consciousness patterns: financially driven simplifiers, social/environmental consumers and collaborative consumers. Collaborative consumer group is most homogeneous in their behavioral patterns, whereas the most heterogeneous segment is the social-environmental group.

With regard to the profile of the five CSC segments, comprehensive sustainability-conscious consumers are those most guided by the values of self-transcendence and openness to change. Conservation is most important for financially driven simplifiers, and collaborative consumers are strongly associated with self-enhancement values, hedonism and self-direction. Furthermore, comprehensive sustainable consumers are the most willing to purchase ecological/fair trade products. No/low-sustainability consumers have the highest amount of product possession followed by social/environmental consumers and collaborative consumers. Compared to the segment of collaborative consumers whose impulsive buying behavior is highest among all other segments, financially driven simplifier exhibit the lowest tendency toward impulsive buying. The collaborative consumers represent the youngest, male and well educated segment with the largest households. In contrast, financially simplifiers are older, predominantly female, significantly less educated and live in smaller households.

**Key Contributions**

The numerous theoretical concepts regarding sustainable consumer behavior developed to date can be classified into one or more of the environmental (e.g., Roberts 1996; Kotler 2011), social (e.g., Mohr, Webb and Harris 2001) and economic dimensions of sustainability (e.g., Lastovicka et al. 1999). Furthermore, most consumer typologies are one-dimensional and distinguish segments based on the intensity of consumption changes (e.g., Verain et al. 2012). Because sustainability entails several facets, namely environmental, social and economic facets, there may be segments that are interested in only the environmental, social or economic dimension or any other combination of these aspects of sustainability. At a normative level, our paper contribute to these gaps by ascertaining the mindful consumer (Sheth, Sethia and Srinivas 2011) and the citizen-consumer (Webster and Lusch 2013) approaches that represent the triple bottom line (people, planet, profit) perspective of sustainable consumption. Secondly, we contribute to this gap by adopting the multidimensional model of consciousness for sustainable consumption (CSC) (Balderjahn et al. 2013) for uncovering segments of sustainable consumers and determine their profiles by applying HCA technique that incorporates multiple correspondence analysis (MCA) for rescaling cases in a low-dimensional space.

*References are available on request.*
The Influence of Social Networks on a Company’s Adoption of Sustainability Initiatives

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Keywords: sustainability, social network, hyperlink, virtual network, sustainable programs, region, density, sustainability initiatives, wine, wineries

EXTENDED ABSTRACT

Research Question
Sustainability has increasingly attracted attention from industry and academia. Marketing researchers have examined sustainability from different aspects such as its impact on consumer preference (Luchs et al. 2010), the influence of stakeholder on sustainability practices (Sharma and Henriques 2005), corporate social responsibility (Brown and Dacin 1997), and corporate citizenship (Maignan et al. 1999). The above literature, however, does not incorporate the social network aspect of adopting sustainability initiatives.

Legitimacy theory has argued the power of social network in influencing a firm’s decision as articulated by Reverte (2009; p. 353), “businesses are bound by the social contract in which the firms agree to perform various socially desired actions in return for approval of their objectives and other rewards, and this ultimately guarantees their continued existence.” Engaging in and reporting sustainability activities can be considered as a symbolic impression that a company is sending to internal and external stakeholders (Neu et al., 1998). At the same time, well-known companies with established reputation at stake are more active in practicing corporate social responsibly as they have more reasons to justify its value to the society (Jahdi and Acikdilli, 2009; Branco and Rodrigues, 2006; Reverte, 2009). While extant theory has shown the indispensable role of social networks in a firm’s decision making, little is known about how business networking affects a company’s adoption of sustainability practice.

The lack of deeper understanding of the role played by social networks in the context of sustainability adoption encourages this research. The study attempts to explore whether a social network, specifically a business network, influences a company’s social responsible and sustainable practices. More specifically, this study extends the current literature of sustainability by addressing the following research questions: (1) How does a social network facilitate a company’s decisions on sustainability initiatives (e.g., acquiring sustainability certificate)? (2) Does the business density of a region moderate the impact of social networks on sustainability adoption decisions? High business density means there is a lot of businesses in a region. (3) What are the marketing related factors that influence a company’s adoption of sustainability initiatives?

Method and Data
We have collected data from multiple sources and our sample includes 311 Oregon wineries. To test the impact of social networks, we construct a social network dataset of hyperlinks by extracting the hyperlinks within each page of each winery’s website. When a winery linked to another winery, this connection and the two wineries were added to a winery-to-winery network.

The dependent variable is sustainability initiative and independent variables included in the analysis are social network participation, in-degree measurement, winery density of a region, number of wines, sell grapes, wine club, tasting room, and social media. We also control for age, production, and price level (coded as 1 if $1 - $10.99; 2 if $11 - $19.99; 3 if $20 - $29.99; 4 if $30 - $39.99; 5 if $40 - $59.99; 6 if $60 - $99.99). We included the interaction term of social

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network and winery density of a region to test our hypothesis that social networks may be moderated by winery density of a region such that a dense region with more wineries could facilitate more opportunity for network connections than a less dense region. It is also plausible wineries in a dense region are more reputable on the Internet than those from a less dense region because of a stronger motivation to impress competitors. To capture this effect, we include the interaction term of in-degree and winery density of a region. Given the dichotomous nature of the dependent variable, binary logistic regression is used to analyze the association between sustainability initiatives and the above mentioned influential factors.

Summary of Findings

Results from the binary logistic regression are reported in the forms of odds ratio. The data showed that participating in a social network is a significant and positive determinant on adopting sustainability programs. The winery density of a region has a significant main effect on sustainability. This result illustrated that wineries from a less dense wine region are more likely to adopt sustainability initiatives than wineries from a dense wine region. In our context, wineries from a less dense region such as the Columbia Valley is more likely to adopt sustainability initiatives than wineries from a dense region like the Willamette Valley. However, winery density of a region moderates the impact of social networks on sustainability. This result indicates that wineries from a dense wine region are more likely to participate in the social network than those from a less dense wine region. Thus the social network effect on sustainability decision is stronger for wineries from a dense region than a less dense region. The significant effect of in-degree means that highly regarded wineries tend to be more engaged in sustainability than those with less regard. In other words, companies with higher number of hyperlinks pointing to their website tend to engage more in sustainability.

The two variables, number of wines and sell grapes, which capture the resource based theory, have a significant impact on sustainability adoption. Specifically, the effects of number of wines and sell grapes are both positive and significant.

We also found that the marketing characteristics that encourage social interactions (e.g., tasting room) and remote sales (e.g., wine club) have a positive effect on sustainability initiatives. The control variables age, production, and price level did not show a significant effect on sustainability initiatives.

Key Contributions

The current research advances knowledge in the area of sustainability marketing and makes several contributions to the literature. First, while extant literature has shown that companies with better reputation and with more media exposure tend to engage more in sustainability and corporate social responsibility activities, it is silent on the social network effect on the adoption of sustainability initiatives. We extend existing theory on sustainability by detailing how social networks affect sustainability related decisions. This study demonstrates that companies participating in the social networks tend to engage more in sustainability programs. This suggests that industry regulators can encourage the formation of social networks among businesses to promote corporate sustainability.

Second, the research findings demonstrate a significant main effect of business density on the adoption of sustainability initiatives. This result echoes the predictions from legitimacy theory that businesses in a dense region are more likely to be involved with sustainability practices than those from a less dense region. Furthermore, business density of a region moderates the impact of social network effect on sustainability practices. Specifically, it indicates the social network effect benefits a dense region more than a less dense region in terms of promoting sustainability initiatives.

Third, our findings also verified the speculation from resourced based theory, a company’s sustainability initiatives will be determined by activities that requires resources. The empirical evidence depict the significant and positive impact of resources related factors on sustainability adoption. Such factors include the ability to grow grapes, to produce a variety of wines, and to operate a tasting room. Fourth, given the increasing importance of sustainability, our research findings provide practical solutions on promoting the adoption of sustainable practices through encouraging social networking among businesses.

References are available on request.
Not Guilty? The Many Faces of Corporate Social Irresponsibility and the Role of Consumers’ Perceived Guilt as a Determinant of Boycotting

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Keywords: corporate social irresponsibility (CSI); corporate scandals; consumers’ perceived guilt, boycott attitude; stakeholder theory

EXTENDED ABSTRACT

Research Question
Inhumane working conditions in companies’ supply chains, product-harm crises, and environmental pollution—the many faces of corporate social irresponsibly (CSI) are part of today’s businesses reality. A common consumer response to punish companies for CSI is boycotting (e.g., Grappi, Romani, and Bagozzi 2013; Klein, Smith, and John 2004; Van Heerde, Helsen, and Dekimpe 2007). Whereas consumers are prone to punish companies for CSI, media claims intensify that consumers themselves are equally responsible for driving CSI by their demand for cheap clothing and rapidly changing fashion collections (Smith, Palazzo, and Bhattacharya 2010). Our study focusses on the novel construct of consumers’ perceived guilt for CSI. We investigate which factors drive perceived guilt, whether perceived guilt varies by CSI type, and how these perceptions influence consumers’ boycotting attitude.

Thereby, we intend to fill two major research voids. First, to our best knowledge, no research has captured the multifaceted nature of real-life CSI, though first results tentatively reveal that consumers perceptions and reactions vary by type of CSI (Grappi, Romani, and Bagozzi 2013a; Pullig, Netemeyer, and Biswas 2006; Wagner, Bicen, and Hall 2008). Second, consumers’ social responsibility (ConSR) has so far mostly been investigated from the perspective of “voting” for ethical companies by consumption choices (Brinkman and Peattie 2008; Caruana and Chatzidakis 2014; Heidbrink and Schmidt 2011; Shaw, Newholm, and Dickinson 2006; Shaw et al. 2005). To fully understand the extent to which consumers’ assume social responsibility, it is however important to investigate whether they also assume partial guilt for CSI as acknowledging guilt might differ from a felt responsibility to support ethical companies (Wells, Ponting, and Peattie 2011).

Method and Data
To address these research voids, we conducted a large-scale survey study. 5,662 consumers provided us with details of their top-of-mind incident of corporate social irresponsibility (i.e., unaided recall)—or in vernacular—the corporate scandal. Thereby we were able to obtain in-depth information on more than 500 different CSI incidents by 460 companies. We applied the theoretical lens of stakeholder theory that describes stakeholders as being “identified through the actual or potential harms or benefits that they experience or anticipate as a result of the firm’s actions or inactions” (Donaldson and Preston 1995, p. 85) to categorize CSI incidents. We coded the descriptions that consumers provided about their top-of-mind CSI incident to derive eight stakeholder-related CSI types and 16 nested subtypes. Dependent on these types, we investigated the level of consumers’ perceived guilt, identified respective antecedents (prior frequency of patronage of the company involved in CSI, perceived consumer effective-
ness, and the attribution dimensions of locus, controllability, and stability of the CSI incident), and analyzed the subsequent impact of perceived guilt on boycott attitude by employing structural equation modelling.

Summary of Findings
Our results reveal that consumers indeed acknowledge their own guilt for driving certain kinds of CSI, e.g., for working conditions within the supply chain and for companies’ domestic workforce, as well as for animal cruelty. Further, we identify several antecedents to consumers’ perceived guilt for CSI. Consumers’ guilt perceptions increase with consumers’ own prior patronage frequency of goods or services of the company involved in CSI, their general perceived effectiveness, and the stability of CSI (i.e., if CSI occurs not on a single occasion within the same company, but is expected to continue or occur multiple times). In turn, a clear attribution of the locus of control for CSI to the company reduces consumers’ perceived guilt. Furthermore, consumers’ perceived guilt for CSI significantly enhances their boycott attitude.

Key Contributions
The present paper contributes to current research in three important ways: First, our study is the seminal study to empirically investigate the multifaceted nature of CSI from a stakeholder perspective. Second, we address the current topic of consumers’ perceived guilt for CSI and thereby extend current definitions of ConSR. Next to CSI type, we identify several antecedents of perceived guilt. Third, by showing that consumers’ perceived guilt increases boycott attitude, this study not only contributes to research on the motivations for individual boycotting decisions, but also provides a warning signal for managers who rationalize bad supply chain working conditions by putting forth consumers’ pressure for low prices and rapid production.

References are available on request.
Consumer Willingness to Pay for Responsible and Irresponsible Product Attributes: Insights from an Incentive-Compatible Measurement Approach

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Keywords: corporate social responsibility, sustainability, willingness to pay, pricing

EXTENDED ABSTRACT

Research Question
This study investigates the relationship between Corporate Social Responsibility (CSR) resp. Corporate Irresponsibility (CSI) and consumers’ willingness-to-pay (WTP). In our analyses of this relationship, we take (a) both responsible and irresponsible product attributes, (b) hedonic and utilitarian products, and (c) incentive-compatible WTP measurement into account.

Method and Data
To test the hypotheses, we used two vignette-based experiments employing a 3×2 between-subjects experimental design in combination with a BDM lottery, in which respondents either bid for a utilitarian or a hedonic product and answered questions about the product with CSR and CSI product attributes as well as a neutral control condition. We used spritzer and candy as focal products in our studies because it can have both utilitarian and hedonic connotations. We used priming to support the perception of the hedonic and utilitarian products in our studies. The vignettes mimicked a newspaper article containing information about the quality and CSR behavior of a fictitious spritzer and a fictitious candy brand. We measured consumer WTP with a BDM lottery, such that participants stated a maximum price they were willing to pay for a product (either apple/rhubarb spritzer or cough/fruit drops). Then, a price was randomly drawn from an urn. If this price was lower than the stated WTP they had to purchase the product. If it was higher, they could not purchase the product. From a theoretic point of view, participants have an incentive to reveal their true WTP and this procedure helps reduce social desirability biases, which are particularly prevalent in CSR research.

Summary of Findings
Results confirm that respondents rewarded CSR with price premiums of 21.8% for spritzer and 12.6% for candy. With regard to the influence of the product category we found a stronger reward effect for the utilitarian compared to the hedonic product in the spritzer experiment, but not in the candy category.

Findings also provide evidence for substantial price mark-downs for CSI with -17.9% for the spritzer and -21.1% for the candy. In both experiments, the punishment effect was stronger for the utilitarian product. Thus, based on the results, we cautiously infer that CSR and CSI have stronger effects on WTP for utilitarian products.

Key Contributions
First, our findings underline the importance of conducting more research into the consequences of negative CSR. Second, our measurement approach more closely mimics real-life purchasing situations. Third, this study makes inferences about WTP for CSR using a product category standpoint suggesting that the reward/punishment effect in terms of WTP differs between hedonic and utilitarian products.

References are available on request.

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The Relationship Between CSR Appeals and Product Sales Performance: Seven Subcategories and Nonlinear Returns

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Keywords: CSR, Nonlinear returns, CSR product sales, subcategories of CSR

EXTENDED ABSTRACT

Research Question
The marketing literature regarding the effectiveness of corporate social responsibility (CSR) appeals is inconclusive. Some researchers report that CSR appeals positively contribute to the firm (Brown and Dacin 1997, Ellen et al. 2000, Luo and Bhattacharya 2009, Pivato et al. 2008), while others report that CSR appeals negatively affect the firm (Kärnä et al. 2003, Luchs et al. 2010). We argue that previous literature oversimplifies the complex CSR phenomenon by (1) assuming linear returns of CSR appeals and (2) neglecting unpopular areas of CSR subsets. The first purpose of this paper is to explore possible nonlinear effects of CSR appeals which have been encouraged by a number of marketing scholars as a productive area for future research (Vlachos 2009, Strike et al. 2006). Our second agenda is to address the diverse scope and domain of CSR activities available in the marketplace. Paying excessive attention to a few CSR subsets (e.g., cause-related marketing or CRM, organic, and eco-friendly appeal) while neglecting other forms of CSR activities (e.g., cruelty-free and fair-trade) reflects only a portion of reality (Vlachos 2009). We attempt to fill the gap in literature by fully elaborating on seven categories of CSR appeals: eco-package, eco-material, eco-process, cause-related marketing, cruelty-free, fair-trade, and organic.

Method and Data
This research investigates the influence of the CSR appeals on products sales. Twenty five months of sales information are analyzed from a Southwest U.S. retail grocery chain using a multimarket approach. The collaborative relationship with this grocery chain made available the point of sale scanner data for 20,000 UPCs, 16,000 brands, 409 product categories, from 10 stores, which was then narrowed to only product categories in which CSR appeals exist. After this screening, more than 26 million product transactions, 4,000 brands and 90 product categories remain in the data set.

The independent variable is an additive index of CSR appeals (eco-process, eco-material, eco-package, CRM, cruelty-free, organic, and fair-trade) and the dependent variable is weekly dollar sales of each distinct UPC across different stores and weeks. Control variables include: featured advertisement, retail price promotion, weeks, brand, product category, store location, and holiday effects. A generalized linear model is applied since it allows for non-zero covariance among products and dependent variance across weeks.

Summary of Findings
There are three main findings from our research: (1) the heterogeneous financial returns of CSR subcategories, (2) the unique financial performance depending on the type of CSR benefits, and (3) the nonlinearity returns of CSR appeals. First, the results show that not all CSR appeals are positively associated with weekly sales. Eco-material and cruelty-free appeals have negative impacts on UPC level sales performance. Interestingly, both appeals with negative influences on weekly sales are under intrinsic effectiveness and efficiency and do not contain extrinsic effectiveness and efficiency in their benefits. Second, while all CSR appeals with extrinsic benefit (organic and CRM) shows a positive returns, the por-
tion of CSR appeals with intrinsic benefit (eco-material and cruelty-free) reveals a negative weekly sales performance. Last, the results show that the inclusion of squared terms of CSR index generates a significantly better model fit in six different criteria (linear vs. negative quadratic form), providing an evidence of an inverted U-shaped relationship between CSR index and UPC level sales performance.

**Key Contributions**

Our findings suggest that seven CSR appeals are heterogeneous in their impact on weekly sales. While cruelty-free and eco-material generate negative impacts on sales, five other appeals positively contribute to weekly revenues in product level. There is always a positive relationship between extrinsic effectiveness/efficiency, implying universal competitiveness regardless of its benefits type in value and costs. However, intrinsic benefits do not always promise a positive financial return to the firm. CSR appeals, measured as a composite index, have a curvilinear return on sales in the shape of an inverted-U. That is, a light positioning as a pro-social product can positively influence on UPC level sales performance. However, this positive contribution on sales does not continuously increase as the level of CSR appeal increases. After a certain point, the returns decrease with decreasing rate of change. Our study indicates that a product can earn its status as a socially responsible and ethical image at the expense of its financial performance. Similarly, retail managers should account the fact that CSR without a superior quality of core product or price competitiveness could hurt its sales.

References are available on request.
Encouraging Charitable Behaviors: The Impact of Charitable Motivations and Materialism

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Keywords: charity, materialism, motivation, donation, volunteering, nonprofit

EXTENDED ABSTRACT

Research Questions
In this study, we have one research question and two hypotheses:

RQ1: What are the differences in charitable behaviors (donations of time, money, and in-kind donations) based on high versus low charitable motivations (protection, values, career, social, understanding, and enhancement)?

H1. Protection orientation accounts for the relationship between materialism and future intentions to donate/volunteer. More specifically, materialism is positively associated with protection orientation and protection orientation is positively associated with future intention to donate/volunteer.

H2. Enhancement orientation accounts for the relationship between materialism and future intentions to donate/volunteer. More specifically, materialism is positively associated with enhancement orientation and enhancement orientation is positively associated with future intention to donate/volunteer.

Method and Data
The average age for the online survey respondents was 44.43 years, 57% were female, and 78.7% Caucasian. The majority had donated (91.8%) or volunteered (63.6%) within the past year. Only those donating/volunteering within the past year were analyzed. This created a useable sample of 216 participants.

After ensuring acceptable psychometric properties and internal consistency, average composite scores were created for each construct. To measure volunteer/donation motivations, we adapted Clary et al.’s (1998) six-dimensional volunteer functions inventory. For consumer materialism, we utilized Sirgy et al.’s (2012) materialism scale. For our dependent variable, future charitable intentions, we used the item “Overall, how likely is it that you will donate or volunteer in the future.”

To assess the relationships among volunteer motivation and donation type, participants were classified into low/high groups (Kohli 1989) for each of the six motivations. The six motivation variables and the three types of donation were then utilized in cross-tabulation analyses to assess whether significant relationships existed among motives and donation types. Hypotheses 1 and 2, that predicted protection and enhancement motives to account for the relationship between materialism and future intentions to donate/volunteer were tested utilizing the Hayes PROCESS macro in SPSS.

Key Contributions
Our research did not find that a social motivation was linked to charitable behaviors intention in terms of either time or money. Nor did we find that materialism and charitable behavior intention was mediated by an enhancement motivation. These results suggest that the intention to give to charities is not motivated by looking better or affiliating with others socially. Materialism influences charitable behavior motiva-
tion through a protection orientation, which suggests that materialism may have an instrumental aspect in reducing uncertainty or negative feelings consumers may have about themselves. Thus, in relating back to Mathur’s (2013) question of how materialism and generosity can co-exist, our research suggests that this occurs through a protection motivation.

**Summary of Findings**

In summary, the results reveal that consumers donate time in attempt to improve their career prospects, acquire awareness and skills, or genuinely express altruism, while consumers offering monetary contributions fail to be motivated by either career advancement or protecting or promoting their egos. Further, these motivations help explain why consumer segments continue charitable behaviors. Consumers placing significance emphasis on materialistic goods engage in prosocial behaviors as a result of ego protection, rather than enhancement, which we suggest initiates their charitable behaviors working as means to reduce uncertainty rather than as means of looking better to others.

*References are available on request.*
How Descriptive Norms Influence Prosocial Behavior

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Keywords: prosocial behavior, self-construal, charity, consumer behavior

EXTENDED ABSTRACT

Relative to injunctive norms (what ought to be done in a given situation), evidence suggests that descriptive norms (what others are actually doing in a given situation) are particularly effective in stimulating prosocial behaviors (e.g., Goldstein, Cialdini and Griskevicius 2008: White and Simpson 2013). One stream of research demonstrates that norms on high rates of participation motivate prosocial behavior, including charity donations (Shang and Croson 2009). For instance, Nolan and colleagues (2008) show that when consumers are given information on the conservation effort of their neighbors, they alter their own conservation effort to match the prevailing norm. However, other studies suggest that perceived need (evidenced by low rates of donation) increases prosocial behavior since consumers are more likely to help others that they perceive as in need of help (Fisher and Ma 2014). Rooted in human empathy (Batson 1990), this research suggests that helping behavior is stimulated by as the perceived severity of a need increases. Therefore, the current research examines in which either high or low descriptive norms are more effective.

We propose that individual self-construal influences the impact of high versus low descriptive norms on donation behavior. The interdependent self is associated with the desire to maintain harmony, social mindfulness and empathy (Van Doesum et al. 2013). We make the novel prediction that independents are more likely to follow a high rate of participation, a behavior we demonstrate is driven by a perception of goal achievement. We test these hypotheses across three studies.

In Study 1, we used a 2 (Support Norm: Low, High) x 2 (Construal Prime: Interdependent, Independent) design. Participants (n = 104) first completed a priming task to manipulate construal (A Trip to the City). Next, participants read a profile of a charity with a mission to serve the homeless. This included a manipulation of the descriptive norm of support for the charity (Low-3%, High-50%, referent baseline of 15%). Finally, participants completed a four-item measure of volunteer intentions toward the charity. The predicted interaction emerged ($F(1, 100) = 13.22, p < .001$). Participants in the interdependent prime condition exhibited higher volunteer intentions when a low norm of support was presented ($M_{high} = 4.39, M_{low} = 5.19, p < .05$), and those in the independence prime had higher volunteer intentions when a high norm of support was presented ($M_{low} = 4.19, M_{high} = 5.02, p < .05$).

In Study 2, we used a 2 (Support Norm: Low, High) x Measured Construal design. Like Study 1, participants (n = 157) read a profile of a charity with the same descriptive norm manipulations. Measures of interdependence were obtained 3 months prior in an unrelated study (transformed to mean-centered dominant self-construal score, consistent with previous research (Hong and Chang 2015)). As a dependent variable, participants were given the opportunity to solve up to 20 puzzles, with each solved puzzle resulting in a $0.05 donation to the charity. On average, participants’ attempted
8 matrix puzzles, ranging from 0 to the limit of 20 (SD = 7.6). Results of a regression analysis revealed no main effect for either construal ($\beta = .12, p > .6$) or norm condition ($\beta = .10, p > .5$). However, their expected interaction was significant ($\beta = 7.03, p < .001$).

We analyzed the interaction using the Johnson-Neyman floodlight analysis. As predicted, exposure to a norm of a high rate of donation behavior led to increased puzzle solving among those with an independent dominant construal, or .33 below the mean value of construal ($\beta_{IN} = 2.21, SE = 1.1, p < .001$). Conversely, when presented with a norm of low participation rates of donation behavior, puzzle solving increased among participants with a dominant interdependent construal, or .30 SD above the mean construal value ($\beta_{IN} = 2.18, SE = 1.09, p < .001$).

In order to test for our proposed mediation, we conducted bootstrapping analysis for moderated mediation (Model 7; Hayes 2012). We find that goal attainment mediates a relationship between the two in the high norm condition ($b = .43, CI_{95}: .01, 1.18$) but not in the low norm condition ($b = .58, CI_{95}: -.04, 1.52$). Conversely, we find that perceived need mediates a relationship between the two in the low norm condition ($b = 1.06, CI_{95}: .32, 2.02$) but not in the high norm condition ($b = .07, CI_{95}: -.58, .66$).

Study 3 uses a field study conducted in a small music store, as well as a construal manipulation delivered through the use of language in a donation appeal. At the point of checkout, we placed a donation box along with an easel-backed sign with the charity appeal. The study utilized a 2 (Descriptive Norm: High, Low) X 2 (Appeal Construal: Interdependent, Independent) design. Versions of the signs were changed daily over four consecutive weeks.

A total of 90 donations were made across the 606 transactions, representing a donation rate of approximately 15%. Logistic regression on a binary coded donation decision (per transaction) revealed a significant interaction between construal and descriptive norm on donation behavior ($\beta = 1.193$, Wald = 5.59, $p < .05$). When presented with an interdependent donation appeal, consumers were much more likely to donate when the appeal presented a norm of lower rates of donation (18%; 35/188) as opposed to a norm of higher donation rates (12%; 12/98). Conversely, consumers presented with an independent donation appeal were much more likely to donate when the appeal presented a norm of higher rates of participation (17%; 30/178) rather than lower than average donation rates (9%; 13/142; $\chi^2 (1) = 27.78, p < .001$).

References
Doing Good After Doing Bad: Firm Value Implications of Distinct Corporate Social Responsibility Engagements

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Keywords: corporate social irresponsibility, corporate social responsibility, social responsibility dilemma, stakeholder relationship management, firm value

EXTENDED ABSTRACT

Research Question
Corporate social responsibility (CSR) has become a substantial investment of most firms. Underscoring CSR’s importance, 98% of the Fortune 500 companies explicitly engage in CSR initiatives (Governance & Accountability Institute, 2012). This fact aligns well with the perspective that refusing to engage in CSR would represent a missed opportunity for generating firm value (Luo and Bhattacharya, 2006). However, most firms are regularly involved in corporate social irresponsibility (CSI) (KPMG, 2014). As stakeholders may perceive CSR engagements subsequent to CSI as insincere, these actions hold the potential to damage firm value (Margolis and Walsh, 2003). This possibility creates a social responsibility dilemma for firms after CSI, as both refraining from and engaging in CSR activities seem to be inferior options in terms of firm value impact. The study examines how firms can engage in CSR action when it is preceded by CSI so as to preserve opportunities to enhance firm value. Specifically, the authors ask three research questions: (1) How can CSR engagements be delineated to account for prior CSI? (2) Do these CSR engagements affect firm value? and (3) Do their effects on firm value depend on contextual factors specifying CSI (i.e., CSI uncontrollability and CSI centrality)?

Method and Data
In this study, the authors combine financial firm data from Compustat with firm ratings on CSR and CSI from the Kinder, Lydenberg, Domini & Co., Inc. (KLD) database for the period from 1991 to 2007. The KLD database has been recognized as one of the best for measuring topics related to social (ir)responsibility (Hillman and Keim, 2001) and is widely adopted among marketing studies recently published in top-tier journals (Groening, Mittal, and Zhang, 2015; Mishra and Modi, 2015). For examining the effectiveness of CSR engagements in the context of prior irresponsible behavior by the firm, a linear mixed model with firm- and year-specific random effects was employed to account for unobserved firm- and time-specific heterogeneity (Luo and Donthu, 2006).

Summary of Findings
CSR research proposes that stakeholders evaluate CSR engagements in the context of prior social behavior by the firm (e.g., CSI) and that CSR engagements must be congruent with prior behavior in order to elicit favorable stakeholder responses and in turn financial benefits (Schuler and Cording 2006). The authors suggest that stakeholders’ congruency perceptions hinge on whether or not the CSR engagements are thematically related to prior CSI. Consequently, they differentiate two types of CSR engagements: CSR that is related to prior CSI (rCSR) embraces firm actions in the domain(s) in which CSI occurred recently. CSR that is unrelated to prior CSI (uCSR) embraces firm actions in the domain(s) in which no CSI had recently occurred. The study’s results show that uCSR is generally appropriate in terms of firm value enhancement. The positive effect can be significantly boosted when CSI uncontrollability is high (i.e., when the negative outcomes of firm actions arise from constraints that cannot be influenced by...
the firm) or when CSI centrality is high (i.e., when CSI is connected to the firm’s core business operations). Contrary to uCSR, rCSR does not directly affect firm value. However, rCSR helps to enhance firm value when CSI uncontrollability is high, but backfires when CSI uncontrollability is low.

Key Contributions
First, the authors take into account that when evaluating CSR, stakeholders do so in the light of prior CSI. By differentiating CSR engagements that vary in the relatedness to prior CSI, this research fosters a practically manageable classification of CSR engagements that does not merely link them to stakeholder domains. Second, the authors present a model that accounts for the firm value effects of these CSR engagements. They clearly demonstrate that the CSR engagements have unique performance implications in that not both are financially favorable in general. Third, the authors investigate how the context of CSI determines whether specific CSR engagements are more or less promising. This is important to consider because prior research has neglected the role of CSI context when evaluating firm value effects of CSR (Mishra and Modi, 2015). In sum, the results pinpoint that the question should no longer be whether to engage in CSR but how and when and provide initial answers to these questions. The findings help to resolve the social responsibility dilemma practitioners face when engaging in CSR activities after CSI and demonstrate that even in the face of CSI, aligning doing good with doing well is possible.

References are available on request.
Conceptualizing the Prosocial Orientation of a Firm

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Keywords: prosocial, CSR, firm, organization citizenship behavior

EXTENDED ABSTRACT

This paper conceptualizes and proposes the notion of the prosocial orientation of a firm. We contend that a firm’s prosocial behavior may be driven by several factors including, motives of the society in which the firm is embedded, leadership behavior of the decision makers that creates a relating service environment in the organization, its stakeholders driving the egoistic stance of the organization, and the prosocial part of the tacit knowledge of its employees that they apply when interacting with the customers and co-workers. We also suggest that firm’s prosocial orientation may have several positive consequences such as increased cooperation and teamwork with the prosocial orientation directed at co-workers; greater performance due to extra-role behavior of employees leading to higher service quality levels, greater customer satisfaction, and sales revenues; and more secure and higher levels of investment in the firm. However, prosocial orientation can lead to free-riding and managers are advised to be careful about this.

The first contribution this paper makes is through the conceptualization of “prosocial orientation of a firm” that can encompass several terms that are in use today to represent firm social contribution. A theoretical conceptualization of prosocial orientation of a firm can help bring diverse theories under a single umbrella and benefit as one consolidated body of knowledge.

A second contribution this paper makes is by proposing motives and outcomes of prosocial orientation of firms that can help link the various academic models of prosocial orientation with their implications to the business community. The model of motives and outcomes of prosocial orientation can help elucidate the business-social relationships from across different theories.

The third contribution this paper makes is by capturing the tacit knowledge that is an important source of value generation within the firm, between supplier firms, and with customers. “Prosocial orientation of the firm” can capture the prosocial behavior of the leaders, decisions makers, and front-line employees of the firm as explicit knowledge which then becomes available for measurement and tracking, and can be improved upon.

References are available on request.

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Speak for Whom? The Variation of Corporate Social Responsibility Strategies of Public Firms in China

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Keywords: corporate social responsibility, stakeholder theory, variation

EXTENDED ABSTRACT

Recent developments in business and society seem to suggest that corporate social initiative is an effective mean to not only alleviate the pressures from multiple stakeholders but also positively associated with corporate financial performance. Therefore, firms spare no efforts to develop new organizational structures to embrace this new practices so as to convey the new mission and priorities to its many stakeholders. However, the new practice adoption of corporate social initiative involves firms’ particular historical, social, and organizational context, which makes this process more complicated. Moreover, the concept of social responsibility remains abstract, and for many firms, “best practice” is often a moving target without a single optimal shape, subject to alternative interpretations by different institutional actors, as well as to changing interpretations over time.

In light with this important call, we aim to advance the CSR literature in this research by addressing two understudied questions: (1) How do CSR practices evolve and vary in Chinese public firms? And (2) What role do stakeholders play in the variation of CSR communications? Borrowing insights from communication studies and concept network theory, we employed a recent analytical framework to understand the variation of firms’ CSR strategies. By introducing two primary dimensions that captures the heterogeneities of a practice in its extensiveness (scope) and accuracy (fidelity), we further argued that CSR practices usually translate into a strategizing process, which involves four main types; and the shift of CSR strategy is contingent on the pressure from various stakeholders. We specified three mechanisms based on the contingent stakeholder effects to explain the driven force of firms’ CSR strategy shift: (1) risk dynamics in which firms’ corporate social responsibility practices have close connections with their investment risk; (2) Legitimacy dynamics in which heterogenous pursuits of state-owners at different levels may bring more complexity to firms’ CSR strategy choices; and (3) moral dynamics in which corporate social activities can be conditioned by the general public’s view toward the moral bases of an industry. We then developed arguments as to how structural features at firm levels, i.e., ownership structure and owner’s political background, and legal and social environment at the industry level may have affected firms’ choices of CSR strategies. Out study thus contrast to previous inquiries which views CSR strategy as an unchangeable construct originated from one source and then becoming more diffused over time.

We situated this study in China’s transitional context which is marked by its great institutional variation and active exchanges among traditional philanthropic thoughts, socialist ideology, and newly introduced concept of CSR. Data used in this study cover Chinese firms that issued CSR reports and were listed on the Shanghai or Shenzhen stock exchanges from 2008 to 2013. Many Chinese firms have just began to realize the value and importance of a good corporate social performance; and regulatory framework in terms of CSR practices is still in its infant stage. Most firms are still in pursuit of a more effective CSR strategy. This context thus constitutes an ideal natural laboratory for CSR researchers to observe how various social, political, and institutional forces shape the mutation of CSR strategies.

References are available on request.
Current Native Advertising Practices and Disclosures

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Keywords: native advertising, advertising disclosures, deceptive advertising, sponsorship

EXTENDED ABSTRACT

Research Question
Native advertising, or paid content that is assimilated with the visual design and function of non-paid content on a publisher’s site, is growing in popularity. The Interactive Advertising Bureau (IAB) asserts widespread advertiser and publisher agreement regarding clear and prominent disclosure that native ads are paid content. The disclosures are important because they help prevent scrutiny about whether native advertising is misleading or deceptive, which could trigger policy intervention. However, by definition, native ads, including their disclosures, are designed to match the experience provided by other content. So, it is not clear (a) if consumers know native ads are sponsored content or (b) whether consumers care about the source of the content. Thus, the initial research questions are: How are advertisers using native advertising? How are they disclosing their sponsorship of the content?

Method and Data
To begin to address this gap in our understanding of native advertising, the article begins with a report of current native advertising formats and practices. It then reviews 122 examples of native ads from identified native advertising leaders over a 31-day period in October, 2014. The report summarizes ad format (video, content, picture), industries that used native ads, the amount of engagement with the content during the 31-day period and, perhaps most importantly, how the sponsorship was disclosed in each case.

Summary of Findings
Most native ads that were recognized were in-stream ads that used words (vs. video or pictures). However, videos had higher levels of engagement (as measured by social media). Videos also seemed more likely to use celebrities and emotional appeals. Technology companies were the dominant users of native ads during the time period. Substantial variation existed in words used, shading, colors, capitalization, contrast between text and background color, font size, and timing/placement of disclosures.

Key Contributions
The manuscript contributes to the conceptualization of native advertising, provides an overview of disclosures currently used, and provides directions for next steps and future inquiry by marketers, policy makers and policy influencers.

References are available on request.

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Empirically Revisiting Advertising and Aggregate Consumption: Evidence from a Nonlinear Causality Test

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Keywords: marketing system, aggregate consumption, convergent cross-mapping

EXTENDED ABSTRACT

Research Question
A longstanding question in marketing and economics is whether advertising affects aggregate consumption. If it does not, the advertising–consumption system would be a zero-sum game; if it does, advertising can grow markets and represents an economic force of interest for marketing, economics, and public policy. Ashley, Granger, and Schmalensee (1980) test advertising’s potential causal impact on aggregate goods consumption with the Granger causality test. They show that advertising does not influence consumption; rather, consumption causes advertising.

This research uses a new nonlinear method (convergence cross-mapping) from ecology to reinvestigate the causal links between advertising and consumption. Also, in the past 30 years, the economy continued to become more service centered and the advertising system shifted toward digital advertising. This study substantially extends the investigation of causal links from television to television and digital advertising and from aggregate goods consumption to durable, non-durable goods, and service consumption.

Method and Data
This research uses a new nonlinear time-series method (convergence cross-mapping) that specifically addresses the methodological shortcomings of Granger causality: deterministic causation in real life complex dynamic systems, potential endogeneity, and non-linearity. Granger causality tests allow only for stochastic linear causation which—strictly speaking—does not apply to actual complex systems such as the potentially interrelated and non-linear macro advertising-consumption system. Furthermore, advertising could have a contemporary impact on consumption, but the Granger test is restricted to future prediction. In contrast, convergence cross-mapping includes contemporary cross-prediction, thus addressing potentially short-term advertising effects.

This study uses first differenced and standardized quarterly U.S. time-series data from various sources; U.S. quarterly personal consumption expenditures were obtained from the U.S. BEA, quarterly spending for TV advertising from Kantar Media, and quarterly spending for digital advertising from IAB/PWC reports. For this study, the data starts in 1996, when data on digital advertising becomes available and ends in the first quarter 2014.

Summary of Findings
The novel convergence cross-mapping tests confirm that both television and digital advertising significantly force durable goods consumption. Digital advertising also significantly forces non-durable goods consumption. Conversely, all types of consumption significantly force digital advertising; only non-durable goods consumption forces television advertising. Generally, all effects are very weak (low cross-prediction correlations).

Using the Granger causality test on the newer data would still produce results consistent with Ashley et al. (1980): advertising would not affect consumption but all types of consumption Granger cause both types of advertising. However, the Granger method does not reflect an actual systems view; the methodologically more suitable convergence cross-mapping tests detect contemporary causation and also confirm that advertising causally forces goods consumption.

Key Contributions
The causal relationships between advertising and aggregate consumption can be bidirectional. Consequently advertising...
and consumption interact on a macro system-level and the sum of advertising creates aggregate goods consumption in a non-zero-sum way.

Stronger advertising effects on durable than on non-durable goods transfer from the brand level to the aggregate consumption level, but advertising does not affect aggregate service consumption.

*References are available on request.*
Research Question
Communicating corporate social responsibility (CSR) has become increasingly important for the success of organizations (Carroll, 1991; Coombs & Holladay, 2012; McWilliams & Siegel, 2001; Porter & Kramer, 2006). Recent research has shown that a company’s CSR initiatives can induce positive employee associations with the organization (Kim et al., 2010; De Roeck & Delobbe, 2012). Therefore, the effective communication of these CSR initiatives appears to be important (Eberle, et al., 2013; Lee et al., 2013) and can lead to greater awareness of a company’s initiatives among its customers, employees and other stakeholders (Du et al., 2010). Social media could be an essential tool for informing stakeholders of a company’s CSR initiatives in a fast and interactive manner (Whelan et al., 2013). However, research on how these interactive media contribute to better CSR communications is scarce (Korschun & Du, 2013). Therefore, the current study aimed to investigate the role that CSR communications via social media plays in positive employee behavior. We investigated how these communications influence employee perceptions of how the outside world values an organization’s CSR and whether such communications lead to stronger employee identification with an organization.

Method and Data
To investigate the role of social media in CSR communication and employee behavior, we conducted a survey of a Dutch insurance company (N = 283). A questionnaire was developed to measure the variables on a 7-point Likert scale. The survey assessed the employees’ perceptions of the following: (1) the frequency of CSR communications via social media; (2) the quality of CSR communications via social media; (3) how the outside world views the organization regarding CSR initiatives (perceived external prestige); (4) their identification with the organization; and (5) their positive behaviors toward the organization. The frequency of CSR communications via social media was measured with four items based on Òberseder et al., (2013). Quality perceptions of the CSR communication via social media were measured with a three-item scale based on Bartels et al. (2007). Perceived external prestige regarding CSR (i.e., employees’ perceptions of how the outside world views the organization) was measured with a three-item scale based on Smidts et al. (2001). Organizational identification was measured using a three-item scale of identification based on Leach et al., (2008). The reliability of the scales were high (α’s between .81 and .96).

Summary of Findings
We performed structural equation modeling to test the hypotheses. The hypothesized model in which both frequency (H1a) and quality perceptions (H1b) of the organization’s CSR communications via social media directly and significantly influenced perceived external prestige regarding CSR, which in turn influenced the employees’ organizational identification (H2) and positive behavior toward the organization (H3), fit the data well ($\chi^2/df = 2.26$; CFI = .969; TLI = .963; RMSEA = .067). All paths were significant at $p < .01$. Based on previous literature that suggests that positive employee perceptions of CSR enhance organizational identification (Korschun et al., 2014), Alternative Model I also tested the direct relationship between CSR communication via social media and organizational identification.
Although *Alternative Model I* fit the data, the frequency of CSR communication via social media was not directly related to organizational identification. Therefore, in *Alternative Model II*, only employees’ quality perception of the CSR communications via social media was directly related to their organizational identification. The chi-square difference test showed that *Alternative Model II* improved the hypothesized model ($\Delta \chi^2 = 6.71; \Delta df = 1; p < .01$) and that employees’ quality perception of the CSR communications via social media directly affected their organizational identification.

**Key Contributions**
The current study is among the first to investigate both social media communications and employee behavior (Van Zoonen et al. 2014). In the context of online CSR communications, no study has investigated the impact of social media on employee commitment and subsequent positive behaviors toward the organization. Our findings suggest that both the amount of CSR communication via social media and the employees’ perceived quality of this communication lead to positive employee perceptions of how the outside world views the organization’s CSR initiatives. Previous research has shown that when employees think that their organization is perceived positively, they identify more strongly with the organization (Bartels et al., 2009). Our findings confirms these results in the context of CSR communications. Moreover, employees who exhibit proud feelings toward their organization are more likely to show positive organizational behaviors (Van Dick et al., 2006), whereas a vast amount of consumer research has shown that positive word of mouth (WOM) is among the most influential external communication channels (Chevalier & Mayzlin, 2006; Hennig-Thurau et al., 2004). Briefly, the effective use of social media for communicating CSR messages may encourage employees to be highly committed to the organization and to promote and defend the organization.

*References are available on request.*
Extending the Persuasion Knowledge Model to Investigate the Potential of Web-Based Interventions: The Case of Weight Control Intentions

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Keywords: persuasion knowledge model, objective knowledge, subjective knowledge, website attitudes, weight control intentions, web-based intervention, goal frame, BMI

EXTENDED ABSTRACT

Research Question
This study investigates empirically an extension of Freistad and Wright’s (1995) Persuasion Knowledge Model, focusing on knowledge structures of the target, and extending them with Brucks’ (1985) objective and subjective topic knowledge conceptualizations and operationalizations. The research also responds to Arem and Irwin’s (2011) call for further research related to the effects of weight control web-based interventions.

Method and Data
A web-based intervention using the National Health Service’s (NHS) website, which is aimed at tackling the obesity epidemic in the UK, was used. A 3 (webpage clicking choices: “NHS healthy eating”; “NHS loose weight” and a “control” with not webpage) x 2 (adult BMI categories: healthy and unhealthy) online experimental design was used to examine how the extended PKM knowledge structures of the target may affect website attitudes and behavior intentions. Participants were recruited via a Qualtrics Consumer Panel using quotas to ensure a balance between genders and age groups of British participants. The data collection allowed the participants to click on one of the two website choices (healthy eating or loosing weight) according to their goals or not click on any of them. This permitted an investigation of the effects of web-based interventions, similar to a non-laboratory setting, where consumers would naturally seek information and make choices. Structural equation modeling was used to analyze the data.

Key Contributions
This paper extends Freistad and Wright’s (1995) Persuasion Knowledge Model, focusing on knowledge structures of the target, and extending them with Brucks’ (1985) objective and subjective topic knowledge conceptualizations and operationalizations. It examines the effects of a real weight control web-based intervention and makes recommendations to the NHS and policy makers, about developing and improving weight control initiatives through the use of digital tools.

Summary of Findings
The results illustrate that the distinction between objective and subjective weight control knowledge is essential, given their different effects on agent and persuasion knowledge. Agent knowledge was the most important predictor of website attitudes; while both agent and persuasion knowledge were associated with intentions to control one’s weight. Consumers’ choice of website, which is a proxy in this study for consumers’ goal frame, tends to be consistent with their BMI. The control group which chose not to click on any frame from the NHS website had a balance between adults with a healthy and above healthy BMI, indicating that consumers may not take action, even when they should. Results also show that framing health goals matters and differences do exist between adults with a healthy BMI and those with an unhealthy BMI (i.e. overweight or obese adults) regarding how knowledge may affect attitudes and behavioral intentions.

References are available on request.

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Research Question
The “Energiewende” (energy transition) refers to the large scale alteration of power generation and supply systems currently taking place in Germany. The German government has decided to shut down all nuclear reactors by 2022 but is at the same time committed to a 20% reduction of greenhouse gas emissions by 2020 (The Economist 2012). The only means to meet these goals is a radical shift of energy use from fossil to renewable energy resources—without jeopardizing grid stability and the competitiveness of the highly industrialized economy.

The transmission network is now being exposed to greater volatilities of wind and solar energy occurrence (Delucchi and Jacobson 2011) and aligning of electricity demand with supply is paramount. To this end, the European law regulates that energy suppliers must offer at least one dynamic electricity tariff. However, consumers often react adversely to the complexity of such tariffs (Lambrecht and Skiera 2006). Hence, the goal is to understand the perceived price complexity of dynamic tariffs and how this complexity affects the consumers’ decision-making. Regarding the latter, this study proposes that extent of heuristic information processing and confidence towards the price evaluation mediate the relationship between perceived price complexity and consumers’ intentions to select a tariff.

Method and Data
We utilized a commercial consumer panel to recruit a representative sample of German consumers for an online experiment. Perceived complexity of the electricity tariff was manipulated within an experimental 4 (number of pay-per-use components over the course of one day: 1 vs. 2 vs. 3 vs. 4) x 2 (price ending of pay-per-use components: even vs. odd) x 2 (rebate presentation format: absolute vs. percentage) between-subjects design. Participants were confronted with a scenario in which they should imagine changing their power supplier and were asked to evaluate a particular (manipulated) tariff. Participants received an artificial electricity consumption pattern. The consumption pattern was the same across treatment conditions and ensured that all tariffs were economically equal but varied only in complexity. The effective sample consists of 664 participants.

After the scenario, subjects were asked to indicate the total costs the tariff would imply, given the usage pattern. Subsequently, they respond to a questionnaire including the variables of interest. All latent constructs were assessed on seven-point Likert scales or semantic differentials adapted from established scales in top-tier marketing journals. All latent constructs show high convergent and discriminant validity on the Fornell/Larcker criterion, and all manipulation checks were successful.

Summary of Findings
The results of a MRA indicate that the number of electricity rates per day raised perceived price complexity only if an intermittently activated rate was integrated. Additionally, odd (vs. even) price endings contributed significantly to perceived complexity. The effect of discount presentation format (percent vs. absolute) was not significant. No interactions were found.

To investigate the consequences of perceived price complexity we carried out a structural equation model using AMOS 22 (CMIN/df = 2.694; GFI = .925; AGFI = .907; CFI = .974; RMSEA = .051). The results show that perceived price complexity has a positive impact on the extent
of heuristic information processing. Furthermore, perceived price complexity reduces the individual’s confidence in its own tariff evaluation. Heuristic information processing also reduces this confidence.

Heuristic information processing has in turn a significant positive effect on the perceived costs of the tariff, indicating that heuristic processing in the realm of complex electricity tariffs leads consumers to overestimate the costs of the tariff. The perceived cost of the tariff relates negatively to purchase intentions. Finally, confidence in the own tariff evaluation has a positive effect on purchase intentions when partialling out the effect of costs.

**Key Contributions**

First, we illuminate how different dimensions of electricity tariffs contribute to the perceived price complexity of these tariffs. In providing these insights, we advance the literature on price complexity (e.g., Homburg, Totzek, and Krämer 2014, Feurer, Schuhmacher, and Kuester 2015), that is still in its infancy, and on price partitioning (Morwitz, Greenleaf, and Johnson 1998). With regard to the latter, this research indicates that the complexity of electricity tariffs leads to an overestimation of perceived costs which is in contrast to the seminal work (Morwitz, Greenleaf, and Johnson 1998).

Secondly, we contribute to literature by showing how price complexity of dynamic electricity tariffs has an effect on behavioral intentions. These findings also advance the specific literature on the German Energiewende by adopting a marketing perspective.

Taken together, this study provides important insights for seeking to increase consumers’ acceptance of dynamic electricity tariffs. Ultimately, an enhanced understanding of price complexity of electricity tariffs enables these firms to stay competitive in an increasingly dynamic yet regulated environment. For policy makers, the results are of major interest to master the challenges of the Energiewende.

*References are available on request.*
What Helps Children Resist Distracting Marketing Stimuli? The Impact of Implementation Intentions and Restrictions on Choice and Arousal

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Keywords: consumer socialization, delay of gratification, children, implementation intentions

EXTENDED ABSTRACT

Research Question
This study analyzes the impact of Implementation Intentions as well as Restrictions on the Delay of Gratification in children. We assume that both strategies impact the decision process of children in different ways: While implementation intentions activate the mental representation of specified cues which help pursuing a goal, restrictions support goal attainment because of the threatened consequence.

Method and Data
We tested our assumptions in a study with children between the ages of seven and eleven by using an experimental design with the between-subjects factor self-control-strategy (implementation intention x restrictions x control group/no strategy). We developed a computerized game which served as a delay-of-gratification task.

Key Contributions
The strategy to support children in goal attainment and to shield them from distracting stimuli during the process depends on their socialization stage: For younger children, a self-regulation strategy that is based on practicing an automatic reaction in specific situations seems to be appropriate. For older children, this might not suffice. These children might need a reason which guides their behavior. However, simply prohibiting a child from behaving in a certain way showed no effect in our study.

Summary of Findings
Results show only an effect of implementation intentions for younger children below the age of nine. A correlation between the physiological arousal and the delay task indicate that for children in the implementation intention arousal provides motivation to wait for the greater gratification.

References are available on request.

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Re-examining Consumer Vulnerability: An Expanded Perspective on Current Research and Future Directions

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Keywords: consumer vulnerability, public policy, motivation, opportunity, ability, MOA

EXTENDED ABSTRACT

Research Question
While the concept of consumer vulnerability has a rich and venerable history in marketing research there’s still some disagreement about how to define it in a comprehensive way. Whereas earlier research conceptualized vulnerability as a class-based phenomenon (Smith and Cooper-Martin 1997) later research (Baker, Gentry, and Rittenburg 2005) proposed a state-based approach that was situational, not enduring. Noting how some populations didn’t seem to fit well with either conception, Commuri and Ekici (2008) tried to strike a balance between the two by positing vulnerability as a sum of systemic and transient vulnerability. Given its importance and inclusion in several sub-fields of the marketing discipline it is not surprising that scholars continue to strive for a more fine-grained understanding of vulnerability.

Consequently, the central question that guides this paper is whether there is an alternate conceptualization of consumer vulnerability that can expand our perspective—one which can simultaneously incorporate extant scholarly work as well as reveal cases that may not have yet attracted adequate research attention. The authors contend that one such approach is to re-conceptualize vulnerability as a prevalent lack of motivation, opportunity, or ability (or even a combination thereof) among consumers in different consumption contexts.

Summary of Findings
Using the Motivation, Opportunity, and Ability (MOA) framework (MacInnis and Jaworski 1989; MacInnis, Moorman, and Jaworski 1991), the authors define motivation as the consumer’s inner desire to consciously engage in vulnerability-reducing behavior, opportunity as the means that allow the consumer to engage in vulnerability-reducing behavior, and ability as the consumer’s skill and proficiency in being able to engage in vulnerability-reducing behavior. Thus, eight possible cases arise depending on whether one or more of these three facets are present or absent.

A re-classification of existing literature on vulnerability brings to light the differential focus of prior research with most work having looked at the absence of opportunity or ability (or both) amongst consumers who are motivated. Comparatively lesser work exists, however, on those cases where motivation itself might be absent. A renewed focus on the lack of motivation and its possible causes could lead to rich insights as the authors propose disproportionate impacts of the lack of each of the three elements. A lack of motivation would potentially be the most severe as it could result in persistent vulnerability. Less severe would be a lack of opportunity due to market stakeholder failure. Finally, a lack of ability would be the least severe, and the most “surmountable,” if motivation and opportunity are both present.

Key Contributions
Regarding marketing theory the paper expands the discipline’s current perspective of consumer vulnerability by using the Motivation, Opportunity, and Ability (MOA) framework to arrive at a more layered understanding of the different possible cases in which consumers might experience vulnerability. Secondly, it serves as a useful framework for re-classifying existing research and highlighting under-researched areas which marketing scholars could look at. Finally, it also raises a question about the oft-used benevolent conception of the consumer by noting that there are dis-

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tinct possibilities when the consumer would consciously choose to remain in a vulnerable state.

Regarding the role of public policy the paper’s central contribution is in arguing against one-size-fits-all policy measures given the heterogeneity amongst vulnerable consumers. A preferred approach might be a more stratified one tailored to the specific lack of motivation, opportunity, ability, or any combination thereof in the context under consideration.

Lastly, for marketing practitioners the paper serves as a reminder to be acutely aware of diverse consumer vulnerability contexts. Marketers need to be proactive in meeting the needs of consumers who feel that the market is not adequately accommodative. This could translate to increased loyalty as the consumers would perceive marketing actions in a positive light.

References are available on request.
Big Data: Goldmine or Minefield

Joni R. Jackson, Chicago State University

Keywords: big data, privacy, privacy paradox, data collection, data aggregation

EXTENDED ABSTRACT

Research Question
There has been explosive growth in the amount of data and information available to us and about us ("big data"). Our daily activities produce vast quantities of data that provide raw material for companies to create detailed profiles about us. Companies benefit from fewer wasted marketing dollars and greater capability to make inferences about our behavior. People benefit because they receive personalized offerings and access to massive amounts of information, free of charge (a goldmine). The accumulation of data is accelerating and the types of data are varied and vast. Along with the explosion of data from company efforts, there also is an explosion of data from what people share about themselves. Although people share, they also report concerns about disclosure of personal data (privacy paradox). Thus, while there are benefits from the profusion of personal data, there are potential costs related to how people’s personal data and information are used (a minefield). This paper seeks to “spark conversation” by examining recent trends in data collection and aggregation and to explore potential harms that give rise to privacy concerns and to identify costs and trade-offs people are willing to accept to offset potential harms or to gain specific benefits.

Summary of Findings
Kokolakis (2015) notes that while the privacy paradox is no longer a paradox, it still remains a complex phenomenon that is not fully explained. Complicating efforts to explain this paradox are recent developments in data collection and aggregation that have become more sophisticated and less transparent (e.g., facial recognition, cognitive computing, smart algorithms). With these developments, the ability to track and monitor people without their awareness is increasing, which raises the possibility of nudging or controlling people’s behaviors. This is both promising and problematic. Promising in that we see the design of personalized product offerings that anticipate our needs (e.g., a smarter Siri, Hello Barbie) and that nudge us to engage in positive behaviors (e.g., exercise). Further, smart algorithms rely on “scientific” data rather than biases or heuristics and thus eliminate the need to use social constructs to profile people and predict behavior (although some evidence may suggest otherwise). While nudging clearly can lead to positive outcomes, it may be problematic in that these same smart tools may limit our choices (e.g., high interest credit cards or mortgages). This, too, is personalization, although not at its best.

Key Contributions
As the field of big data changes, new developments will continue to unfold. Many of the developments reviewed in this paper rely on methods of data collection and aggregation that make it more difficult for people to balance the loss of privacy with increased personalization. This paper seeks to explore this complex phenomenon further. One of the author’s starting points will be Solove’s (2006) taxonomy of privacy that provides a framework for examining the range of problems that can arise from the “activities that technology enables.” While his framework was designed to help understand privacy problems and protections from a legal perspective, his taxonomy provides a useful framework for examining the big data as goldmine versus minefield dichotomy. Unfettered access to people’s data allows companies to build “actionable intelligence” (a goldmine); but this same access makes it more difficult for people to assess the costs of the use of their data (a minefield). Use of big data works well when people’s interests are aligned with those of the data collector. However, if not aligned, this raises the question of whose interests are served, particularly if people are unaware of the data collection. This paper seeks to better understand this relationship.

References are available on request.

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