23rd Annual
Robert Mittelstaedt Doctoral Symposium Proceedings

April 3 – 5, 2014

Doctoral Research in Marketing

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ACKNOWLEDGEMENT

The Marketing Department would like to thank Dean Donde Plowman and the Dean's Office in the College of Business Administration for the partial financial support for this symposium. We also thank Michelle Jacobs for all of her assistance in organizing the symposium.

ROBERT MITTELSTAEDT DOCTORAL SYMPOSIUM

"The word “symposium” comes from the Greek word “symposion” which, in turn, derives from the Greek verb “sympeninein” which means to drink together. The Merriam Webster dictionary defines symposium as “a convivial party with music and conversation” or “a social gathering at which there is free interchange of ideas.” While the music may be in short supply, I trust that all of you – and especially those of you for whom this is your first time at a meeting like this – find this symposium both intellectually stimulating and socially rewarding. So, again, welcome to the Robert Mittelstaedt Doctoral Symposium."

- Robert Mittelstaedt

Dr. Robert Mittelstaedt retired on August 31, 2002, after 29 years of contributions to the University of Nebraska–Lincoln, College of Business Administration, Marketing Department and our graduate program.

Doctoral students share a common link to Bob. He was more than a fine educator, scholar, and academic citizen. He was also their mentor, friend, counselor, and supporter. He motivated them with his insights, kindness, and countless stories. He stimulated their ideas, made them smile, and warmed their spirits. In addition, Bob and Venita opened their home and hearts to many doctoral students and gave them many forms of moral support. Bob dedicated his career to doctoral education and has served as a role model to both doctoral students and junior faculty.

Bob also introduced macromarketing theory and issues to doctoral students and inspired them, for over 40 years. He has been more than a fine educator and scholar. His insights, seminars, and dedication to the Journal of Macromarketing and Macromarketing Conferences motivated their investigations of important issues in the field, presentations at the Conferences, and publications in JMM.

Despite being retired, Bob was lured back to the department for the 2004 and 2005 fall semesters to teach doctoral seminars.

At the time of Bob’s retirement, the faculty in the Department of Marketing decided to rename the Nebraska Doctoral Symposium to the Robert Mittelstaedt Doctoral Symposium in honor of Bob’s accomplishments at the University of Nebraska–Lincoln.
If you would like to support the Robert Mittelstaedt Doctoral Symposium, send a check made payable to University of Nebraska Foundation (with Mittelstaedt Symposium in the memo area) and forward to the UNL Marketing Department, PO Box 880492, Lincoln, NE 68588-0492.
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PROGRAM

23RD ANNUAL ROBERT MITTELSTAEDT DOCTORAL SYMPOSIUM
APRIL 3 – 5, 2014

THURSDAY, APRIL 3 – AFTERNOON

Guests check in at the Embassy Suites, 1040 P Street, (402) 474-1111

THURSDAY, APRIL 3 – EVENING (DRESS CASUALLY)

7:00 - 10:00 Welcome Reception and Cocktail Party
Van Brunt Visitors Center, 313 North 13th Street
Finger-foods will be served

FRIDAY, APRIL 4 – MORNING (DRESS PROFESSIONALLY)
LOCATION: REGENTS A

Breakfast available for guests staying at the Embassy Suites

7:45 – 8:00 Welcome
Dr. Jim Gentry, Mittelstaedt Doctoral Symposium Coordinator
Dr. Robert Mittelstaedt, Nathan J. Gold Distinguished Professorship in Marketing, Emeritus

8:00 – 8:30 A Conceptualization and Empirical Examination of the Effects of Marketing Alignment on Franchising Relationships
Joseph Matthes, University of Nebraska–Lincoln

8:30 – 8:40 Discussant: Si Chen, University of Oklahoma

8:40 – 8:50 General Discussion

8:50 – 9:00 Break

9:00 – 9:30 Stone Age Marketing: An Alternative Logic in Brand Strategy
Alexander S. Rose, University of Arkansas

9:30 – 9:40 Discussant: Lynn Phillips, University of Nebraska–Lincoln

9:40 – 9:50 General Discussion
9:50 – 10:00 Break

10:00 – 10:30 Departure from Traditional Consumption Rituals: Implications for Sustainability and Ritual Transformation
Courtney Nations Baker, University of Wyoming

10:30 – 10:40 Discussant: Hyewon Cho, University of Illinois Urbana-Champaign

10:40 – 10:50 General Discussion

10:50 – 11:00 Break

11:00 – 11:30 Getting the Show on the (International) Road: Identifying and Analyzing the Movie Signals Responsible for International Blockbusters in a Globalized Marketplace
Dalila Salazar, University of Texas at El Paso

11:30 – 11:40 Discussant: Shikha Upadhyaya, University of Wyoming

11:40 – 11:50 General Discussion

11:50 – 1:00 Lunch in the Atrium area, Embassy Suites

FRIDAY, APRIL 4 – AFTERNOON
LOCATION: REGENTS A

1:00 – 1:30 Is Variety the Spice of Life?: The Role of Implicit Theories in Consumers’ Need for Variety
Ruth Pogacar, University of Cincinnati

1:30 – 1:40 Discussant: Melika Kordrostami, Iowa State University

1:40 – 1:50 General Discussion

1:50 – 2:00 Break

2:00 – 2:30 Provider Initiated Customer Relationship Termination’s Influence on Negative Word of Mouth and Future Behavior Change Expectations
Emily Tanner, Oklahoma State University

2:30 – 2:40 Discussant: Andrew Crecelius, University of Missouri–Columbia

2:40 – 2:50 General Discussion
2:50 – 3:00  Break

3:00 – 3:30  **Do I Heed Thee? Effects of Self-Construal on Perception of Source Similarity and Source-Message Relatedness**  
Mina Kwon, University of Illinois Urbana-Champaign

3:30 – 3:40  Discussant: Hyojin Lee, The Ohio State University

3:40 – 3:50  General Discussion

3:50 – 4:00  Break

4:00 – 4:30  **Pride and Licensing Effects: When Being Good Gives Us Permission to Be A Little Bad**  
Jinfeng (Jenny) Jiao, University of Iowa

4:30 – 4:40  Discussant: Lee Allison, Oklahoma State University

4:40 – 4:50  General Discussion

**FRIDAY, APRIL 4 – EVENING** *(DRESS CASUALLY)*  
**LOCATION: REGENTS EF*

6:30 – 9:00  Evening Reception and Banquet  
6:30 - Social  
7:00 - Banquet

9:00 – late  On your own

**SATURDAY, APRIL 5 – MORNING** *(DRESS PROFESSIONALLY)*  
**LOCATION: REGENTS A**

Breakfast available for guests staying at the Embassy Suites

8:00 – 8:30  **Learning About the Self Through Advertising: The Effect of Behaviorally-Targeted Advertising on Consumer Self-Perceptions and Behavior**  
Christopher Summers, The Ohio State University

8:30 – 8:40  Discussant: Roseann V. Hassey, University of Cincinnati

8:40 – 8:50  General Discussion

8:50 – 9:00  Break
9:00 – 9:30  **Unpacking the Efficacy of Organizational Routines in Financial Advisory Practices**  
Russell Lemken, Iowa State University

9:30 – 9:40  Discussant: David Harmon, University of Iowa

9:40 – 9:50  General Discussion

9:50 – 10:00  Break

10:00 – 10:30  **Complex Service Events: A Theoretic Exposition and Research Questions**  
Stephen Hampton, University of Missouri–Columbia

10:30 – 10:40  Discussant: Meredith Thomas, University of Wisconsin-Madison

10:40 – 10:50  General Discussion

10:50 – 11:00  Break

11:00 – 11:30  **Does Asking Customers for Feedback Change Customer Purchasing Behaviors? An Empirical Investigation of Firm-Sponsored Web Panels**  
B. J. Allen, University of Oklahoma

11:30 – 11:40  Discussant: Zhenning (Jimmy) Xu, University of Texas at El Paso

11:45 – 11:50  General Discussion

11:50 – 12:00  Break

**SATURDAY, APRIL 5 – AFTERNOON**  
**LOCATION: REGENTS A**

12:00 – 12:30  **Embracing a “Fresh Start”: How Consumers Engage to Change Their Lives**  
Ainslie Schultz, University of Arizona

12:30 – 12:40  Discussant: Amradri Mukherjee, University of Arkansas

12:40 – 12:50  General Discussion

12:50 – 1:00  Closing
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A CONCEPTUALIZATION AND EMPIRICAL EXAMINATION OF THE EFFECTS OF MARKETING ALIGNMENT ON FRANCHISING RELATIONSHIPS

Joseph Matthes and Amit Saini, University of Nebraska–Lincoln

ABSTRACT

Franchising is a widely utilized business format that continues to grow in popularity both domestically and abroad. Through the recruitment of franchisees as agents, franchisors are able to access additional resources and rapidly expand their networks. The marketing relationship between franchising partners presents unique opportunities and challenges due to this captive and codependent channel structure. In order to fill a gap in the literature and better understand franchisee-franchisor relationships, the authors conceptualize marketing alignment as being comprised of both agreement and cooperation across the dimensions of strategies, operations, and values. A conceptual model is developed that addresses the following research questions: 1) What is franchisee-franchisor marketing alignment?, 2) What effects does marketing alignment have on implementation and performance?, and 3) What factors moderate (and how) the effects of marketing alignment on its outcomes?

INTRODUCTION

Franchising as a business model has existed in the United States for over a century (Rothenburg 1967). Franchising first originated in the form of voluntary and cooperative groups that sought economies of scale through vertical or horizontal expansion (Konopa 1963). During this time, franchising offered a cost-efficient way for companies to partner together and expand market presence. The concept soon progressed into franchise selling, or the practice of manufacturers allowing a limited number of retailers to sell their products for a fee (Konopa 1963). This type of franchising also led to faster expansion into the marketplace than could have otherwise been accomplished by these manufacturers given their limited resources. The practice continued to evolve into its present design of free-enterprise franchising, which is currently a well-established alternative marketing channel that has been widely adopted both domestically and internationally (Hackett 1976; Walker and Etzel 1973).

As the presence of franchising systems continued to grow, so did the importance of better understanding the relationships between franchisees and franchisors from a marketing management perspective. Early research on this phenomenon found a variety of results that have an important impact on the quality and success of franchising relationships. For example, it was shown that a franchisor’s use of non-coercive sources of power led to greater satisfaction for the franchisee (Hunt and Nevin 1974), that a variety of legal issues, such as trying agreements and full disclosure laws, have a significant impact on the franchise distribution channel (Hunt and Nevin 1975; Hunt and Nevin 1976), and that franchisee motivation is a critical driver of competitive advantage regardless of the lifecycle stage of the franchise (Lillis, Narayana, and Gilman 1976). Clearly, a variety of factors can affect the quality of relationship that exists between franchisees and franchisors.

The underlying purpose of this paper is to provide a more complete examination of the complex marketing relationships that exist between franchisees and franchisors. Driving this purpose is the desire to utilize a better understanding of franchising relationships in order to increase the likelihood that franchisees are able to realize greater performance and satisfaction (e.g., Holmberg and Morgan 2004; Purvin 2008; Sniegowski 2012). Unlike extant literature that predominantly examines the franchise business model from the perspective of the franchisor (e.g., Brickley and Dark 1987; Kaufmann and Dant 1996; Ni and Alon 2012; Perryman and Combs 2012; Shane 1998), we examine this phenomenon from the viewpoint of the franchisee.
Due to the codependence between franchisees and franchisors in terms of successfully running the business, there exists a heightened importance of marketing within their relationship (Carney and Gedajlovic 1991; Dant and Kaufmann 2003). However, very little work has been completed that examines how well franchising partners match up or align across critical marketing activities, such as those centered around strategic planning or operational execution. This paper seeks to fill a gap in the literature by exploring, based on Structural Alignment Theory (e.g., Estes and Hasson 2004; Gentner 1983), the effects of strategic, operational, and values-oriented forms of marketing alignment. It is argued that these dimensions of marketing alignment directly affect implementation and franchisee performance, which in turn affects franchisee satisfaction. By conceptualizing and empirically testing for the existence of marketing alignment, the authors attempt to recognize, define, and capture critical components of franchising relationships that have been previously ignored.

The following research questions are examined: a) What is franchisee-franchisor marketing alignment?, b) How does franchisee-franchisor marketing alignment affect the outcomes of implementation and franchisee performance?, c) How do idiosyncratic investment, financial transparency, franchising capability, franchisor marketing mix control, and influence strategies alter the effects of franchisee-franchisor marketing alignment?, and d) How does franchisee performance affect franchisee satisfaction? The conceptual model is provided in Figure 1 below.

Figure 1 – Conceptual Model for the Effects of Franchisee-Franchisor Marketing Alignment
ALIGNMENT IN EXTANT LITERATURE

The alignment of multiple complex pieces into something superior as a whole is an important concept that can be applied to a variety of different business interactions and marketing relationships. On a broad level, alignment can be understood as a functional agreement between different parts, people, or organizations in order to achieve optimum efficiency or effectiveness through cooperation (Merriam-Webster 2013; Sabherwal, Hirschheim, and Goles 2001). The concept of alignment, while not entirely novel to the literature, has lacked consistent application across research streams. Despite alignment having been examined in a handful of contexts, no definitive construct has been developed in order to consistently characterize and test for its existence as an organizational phenomenon.

Prior work has examined alignment in terms of compatible interests, finding that they positively affect the formation of coalitions in multiparty negotiations and ultimately affect the allocation of resources (Polzer, Mannix, and Neale 1998). Other researchers have looked at alignment intra-organizationally in terms of how to best match information technology resources with the firm’s business objectives (Henderson and Venkatraman 1991; Smaczy 2001). Through an analysis involving both primary survey data and secondary performance data, Vorhies and Morgan (2003) argue that the three organizational strategic types of prospector, defender, and analyzer can lead to marketing effectiveness and efficiency dependant on their alignment with the marketing organization. Expanding on this work, Olson, Slater, and Hult (2005) found that the firm’s strategic type can be complemented through better alignment with the marketing organization's characteristics and strategic behaviors. In most of these examples, though, alignment refers to the idea of internal matching more so than external cohesion.

FRANCHISEE-FRANCHISOR MARKETING ALIGNMENT

Despite the global popularity and large-scale success associated with franchising, as with any business venture, there is also the potential for lack of performance. The Small Business Association and the American Association of Franchisees and Dealers, have repeatedly calculated that approximately 50% of new franchisees survive more than five years and that only 33% of franchisees survive more than ten years (Snigowski 2012). Some of the reasons often cited in business press (e.g., Frazer 2013; Gibson 2007; Mathews, DeBolt, and Percival 2011) that were also mentioned by respondents during depth interviews, are a lack of agreement and cooperation between franchising partners across a variety of strategic, operational, and values based factors. Agreement and cooperation are especially important to franchisees and franchisors due to the interdependent and captive nature of their partnership (Dant, Grunhagen, and Windsperger 2007). A lack of agreement and cooperation inhibits the benefits typically realized from a marketing channels relationship due to inefficiencies and conflict that results from each party trying to operate independently from the other.

There are a variety of ways to examine the quality of franchising marketing relationships. Based on an extensive literature review, we utilize the notion of marketing alignment in order to best understand the importance of agreement and cooperation within franchising relationships. The notion of marketing alignment is utilized because (a) being on the same page and working efficiently towards common goals is critical for captive channel relationships that exist through franchising, (b) alignment is dynamic in nature and can alter over time, and (c) the synergies that can be realized through high levels of consensus and collaboration can affect performance for franchisees and franchisors alike. Furthermore, marketing alignment is an important concept because of the critical roles that exchange relationships and relationship management play in successfully executing complex marketing tasks across a broad network (Frazier and Antia 1995; Morgan and Hunt 1994). We define franchisee-franchisor marketing alignment in terms of both agreement and cooperation between franchising partners across the dimensions of marketing strategies,

1 A dozen interviews were completed with both current and past franchisees, in the U.S. food and beverage industry, that had owned one or more franchised units from one or more business concepts.
Strategic Marketing Alignment

Strategic marketing alignment (SMA) is conceptualized as the extent to which the marketing relationship between the franchisee and franchisor is unified in terms of both mutual agreement and ongoing cooperation across two key areas: 1) strategic positioning (e.g., Park, Jaworski, and MacInnis 1986; Porter 1996) and 2) marketing objectives (e.g., Anderson 1982; Burke 1984). In other words, SMA refers to the extent to which the franchisee and franchisor are in agreement and also cooperating with each other towards accomplishing the firm’s big picture marketing goals or strategic direction. When SMA does not exist, the franchise might still operate, but will be unable to maximize the potential of its original design. Thus a lack of SMA would signify that the franchising partners are functioning at a less than optimal level. We argue that low SMA can create misunderstanding, regret, and potential conflict because of the franchising partners being unable or unwilling to agree and cooperate with each other in their approach to key marketing functions. This in turn will negatively affect implementation and performance as well as subsequently reduce satisfaction for both the franchisee and franchisor alike. Oppositely, franchisees high on SMA are able to confidently move forward in the marketplace reliant on the knowledge that their franchisor is on the same page and directly supporting their activities. The two areas in which franchising partners require SMA are discussed next.

Strategic Positioning

Alignment of strategic positioning means that franchising partners are both in full agreement and also working cooperatively together towards accomplishing the firm’s underlying strategic approach that is driving their activities in the market. A firm’s strategic position is embodied by how they perform marketing activities differently than their competitors in order to deliver a unique mix of value (Park et al. 1986; Porter 1996). Strategic positioning can be based on a number of approaches including effectively or efficiently producing a selective portion of an industry’s products, serving the majority or even all of the needs for a specific group of customers, segmenting customers by their accessibility and serving them in alternative ways, or utilizing multiple strategic positions simultaneously (Porter 1996). Since the strategic positioning pursued by the franchisor affects the ways in which the franchisee is required to approach the market, it is important that high levels of agreement and cooperation exists between franchising partners in order to best accomplish firm strategies in an integrated manner.

Marketing Objectives

Alignment of marketing objectives requires that the franchisee and franchisor are in agreement and also cooperating together in order to accomplish marketing goals for the franchise. Marketing objectives refer to goals such as market share, sales volume, customer satisfaction metrics, and profit margins (e.g., Fornell et al. 2006; Ramani and Kumar 2008; Srinivasan and Hanssens 2009). It is likely that each firm will have a relatively unique approach to which marketing objectives are most important as well as how these goals should be accomplished. Franchising partners with high levels of agreement and cooperation in terms of which marketing objectives are most critical will result in higher levels of SMA. Franchising partners that are unable to reach consensus or are unwilling to work together to accomplish the firm’s marketing objectives will in turn have lower levels of SMA.

Operational Marketing Alignment

Operational marketing alignment (OMA) is conceptualized as the extent to which the marketing relationship between the franchisee and franchisor is unified in terms of both mutual agreement and ongoing cooperation across three key activities: 1) product management (e.g., Keller 1993; Rao, Agarwal, and Dahlhoff 2004), 2) supply chain management (e.g., Mentzer et al. 2001; Thomas and Griffin 1996), and 3) customer relationship management (e.g., Payne and Frow 2005; Reinartz, Krafft, and Hoyer 2004; Saini, Grewal, and Johnson 2010). In other words, OMA refers to the extent to which franchising partners are
both in agreement and also cooperating with each other in terms of operationally managing their products, supply chains, and customer relationships on an ongoing basis at the retail level. Franchisors routinely develop marketing mix efforts that are, in part, executed and maintained by their franchisees. These marketing activities can include launching new products, establishing pricing structures, executing promotional efforts, or managing distribution sources and could either be contractually required to be executed or contain optional components. Franchisees evaluate and decide if each new marketing activity is both reasonable and profitable. They must determine their levels of agreement and cooperation towards operationally managing franchisor-initiated marketing mix activities. The three marketing areas through which franchisees and franchisors can operationally align are discussed next.

**Product Management**

Alignment of product management requires that franchisees and franchisors are in agreement and also cooperating together in order to tactically handle the firm’s brand(s) in the marketplace. This could include communicating brand elements, maintaining brand quality, and even increasing brand value through daily operations and interactions with customers (Schmitt, Zarantolello, and Brakus 2009; Keller 1993). It is possible that franchisees and franchisors will have different operational approaches to how they believe their brand(s) can best be managed. Franchising partners that are not only on the same page as far as how to best present the brand(s) to the market but are also cooperating in their communications and other efforts with each other in order to achieve greater brand recognition and loyalty from consumers, result in high levels of OMA. Oppositely, franchisees and franchisors that prefer to follow their own individual plan when tactically managing aspects of their brand(s) despite the knowledge, insight, or other resources being presented by their franchise partner, result in lower levels of OMA.

**Supply Chain Management**

Alignment of supply chain management means that franchisees and franchisors not only agree on their current distribution network of suppliers but also cooperate to more efficiently or effectively ensure that the right mix of products are available at all times. Supply chain management could include a varying mix of activities such as product and information flows, sources of supplies and negotiations with suppliers, the distribution tasks of order processing, transportation, handling, and storage, as well as ensuring the overall consistent quality and availability of goods or services (Cooper, Lambert, and Pagh 1997; Davis 1993; Mentzer et al. 2001; Thomas and Griffin 1996). Since many of these tasks are initiated through the franchisor’s distribution network and operationally maintained by the franchisee it is very important that both franchising partners are aligned in their approach to supply chain management. Franchising partners can achieve high levels of OMA when a great degree of agreement in terms of flows, sources, volumes, and timing of product deliveries exists as well as when ongoing cooperation towards accomplishing these efforts also exists. Low levels of agreement and cooperation between franchising partners leads to low OMA, potentially manifesting in the form of inefficiencies in logistics which in turn could result in conflict with suppliers as well as lack of consistent product offerings or service standards in franchise locations due to the franchisee developing their own source of goods or services.

**Customer Relationship Management**

Alignment of customer relationship management refers to agreement and cooperation between franchising partners in terms of how interactions with customers should best be managed in order to gain and maintain a competitive advantage in the market. Customer relationship management is often discussed in terms of the actual technology (referred to as CRM) that is utilized to integrate a firm’s marketing activities such as segmentation, targeting, order management, market research, and analytics (Boulding et al. 2005; Jayachandran et al. 2005; Saini et al. 2010). The underlying purpose of CRM is to automate the acquisition, retention, and profitability of a company’s relationships with its customers (Homburg, Droll, and Totzek 2008; Payne and Frow 2005). It is important that franchising partners are operationally aligned in their approach to customer relationship management so that they are able to agree and cooperate
in terms of which partner is responsible for activities such as maintaining the CRM database, tracking customer lifetime values, mining for new customer segments, and sending out promotional content to new or existing customers. Franchising partners that agree on their approach to customer relationship management and also cooperate in its utilization will result in high levels of OMA. Oppositely, it is possible that the franchisor has firm level CRM systems in place but that the franchisee might disagree with the franchisor’s approach on a local level and attempt to develop their own unique approach to managing customer relationships within their territory. The franchisee’s local CRM system and tactics may or may not be supported by the franchisor, which will directly impact their level of OMA. When high levels of OMA do exist, both partners are able to confidently operate their business with the knowledge that their counterpart is already in support of their activities.

Values Marketing Alignment
In addition to strategies and operational tactics, the values system influencing a franchisee or franchisor can have a direct effect on the relationship with their franchising partner as well as on the success of the company as a whole. Franchisees and franchisors must determine the degree to which they are aligned with each other in terms of their socio-economic values, which in turn could influence and affect their approach to business. *Values marketing alignment* (VMA) is conceptualized as the extent to which franchising partners agree and also cooperate in terms of their personal values-based responses to potentially controversial socio-economic opportunities or threats.

**Socio-Economic Values**
Alignment of socio-economic values refers to the franchising partners’ stances on socio-economic issues such as immigration reform, marriage equality, nationalized healthcare, religious tolerance, political regulation, or political affiliation (e.g., Rainey 1989; Tushman 1977). Alignment of socio-economic values is becoming increasingly important as information technology continues to allow for greater transparency in terms of consumers’ ability to learn about, be influenced by, and respond to a firm’s core values. Several widely publicized and politically controversial issues such as Chick-fil-A’s stance against same sex marriage (Gray 2012) and Ben & Jerry’s support of the Occupy Wall Street movement (Hines 2012) have very real effects on their franchisees’ performance, as consumers tend to vote with their wallets. Due to the connection between a business owner’s personal values and the behavioral response of consumers (Vinson, Scott, and Lamont 1977), it is important for a franchisee’s socio-economic values to be aligned with the franchisor. Furthermore, the existence of, and agreement with, corporate values has been shown to have a very strong effect on organizational commitment (Hunt, Wood, and Chonko 1989). If franchising partners have similar socio-economic values, are in agreement on the role those values should play in the business, and cooperate when publically expressing their values then high levels of VMA exist.

**Structural Alignment Theory**
To help better understand the main effects of franchisee-franchisor marketing alignment, *Structural Alignment Theory* (Getner 1983) is utilized. Originally referred to as the structure-mapping theory, structural alignment theory was developed to assist in mapping knowledge about a base domain into an analogous target domain (Getner 1983). Though examining the degree-of-overlap does provide some level of comparison between entities, it does not fully capture or explain relations between entities in a systematic way (Getner 1983). Since its conceptualization, structural alignment theory has been applied to a variety of areas including comparisons (Markman and Gentner 1993), analogies (Gentner and Markman 1997), choices (Markman and Medin 1995), judgments (Goldstone, Medin, and Gentner 1991), and differences (Gentner and Gunn 2001). The basis behind structural alignment theory suggests that related cognitive operations can best be compared by aligning one entity or concept with another entity or concept (Estes and Hasson 2004; Gentner 1983). Making meaningful comparisons requires the use of commonalities, alignable attributes, and nonalignable attributes (Gentner and Markman 1997). Commonalities refer to similarities between entities. Alignable attributes exist when two or more entities share commonalities along the same
dimension and also have the potential for those commonalities to align with each other. Nonalignable attributes exist when two or more entities have attributes that are not related to each other, or in other words, commonalities do not exist along a shared dimension.

Alignable and nonalignable attributes are critical because they are used to evaluate agreement and cohesion between entities. An underlying prediction of structural alignment theory is that alignable attributes are much more significant to the relationship than are nonalignable attributes (Gentner and Markman 1997). It is argued that greater benefits exist in the relationship between entities when alignable attributes do indeed align; whereas conflict can arise when alignable attributes do not align, which is known as alignable differences (Gentner and Gunn 2001; Gentner and Markman 1997). In terms of franchising specifically, structural alignment theory can be applied to help explain the relationships between marketing alignment and its consequences. Since marketing strategies, operational tactics, and values are all alignable attributes, they are critical areas through which the franchisee and franchisor need to align in order to achieve the greatest benefits to the outcomes of implementation, performance, and satisfaction. Based on the discussion of structural alignment theory, previously established constructs in marketing channels research, current practitioner practices, and depth interviews with franchisees, several outcomes and moderators of franchisee-franchisor marketing alignment were selected for inclusion in the conceptual model. Each concept and its hypothesized effects are discussed next.

**HYPOTHEZED OUTCOMES AND MODERATORS OF FRANCHISEE-FRANCHISOR MARKETING ALIGNMENT**

**Implementation**

Independent of how franchisees feel about a given marketing mix element, there comes a point when they must decide whether or not to actually implement, as well as how it will be accomplished. The extent to which marketing mix activities can be implemented exists along a spectrum ranging from doing nothing to implementing exactly as the franchisor designed. Implementation captures the extent to which the franchisee actually implements marketing mix activities according to the franchisor’s plan. Implementation refers to the actual execution of products, pricing structures, promotions, or distribution plans by the franchisee in terms of how each element is actually carried out as opposed to how it was strategically designed or tactically mandated by the franchisor (Noble and Mokwa 1999).

Marketing mix activities are initiated and mandated by a franchisor because they are strategic actions meant to lead to profitability for both the firm and business unit (Vorhies and Morgan 2003). Though many marketing mix efforts fail to achieve their desired effect, both franchisors and franchisees alike would not carry out such joint campaigns if successful performance was not the underlying goal. When marketing alignment is high there exists in the franchisee a much stronger level of agreement and cooperation with the franchisor’s strategic and operational plans. It has been shown that when a firm is pleased with their channel relationship, they view their partner as a helpful entity and enjoy working together with them (Geyskens, Steenkamp, and Kumar 1999). In other words, when marketing alignment is high, the franchisee views the franchising partnership as positive, is more motivated to execute as expected, and thus less likely to deviate from the blue-print. Hence,

H1:  Marketing alignment is positively associated with implementation.

**Franchisee Performance**

Strategic and financial forms of performance are important outcomes for all companies (Ramani and Kumar 2008; Song and Parry 1997; Srinivasan and Hanssens 2009). Within franchising, performance is not only critical to the system as a whole but equally vital to each individual entity. Due to the ongoing requirement of franchisees to pay royalties and contribute to regional or national marketing campaigns, franchisees typically see lower profit margins per unit than do independent business owners (Mathews et
al. 2011, Purvin 2008). As such, financial performance is often more critical than strategic performance to the long-term survival of the franchisee. Franchisee performance refers to the extent to which the franchisee realizes financial returns from owning the franchise. Metrics of franchisee performance include sales, market share, profitability, growth rate, and return on investment (Ramani and Kumar 2008; Sheng, Zhou, and Li 2011).

For franchisees and franchisors that maintain high levels of marketing alignment there exists a synergy across strategies and operations which in turn creates greater potential for the franchisee to realize their desired level of performance. In support of this notion, Eisenhardt (1989) found that executive teams that consistently achieved above-average performance consider more information and more alternatives, as well as proactively handle conflict and integration of ideas when deciding on and working towards a marketing objective or strategy. Franchising partners that are able to reach agreement and also actively cooperate in the successful management of the business should be able to realize greater financial returns than those that neither share information nor proactively work together. Hence,

H2: Marketing alignment is positively associated with franchisee performance.

The manner in which any given marketing mix activity is actually implemented will produce a positive, neutral, or negative result in terms of financial performance for the company. This level of implementation is a vital link between the plans of the firm and the achievement of superior performance (Noble and Mokwa 1999). As with most new product development efforts, new marketing mix activities developed by franchisors are often first tried in test markets in order to gauge success and acceptance (e.g., Cooper 1979; Song and Perry 1997). In order to match or even enhance the cognitive positioning that the firm holds with its customer base, it is intuitive to think that marketing mix activities will ideally fit the strategy, tactics, and values of the franchise system as a whole. Given the design and structure of franchising as a business model, it also makes sense that franchisees are intended to implement marketing mix activities as close to how they were designed by the franchisor as is reasonably possible. Based on the understanding of the link between marketing implementation and performance (Noble and Mokwa 1997), it is argued that greater effort put towards accurately implementing marketing mix activities will also lead to higher levels of franchisee performance. If marketing mix activities are not accurately implemented by the franchisee then it is argued that franchisee performance will be lower as well. Hence,

H3: Implementation is positively associated with franchisee performance.

**Idiosyncratic Investment**

Ongoing investments by the franchisor that assist in the franchisee’s daily operations can enhance the benefits realized through mutual agreement and cooperation between franchising partners. *Idiosyncratic investment* refers to the extent of channel relationship investments made by the franchisor to the franchisee. Such investments could be made in the form of ongoing training, equipment upgrades, shared systems, promotional supplies, or other elements that support the marketing channel relationship (Williamson 1979). The value of investing resources in the franchisee is three-fold. First, it supports a positive and collaborative relationship between the franchisor and the franchisee (Williamson 1983). Second, it enhances the franchisees general ability to successfully operate the franchise (Weitz and Jap 1995). Third, it reinforces alignment of the franchisee’s strategies, operations, and values with the franchisor due to their appearance of benevolence (Chiou and Droge 2006).

By investing operational resources into the franchisee, the franchisor is signaling an enduring desire to be in-sync and work effectively together in their partnership. As the franchisee continues to receive and recognize the benefits of these investments, they are likely to reinforce their existing level of marketing alignment with the franchisor. The benefits realized by the franchisee from agreeing and cooperating in terms of their strategies, operational tactics, and values will continue to be magnified moving forward due
to the ongoing commitment shown through increased investment by the franchisor. If idiosyncratic investment is low then the franchisee is more likely to feel that they are on their own in running their store unit(s) and are thus more likely to start implementing marketing mix activities the way they see fit regardless of the degree of marketing alignment that exists. Oppositely, it is argued that higher levels of idiosyncratic investment by the franchisor will result in an amplified effect of marketing alignment on implementation. Hence,

H4: The greater the idiosyncratic investment by the franchisor, the stronger the positive effect of marketing alignment on implementation.

It is suggested that the underlying rational for strategic alliances is the value-creation potential formed by combining resources (Das and Teng 2000). This line of thought certainly applies to franchising, as resource scarcity has been repeatedly established as a critical driver of the franchise business model (e.g., Castrogiovanni, Combs, and Justis 2006; Hussain and Windsperger 2010). By investing time and money into the franchisee, the franchisor is signaling a greater desire to stay on the same page and continue working effectively together in their partnership in order to achieve superior performance. These activities should strengthen the already existing benefits derived from franchising partners’ high levels of agreement and cooperation across the dimensions of marketing strategies, operational tactics, and values. As such it is argued that higher levels of idiosyncratic investment by the franchisor will strengthen the effect of marketing alignment on franchisee performance. Hence,

H5: The greater the idiosyncratic investment by the franchisor, the stronger the positive effect of marketing alignment on franchisee performance.

Financial Transparency

Due to the variation and complexity associated with how each unique franchisor handles fees, royalties, supply surcharges, and national marketing contributions, there exists a legitimate need for the franchisee to understand and be able to profitably operate the franchise within the design of the franchisor’s cost structures (Mathews et al. 2011; Purvin 2008). In order to do so successfully, the franchisee requires clear and accurate information from the franchisor concerning potential expenses that could be incurred. Financial transparency refers to the extent to which the franchisor openly explains their financial requirements in a clearly understandable way, as they pertain to the franchisee.

If franchisors openly signal accurate and meaningful financial information to their franchisees then they are able to foster greater appreciation and trust within the franchising relationship (Bandsuch, Pate, and Thies 2008; Salvioni 2002). For example, financial transparency of supply chain relationships could allow the franchisee to realize economies of scale or scope that the franchisor has negotiated for their network of franchised locations. In turn, this will strengthen the effect that marketing alignment between franchising partners has on implementation, given that a franchisee is less likely to expend time and effort in pursuing alternative suppliers as a result of uncertainty. A lack of financial transparency could impede a franchisee’s ability to best manage customer relations if they are unable to accurately calculate customer lifetime values or complete other meaningful market analysis due to a lack of precise financial data. Advantages from high levels of financial transparency should assist the franchising partners in strengthening the benefits they are already receiving from aligning with each other’s marketing strategies, operational tactics, and values. Furthermore, transparency of financial obligations allows the franchisee to better plan for marketing mix efforts and thus has greater potential to benefit from aligning their efforts with the franchisor. Hence,

H6: The greater the financial transparency of the franchisor, the stronger the positive effect of marketing alignment on implementation.
Franchisors high in financial transparency make it easier for franchisees to accept, understand, and operate successfully within the cost structures being utilized. Such franchisors that maintain high levels of financial transparency develop a more trusting relationship with their franchisees than those that do not. Greater financial transparency should lead to increased willingness to comply with various fees, surcharges, and contributions; thereby establishing communication and trust between franchising partners (Bandsuch et al. 2008; Salvioni 2002). Franchisees experiencing low financial transparency are likely to constantly second guess additional costs presented by the franchisor and will either look for ways to avoid them or will consistently complain about various costs they feel are unjustified. Some examples of hidden costs could include new equipment, branding materials, or complete remodeling of store locations. By openly providing clear and accurate financial information, franchisors are able to build greater appreciation and trust in their relationships with franchisees (Bandsuch et al. 2008; Salvioni 2002). Such benefits to the franchising relationship should assist the franchisee and franchisor in better achieving their already aligned marketing strategies, tactics, and values; therefore leading to a strengthened effect of marketing alignment on franchisee performance. Hence,

H7: The greater the financial transparency of the franchisor, the stronger the positive effect of marketing alignment on franchisee performance.

Franchising Capability

The success of franchising as a system is largely dependent on the franchisor’s ability to very systematically replicate a well-defined business concept in a wide range of markets through the utilization of independent owners (Mathews et al. 2011). It has been argued that an ideal franchisee is someone that is more prone to following orders than to creating original business concepts (Ramirez-Hurtado et al. 2011). As such, not everybody is cut out to be a franchisee in a particular industry. To be successful demands a core set of talents and practices that can be used to yield economic benefits. Franchising capability refers to the extent to which a franchisee has the skills and resources needed to successfully run a franchise within their selected industry. Similar to other types of firm capabilities examined in the literature (e.g., Day 1994; Saini and Johnson 2005; Vorhies and Morgan 2005), franchising capability includes the dimensions of skills as well as resources, as both are vital components in determining a franchisee’s ability to consistently be successful at running their business.

Based on the understanding that having the necessary capabilities means that a given franchisee is better suited to excel at running their store unit(s) than another franchisee that does not have the necessary capabilities, it is argued that franchisees high in franchising capability will realize an amplified effect of marketing alignment on implementation. Structural alignment theory supports the argument that high marketing alignment between franchising partners across the dimensions of strategies, operations, and values will lead to greater levels of implementation. A franchisee high in franchising capability has the skills in place to do a superior job of converting these aligned marketing factors into far greater implementation than does a franchisee with low franchising capability. This is further supported by the understanding that superior levels of capabilities allow entities to consistently utilize their skills to convert resources into superior outcomes (Vorhies and Morgan 2005). Hence,

H8: The greater the franchising capability of the franchisee, the stronger the positive effect of marketing alignment on implementation.

Franchisees high in franchising capability should also be more able to realize performance benefits that result from being aligned with their franchisors. One reason for this is that the greater the level of franchising capability that exists, the more a franchisee already high in marketing alignment with their franchisor will be able to confidently move forward with the agreed upon strategies and tactics for running the business. Since high levels of marketing alignment leading to increased performance is theoretically supported as well as it being established that individuals maintaining relevant capabilities have an
advantage over those that do not, it is argued that higher levels of franchising capability should create greater momentum for a highly aligned franchisee in terms of profitably managing their franchise unit(s). In other words, the greater the franchising capability that exists in a franchisee the more the positive effect of marketing alignment on their performance will be augmented. Hence,

H9: The greater the franchising capability of the franchisee, the stronger the positive effect of marketing alignment on franchisee performance.

**Franchisor Marketing Mix Control**

The marketing mix is a well-established concept that captures firm decisions about products, prices, distribution, and promotions (Bordon 1964; Kotler 2009). *Franchisor marketing mix control* refers to the extent to which the franchisor maintains strict control over marketing mix decisions. The extent of this control over the marketing mix affects the degree to which the franchisee perceives their own level of freedom when operating their franchise unit(s). Too much control by the franchisor could signal a one-way relationship, leaving the franchisee feeling that their opinions and decisions might not be respected or even matter at all to the franchisor, thus eliminating benefits typical derived through co-creation between channel partners (Payne, Storbacka, and Frow 2008).

For a franchisee high in marketing alignment, too great a degree of marketing mix control by the franchisor will erode the franchisee’s confidence that the franchising partners actually do agree and cooperate in their approach to marketing strategies, operational tactics, and values. If the franchisee and franchisor are truly on the same page and actively working together, then micro-managing every marketing mix decision will seem completely out of place. In turn, this frustration and uncertainty will negatively affect the normally positive effect that marketing alignment has on implementation. Oppositely, lower marketing mix control by the franchisor creates opportunity to fully realize the collaborative implementation that would normally occur with high levels of marketing alignment. The more that marketing mix control is maintained by the franchisor, the weaker the effect of marketing alignment on implementation due to the franchisee perceiving their own strategies, operations, and values not being legitimately taken into consideration in the channel relationship with the franchisor. Hence,

H10: The greater the franchisor marketing mix control, the weaker the positive effect of marketing alignment on implementation.

**Influence Strategies**

Influence strategies represent activities that attempt to affect the impact of a franchisee’s marketing alignment on their implementation of marketing mix initiatives. Such strategies typically involve using resources or various forms of power to force another entity to act (Payan and McFarland 2005; Scheer and Stern 1992). This can include contractual coercion, where the power is in the form of a legal obligation resulting from a contract. It can also include activities such as threats, rewards, and other forceful attempts to influence decisions (Frazier 1983; Scheer and Stern 1992). *Influence strategies* refer to the extent to which the franchisor uses a variety of premeditated activities to intentionally influence the actions of the franchisee. Simply put, a franchisor – the more powerful entity in terms of size and resources – can use influence strategies as an attempt to force compliance from a franchisee – the smaller and more independent entity (Frazier, Gill, and Kale 1989).

The moderating implications of influence strategies are mainly due to the overwhelming importance of mutually beneficial relationships between channel members. While it is typical that channel members have different amounts of power and authority, over-exertion of negatively perceived influence strategies leads to an undesirable partnership from the perspective of the weaker entity. It is argued that influence strategies play a moderating role that reduces the impact that marketing alignment has on the implementation of various marketing mix activities. An abuse of influence strategies by the franchisor will
undermine trust and erode confidence experienced by the franchisee. Over time, these negatively perceived activities will lead to significantly less conviction towards the franchising partners’ agreed upon and cooperatively pursued strategies, operations, and values. The loss of conviction is caused by continually doubting the level of respect and loyalty, as well as the true degree of alignment that exists in the relationship; thus reducing the effect of marketing alignment on implementation. Hence,

**H11:** The greater the use of influence strategies by the franchisor, the weaker the positive effect of marketing alignment on implementation.

**Franchisee Satisfaction**

Satisfied franchisees are more likely to view their franchising experience as successful. *Franchisee satisfaction* refers to the extent to which the franchisee is satisfied with investing in their current franchise. Within marketing channel relationships, satisfaction is commonly examined as economic satisfaction and non-economic, or social, satisfaction (Geyskens and Steenkamp 2000; Geyskens et al. 1999). Due to the long-term nature of franchisee-franchisor relationships, both economic and social satisfactions are considered important aspects of the ongoing process of doing business together (e.g., Lewis and Lambert 1991; Skinner and Guiltinan 1985). Economic satisfaction is defined as a positive affective reaction to the economic benefits that result from a channel relationship (Geyskens et al. at al. 1999). This could include sales volumes or profit margins, and generally captures the financial approval or contentment of doing business together. Social satisfaction represents the franchisee’s affective response to the non-economic outcomes of the franchisee-franchisor relationship. In non-financial terms, it captures how worthwhile, acceptable, and unproblematic the franchisee interprets working with the franchisor (Dwyer and Gassenheimer 1992). Franchisee satisfaction captures the dimensions of both economic and social forms of satisfaction.

It is intuitive to think that the vast majority of franchisees invest in their chosen company with the intent of generating some degree of economic gain. When high levels of economic performance are achieved, they allow the franchisee to develop better expectations of future profits as well as a desire not to create problems. Directly resulting from these positive economic outcomes is a feeling of satisfaction with the franchising relationship. Oppositely, if the franchisee is consistently unsatisfied with the economic results of being a channel partner with the franchisor then it is possible they will seek to sabotage or end the relationship due to their frustration. Higher levels of franchisee performance should also lead to a feeling of comradery with the franchisor due to their successful achievement of meaningful financial gains through their alignment as partners. This mutual feeling of accomplishment causes the franchisee to view the franchisor as a caring partner, thus creating a sense of satisfaction and enjoyment as they continue to work together (Geyskens et al. 1999). The greater the franchisee performance, the more likely the franchisee is to be increasingly satisfied with their investment in the franchise. Hence,

**H12:** Franchisee performance is positively associated with franchisee satisfaction.

Overall, the concept of franchisee-franchisor marketing alignment plays a meaningful and significant role that assists in better explaining the intricacies of franchising relationships. By developing superior understanding of the outcomes and moderators of this focal concept it is possible to not only expand knowledge of the phenomena, but to also gain substantive insight into how and why some franchisees have greater success than others. In order to test the hypotheses and suggest actionable steps for practitioners it is necessary to empirically examine the conceptual model. The research methodology is discussed next.
RESEARCH METHODOLOGY

Sampling and Survey Procedures

The research context is U.S. franchisees in the food and beverage industry. The unit of analysis is potentially any U.S. franchisee that owns one or more franchised units from one or more business concepts. All franchisors must legally maintain official paperwork commonly referred to as Franchise Disclosure Documents (FDDs). These annually updated legal agreements are provided to all franchisees in the network and are also registered with every state in which the franchise operates. The documents cover all aspects of owning and running the franchise. FDDs also typically contain a list of every franchisee currently in the network.

In order to acquire a broad and representative sample of franchisees, a comprehensive list of food and beverage franchise concepts was obtained from Entrepreneur Magazine. Using this list as an exhaustive guide the authors were able to acquire more than 50 FDDs. Every FDD was updated and registered in 2013, and each contained some degree of information about the franchisees in their system. Through analysis of these documents, companies were deemed usable for the study based on two conditions: 1) the FDD contained all necessary and current franchisee contact information and 2) there existed at least 50 unique franchisees currently operating in the company’s network. This resulted in more than 22,000 unique food and beverage franchisees across 26 firms (examples include Applebee’s, Arby’s, Auntie Anne’s Pretzels, Chick-fil-A, Dairy Queen, Dippin’ Dots, Famous Dave’s, McDonalds, Orange Julius, Scooter’s Coffee, Steak n Shake, Taco Time, and Village Inn). From this database, 1000 participants were randomly selected using a stratified approach. Each participant was mailed a paper survey that included a cover letter, $1 bill, and return envelope with postage paid. Follow-ups packages were sent to non-respondents four weeks after the original mailing.

Proposed Data Analysis

After data collection has been concluded, it will be necessary to assess the quality and legitimacy of the dataset that is acquired. To this end, the quality of data collection will be ensured through multiple statistical tests including verifying reliability of measures as well as checking for acquiescence bias, non-response bias, convergent validity, discriminant validity, and common method variance. Several of these proposed statistical tests are discussed next.

Validity

In order to test for both convergent and discriminant forms of validity, a confirmatory factor analysis (CFA) will be completed. Convergent validity will be determined by looking at factor loadings, also known as beta weights. High loadings indicate the existence of convergent validity. In addition, each loading should both exceed 0.5 and also be at least twice the standard error for the same item (Anderson and Gerbing 1988). Discriminant validity can be established in two widely accepted ways. According to the procedure developed by Anderson and Gerbing (1988), for any two constructs, a model is first solved that allows the correlation to vary and be solved for by the CFA. Then, a second model is defined in which this correlation is fixed to 1. Each of the two solutions has a chi-square ($X^2$) measure of fit of the model to the data, with the second solution having one more degree of freedom than the first. A test of the difference between the two $X^2$ values, with 1 degree of freedom, can then be performed, with the difference considered significant if it exceeds 3.84 (assuming a probability of a type I error of .05). A significant difference between the $X^2$ values is an indication that the model with phi constrained to one is a worse fit to the data than the first model, which would imply that the two constructs are not equal, and thus have discriminant validity. According to the procedure developed by Fornell and Larcker (1981), two or more constructs are defined as well as the measurement items that they predict. This model is then fit to the data. The method is based upon the CFA’s calculation of the proportion of variability in each multiple-item measure of a construct that can be attributed to common variance among the items. This calculation results in an average variance extracted (AVE) value. In addition, the CFA also provides the correlation between the two
constructs. If the correlation between the two constructs squared is less than the AVEs for both constructs, then discriminant validity is believed to exist.

**Reliability**

High reliability of measures ensures less error exists in the measures. Coefficient alphas will be computed for each scale, with each alpha needing to be greater than the suggested minimum value of 0.7 (Nunally 1978). In addition, composite scores from the CFA can be used to estimate a measure’s reliability through their indication of each factor’s internal consistency (Fornell and Larcker 1981). If factor scores are both large and statistically significant then reliability can be assumed. Items for which these conditions do not apply will be reevaluated and potentially dropped from the analysis.

**Common Method Variance**

Common method variance (CMV) describes measurement error that is caused by using a single method to measure all variables, suggesting the data might represent something slightly different than the measures were intended to collect (Podsakoff et al. 2003). The risk of CMV is reduced through several specific steps. For starters, participants were assured both anonymity and also that there are no actual right or wrong answers in order to eliminate apprehension (Podsakoff et al. 2003). Second, different question formats were utilized in the survey in order to create variety in how constructs are represented and measured. Third, it is possible to minimize the likelihood that CMV exists by adding an unrelated measure known as a marker variable to the survey and testing the structural parameters of the study in order to establish its effects on the model (Podsakoff et al. 2003). Lastly, Harmon’s single factor test could also be utilized. This test involves including all items from all constructs into a single CFA in order to see if the majority of variance can be linked to one general factor (Podsakoff et al. 2003).

**Hypotheses Testing**

There are two potential ways to analyze the models and test each hypothesis. Structural equation modeling (SEM) will ideally be utilized to examine and test the relationships of the entire model at once. In doing so, the fit of the model will be evaluated by examining the Chi-Square ($\chi^2$), comparative fit index (CFI), root mean square error of approximation (RMSEA), and standardized root mean residual (SRMR). If the sample size is not large enough to utilize SEM, then multiple regression will instead be used to test the hypotheses.

**INTENDED CONTRIBUTIONS**

**Theoretical Contributions**

The intent of this dissertation is to contribute to marketing theory in multiple ways. First, this research provides additional insights into the dynamics of franchising relationships specifically (e.g., Dant and Schul 1992; Kashyap, Antia, and Frazier 2012; Lal 1990), as well as potentially to marketing channels relationships as a whole (e.g., Morgan and Hunt 1994; Nevin 1995; Weitz and Jap 1995). The conceptual models bring to light the importance of marketing alignment in terms of both agreement and cooperation between franchising partners. Second, a new construct – marketing alignment – is conceptualized, defined, and empirically measured with both reliability and validity. The addition of this new, multi-dimensional construct to the discipline of marketing will provide increased knowledge and understanding of how channel partners successfully work together to accomplish a variety of marketing activities. Third, the differences among strategic marketing alignment, operational marketing alignment, and values marketing alignment are parsed out into unique phenomenon. Since long-term strategies, daily operational tactics, and the influence of values structures are different in their consequences, it is important to recognize and determine the role that each uniquely fulfills in the relationship between franchisees and franchisors. Fourth, the research intends to add quantitative empirical insights of not only the focal constructs but also the moderators and consequences of marketing alignment. This broader analysis of channel relationship variables as well as implementation, performance, and satisfaction based outcomes provides other
researchers with a better understanding of influential factors that play a meaningful role in franchising relationships. Lastly, this research joins only a handful of work that has applied structural alignment theory (Gentner 1983) to marketing strategy. Due to the critical importance of alignable and nonalignable attributes, structural alignment theory plays a meaningful role in how different forms of marketing alignment directly affect the outcomes of implementation and performance.

Managerial Contributions
This research is also intended to provide actionable findings for franchising practitioners. First, the paper provides a more meaningful understanding of what factors lead to some franchisees being more successful than others. By acknowledging the importance of marketing alignment between franchising partners, franchisees can better evaluate their current relationship with their franchisor as well as any future franchising opportunities. Second, this research provides guidance on how to achieve greater success for franchisees and franchisors alike. More specifically, the model explains factors that could result in increased performance and satisfaction, thus helping to ensure greater levels of success for both franchising partners. As such, the research has the potential to actually assist franchisees and franchisors in maintaining superior marketing relationships with each other by explaining the role that marketing alignment plays and emphasizing the importance of evaluating alignment prior to investing in a franchise. Third, the conceptual model suggests ways in which greater implementation of marketing mix activities between franchisees and franchisors can be enabled. Since the successful implementation of the marketing mix is an underlying basis for the existence of the franchising relationship, such potential for greater effectiveness should be a priority to franchising partners. Fourth, for franchisees, the research provides guidance to help them better understand their own levels of strategic, operational, and values alignment as well as what drives these perceptions and how they affect marketing mix outcomes. For franchisors, the framework provides understanding of the moderators of marketing alignment so that they are able to more effectively alter the impact it has on the outcomes of implementation and performance. Over time, a highly aligned relationship between franchisees and franchisors should lead to a continued and mutually beneficial relationship.
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STONGE AGE MARKETING: AN ALTERNATIVE LOGIC IN BRAND STRATEGY

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INTRODUCTION

Social groups come complete with ways of thinking which guide their members decisions and thought processes; these ways of thinking are called institutional logics (Scaraboto and Fischer 2013; Scott 2001). Institutional logics are socially constructed values, norms, and assumptions that help to define the institutional field and its content (Thornton and Ocasio 1999). These logics are often tacit and exert considerable influence over the way in which people within a given institutional field think (Thornton 2002).

The institution of marketing is no different. Here, the logic is largely defined by the marketing academy, as best practices of firms are typically informed by marketing academics and promulgated by graduates of business schools. This is exemplified by the proliferation of practices and ideas like the “service-dominant logic of marketing” as developed by Vargo and Lusch (2004; Lusch and Vargo 2006) and even the psychologically-oriented “general concept of marketing” popularized by Kotler and Levy (Kotler 1972; Kotler and Levy 1969).

But institutions do not think the same way forever. Changes are often a result of institutional entrepreneurs (Lawrence and Phillips 2004; Scaraboto and Fischer 2013). Institutional entrepreneurs are individuals or groups of individuals who seek to change the dominant logic of their field. Prior research on institutional entrepreneurs focus on those who are dissatisfied with the current logic and structure of the institution and act intentionally to change it. What of emergent forms of alternative institutional logics within marketing? This requires no targeted dissatisfaction on the part of managers, but is merely entrepreneurial—actors seek to conduct institutional activities (e.g. brand management) in new ways according to new logics for different results (e.g. stronger brand communities).

It is this consideration which drives the present research. That is, in what ways can emergent forms of marketing strategy (i.e. alternatives to the dominant logic) be understood and gainfully deployed by other managers? In order to address this question, I conducted an ethnography of craft beer festivals. This context was chosen for several reasons. The first is that the industry is booming without signs of abatement or a bubble (aside from the ones in the products) in the future (Rotunno 2012). The second is that the industry is marked by a grassroots authenticity (Johnson 2013) that makes it a potentially fertile ground for new insights. The third reason is that the small scale of many craft beer operations makes it a likely context for entrepreneurship, of the classical and institutional variety. Fourth, and finally, the context is an apparent exemplar of a known logic which stands as an alternative to the dominant one: the logic of the gift (cf. Godelier 1999).

While it is true that the logic of the gift was initially conceptualized as an alternative to the market (cf. Mauss 1954), my data (and others, e.g. Marcoux 2009; Sahlins 1972; Weinberger and Wallendorf 2012) suggest that the two are often at play in the same context. Specifically, it seems as if craft beer brewery managers implicitly and explicitly draw on the logic of the gift in formulating their brand strategies. I maintain that this is a form of institutional entrepreneurship, as the managers in my ethnography have no formal business training and thus, without exposure, were forced to develop strategies employing logics which are alternatives to the dominant one. Given the success of their endeavors, I argue that we can develop insights from their entrepreneurial approach and incorporate them into our own considerations of brand strategy.
It is important to note before we continue that I am not advocating for a revolution in the dominant institutional logic of business or the business academy. Instead, I seek to incorporate theoretical insights from an empirical context that can aid managers in their consideration and development of brand strategy. In this way, we can add nuance and efficacy to the current dominant logic without losing current explanatory power.

**THEORY**

As mentioned previously, the gift logic was initially presented as an alternative to the logics of industrial capitalism and Bolshevik Marxism (Mauss 1954). In many respects, this tradition continues today with a focus on anti-utilitarian social science (e.g. M.A.U.S.S. 1996). But for the present purpose of representing an emergent logic of brand strategy, I have elected not to delve into the debate of utilitarianism and anti-utilitarianism. The managers in my dataset are employing the logic of the gift and their brands are thriving; the extent to which this is driven by utilitarian or anti-utilitarian concerns is a question for another inquiry.

**The Gift Logic**

The logic of gift exchange hinges on three mutually reinforcing and equally powerful normative obligations. These are the obligation to give, the obligation to receive or take, and the obligation to re-give (Godelier 1999; Mauss 1954; Sahlins 1972). This presents two additional obligations above and beyond the normative compulsion within the market logic to take or receive what is offered or attainable. These obligations lead to specific, consistent outcomes when considered in exchange relations. When we speak of a logic of the gift, we refer to making decisions based on consideration of these three norms. It is noteworthy that, as suggested by the discussion of agonistic gift giving above, no saintly assumptions of human nature are made within the gift logic; there are no appeals to altruism or being one’s brother’s keeper. Instead, actors are expected to recognize advantage based on the use of the three norms of giving, taking, and re-giving rather than on the sole norm of taking, as in the market logic.

Consequently and importantly for our present purposes, this means that such considerations are fundamentally reconcilable with the current dominant logic of marketing. It is for this reason that I believe that the deployment of this logic in current, successful businesses constitutes an emergent phenomenon that is worthy of consideration when cataloging our knowledge of successful brand strategies.

**Key Tenets of Gift Theory**

The history of thought on gift exchange and the theory thereof, including the critiques and reconciliations that molded it to its present form, have been extensively documented both within marketing (e.g. Wallendorf and Arnould 1988) and outside of it (e.g. Godelier 1999; Sahlins 1972). Here, I will touch on the key theoretical components and outcomes of gift theory so as to lay a foundation for the interpretation of my data. Those who seek additional information should consult Bradford (2009), Giesler (2006), and Sherry (1983).

As mentioned, the logic of the gift is one that revolves around three obligations. There are several key results of these obligations. One is that exchanges come with a socially binding character. In a market transaction, an exchange can easily be one-off; you pay for your food and I give you your food. Afterward, we owe each other nothing else. This creates what gift theorists refer to as the “shadow of indebtedness” (Graeber 2011; Godelier 1999; Mauss 1954; Sahlins 1972). This indebtedness makes it difficult if not impossible to sever social ties for fear of violating one of the aforementioned norms. Because the books are never balanced per se, exchange actors tend to form groups with obligation-based solidarity (Weinberger and Wallendorf 2012), though this is not always preferable (Bradford 2009). This indebted solidarity is the first major outcome of gift exchange that is useful for our purposes.
But the aforementioned example assumes a relatively equal exchange. What happens when one actor is able to give more than another? Because of the obligation to give, that actors is obligated to give more; because of the obligation to receive, the other actor is obligated to take it, despite having no way to re-give in kind. This sort of instrumental gift one-upmanship is referred to as the agonistic element of gift giving (Godelier 1999; Ruth, Otnes and Brunel 1999) and it leads to the second major outcome of interest for us. Because the recipient has no material goods to fulfill his/her obligation to re-give, the recipient instead pays honor and prestige to the giver. In this way, gift exchange leads to social hierarchy and the accrual of prestige by those who are able to give most.

Due to the nature of exchange following the gift logic, material resources are distributed throughout the group rather than steadily accruing towards a few with power. It is immaterial resources that accrue at differential rates. The upside of the former point is that the system is sustainable; those with the most to give do give it, so that those with the least end up with plenty as well. The latter point is a consequence of this, as those with the least to give are thus obligated to give more prestige and respect. The result is that the system is sustainable as the exclusionary principle is absent (Godelier 1999) and thus all actors within the system have their material needs met but are still rewarded (albeit socially) for differential efforts.

**METHOD**

Due to the nature of the research question motivating this project as well as the recognition that emergent forms of strategy are by definition grounded in extant business practice, I conducted an ethnographic exploration. Ethnography has long been advocated for by academics (Arnould and Wallendorf 1994) and has recently picked up considerable steam in the private sector, with some calling it the “key to strategy” (Anderson 2009). With ethnography enjoying a considerable methodological history in marketing, I provide a brief overview of the principles underlying the method before moving on to the specifics of my own dataset.

Ethnography, if taken by root words, means cultural writing and this is not far from the truth. When doing an ethnography, the researcher dons the role of participant so as to immerse him/herself in the cultural context. By engaging in this participant observation, the researcher is able to see the cultural context on its own terms and thus develop an empathetic understanding of the ways in which that context functions. The researcher is able to excavate norms, expectations, habit patterns, positive and negatively valent actions and events, and experiences in the terms of the context in which they take place. Keeping meticulous field notes, the researcher is then able to take his/her contextualized understanding (called *emic* knowledge) and interpret it based on his/her theoretical understanding (called *etic* knowledge). This process of iteratively moving between *emic* and *etic* views of the phenomenon is called dialectical tacking (Arnould and Wallendorf 1994; Thompson 1997). The result is a theoretically-oriented and empirically-grounded interpretation of a cultural context.

**Methodological Procedure**

In my case, the cultural context chosen for ethnographic study was craft beer festivals. As mentioned previously, the context was selected for several reasons. In brief, they are that the industry segment is growing considerably, especially vis-à-vis the industry as a whole; the authenticity and creativity in the segment make it prime for exploration of emergent phenomena; third, most operations are small, opening the doors for institutionally entrepreneurial thinking; and finally, that it represents an exemplar of the gift logic. I attended four festivals across the continental U.S., several more than once. I selected only festivals hosted by a single brewery so that attributions about brands and other firm-level activities would not be muddled by collaboration amongst multiple breweries.

Each festival that I attended was ostensibly based on a market exchange. At each festival, a rare beer is sold. For three of the four festivals, it is the only day on which the beer can be purchased. For the fourth, it is the first day in a small window of availability. These festivals include not just the distribution...
of a rare beer to consumers from the brewery, but also a great deal of exchange amongst consumers. Attendees bring beer to exchange in what they call “bottle shares,” which resemble the classical potlatch in nearly every respect (Mauss 1954; Godelier 1999; Sahlins 1972) from revelry to bonding to competition.

As an attendee, I went through the process like any other. I bought tickets when necessary, brought beer to share when expected, stayed in the primary festival hotel, and so on. I did not advertise my status as a researcher a priori, but only if it came up in dialogue with other consumers or with the managers. At no point did I reveal the nature of my study or my expectations regarding outcomes. At the end of each day, I would return to my hotel room and type up my experiences into a narrative of field notes. These were based on memory, voice recordings, and jottings, consistent with the guidelines recommended by Emerson, Fretz, and Shaw (2011).

**Analytical Procedure**

At the end of my data collection, I was left with a text of 307 typed pages. This included photographs, artifacts, and other data miscellany that I had acquired or seen in my ethnography. With this text, I engaged in dialectical tacking, moving iteratively between my own theoretical knowledge as a researcher and my acquired contextual knowledge as a participant in the festivals. I continued in this manner until I had a set of empirical themes that were theoretically coherent and explained my data clearly and concisely. I next turn to a discussion of the results of this analysis.

**RESULTS**

My ethnographic analysis yielded three primary themes revolving around brand strategy. These themes speak directly to past research on brand development, sometimes consistently and sometimes with counter-intuitive results. It is important to note that the beauty of these results is that they are a function of an alternative institutional logic—a logic which can incorporated into our current thinking without sacrificing foundational assumptions or throwing the baby out with the bath water of current brand strategy. This makes the outcomes immanently manageable as they are a function of the way in which a problem is considered.

That said, I will first demonstrate that the logic of the gift was being deployed both by managers and by consumers in the context, despite the trappings of a market transaction. It is with this understanding that the rest of the themes can be interpreted as outcomes of the gift logic as an institutionally entrepreneurial form of brand strategy. From there, I will provide contextualized details regarding my three primary thematic findings as they pertain to the gift logic in brand strategy.

**The Presence of the Gift**

Recall that the gift logic includes the logic of the market and then some, rather than bearing no common grounds. For this reason, it is conceivable that a transaction that is labeled a market sale (i.e. the sale and purchase of a rare beer) actually functions as a gift exchange. However, it is of critical importance to see if this is how the people in this context think of it. As Sahlins (1995) demonstrates so exceptionally, one must pay heed to the way that “natives” think, whether the people of interest are 19th century Hawaiians or 21st century craft beer consumers. This is of course doubly important here as we are fundamentally interested in the use of an alternative logic in brand strategy. If the participants of my study, particularly the managers, are not thinking as if this is a context of gift exchange, then we are essentially forcing a worldview upon them. What’s worse, we thus would lose our ability to claim that this logic could be gainfully included in our own, considering that it isn’t being gainfully employed in the context of study.

As it turns out, my observations and conversations suggest that both the consumers and the managers think and act as if these contexts are organized by the gift logic. This is often tacit, with the considerations being of reciprocity and obligation rather than of theoretical terms of gift theory, but this is
hardly unexpected given that emergent phenomena are unlikely to come complete with the baggage of their theoretical and academic labels. But it is not always implied, as the following quote from the brewmaster from the first brewery reveals:

“If that isn’t the ultimate Christmas present in March, I don’t know what it is. Planning, thinking, working, spending countless hours all to have someone look happy on one day.”
-Jeremy

Here, the person in charge of developing the rare beer that is being sold on this day draws specifically from the language of the biggest gift giving day of the year in his culture: Christmas. What is particularly compelling is not just an explicit reference to a major gifting holiday, but also the efforts and burdens on his part that are revealed by his second sentence. We would expect such arduous work to go into giving an exceptional gift. Consider the potlatches of the Pacific Northwest American Indians, the kwakiutl. Here, the most extravagant gifts were ornately carved copper tablets. Those who were in a position to give them accrued tremendous status due to the value of the material and the labor that went into them (Godelier 1999; Mauss 1954). In parallel, we see a beer that is a powerful gift given the value of its material and the labor that goes into it. Further, in both instances, the valued item is given to be destroyed. The kwakitul destroyed the copper tablets in ceremonial showings of gratitude and respect; the beer drinkers eagerly enjoy their beverage once and once only.

Given our knowledge of the outcomes of giving a particularly valued gift, there are some expectations of how consumers as recipients of this gift would respond to receiving it. Here again it is instructive to draw parallels to classical ethnographic studies of gift exchange. As already mentioned, due to the obligation to receive and the obligation to re-give, a recipient must accept and reciprocate to the best of their ability. The recipient of a kula necklace would not be able to reciprocate in kind; they would instead give something manageable (e.g. sweet potatoes) and supplement that gift with honor. In the case of these rare beers, the consumers give a dollar amount in exchange for the beer and if this were a market transaction, the obligation would stop there; price paid, debt settled, relationship concluded. But this is not the case.

“Look at Rubaeus. I love Founder’s for Rubaeus. Do you know how expensive those raspberries are? But they make it anyway because it’s good and I love them for that.”
-Smitty

Smitty is a regular at the brewpub and his sentiments precisely echo what we would expect from a gift exchange, not from a market exchange. He doesn’t say, “It’s worth every penny” or “I can’t believe it’s such a deal,” but instead praises the brewery, building status for them as a function of the quality of their gift and the fact that he seems to implicitly feel that the price paid is not sufficient reward for Founder’s given what he receives. This same phenomenon popped up at all four of the breweries from multiple sources. In each case, managers and consumers alike used the language of gifts, though the former were more likely to speak explicitly in gifting terms. This suggests that the managers are employing the logic of the gift and that it is functioning in accordance with theoretical expectations.

It is not just between the breweries and the consumers that this gift exchange is taking place. In each context, the thread of consumer-to-consumer gift exchange is prevalent. Thus, even though consumers are ostensibly present to make independent purchases, they spend a considerable amount of time giving gifts amongst themselves, often of those very purchases.

As I mentioned earlier, massive bottle sharing events take place throughout these festivals, as well as before and after. At one brewery, the majority of attendees stay at a hotel that is the only hotel near the brewery. The night before the festival, the hotel opens up conference rooms for a large bottle share. As you can see in this photo, consumers gather together and place their “offerings” on the table.
Once placed on the table, it is fair game for all other attendees. While there is no formal rule proscribing trying beers at the table without contributing to the table, I noticed a tacit element of normative enforcement of the obligation to give. I walked in with another attendee. He immediately set several beers down and was just as quickly swarmed by other beer drinkers who regaled him with questions about what he had brought, praise, and offers to try others that they had brought. I, on the other hand, was marginalized in terms of offers. No one stopped me from pouring glasses, but no one approached me to make offers, either. When a particular woman was walking around pouring from a bottle, she passed me up but poured some to the man beside whom I walked into the room. It was only when I pulled several bottles out that the group warmed to me. It was as if the obligation to give was mitigated by my refusal to give; once I had done so, then the obligation to re-give escalated the rate at which people shared their beers with me. This is strong evidence of the presence of gift exchange norms amongst consumers, even tacitly. We will see more evidence of this in later themes.

Brand Community Development

One of the clear outcomes of my study is that gift exchange fosters brand community. Given the components of the latter and the outcomes of the former, this is a natural fit. Indeed, McAlexander, Schouten, and Koenig scratched the tip of the iceberg of this relationship when they noted that “Consistent with gift-giving theory (Sherry 1983), the company has given customers a gift, the brandfest, without pushing for direct reciprocity, thereby creating a sense of indebtedness or generalized goodwill on the part of the customer” (2002: 50). As mentioned above, my data suggest that, even with a token of reciprocity (the price of the beer), consumers still behave as if they owe the company generalized goodwill.

In order to see exactly how brand communities can be built by gift exchange, let us consider the aspects of brand community as developed by Muniz and O’Quinn (2001) and refined by McAlexander et al. (2002). The first major point was that there be a consciousness of kind amongst members of a brand community, that they recognize similarities in themselves and other members and differences between themselves and non-members. This showed up in spades during my field work. While waiting in line to buy our beer, someone placed several “macro-brews,” a term used with scorn to describe beers produced outside of the craft segment, in an open area beside the line. The idea, as he described it to me, was to “lure out the macro lovers” for scorn and derision. Interestingly, no one took the bait. But the intent was there and clearly based on the perception of commonalities and differences in in-group and out-group members. Similarly, one customer referred to the brewery as a family, including employees and customers. This is suggestive of the kind of similarity we would expect within a dedicated brand community.
In a parallel fashion, Sahlins (1972) describes the ways in which gift exchange between a powerful actor (the “Big Man”) and multiple, less powerful ones leads to the formation of polities in Hawaii. By creating social status for himself, the Big Man is able to eventually develop a mass of those who are indebted to him and view him as prestigious and honorable. From here, consolidating his power and solidifying his position is rather easy. Thus, if we consider the brewery and the brand as the Big Man, then the legion of loyal, communal followers is to be expected as is, indeed, their hostility towards rival factions such as the “macro lovers.”

The second major criterion for brand community is that there be shared rituals and traditions (Muniz and O’Guinn 2001). These were visible all around the festivals. Each festival had their own. One involved live music in a warehouse area. Another involved the sharing of food while in line. A third involved a massive celebration after all sales of the beer were completed. In each cases, members came together to celebrate and reinforce the bonds of their community. And just as in gift theory, exchanges are often highly ritualized (Godelier 1999). This goes with a certain air of solidarity that is the primary outcome of gift giving as symbolism provides a commonality for members of a group (Levi-Strauss 2013). On the most macro scale, the festivals themselves are rituals of gift exchange as the gift (the beer) is received in that context and that context alone (for three of the four).

The third criterion for brand community is that there be a sense of obligation that binds members and can compel collective action. Given our discussion above regarding the extensive consumer-to-consumer gift exchange that goes on at these festivals, the groundwork is clearly laid for this obligation. Evidence comes in the form of demands from consumers to changes in the festivals. At one point, one of the breweries was so inundated with demands for increased organization that they were forced to fully revisit the planning of the event for the following year. This collective action with its consumer-centrism is particularly telling. There is a saying that “to be noble is to give and to give is to be noble” (Sahlins 1972) which suggests that if the breweries wish to remain in good standing with the prestige they have earned, they must continue to demonstrate their worthiness by giving. Hence, many of these festivals have grown considerably over the years both in terms of scope and quality.

The fourth criterion offered by Muniz and O’Guinn (2001) for brand community is that it not be geographically restricted. I found that many who attended the festivals stayed in touch after the fact. For my part, I spent an afternoon talking with a couple from Delaware, discussing everything from the Beatles versus the Rolling Stones to our favorite beers. At the end of the day, we had shared laughs and drinks and went our separate ways. As we began to part, however, the wife reached into her pocket and handed me a keychain. It was a brand keychain from the festival we were attending. She said it was, “A token of appreciation for letting [them] sit with [me].” We exchanged phone numbers and have exchanged beers via mail service since then. Here, a gift was given (a seat at my table), a gift was re-given (a keychain), and then further exchanges were initiated despite geographic disparity. As Muniz and O’Guinn point out, the social tie is indeed more powerful than the geographical link.

Lastly, McAlexander et al. (2002) point out that brand community is customer-centric and is built on their experiences. The gift logic accommodates this as it allows for dyadic relationships with each customer that snowball into communal similarities. Here a key difference emerges between gift exchange and something like sponsored promotions. By engaging the customers directly, the gift logic allows for the fostering of community; it is customer-centric and not brand-centric, as promotions may be (e.g. Nicholls, Roslow, Dubisch 1999).

The beauty of the findings is that the gift logic can be employed relatively simplistically and lead to the construction of brand communities. As Stahl, Heitmann, Lehmann, and Neslin (2012) demonstrate, brand equity has a positive effect on the lifetime value of a consumer. Given that brand communities foster
Brand equity (Muniz and O’Guinn 2001), the syllogism suggests that building a brand community builds value. Thus, there is value in this entrepreneurial institutional logic, and counterintuitive value at that as the lay inclination when thinking of gifts is often to think of giving something for nothing.

Brand Loyalty Construction

This is perhaps the simplest outcome of employing the gift logic when managing a brand. Gifts by definition breed loyalty when the magnitude of the gift exceeds what can be reciprocated. As discussed several times already, both the managers of the breweries and the customers act as if the gift (i.e. the rare beer and the festival) exceeds the price of admission. Gift theory predicts that when this is the case, recipients will reciprocate with honor, respect, and loyalty. Signs of this loyalty could be heard all over the festival grounds at each festival. As one woman remarked, “Now that I’ve experienced [Dark Lord Day], I always make a point to buy 3Floyds when I see it at the store.” These sort of loyalty-driven purchases are exactly what a manager wants to see. Similarly, I overheard a man saying that he is now confident in “saying that Foothills is my favorite brewery.”

As Tucker warns in his seminal (1964) study, brand loyalty is to be carefully delineated from preference for certain product characteristics. In a market segment marked by variety of products (e.g. from India Pale Ales to Pilsners to Russian Imperial Stouts), this is of particular importance. A consumer who prefers IPAs may prefer 3Floyds IPAs but Stone Stouts. Interestingly, it appears that the loyalty fostered by these elaborate gift festivals supersedes the preferential difference. I spoke briefly to a man leaving one festival late in the evening. He had a dolly stacked with cases. After chatting for a moment, he said that he “Isn’t big on Scottish Ales or Hefeweizens, but [he] grabbed a case of Robert the Bruce [a Scottish Ale] and Gumballhead [a Hefeweizen, both made by the hosting brewery] to take home anyway.” Thus, despite not preferring those types of beers, he bought them anyway because they were made by the firm in question. Similarly, a man noted that he had made it a “personal mission” to try every beer that Foothills had to offer because he had “such a great time” at the event and figured their other beers merit a purchase on that alone.

Clearly, loyal consumers are developed as a result of the use of the gift logic. In the one-on-one relationship, loyalty is built through obligation. Then, with a thriving brand community built by the same logic, loyalty increases even further (McAlexander et al 2002) due to the social bonds inherent in the group. In fact, many of the consumers seem to reveal some elements of brand love (Batra, Ahuvia, and Bagozzi 2012). For instance, they often have long-term relationships with the brands, returning year and year or pointing to the fact that they have been buying that brand since its inception. Similarly, they often act certainly and confident in saying that the focal brand offers a superior product or experience than competitors.

“Nothing can beat this, man. Nothing! From the metal music to the art on the label to the staff in the brewpub. It’s the best craft brewery in the country, hands down.”

-Tommy

Emphatic, conclusive, and without hesitation, Tommy speaks about his love for the brand. Note the reference to the music. Given Tommy’s attire of jeans, a baggy tee shirt, and studded leather bracelets, one ventures to guess that he is a fan of metal as a genre. This is lightly suggestive of the self-brand integration that Batra et al. (2012) mention. Similarly, word of mouth is a predicted outcome of brand love. On that topic, we turn to the next theme.
Brand Ambassador Cultivation

Recall the scene from above of the man pushing a dolly of cases of beer out to his car after the festival had ended. This was not a unique sight. In fact, at each of the breweries where I attended festivals, in each year that I attended, the brewery was forced to post a limit on the amount of beers that could be purchased. Bear in mind that is not the rare beer being limited, which is always sold in allotments; this is cases of other beers produced by that brewery. For instance, at 3Floyds, a limit of two cases per customer per day was imposed.

While this phenomenon is certainly reminiscent of the sort of purchase intentions that we like to see around strong brands, I was curious to understand the thought process. I approached several people at each brewery and spoke to them, in the pretense of being in line to buy a few cases myself. What I heard shed considerable light on just how far-reaching the effects of these gift-oriented brand festivals actually are.

“Back home [in Alabama], I’m in a softball league. We have parties every few weeks during the season, you know, a team bonding deal. Anyway, I love to get cases of beer to take to them and wow them with. Beer you can’t get there. I tell them about the brewery, about the festival, and about the beer they’re drinking. It actually prompted [the man in line beside us] to come with me this year. Guess I’m like a cheerleader for these guys.”

- Robert

Here, Robert reveals that his sense of respect for the brewery actually leads him to speak on their behalf in other contexts, encouraging others to try the products and promoting the brand story in his daily life outside of the festival and to members outside of the brand community. This is strongly reminiscent of the concept of ambassadorship developed by Debenedetti, Oppewal, and Arsel (2014), though their construct refers to a commercial place in particular rather than to a brand in general. This concept of ambassadorship showed up often.

“I live in California, so most people have never heard of [Foothills]. But I speak up for them! There is some great beer being made in North Carolina and Foothills is fantastic. Just because they aren’t being exposed to it doesn’t mean it’s worse.”

-Michelle

Like Robert, Michelle finds herself promoting the brand outside of its distribution zone. In each case, further conversation with both of them revealed that their ambassadorship was motivated by some modicum of indebtedness.

“Look at how much they put into it. Did you see the guy at the gyro table? He’s working a double for the second day in a row. I feel like people should know how great these folks are.”

-Michelle

As we have seen throughout this discussion, gifts breed indebtedness. Recipients respond to that indebtedness by making positive attributions about the giver. In this case, those attributions are so strong that the consumers carry the good name of the brand forth and spread it to those who have not encountered it before. In many cases beyond Robert’s, this includes recruiting new attendees for the festivals who in turn have a great time.

“Yeah, I love it. This is something else. Everyone is so friendly, the beer is incredible... there’s nothing not to like, except the sun in my eyes [laughing].”

-Stephen, Robert’s friend
Thus does the community grow. The ambassadors carry the word forth and recruit new attendees who in turn become devotees. In many respects, some of these more ardent ambassadors may be thought of as missionaries as they often return with converts. Importantly, this means that the brand is reaching more consumers without having to expand, a point to which I’ll return momentarily. What is clear here is that the indebtedness bred by deployment of the gift translates into actionable word-of-mouth from dutiful believers in the brand. That this is accomplished by the use of an alternative logic within a market setting makes it a powerful phenomenon for our consideration.

GENERAL DISCUSSION

When considering brand strategy (or any number of other marketing phenomena), it is important to consider how we think about problems and solutions. As members of the business academy or business practitioners trained in the business academy, we have a way of thinking about things, an institutional logic (Scott 2001). As Scaraboto and Fischer (2013) point out, institutional entrepreneurs occasionally come around and contribute a novel logic to our own that changes the way we think about things. Here, I have presented evidence that managers without formal training draw on an alternative logic, one that is culturally prevalent but not considered frequently in the dominant logic of marketing: the gift logic. This represents a form of institutional entrepreneurship, as they have demonstrable success despite thinking about the problem of brand management differently than we do.

An Entrepreneurial Logic

The managers of the breweries that I visited and studied have a way of thinking about their brands that is different than ours. They draw, typically implicitly but occasionally explicitly, on the logic of the gift. This logic revolves around three normative practices: the obligation to give, the obligation to receive or to take, and the obligation to re-give. What was most powerfully demonstrated in my field work is that these norms can be activated even when the exchange is, on its face, explicitly marketized, as in the case of a purchase. This logic shows up in other ways, as well. One of the managers pointed out that they could take their profits, increase the scale of their production, and make more of a single product to ramp up sales in a large distribution zone. But, he noted, they didn’t want to do that; they’d rather cater quality products to a smaller footprint. The slogan of the brewery is “brewed for us,” which is somewhat ambiguous given that people in the town refer to them as the Founders Family. “Us” may represent what the brewery wants or what the Family wants; it isn’t clear.

What is clear, however, is that this choice to eschew growth in favor of increased quality challenges much of what we take for granted about the goals of business. Where our logic would usually dictate the benefits of growing and expanding an operation, these entrepreneurs are thinking differently: they choose a state of equilibrium (Bataille 1991) over a motive for growth. This suggests and was echoed by the managers that the business is thus sustainable. The footprint is not ever-expanding, the existing customers are happy, the organization is happy, and all wish to continue on relatively consistent footing. While this notion has received academic attention, it is interesting to see it emerging from the field as a logical choice according to managers of successful businesses. It should be noted that this does not mean the businesses do not increase their sales. Indeed, each had posted record sales each year I attended. However, much of this appeared to be a function of consumers coming to them rather than from the firms expanding their reach. If indebtedness can breed ambassadorship (Debenedetti et al 2014), then the logic of the gift can actually bring customers to you. This way of thinking seems a powerful tool, indeed.

A Strategic Tool

The gift logic as a tool takes several interesting forms. Consider the cultivation of brand community. While McAlexander et al. (2002), Muniz and O’Guinn (2001), and O’Sullivan, Richardson, and Collins (2011) have done a tremendous job of exploring the ways in which brand communities function and, to an extent, emerge, there has been less advancement in terms of how to effectively generate and
sustain them. The gift logic offers a compelling, consistent way to think about branding decisions that should, if the decisions are made based on that logic, lead to the cultivation of brand community. The principles of the gift economy are fairly simple and they have been shown to work in a variety of cultural contexts in a variety of time periods. Now that we can see it building brand communities and not just political or social communities, it seems only prudent to take advantage of them.

Another way in which the gift logic is a strategically useful tool is in building brand ambassadors. Debenedetti et al (2014) suggest that commercial place ambassadors are marked by two aspects: selective matchmaking and transmission. To the former point, that consumers bring deliberately chosen friends and relatives to a place they love, my findings are consistent. Robert brought Stephen because they were friends and he had convinced him that the experience was worth having. Likewise to the latter point. The transmission of attachment from one participant to another (without loss of attachment in the first person) was prevalent in my data. Groups would come on the basis of one’s insistence and leave bedecked in branded clothing and straining from the weight of boxes of branded beer. Thus, while Debenedetti et al. (2014) offer a construct for understanding place attachment, my data suggest that this notion appears in branding as well. Further, my findings reveal that the consideration by consumers of “ambassadorship as a moral duty” (2014: 925) may be motivated by indebtedness to the brand (or place) as a function of a perceived gift received from the focal firm. In this way, managers can consider ways in which to give a gift to their customers which the customers will feel compelled to repay through ambassadorship.

In my data, this compulsion was bred because consumers felt that they got more than they paid for and thus that they owed the firms something else. This raises an interesting question. According to the managers at each brewery, these beers and festivals are often—on their face—“living in the red” for the breweries. They’re expensive to brew and are extremely labor-intensive. The festivals themselves require “all hands on deck,” often for double shifts. The assistant brewer at Founders pointed out that they hold a raffle for one person to get the day off for the festival; if you do not win and elect not to work on the festival, you are typically fired. This suggests a tremendously expensive endeavor. Conventional logic would suggest that they simply raise the price of the beer to accommodate these costs. But they do not. While the beers are expensive, they still leave the brewery prima facie at a loss for the event. Why is this? I maintain that by keeping the price around cost, the managers are actually contributing to the feeling of indebtedness in their consumers. It is no secret amongst attendees of these festivals that the ingredients and labor that go into one of these beers is considerable and that they are, relatively speaking, not priced accordingly. We have just spent considerable time discussing the reciprocal acts that this indebtedness motivates. Thus, a question: at one point does raising the price move the exchange firmly into the realm of the market, thereby erasing all trappings of the gift and its corresponding indebtedness? Similarly, is it more beneficial in the long run to keep prices low for certain marquis products in the interest of fostering indebtedness? These questions present considerable opportunities for future research in this area.

**Considering the Gift**

All of the mechanisms, outcomes, and prescriptions presented in this paper rest on the theoretical tradition of gift theory. Recent discussions in the literature seek to build distinctions between sharing (Belk 2010), collaborative consumption (Botsman and Rogers 2010), and access-based consumption (Bardhi and Eckhardt 2012). My context represents an interesting bridge between these domains. On the one hand, there is a great deal of what may be characterized as sharing going on at the festivals. But of course, this is motivated behavior and reciprocity is the central force, particularly when indebtedness is at play. Arnould and Rose (working paper) offer a thorough treatment of the problems inherent in Belk’s (2010) theory and my data support that critique. The sharing seen at bottle shares is motivated by reciprocity and revolves around the set of obligations laid out by Mauss (1954), as demonstrated in my analysis above. Similarly, despite the fact that by bringing two beers while waiting in line, one ends up with access to several times that number throughout the wait, this collaboration is not a phenomenon distinct from the gift as conceived.
by Mauss (1954) and developed by others (e.g. Godelier 1999; Sahlins 1972). In fact, it is virtually parallel to the ethnographic examples that those thinkers drew from in formulating their theories.

The issue of access-based consumption poses an interesting question. Bardhi and Eckhardt define access-based consumption as “transactions that may be market mediated in which no transfer of ownership takes place” (2012: 881). In my context, obviously the primary gift of interest (the rare beer for sale) would not qualify as access-based consumption under this definition as ownership is explicitly transferred. But the field also contains numerous instances of consumer-to-consumer gifting. Here, we have a non-durable and non-replenishing good. Consumers typically walk about offering pours or simply place the bottle on a communal table to be accessed. Has ownership transferred? Is the liquid consumed owned by the drinker or the pourer? If we argue that the liquid is accessed by the drinker but still owned by the pourer, then this isn’t a gift at all and is instead access-based consumption. In that case, it’s interesting to see brand community emerge despite anonymity and relatively mild rates of collaboration, given that most of the consumers in my dataset did not know each other. Regardless, the issue hinges on the definition of access-based consumption and in particular on the use of the term ownership. I argue that this notion of ownership as the distinguishing factor in modes of consumption is a distinctly Western one, driven by our own institutional logic of the market and proprietary access. As Bardhi and Eckhardt (2012) mention, there is a positive valuation attached to ownership, particularly vis-à-vis access, in the West. This, in a sense, underscores the value of considering alternative logics, complete with different definitions and conceptualizations of issues like property and ownership.

**CONCLUSIONS**

In short, it appears as if we may take yet another lesson from Apple’s advertising team: if we think differently by entertaining alternative institutional logics which guide our decisions on issues like branding, then there may be considerable gain in the form of profit, loyalty, sustainability, ambassadors, and community. If nothing else, it bears examining emergent logics from entrepreneurial practitioners to see if there’s something to be learned outside the classroom, to abuse an expression.

In terms of future research, delving into the relationship between price and indebtedness offers strong opportunities for managers to make calculated decisions that can foster the sort of loyalty we saw in the craft beer context. Along similar lines, exploring the line between access-based consumption and gift giving by unpacking the definition of ownership would yield insights for our way of thinking in many domains. When it comes to ambassadors, additional work should delve into the ways in which ambassadors work, whether they are influenced by factors beyond place and brand, whether there are limits on their ambassadorship, whether they are always selective in who they expose, and whether the loss of their affection silences them or simply changes the valence of their speech from positive to negative.
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DEPARTURE FROM TRADITIONAL CONSUMPTION RITUALS:
IMPLICATIONS FOR SUSTAINABILITY
AND RITUAL TRANSFORMATION

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ABSTRACT

This paper seeks to comprehend why consumers relinquish traditional ritual practices and opt for more environmentally sustainable alternatives. Previous literature on rituals is reviewed to offer understanding about how rituals work and what they mean. Sustainable burial options, including conservation burial and reef burial, are employed as a context to highlight how and why consumers shift from traditional ritual services to alternative ritual services. Preliminary data exhibits seven emergent themes regarding the selection of alternative ritual experiences: (1) perceived impracticality of current ritual; (2) aversions to current ritual; (3) fit of alternatives with identity; (4) positive outcomes for self, others, and environment; (5) opportunities for adaptation of symbols; (6) freedoms afforded and constraints imposed by norms, rules, and regulations surrounding ritual; and (7) desire to exert control. These themes reveal how ritual life cycles transform and shift, and they deepen our understanding of changes in ritual meanings for consumers.

INTRODUCTION

“But when the train had started with its unknown burden I did do one thing, and do it quite instinctively, without stopping to think, or to think more than a flash. I threw away my cigar. Something that is as old as man and has to do with all mourning and ceremonial told me to do it. There was something unnecessarily horrible, it seemed to me, in the idea of there being only two men in that train, and one of them dead and the other smoking a cigar. And as the red and gold of the butt end of it faded like a funeral torch trampled out at some symbolic moment of a procession, I realized how immortal ritual is. I realized (what is the origin and essence of all ritual) that in the presence of those sacred riddles about which we can say nothing it is more decent merely to do something. And I realized that ritual will always mean throwing away something; destroying our corn or wine upon the altar of our gods.”

– Gilbert K. Chesterton (1909, p. 23)

Rituals play a crucial role in both simple and extraordinary portions of human life. Whether they are daily procedures, holiday celebrations, or markers of pivotal life events, rituals shape the actions taken and meanings constructed by consumers. The above quote, authored by an English writer and philosopher in Tremendous Trifles, highlights two key aspects of ritual that are relevant to this research. One, which can be found in the final statement, is that rituals require the relinquishment of resources. In the passage, he gave up his cigar, which is a trivial item, but he recognizes that people throughout history have been sacrificing their most meaningful possessions, such as crops and spirits, in the name of ritual. Whether relinquishment means actually sacrificing something or simply using items to enable the observances, rituals tend to be resource-intensive. Rituals of all types, including those like bedtime beauty routines, Halloween and Christmas celebrations, and weddings and funerals, mandate the use of products and resources (artifacts) in order to be properly executed (Rook 1985). Many of the objects associated with ritual practices require natural resources to be manufactured and must be acquired in the marketplace.

The second aspect highlighted in this quote is that rituals tend to prescribe human actions (Rook 1985). In the passage, he describes throwing away the cigar as almost instinctive. The action was driven by ceremony and by a long-standing sacrament, and yet, further reflection makes the impracticality of it almost laughable. As the only living individual on the train, he could have easily continued to enjoy his cigar, but
something in ritual told him that he should not. Rituals tend to prescribe norms for actions and, in turn, may even exert agency over the conduct of consumers. However, not all consumers are willing to conform to the practices prescribed by rituals.

While many ritual norms seem steadfast, they may not be viable for certain consumers under particular conditions, and these consumers may be inclined to abandon tradition for something that better fits their needs. The focus of this research will be on those who reject both aspects highlighted by the quote above: following ritual prescriptions and expending substantial resources. Some consumers are rejecting status quo rituals and opting for alternatives that offer less resource-intensive, more environmentally sustainable routes. This investigation seeks to understand who these individuals are and what meanings are associated with their ritual practices. Specifically, two important questions will be addressed. First, why may consumers relinquish consumption ritual norms and opt for more environmentally sustainable alternatives? Second, what interventions do consumers use to change or resist consumption norms? Previous researchers have compiled a thorough body of literature about rituals, their structures, and their meanings. The current work seeks to add understanding about circumstances in which consumers feel compelled to break away from traditional rituals based on beliefs that current ritual practices are flawed in some way. It is believed that some of these individuals are seeking alternatives that they believe are more favorable for both personal well-being and the welfare of the natural environment.

This paper begins by reviewing relevant literature related to rituals, including broad discussions on structure, identity, sense-making, and prescriptions. Next, the methodological approach is discussed, including an explanation of the unique context, a description of the data collection and analysis methods, and the preliminary findings from data analysis. Finally, the paper concludes with a discussion of implications for theory and practice.

LITERATURE REVIEW

Rituals and Rites of Passage

To explore ideas related to rituals, researchers have employed countless diverse contexts, such as, personal daily routines (Gentina, Palan, and Fosse-Gomez 2012; Rook 1985), traditions within the family (Richardson 2012; Rossano 2012; Smit 2011), cultural rites (Tinson and Nuttall 2010; Turner 1969; Van Gennep 1908), religious practices (Atkinson and Whitehouse 2011; Fiese and Tomcho 2001; McClure 2013; Seligman 2009), holiday celebrations (Minowa, Khomenko, and Belk 2011; Wallendorf and Arnould 1991), wedding customs (Fernandez, Veer, and Lastovicka 2011; Ottes and Scott 1996; Prashizky 2008), sacraments surrounding death (Chen 2012; Harper 2012; Mills 2012; Toulson 2012), commemorative rituals (Jacobs 2011; Slochower 2011), patient-related rites (Fouka et al. 2012; Schouten 1991), and rituals of exchange (Belk, Wallendorf, and Sherry 1989; Bradford and Sherry 2013; Sherry, McGrath, and Levy 1993; Thomas and Peters 2011). These and additional works seek to extend theory regarding rituals and have highlighted significant aspects, such as ritual elements and structures, how rituals are relevant to identity, how rituals aid in sense-making, and how rituals influence consumer conduct.

Ritual Structure

Rituals, no matter how diverse, tend to maintain a certain set of general characteristics. They have varying degrees of structure or planned process, they are likely to be sequential in nature, they tend to be resistant to modification, and they prescribe appropriate feelings and actions for the sacraments (Rook 1985). This prescription, or codification (Gentina, Palan, and Fosse-Gomez 2012), is essential because it provides a guide to individuals about actions and sentiments that are suitable in ritual circumstances.

Ritual structure can be considered in two different ways. In the first, events or ceremonies marking a ritual may have a sequence of events, in which components are carried out in an ordered fashion (Rook 1985). In the second, an entire ritual process can be viewed as structured into separation from common
everyday activities, suspension of normal concepts, and reintegration back into the normal social life (Van Gennep 1908). Rituals can be divided into either the low-frequency, high-arousal imagistic mode or the high-frequency, low-arousal doctrinal mode (Atkinson and Whitehouse 2011). An imagistic mode ritual might be a graduation celebration, in which excitement is high because of the once-in-a-lifetime nature of the long-awaited event, whereas a doctrinal mode ritual might be the typical routine of brushing one’s teeth and flossing before bed each night.

Rituals, specifically the sequences of planned components, occur repeatedly over time (Gentina, Palan, and Fosse-Gomez 2012; Rook 1985). This can mean repetition for individuals or for cultures. An individual has many birthdays and may celebrate each year, but that same person may only have one wedding in a lifetime. Still, within the culture, the wedding ritual occurs indefinitely over many different lives and generations. In addition, in order for a ritual to exist, it must have the four essential elements: artifacts, script, roles, and audience (Rook 1985). Artifacts are items, symbolic or functional, that facilitate the performance of the ritual. Scripts and roles, which tend to be prescribed by the ritual, include instructions about how the ritual should transpire, which artifacts should be used, and which people should play roles in the rites.

Finally, a ritual needs an audience, a set of onlookers to whom the ritual is usually targeted. If terms like scripts, roles, and audience sound akin to a theatrical performance, it is because rituals are often performed in an almost theatrical manner. Rituals have been characterized as dramaturgical (Gentina, Palan, and Fosse-Gomez 2012) because of the backstage preparation that takes place to ensure a quality performance in the frontstage presentation of the ceremonies. Still, a quality performance is not ensured, and sometimes, out of uncertainties in prescribed roles and scripts, acts of indeterminacy and innovation arise (Toulson 2012).

One of the most significant and well-documented characteristics of ritual is their emblematic nature and use of symbols. Symbols have been described as the building blocks of ritual because almost every aspect can represent more than it seems to at face value (Turner 1969). Symbols come in various forms, such as artifacts (Rook 1985), gestures (Turner 1969), holiday motifs (Ottes and Scott 1996), identity hallmarks (Harper 2012), songs (Mills 2012), gifts (Sherry, McGrath, and Levy 1993), and icons, offerings, and relics (Fouka et al 2012). Symbolism is a key part of religious rituals and can encompass important meanings related to spirituality (Fouka et al 2012). Religion, as an essential means for comprehending how people perceive and respond to economic, political, and social relationships, is one of the most significant keys to understanding ritual. Symbols are also employed to construct and represent the identity of individuals in a way that can be expressed to the self and others (Harper 2012).

Identity

Diverse types of rituals exist, including simple daily routines, holiday celebrations, and markers of life transitions. If a ritual is considered a marker of a life transition, it can be termed a rite of passage, because it marks a transition from one status to another (Rook 1985). During this status change, individuals are said to be in a state of liminality (Van Gennep 1908; Turner 1969). Liminality implies a temporary loss of social identity (Turner 1969) and a suspension of usual notions regarding identity, time, and space (Van Gennep 1908). Typically, liminality is viewed as the second phase in a process of three stages termed either separation, transition, and incorporation (Schouten 1991) or separation, liminality, and reintegration (Van Gennep 1908). Being in a liminal state can cause an individual to dabble in identity play, in which he or she forms, elaborates, and evaluates possible selves (Schouten 1991). Rites of passage include major life events, such as graduations and weddings (Rook 1985), birth and death (Van Gennep 1908), passage to adulthood (Gentina, Palan, and Fosse-Gomez 2012), and many other significant occasions in life have substantial impact on individual and collective identity.
The influence of rites of passage and ritual practices on individual, social, and cultural identity and on memory has been evidenced by many works. Individual identity is often challenged or shaped by rites of passage (Van Gennep 1908; Schouten 1991), but can be reaffirmed through symbols or possessions that represent the self during ritual events (Belk 1988; Harper 2012). Employing rituals to observe life transitions can offer the individual a sense of support, connection, belonging, and community (Richardson 2012). Community, which often comes in the form of family and friends, can also be strengthened through the use of ritual. Once again, material possessions tend to enable this communal identity. Possessions and consumption rituals facilitate collective identity during family creation (Bradford and Sherry 2013), family transitions (Fernandez, Veer, and Lastovicka 2011), familial bonding (Thomas and Peters 2011), and affirmation of relationships and shared values (Fiese and Tomcho 2001).

Because rituals tend to prescribe guidelines regarding norms, they are also influential to cultural identity. Rituals unite people within a culture by promoting social recognition of personal life transitions, which supports the continuity of culture (Van Gennep 1908). While these rituals are commonly shared by the members within a culture, they are frequently shared across cultures as well. Cultures often borrow ritual aspects from others to integrate them into their own rites for life transitions (Bonsu and Belk 2003), or they sometimes adopt a completely new ritual from elsewhere in its entirety (Tinson and Nuttall 2010). In addition to facilitating identity, rituals also impact collective memories for both families and cultures. Research has demonstrated the ability of rituals to symbolize and reinforce memory (Prashizky 2008), to aid in construction and transmission of memory (Smit 2011), to enable access, reshaping, and commemoration of memories (Slochower 2011), and maintain and transmit memories (Jacobs 2011). These memories are relevant to maintaining individual and collective identity, so their preservation through ritual practices holds value for individuals, families, and cultures.

Sense-Making and Meaning

Ritual practices are used to construct meanings about and make sense of circumstances in life. These practices help individuals make sense of their physiological, social, and moral experiences (Turner 1969). Scholars have found evidences of rituals being used to convey meanings about abundance, values, culture, and ideology through holiday celebrations (Ottes, Kim, and Kim 1994; Wallendorf and Arnould 1991). Gift-giving, a practice that transcends rituals, has been found to construe meanings about identity and social roles (Bradford and Sherry 2013) and about holidays and social relationships (Sherry, McGrath, and Levy 1993). Much of this transpires within families and can have implications for familial traditions, family worth, cohesion between generations, and solidarity of the family unit (Smit 2011). Religious rituals are imbued with meaning about spirituality, including communication with and a connection to a higher power (Fouka et al 2012). Rituals related to traumatic life events shape meanings associated with death and loss (Toulson 2012), but can also allow for the development of new meanings disassociated with the trauma (Jacobs 2011).

Rites of passage can be described as a response to social crises (Turner 1969), with crises being defined as the result of modification of place, state, social position, or age (Van Gennep 1908). One of the most common responses to crisis is coping, which occurs in the stage of liminality (Turner 1969; Van Gennep 1908). In crises of loss, performing rituals or reflecting on past rituals has been shown to reduce grief through increased feelings of control (Norton and Gino 2013). Certain aspects of ritual, such as religious sacraments (Chen 2012), music (Mills 2012), symbolic possessions (Harper 2012), and positive subjunctive projections (Toulson 2012), have been shown to provide comfort in times of grieving and loss. Of course, not all life transitions call for grief and coping. Many transitions in life are of a positive nature and call for a response of celebration. These occasions, such as holidays (Minowa, Khomenko, and Belk 2011; Wallendorf and Arnould 1991), weddings (Fernandez, Veer, and Lastovicka 2011; Ottes and Scott 1996), and coming of age indicators (Gentina, Palan, and Fosse-Gomez 2012; Tinson and Nuttall 2010), merit joyous sacraments and rituals of merriment.
Religion, a key to understanding how people think, is employed by individuals to make sense of their lives and their relationships with others and their environment (Turner 1969). Ritual and religion are mutually influential to one another, as religion simultaneously informs and depends on ritual practice in order to make sense of the sacred and the profane. There is evidence that ritual practices tend to separate the sacred from the profane (Jacobs 2011), but some may argue that the sacred may never be detached from the profane (McClure 2013). Others believe that rituals actually provide the link between the sacred and the profane (Fouka et al. 2012; Belk, Wallendorf, and Sherry 1989). Some researchers feel that individuals have both a religious self and a secular self that is negotiated through ritual practice (Seligman 2009), while others contend that there are sacred and profane dimensions of human experience, which are understood through ritual processes (Belk, Wallendorf, and Sherry 1989). Finally, ritualistic religious practices afford opportunities, such as allowing individuals to thrive in a world that can never be fully understood (Seligman 2009), cultivating spirituality (Chen 2012), and affirming relationships (Fiese and Tomcho 2001).

Prescriptions and Norms
As mentioned above, rituals tend to prescribe instructions and norms about almost every aspect of the ritual event or practice. Rituals consist of artifacts, scripts, and roles that tend to be well-defined in order to create the proper performance for the intended audience (Rook 1985). For example, a child’s birthday party should have cake and balloons, a graduation ceremony should entail students and a riveting speech, and a correct tooth-care routine should use floss and happen twice per day. In addition to prescribing elements, rituals also designate suitable emotions to express for the occasion (Rook 1985) and a codification about other appropriate protocol during the event (Gentina, Palan, and Fosse-Gomez 2012). Prescriptions and codifications are not the sole influence on ritual outcomes. Many rituals have become secularized (Belk, Wallendorf, and Sherry 1989), and in turn created an opportunity for economic gain. Scholars have found that advertising influences ritual outcomes (Otnes and Scott 1996) and that retailers may act as orchestrators of ritual experiences (Bradford and Sherry 2013).

Despite the fact that ritual norms are imposed from various sources, not all consumers are pleased by complying with norms and abiding by unwritten rules regarding ritual. Some scholars have demonstrated that consumers privately resent forced participation in certain ritual practices endorsed by cultural ideology and argue that consumers may even be victims of sentiment and symbolism (Sherry, McGrath, Levy 1993). In these circumstances, individuals may want to relinquish or alter current rituals. Like products, rituals may experience life cycles, in which they decline and either vanish or find rejuvenation in a modified form (Rook 1985). There are numerous reasons for why a ritual might perish or transform. Ritual practices respond to, correspond to, and reflect broader transformations, such as social, economic, and ideological transformations within a culture (Minowa, Khomenko, and Belk 2011; Prashizky 2008; Seligman 2009). Ritual innovation may be a method for breaking away from some undesirable past (Jacobs 2011), but it may also be a way to embrace lost rituals through reinvention and transition (Richardson 2012).

This body of literature suggests that rituals have specific structure, influence identity, assist with sense-making, and offer prescriptions and norms. First, the structure of a ritual includes specific characteristics that allow an occurrence to be defined as a ritual. Second, as a central part of major life transitions, rituals may have major implications for individual and collective identities. Third, rituals help consumers make sense of their experiences and construct meanings surrounding their circumstances, including social relationships, collective memories, and ideas about the sacred and the profane. Finally, norms and appropriate protocol are prescribed by rituals, typically through elements such as artifacts, scripts, roles, and audience. The current research seeks to add to the literature by addressing the abandonment of current rituals and the adoption of alternative rituals. The first research question addresses why consumers may relinquish consumption ritual norms and opt for more environmentally sustainable alternatives. The second research question addresses what interventions consumers may be using to change or resist consumption norms. Uncovering answers to these questions should provide important insights for both theory and practice.
METHOD

Context

One steadfast ritual practice in the United States is the traditional, full-service funeral. Since the commercialization of death during the Civil War (Burns 2012), Americans have been burying their dead with all the pomp and circumstance accessible to them. The Federal Trade Commission (FTC) defines a traditional, full-service funeral as usually including a viewing or visitation and formal funeral service, use of a hearse to transport the body to the funeral site and cemetery, and burial, entombment, or cremation of the remains (Federal Trade Commission 2012). For a conventional burial, based on standard cemetery requirements, most consumers must also purchase embalming services, a casket, a burial vault, a tombstone, and a grave plot or crypt. The immense amount of products and materials required to enable this traditional ritual make this quite a resource-intensive process.

Each year, U.S. cemeteries bury over 30 million feet of hardwood and 90,000 tons of steel in caskets, 17,000 tons of steel and copper in vaults, and 1.6 million tons of reinforced concrete in vaults (Funeral Consumers Alliance 2013). Cemeteries use pesticide and weed killer for maintenance purposes, and extant evidence suggests there is ground contamination in cemeteries from metals used in casket construction and from chemicals used in embalming processes (Harris 2008). Additional resource consumption associated with traditional burial includes burial clothing, artificial flowers for decoration, and the use of fuel-powered heavy machinery to dig graves.

This research explores two burial options that may be considered more environmentally sustainable than the traditional burial that usually accompanies conventional American funerals. The idea of environmental sustainability for the purposes of this research are based on the Brundtland (1987, p. 15) definition, which asserts that sustainable development is development that “meets the needs of the present without compromising the ability of future generations to meet their own needs.” The assertion that the two alternative methods are in some way better for the environment is based on the comparison of these alternatives to the traditional full-service burial ritual.

The sustainable burial context was chosen for several important reasons that should shed light on important theoretical and practical questions. First, this context should offer valuable insights into how and why rituals shift and transform, which will extend understanding of ritual life cycles. Second, the death-care industry and the American funeral ritual have remained relatively unchanged over several decades and tend to be highly resistant to modification (Slocum and Carlson 2011). Exploring a ritual that is at the extreme high end of change-resistance should offer unique and valuable insights for other less-robust rituals. Third, this context lies at the intersection of a traditionally ritualistic convention and of sustainable consumption practices. The two alternative burial options attempt to meet the need of human remains disposition while either reducing negative impact or increasing positive impact on the natural environment. Finally, American funerary rituals were selected for examination based on the steadfast nature of their traditions, the locations of the alternative burial options, and the access to potential informants.

The first alternative is reef ball interment. This type of burial is provided by Eternal Reefs, a firm that creates reef balls that house the cremated remains of consumers who use this service. The practice began with reef restoration in 1990 and morphed to a disposition option in 1998. A reef ball is a hollow half sphere with holes on all sides that is placed on the ocean floor in order to mimic natural reef formations. With the destruction and deterioration of natural reef formations, these reef balls assist in restoring the marine ecosystem by providing structures on which new aquatic life can grow and live. Consumers can elect to have their cremated remains mixed into environmentally sustainable, PH-neutral concrete to create reef balls and become part of the underwater world. Families are invited to be a part of this process by attending a three-day ceremony that includes reef ball casting, viewing, placement, and dedication. These families actually mix their loved one’s remains into the concrete to help form part of the reef ball. Family members travel to the beach site where the reef balls will be placed, which is often a vacation for them.
They are able to decorate the concrete on top of the reef balls, take photos with them, and journey out on a boat to view the placement of the reef balls. It is as involved and as ceremonious as families wish it to be. Once the reef balls have found their home on the ocean floor, longitude and latitude coordinates are sent to family members so that they may return to visit the resting site of their loved one. They can visit by scuba diving on the reef, which allows them to see what coral is growing on the reef ball and how it has changed since its placement, or they can simply visit the placement site by boat. Eternal Reefs has eleven locations scattered along the east coast of the United States, primarily near vacation destinations. This allows families to vacation while visiting the reef balls of their deceased loved ones, as well as provides eco-tourism opportunities to local economies. The service design and subsequent consumption fit with the mission of Eternal Reefs, which is to restore marine ecosystems and stimulate new underwater life, while offering a unique burial alternative to those who wish to be part of it.

The second alternative is conservation burial. Two service providers, Ramsey Creek Preserve in South Carolina and Penn Forest in Pennsylvania, were examined in this research. Ramsey Creek Preserve, established in 1998, was the first cemetery since the commercialization of death to offer conservation burial in the United States. Penn Forest, a more recently established conservation cemetery, was created in 2011. Conservation burial takes an “ashes to ashes” approach to burial, which means the deceased literally return to the earth and leave minimal impact on the environment. In the two conservation cemeteries, there are several rules that are strictly enforced to preserve the natural environment and keep the preserved lands intact. Traditional funeral caskets, grave liners, embalming fluids, artificial flowers, and marble headstones are not permitted. Individuals may be buried in either a biodegradable wooden box, a shroud, or in no container. Bodies may either be buried promptly or refrigerated, but preserving agents such as formaldehyde cannot be used. Flat stones consistent with local geology or newly planted trees or plants may be used as grave markers, but neither is required. Gravesite coordinates are maintained so that all graves, marked or unmarked, can be easily located by family members. Real flowers may also be placed on the graves but any synthetic materials may not be used. Finally, all graves are dug by hand to reduce impact on surrounding vegetation and to reduce the need for fuel-consuming heavy machinery. Family members are even invited to dig the grave or fill in the grave if they wish to have an active role in participating. Hiking trails through the wilderness are lined with these simple graves that might hardly be noticed without the simple etching of names on the natural stones. The service design and subsequent consumption fit with the mission of Ramsey Creek Preserve, which is to restore and maintain real nature parks and promote natural burial, and with the mission of Penn Forest, which is to provide ecologically friendly alternative burials.

These alternatives provide an opportunity for consumers to break away from traditional ritualistic burial conventions and to opt for a more environmentally sustainable substitute. While the alternatives have this in common and should offer some mutual insights into the research questions at hand, the types of burial are different enough to highlight some unique aspects about consumers who choose these options. Conservation burial provides burial that is more consistent with consumers’ understanding of what burial rituals should be, including a gravesite, an interment in the earth, and potentially a wooden casket, a headstone, and flowers. Reef ball burial, on the other hand, does not resemble the conventional burial, as the firm offers underwater burial, which requires cremation, a concrete tomb, and a location that may be visited only by scuba diving. Another key difference is that conservation burial takes a lower negative impact approach to burial, while reef ball placement takes a greater positive impact approach. Conservation burial seeks to return bodies to the earth in a natural way that has a minimal impact on the natural environment. Reef ball burial seeks to build simulated reefs to replace natural ones destroyed by weather and human activity. This goes beyond reducing adverse impact toward creating something constructive that will stimulate new marine life and support existing ecosystems. Still, conservation burial may also be additive in that it allows for the creation of nature parks, which offer protected habitats for wildlife.
Data Collection

Approval to begin data collection was obtained May 15, 2013 from the University of Wyoming Institutional Review Board. To gain insights into the research questions at hand, phenomenological interviews, observation, and projective techniques (Belk, Fischer, and Kozinets 2013; Thompson, Locander, and Pollio 1989) were employed to better understand the experiences of consumers who have direct involvement with Eternal Reefs, Ramsey Creek Preserve, or Penn Forest. Interviews were conducted with individuals who have placed a deceased loved one into an alternative burial site and with individuals who have planned their own pre-need burial arrangements for themselves to eventually be placed at one of these sites. A total of 32 interviews, lasting approximately 60-90 minutes each, were conducted. Informants included 12 individuals who had lost a loved one and 20 individuals who had planned their own pre-need burial arrangements. Of the 32 interviews, 21 were from Eternal Reefs, two were from Ramsey Creek Preserve, and nine were from Penn Forest. These participants hail from 15 different states, have diverse religious backgrounds, range in age from 37 to 80, and have various occupational circumstances (see Table 1 for descriptive information about interview participants).

Table 1 – Descriptive Information about Consumer Interview Participants

<table>
<thead>
<tr>
<th>Pseudonym</th>
<th>Gender</th>
<th>Age</th>
<th>State</th>
<th>Occupation</th>
<th>Religion</th>
<th>Service Used</th>
<th>Loved One Lost</th>
</tr>
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<tbody>
<tr>
<td>Abigail</td>
<td>Female</td>
<td>54</td>
<td>GA</td>
<td>Bartender / Server</td>
<td>Raised Catholic – now spiritual</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Billy</td>
<td>Male</td>
<td>50</td>
<td>AZ</td>
<td>Navy, Substitute teacher</td>
<td>Raised Catholic – now non-denominational</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Cassidy</td>
<td>Female</td>
<td>55</td>
<td>AZ</td>
<td>Navy, Volunteer</td>
<td>Raised LDS – now non-denominational</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Darlene</td>
<td>Female</td>
<td>45</td>
<td>TX</td>
<td>Search firm</td>
<td>Christian</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Ethel</td>
<td>Female</td>
<td>55</td>
<td>FL</td>
<td>Market research</td>
<td>Raised Presbyterian – now back again</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Francis</td>
<td>Female</td>
<td>52</td>
<td>MA</td>
<td>Stay at home mom</td>
<td>Non-practicing Catholic</td>
<td>ER</td>
<td>Mother and Father</td>
</tr>
<tr>
<td>Gretchen</td>
<td>Female</td>
<td>62</td>
<td>OH</td>
<td>Technical writer</td>
<td>Raised Catholic – now spiritual</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Hanna</td>
<td>Female</td>
<td>64</td>
<td>FL</td>
<td>Retired</td>
<td>Devout Catholic</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Isabella</td>
<td>Female</td>
<td>37</td>
<td>TX</td>
<td>Registered nurse</td>
<td>None / Christian</td>
<td>ER</td>
<td>Sister’s fiancé</td>
</tr>
<tr>
<td>Jesse</td>
<td>Male</td>
<td>62</td>
<td>OH</td>
<td>Attorney</td>
<td>Catholic</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Kayla</td>
<td>Female</td>
<td>54</td>
<td>VA</td>
<td>Aircraft appraiser</td>
<td>Raised Catholic – believes but does not attend</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Lloyd</td>
<td>Male</td>
<td>61</td>
<td>FL</td>
<td>Retired, Movie theatre manager</td>
<td>Methodist – does not attend</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Michelle</td>
<td>Female</td>
<td>51</td>
<td>WA</td>
<td>Information Technology, Psychology research</td>
<td>Raised Protestant – now not religious</td>
<td>ER</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td>Gender</td>
<td>Age</td>
<td>State</td>
<td>Occupation</td>
<td>Religious Identification</td>
<td>End of Life Preferences</td>
<td>Relationship</td>
</tr>
<tr>
<td>--------</td>
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<tr>
<td>Natalie</td>
<td>Female</td>
<td>78</td>
<td>CA</td>
<td>Retired, Human Resources</td>
<td>Non-religious</td>
<td>ER</td>
<td>Mother</td>
</tr>
<tr>
<td>Olivia</td>
<td>Female</td>
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<td>MD</td>
<td>Paralegal</td>
<td>Catholic</td>
<td>ER</td>
<td>Son</td>
</tr>
<tr>
<td>Parker</td>
<td>Female</td>
<td>40</td>
<td>GA</td>
<td>Project manager</td>
<td>Raised non-denominational – now none</td>
<td>ER</td>
<td>Mother</td>
</tr>
<tr>
<td>Quincy</td>
<td>Female</td>
<td>60</td>
<td>KS</td>
<td>Construction</td>
<td>Baptist</td>
<td>ER</td>
<td>Mother</td>
</tr>
<tr>
<td>Rita</td>
<td>Female</td>
<td>75</td>
<td>TX</td>
<td>Retired, School counselor</td>
<td>Episcopalian</td>
<td>ER</td>
<td>Mother</td>
</tr>
<tr>
<td>Shirley</td>
<td>Female</td>
<td>62</td>
<td>CA</td>
<td>Restaurant consultant</td>
<td>Jewish and Buddhist</td>
<td>ER</td>
<td>Partner</td>
</tr>
<tr>
<td>Tony</td>
<td>Male</td>
<td>61</td>
<td>NJ</td>
<td>Assistant in continuing education</td>
<td>Jewish and Zen Buddhist</td>
<td>ER</td>
<td>Wife</td>
</tr>
<tr>
<td>Ulyssa</td>
<td>Female</td>
<td>66</td>
<td>VA</td>
<td>College professor</td>
<td>Unitarian</td>
<td>ER</td>
<td>Husband</td>
</tr>
<tr>
<td>Valerie</td>
<td>Female</td>
<td>64</td>
<td>NC</td>
<td>Retired, Office manager</td>
<td>Raised Catholic – now spiritual</td>
<td>RCP</td>
<td>Husband</td>
</tr>
<tr>
<td>Wanda</td>
<td>Female</td>
<td>61</td>
<td>SC</td>
<td>Manufacturing</td>
<td>Non-denominational Christian</td>
<td>RCP</td>
<td>Husband</td>
</tr>
<tr>
<td>Xoe</td>
<td>Female</td>
<td>80</td>
<td>PA</td>
<td>Retired, Freelance writer</td>
<td>Agnostic</td>
<td>PF</td>
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<tr>
<td>Yolanda</td>
<td>Female</td>
<td>64</td>
<td>PA</td>
<td>Retired, Nurse</td>
<td>Raised Catholic – now Buddhist</td>
<td>PF</td>
<td></td>
</tr>
<tr>
<td>Zander</td>
<td>Male</td>
<td>77</td>
<td>PA</td>
<td>Manager</td>
<td>Unitarian and Agnostic</td>
<td>PF</td>
<td></td>
</tr>
<tr>
<td>Alice</td>
<td>Female</td>
<td>70</td>
<td>PA</td>
<td>Executive coach</td>
<td>Baha’i</td>
<td>PF</td>
<td>Husband</td>
</tr>
<tr>
<td>Beatrice</td>
<td>Female</td>
<td>58</td>
<td>PA</td>
<td>Unemployed</td>
<td>Raised Catholic</td>
<td>PF</td>
<td></td>
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<tr>
<td>Cindy</td>
<td>Female</td>
<td>69</td>
<td>PA</td>
<td>Retired, Professional Gardener</td>
<td>Raised Catholic – now none</td>
<td>PF</td>
<td></td>
</tr>
<tr>
<td>Danielle</td>
<td>Female</td>
<td>63</td>
<td>PA</td>
<td>Retired, Physician and Anesthesiologist</td>
<td>Raised Roman Catholic – now not practicing</td>
<td>PF</td>
<td></td>
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<tr>
<td>Elizabeth</td>
<td>Female</td>
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<td>PA</td>
<td>Life coach</td>
<td>Presbyterian</td>
<td>PF</td>
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<tr>
<td>Flora</td>
<td>Female</td>
<td>73</td>
<td>PA</td>
<td>Nurse</td>
<td>Protestant Christian</td>
<td>PF</td>
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</table>

These interviews included questions about personal funerary experiences, end-of-life preferences, the decision making process, funerary expenses, and environmental values. Service providers at Eternal Reefs, Ramsey Creek Preserve, and Penn Forest agreed to share the contact information of the principal investigator with potential informants to obtain participation. Interviews were conducted via telephone or Skype in order to reach the wide range of participants across the nation. For those who had lost a loved one, at least three months’ time must have passed between the loss and the interview (Gentry et. al. 1995). The audio portion of interviews was recorded and transcribed verbatim for data analysis purposes. Some interview participants shared additional items, such as photos, memorial webpages, and other resources, which have been retained by the research team.

In order to supplement interview data, the principal investigator attended one of the three-day ceremonies with Eternal Reefs that included reef ball casting, viewing, placement, and dedication. As a participant observer, the author interacted with four families who were placing loved ones at the reef site.
Field notes were maintained to record daily observations and interactions, and 353 photographs (see Figure 1) were taken to document the three days of ceremonies. Other materials, such as the service ceremony program, brochures, and full information packet, were also collected.

The author has also visited the Ramsey Creek Preserve cemetery site. At this site, hiking trails were explored to better understand the characteristics of a conservation cemetery, and 85 photographs (see Figure 2) were taken to document the site. Other materials, such as a map of the hiking trails and a brochure advertising biodegradable caskets, were also collected. The researcher plans to attend a funeral at this site.

Figure 1 – Photos from Eternal Reefs Ceremonies

Figure 2 – Photos from Ramsey Creek Preserve Site Visit

Data Analysis

As interviews were conducted, copious notes were maintained about informants and the ideas expressed. To become intimate with the data and to search for key experiences related to ritual transformation, interview recordings were listened to, and interview transcripts were closely read. Analysis took place in three stages, which included studying patterns and ideas within each individual interview, identifying more global themes that appeared across interviews, and then abstracting the ideas for broader theoretical and practical implications (Thompson 1997). The focus of both the interview questions and the
subsequent analysis was on the lived experiences of the consumers (Baker 2006; Thompson, Locander, and Pollio 1989). The unique experiences of these consumers qualify them as experts on the subject. These consumers have actually experienced what it is like to make decisions about and go through the processes involved with selecting and using alternative burial. They provide a direct source of experience with the context used to explore the research questions.

Throughout the process, connections between interview data, field data, ritual literature, and context-specific media were made. Based on analysis, seven major themes emerged across the data. These related to how consumers overturn conventional rituals and the consumption associated with them. Some themes move consumers toward new alternatives, while others seem to help consumers break away from convention.

**Emergent Themes**

*Perceived Impracticality of Current Ritual*

All consumers who were interviewed commented on some impractical aspect of current traditional funerary and burial rituals. Many stated, in some way, that placing deceased bodies into the ground uses land space. They made statements about burial wasting space and resources, about cemeteries becoming too full, and about burial requiring taking up a “spot” on earth. One respondent was concerned with both land space and with how the land will be used in the future:

*We keep running out of room. The population is growing. I don’t understand how we have enough cemetery space now. I think that there’s going to be some controversy in a hundred years that they’ll need the cemetery space, so what will we do with all these graves?*

– Gretchen, age 62, pre-need for self, Eternal Reefs

The informants were truly concerned with the issue that land space is a limited resource, human populations continue to grow, individuals continue to die, and inevitably, land will eventually be completely consumed if people continue to bury their dead in accordance with current practices.

Another aspect of pragmatism is price of funerary and burial services. Comments were made about how traditional funeral expenses were so costly and how burial is a waste of money. Gretchen also discussed the imposed idea that money spent meant honoring the deceased:

*You go into the funeral home – I’ve never had the experience because my parents pre-planned – but you know, you go in, you’re grief-stricken, and you have to make all these very expensive decisions, and I understand that you’re made to feel like you should – if you don’t spend a certain amount, that you’re not honoring your loved one.*

– Gretchen, age 62, pre-need for self, Eternal Reefs

Several informants mentioned how economical alternative burial was, relative to traditional full-service burial, and for many, costs factored in the decision to use the alternative. It seems that these individuals could not find value in the current ritual practices. To these consumers, spending exorbitant amounts of money on items to be placed in the ground and on services that are short-lived and miserable appears wasteful and illogical.

A final aspect related to the rationality of current rituals is the interactions and occurrences at the traditional funeral service. Informants discussed the bereaved family dealing with a crowd, individuals feeling obligated to say something, lack of genuineness in the things said, the obligation to attend the ceremonies, the inevitability of watching others suffer, people not knowing how to act, people attending who did not know or spend time with the deceased, tensions within the family, individuals entering the
situation with regret, and the potential to bring out divisions and arguments. One participant reflected on not knowing what she should say at funeral gatherings:

*I think people don’t know how to act. You know, you go to a wake and it’s difficult. What do you say? Like, “I'm sorry for your loss.” That’s about it, you know? And you try to say nice things about the person and nothing really helps the person that’s grieving. You know? So I think it’s just awkward.*

– Hanna, age 64, pre-need for self, Eternal Reefs

This and other comments really speak to the scripts, roles, and prescriptions (Rook 1985) of rituals. It is apparent that people are simply uncomfortable and perplexed regarding their own conduct at traditional funeral services. Despite the existence of prescriptions for behavior, there is still dysfunction in the ritual. Individuals know their scripts, and yet when they say things like, “I’m sorry for your loss,” or, “He is in a better place now,” they believe they sound insincere and cliché. The roles of bereaved, mourner, and support person tend to emerge during the ritual process, but people fulfilling those roles often cannot understand each other’s grieving in a way that allows for comfortable interaction.

In general, the consensus was the idea that traditional funerals and burials necessitate excessive amounts of natural resources, demand unnecessary levels of spending, and place people in a situation that offers little benefit to those in attendance. A combination of these impractical characteristics of the current practice allowed these people to move beyond tradition and opt for an alternative ritual that better fits their personal desires and needs. In fact, many of the informants noted that selecting the alternative option they chose was an easy decision, with two of them calling the choice a “no brainer”. Not only were these individuals able to break out of tradition when the alternative made more sense, they were able to do so with ease.

*Aversions to Current Ritual*

Several participants noted the traditional burial ritual was so unappealing to them they simply had to find an alternative in order to avoid their aversions. Some aversions focused on fear, while others revolved around unpleasant thoughts. Despite the fact that they would be dead and unable to realize these aversions, several reservations about traditional burial were cited. One individual found the idea of decomposition highly unpleasant:

*I’ve never liked…I’m squeamish about the idea of your body rotting in the ground, even though I know they preserve you. That always bothered me.*

– Gretchen, age 62, pre-need for self, Eternal Reefs

Another individual was claustrophobic and disliked the thought of having dirt on top of him, as prescribed by conventional burial:

*I guess a part of it is I’m claustrophobic, slightly claustrophobic. The thought of being eight feet under with all that earth on top of me is stressful. And the attraction to having ashes spread or having ashes interred in a reef, that’s a very comforting thought.*

– Lloyd, age 61, pre-need for self, Eternal Reefs

Several informants feared that buried bodies may eventually be disinterred when the land space is desired for some other purpose, including one man who questioned the permanence of burial:
When we have a final resting place, I want it to be someplace permanent. I don’t want it to be where they put you in the ground in a box then fifteen to a hundred years later they decide, “You know what, this land – we need this for another use.”

– Billy, age 50, pre-need for self, Eternal Reefs

Some of these participants even noted that in a deceased state, they would be incapable of knowing these things were occurring, but they still were unable to detach these fears from how they would be experienced in life. We only know how to be alive, so when we project ourselves into a deceased state, we imagine it through our lived experiences. Some of these lived experiences, such as claustrophobia or extreme temperatures, are uncomfortable, so we attempt to avoid them when possible. Strong aversions can contribute to the decision of individuals to terminate traditional rituals and search for alternatives that are more acceptable based on their own personal anxieties.

**Fit of Alternatives with Identity**

The data pointed to a third theme, which is that certain characteristics related to individual identity were relevant to the decision to use an alternative burial for the self or a loved one. The unique complexion of alternative burial allows the service to attract numerous groups for a multitude of reasons. Most interviewees acknowledged some aspect of alternative burial that appealed to the identity of the self or the deceased loved one. The informants were very specific in their descriptions of the link between their choices and identity characteristics. Because these two types of burial impact the natural environment, many individuals related their own love or concern for the environment to their choice. One had identified as being an environmentalist before it was popular to do so:

*Because over the years I’ve gotten away from the idea of wanting to be in the ground. I’m a child of the sixties. I’m an environmentalist before it was cool to be that. And just taking up that space in the earth, I don’t like it.*

– Gretchen, age 62, pre-need for self, Eternal Reefs

Informants often self-categorized or described deceased loved ones as nature lovers, environmentalists, beach lovers, and animal lovers. While these vary greatly, they all have a common interest in preserving natural ecosystems because of their affection for some part of it.

Though many of these identity traits related to the natural environment in some way, many were unique and unrelated. Another individual, who was a homemaker for her family in life, was placed into a reef site so that she could perpetuate this role as a homemaker for the marine life:

*She was a homemaker, and that’s why the reef ball – I think that’s why I finally convinced my brother to do that. I was the one that instigated that, and he was a little uncertain at first. But I pointed out to him that she was an excellent homemaker, and so to spend eternity making a home for fish was, I thought, just absolutely super.*

– Natalie, age 78, post-need for mother, Eternal Reefs

Additional parts of identity that alternative burial taps into are related to activity in which the individual has participated. Participants or their deceased loved ones enjoyed scuba diving, snorkeling, hiking, gardening, and several other outdoor activities. One man cited his military service in the Navy as his link to the ocean:

*Now, I used to joke when I was in the service and all, saying that when I go, I wanted to be cremated and I wanted to be stuck in a can and shot out of a submarine into the bottom of the ocean. I joked about that for years because they actually do burials at sea. The military takes your ashes out to sea on a submarine and they’ll actually pour them over the top of the sail of the submarine do a*
little ceremony, and send you to the ocean. And that’s for service members and, you know, I’ve always had an interest in the ocean.
– Billy, age 50, pre-need for self, Eternal Reefs

Another participant loved scuba diving so much, she wanted to remain in the sea eternally:

I also decided after I got very much in love with scuba diving that if I was cremated, that it would be just not a very big leap to spread my ashes at sea. So when my father was still alive, in order to make sure that that happened, I told him one day that my wish was to be buried at sea.
– Kayla, age 54, pre-need for self, Eternal Reefs

The activities in which we participate, especially those close to our hearts, become linked with our identities. Because of their involvement in these activities, each of these individuals is linked to the ocean or the land through its role in facilitating the activity.

Some individuals identified with their generational cohort in order to illuminate reasoning for using alternative burial. One value that was highlighted was a strong sense of care and responsibility for the environment, even before it was popular to “go green” and to think sustainably. Two respondents discussed how the 1971 commercial for the Keep America Beautiful campaign, featuring a crying Native American, had a major impact on their views toward the natural environment. Forty years later, one individual still had an emotional response when discussing the ad:

Growing up being hippy generation I guess. The crying Indian on the litterbug commercial, if you’ve never seen it. There was a Native American – I don’t know what it was, 60’s or 70’s. I think about it now – I cry. It was a Native American, just his profile and he’s right in front of a humongous landfill and it’s like litter, a pile of just trash and litter. And he’s got a single tear going down his face. It’s like “Please don’t litter” and that just changed my life. It just changed what I did.
– Abigail, age 54, pre-need for self, Eternal Reefs

Phrases such as, “child of the 60s,” “Baby Boomers,” “my generation,” and “passionate since the 70s” were used to show the connection between individuals from a certain time period who hold similar values. This part of identity connected them to each other and somehow helped them choose alternative burial.

Another value was a free-minded progressiveness that allowed them to be open to new ideas and alternatives. This progressiveness shone through in three additional ways. First, all individuals placed at Eternal Reefs must choose cremation, which has been on the rise since the 1980s (Sanburn 2013), and individuals placed at Ramsey Creek Preserve or Penn Forest must choose refrigeration or rapid burial. Second, many individuals interviewed did not have children, a choice that many more adults are making these days. This increased the desire to leave something behind and the need to take care of one’s own arrangements. Third, many noted that their close relatives, such as parents, siblings, and children, were dispersed within the United States, rather than all living together in the place where they were born. The family plot within one cemetery is becoming a thing of the past. One woman, who had placed her mother in a reef ball, discussed how no one would visit the distant grave, even if she had one:

They moved to Florida in 2000, and she became too ill to travel soon after that. So, she was like, “What am I going to do – put a gravesite in Florida that no one is ever going to see? Why waste the space?”
– Francis, age 52, post-need for mother and father, Eternal Reefs
All of these are signs of how American culture is changing, and it seems as if death rituals may have to adapt to keep up. As mentioned earlier, many informants noted how easy it was for them to select alternative burial when they discovered its existence. One individual even described it as an epiphany-type moment:

Remember when I told you I saw it on National Geographic? It’s always interesting to be part of reef balls and that part of the show struck me like a blinding light. It’s like, “Ah-ha! That’s exactly what I want to do.” And it wasn’t that I was thinking about this or doing the planning or anything, it just became – it was the ah-ha moment for me. It was perfect. You know, at times I may have thought about if I would want to go through a funeral and those kinds of things. What I saw on that tape was such an ah-ha moment, I decided that that was what I wanted to do.
– Lloyd, age 61, pre-need for self, Eternal Reefs

For consumers, electing to deviate from norms and break with tradition seems to become the obvious resolution when the alternative is such a perfect match. Current American consumers display aspects of their identity in almost every facet of their lives, and now they are looking to continue this personalized representation of self in death as well.

Positive Outcomes for Self, Others, and Environment

Many consumers interviewed attributed at least part of their decision to use alternative burial to some sort of perceived positive outcome. Many discussed how becoming a part of a living reef or nature park would be beneficial to the self. Benefits mentioned included leaving a legacy, feeling as if they are still active participants in the world, believing that this contribution creates an extension of their lives, and feeling less apprehensive about death. Several responses indicated positive outcomes for the self:

I really always felt the need to have something to show I was here, especially since I don’t have children. I suppose if you have children, that’s your legacy and that shows that you were here, and you left these children. But if you don’t have children, I just couldn’t stand the idea of – I always knew I wanted to be cremated, but I knew that I would want to have a marker somewhere.
– Ethel, age 55, pre-need for self, Eternal Reefs

The reef ball will give more life so the whole thing is to give as much as you can. I believe that I’m here to serve. And if I can continue to serve after I’m gone, then that’s my wish.
– Darlene, age 45, pre-need for self, Eternal Reefs

The other thing is that I feared death less when I discovered this. And I think I believe in reincarnation. I don’t think that this is it, but I like the idea that my body is going to be down there and I’m gonna be supporting life.
– Gretchen, age 62, pre-need for self, Eternal Reefs

Many participants were conscious of how their decisions would affect others. Some mentioned the importance that family and friends be able to visit their resting place if desired or even chose sites that were close to family. For others, involvement in the ceremonies, such as family members creating the reef ball or digging the grave, was significant. Individuals who had participated in these ceremonies raved about how much they enjoyed it (to the extent that a funeral may be enjoyed), and some pre-need respondents indicated their hopes that their children would take part in their ceremonies when the time comes. Several informants were concerned with benefitting animals and future generations of humans, two groups who cannot take action for themselves. Numerous informants were truly concerned about the well-bring of others. Positive outcomes were cited for those individuals participating in the alternative ritual ceremonies:
It was something I’ll never forget. It truly was amazing. Especially because they let you decorate the reef, and you can put your handprints in them. You can put different things in the concrete that were special to them. It was so much more personal than going and picking out a casket. It really was an amazing experience.

– Olivia, age 56, post-need for son, Eternal Reefs

When we got down to the gravesite, everybody said something, even if it was just a sentence long. My daughter brought her guitar, and there was singing. Actually, there was singing on the way to the grave... At the gravesite, there was singing, and then there was – everybody put one shovel full – at least one shovel full of dirt on his grave.

– Valerie, age 64, post-need for husband, Ramsey Creek Preserve

Another beneficiary included wildlife:

It’s there to help the environment. It’s there to help the fish. It’s great. I’ve got the GPS location. I will dive at Mom and Dad’s reef balls at some point. It’s more about the environment – caring for the environment. And what Mom felt was that this – yes, it was her eternal resting place, but it was also her contribution.

– Francis, age 52, post-need for mother and father, Eternal Reefs

I was just looking for something that was a little more environmentally oriented and, preferably, because I like so many non-human critters – I was just looking for something that would benefit them.

– Michelle, age 51, pre-need for self, Eternal Reefs

Informants also sought positive outcomes for future generations:

This is just a no-brainer for me. At the end of my life, I want – I want the end to be emblematic of what I have been doing for the last twenty years. And it’s my way of saying to my grandchildren, “I’m sorry for our lack of consciousness about this.” We were destroyers, and we didn’t really think about it.

– Natalie, age 78, post-need for mother, Eternal Reefs

Well they had heard about the reefs deteriorating and they loved to snorkel. They hated the thought of it not being around for the next generation... I’m really concerned about the environment and what my son is going to grow up in in the future. We try and recycle whenever we can and reuse whatever we can. It’s just the way you live these days.

– Francis, age 52, post-need for mother and father, Eternal Reefs

I feel like it’s an injustice to our planet to have all these bodies taking up room. And if you are cremated, you’re not taking up as much room. And I want some room there for my children and grandchildren to grow.

– Cassidy, age 55, pre-need for self, Eternal Reefs

The majority of informants were concerned with influencing some positive outcome for the environment. Numerous explanations for how they would be helping were given, but when aggregated, two major ideas emerged. Participants were concerned with providing a habitat for wildlife and with making some sort of personal contribution to the environment. Remarks such were made about helping animals, providing habitats, and supporting new life. One man discussed how reef balls housed marine life, even in trying situations:
Back when I went there, a lot of the coral had gotten destroyed and it was right after a hurricane. The fish didn’t have places to live and for the food to grow and stuff like that. By having these reefs that are not going to get destroyed like that from a hurricane, it’s something rock-solid and stuff for the food and for the plants to have shelter too. I think it’s really good environmentally.
– Billy, age 50, pre-need for self, Eternal Reefs

These consumers were concerned with the well-being of the aquatic plants and animals that depend on reef ecosystems for life. One family even purchased a larger reef ball than necessary in order to provide a larger home for marine life. Those who focused on contribution said things about being constructive, making a contribution, doing their part, and giving back. One informant thought of not only as giving, but also as taking less:

It’s two-pronged. The first was rejection of my having a burial plot, which I think is a waste of resources. But then the next question is, “Then what happens?” Well, if I go down the path, I then end up also making a contribution to the environment where I do end up being. In other words, I’m not using up or wasting resources. Instead I’m creating and sustaining resources. So, there were two environmental decisions that took place in this process.
– Kayla, age 54, pre-need for self, Eternal Reefs

All of these consumers were somehow concerned with how their choices in end-of-life planning would affect outcomes for themselves, others, and the natural environment. Alternative burial provided them with an alternative solution that offers assorted positive outcomes that benefit multiple groups. When weighing their options and comparing this alternative to the standard ritual for burial, consumers found value in the potential for positive outcomes. This value contributed to their ability to forgo tradition for a more advantageous alternative.

Opportunities for Adaptation of Symbols

The Eternal Reefs option changes almost everything about the way traditional burial is conducted. There is cremation instead of a body, concrete instead of a casket, and water instead of land. Families and friends gather around the reef ball at the beach in their shorts and sandals, rather than around the casket in the cemetery cloaked in their Sunday best. Even with conservation burial, which more closely resembles conventional burial, there are unique aspects that may take consumer adaptation.

Still, one thing that transcends funerary rituals, as it does all rituals, is the use of symbols. Some of these symbols are somewhat changed by the nature of the alternative service, while others transcend the rituals neatly intact. In both the traditional burial and the alternatives, flowers are an important part of the ceremony. At the traditional grave, artificial flowers are placed upon the casket and tombstone. For reef ball placement, real flowers are used to decorate the tribute reefs that families throw to sea in memory of their loved ones, and for conservation burial, flowers must be real and native to the area. In all ceremony types, symbolic readings are also essential, but the nature of Eternal Reefs changes the nature of what is read. There, a passage from “The Sea” by John F. Kennedy is read. It is fitting for this ceremony because it relates to the ocean, it mentions returning to the sea, and it has no religious affiliation. Because multiple families participate in Eternal Reefs ceremonies simultaneously, it appears that the business maintains neutrality on issues of religion. One informant’s description of the ceremony included both the flowers and the reading:

They give you a little mini reef ball. And when they are doing that, reading the Kennedy poem and calling the names, you throw this in. They have flowers there and you’re supposed to put them in the reef ball.
– Francis, age 52, post-need for mother and father, Eternal Reefs
For those who are religious, it seems that certain aspects of faith transcend from one funerary ritual to another intact. At the research site, when attending the ceremonies, the principal investigator noted that one family said a prayer together out on the boat before releasing their tribute reef into the water. One of the photos taken on-site also reveals that this same family had a verse from the Bible engraved on the bronze plaque affixed to their loved one’s reef ball. Prayers and scriptures are commonly parts of traditional funeral rituals, and yet, they were able to transcend and become a part of this unfamiliar alternative ceremony.

Symbolic items or possessions that represent the identity of the deceased are used for both traditional and alternative burials, although the nature of a reef ball constrains what objects may be employed. One man, who served in the Navy, hopes that his Dolphins submarine qualifications pin will be included in the concrete top of his reef ball:

Like one of the things, you know, that I’m very proud of is my military service. So I would like to have my submarine qualifications – they call them dolphins – basically to be imbedded in there with me when I go... It’s a medal. It’s dolphins that are on each side of a ship. Like I say, it’s somewhat of a high honor for mariners because they have to work really hard to get it for the first year.
– Billy, age 50, pre-need for self, Eternal Reefs

One woman described placing a representative earring in the concrete atop her mom’s reef ball:

My brother and I were having such a good time with the actual ball making, and I put some seashells and some little odds and ends – I put an earring because she loved jewelry so much. And so he had a good time chiding me about all of that. And then we had fun decorating the ball.
– Natalie, age 78, post-need for mother, Eternal Reefs

Another informant, who had pre-planned her conservation burial, plans to knit her own shroud in which to be buried:

If I do have any kind of a casket, it will just be a plain wooden box. But if I don’t – you know, I knit. I knit sweaters and things – I’ve got my own patterns. I’m gonna knit my own shroud. It means a lot... put it in the colors I like.
– Cindy, age 69, pre-need for self, Penn Forest

At the Eternal Reefs ceremony site, the principal investigator photographed items families brought to decorate their loved ones’ reefs balls and documented their meanings (see Figure 3). One lady brought a single thread because her mother loved to sew, and one gentleman brought several trinkets that represented passions of his late wife. These were firmly placed in the wet concrete on top to become part of the reef ball. Only small, environmentally non-threatening items can be used. This practice can be likened to the placement of sentimental items into the casket for a traditional burial, as they both offer ways to send symbolically relevant items off with the departed.
A final symbolic aspect that was noted in interviews was the appearance of wild animals during the ceremony. One informant told the story of a family of ducks crossing their path when they were on site for the ceremonies of their loved one, who was a lover of zoos and aquariums:

*When we were there, before we went to put him away, we were carrying around the ashes in a box and I’m like, “This is embarrassing. I wonder if people know we have a dead guy in our arms.” You know, this little group of ducks came out of nowhere and just walked across right in front of us. Those are our special memories, I guess.*

– Isabella, age 37, post-need for sister’s fiancé, Eternal Reefs

Another told the story of how a seagull followed their boat out to the placement site and settled on their boat to watch the ceremonies, which made her feel as if her late son was watching over them:

*The entire day was really amazing, but I think the one thing that sticks in my mind is – on the way out, on the boat, as soon as we left, a seagull followed us, all the way out. And it stayed there the entire time. It just kept flying around while we placed the reef. And everybody commented on it. He just stayed with the boat the whole way out. That was neat... I think it was [my son] letting us know that he was okay and he was there.*

– Olivia, age 56, post-need for son, Eternal Reefs

Somehow these stories seem to parallel the releasing of doves that is sometimes used at memorial rituals. The appearances of these birds represented something symbolically significant to those who witnessed them and became their favorite memories from the ceremonies.

No matter how much the ritual changes, it appears necessary that there still be opportunities available for the use of symbols. Individuals use symbols to make sense of their circumstances, to create meaning in experiences, and to represent significant aspects of life (Turner 1969). While rituals may adapt and change over time, symbols, which may also be transformed, are a crucial part of the ritual experience.

_Freedoms Afforded and Constraints Imposed By Norms, Rules, and Regulations_

Some informants knew wholeheartedly that they desired an alternative burial option before they ever discovered them. Either in seriousness or in jest, some of these individuals expressed unique wishes, outside the realm of possibilities. There exist norms, rules, and regulations that address what is viewed as appropriate means of body disposition. Before passing, one individual joked that he simply wanted his intact body thrown off the back of a boat into the ocean:
We were sitting around talking about what we wanted to have done after we passed. And some people were saying cremation, some people said be buried, and [my son] said, “Just bury me at sea.” And he said, “I want to give back to the fish.” I said, “Well that can’t happen. You can’t be buried at sea unless you’re in the Navy or something.” He said, “Just drop me off the back of a boat.”

– Olivia, age 56, post-need for son, Eternal Reefs

The Environmental Protection Agency strictly regulates full-body burial at sea and has imposed regulation about distance from shore, depth of water, and specific preparation. Once Olivia’s son had passed, she felt constrained by federal regulations, and therefore, she used Eternal Reefs as an alternative that would still somewhat grant her son’s wish.

Another participant was interested in Tibetan sky burial, wherein the body is devoured by birds of prey upon mountaintops in Tibet:

I was trying to find out if there was anything that was like Tibetan sky burial. Because that’s what I really, really wish I could do, but there’s no way to do that in the U.S.

– Michelle, age 51, pre-need for self, Eternal Reefs

Her view of the body as simply flesh once deceased makes her feel that it is best that something be able to use that meat. Because getting to Tibet upon her time of passing seemed impractical and unfeasible, she was open to alternative animals of prey closer to her locale. Still, she felt that this was too far from the norm for it actually to occur once she is gone, so she opted for an alternative that still met her criteria.

Finally, one consumer truly wanted her cremated remains dispersed in the Gulf of Mexico, but as a devout Catholic, she was unable to be scattered:

[My husband] and I are devout Catholics and the Church now has no objection for people being cremated, but they do not want people scattering their ashes. My plan had been to be taken out on a fishing boat and dumped. But I’m not going to go against the Church. So, I found this Eternal Reefs and that is the solution.

– Hanna, age 64, pre-need for self, Eternal Reefs

The Catholic Church asks that individuals keep their cremated remains all together, rather than splitting them or scattering them. While this constraint has been imposed by the Church, several Catholic informants made note of the fact that freedom has been granted regarding actual cremation. Previously, cremation was unacceptable to the Catholic Church, but the restriction was lifted during the twentieth century. Some religions still reject cremation, based on the notion that the entire body must remain intact for resurrection.

Freedoms and constraints come from numerous sources, including the ones mentioned above. Some of these instructions are rigid regulations, while others better resemble lax guidelines. They have unique meanings for each individual, so it is a very personal choice about which ones are obeyed and which ones are disregarded. These constraints and freedoms seem to exert agency over the lives and choices of informants. Rituals are not solely determined by the desires of the consumers but also by what is recommended by certain norms, rules, and regulations. These directives either are derived from those with power or somehow hold power in that they can decide the actions taken regarding rituals.
Desire to Exert Control

While certain prescriptions may impose standards and exert agency over how rituals occur, some consumers feel compelled to command their own predilections. When discussing their reasons for planning their own funerary needs, many of the pre-need consumers mentioned desires related to control. Several respondents implied that it was important to plan their own memorials in order to make their wishes happen, but specifically, some said it was important to have control in the matter. Some participants indicated that they planned for their needs because the memorial was their own life celebration, which meant they should have it the way they desired, as was described in one interview:

All of the other things sound so unselfish that that’s the selfish part. So, but it is – it’s mine. It’s my wish, and I get to pick. It’s kind of like the last chapter in my life and I would hate for someone else to write it.
– Darlene, age 45, pre-need for self, Eternal Reefs

Several informants indicated that they wanted to plan their own services so that they would not leave a burden for others upon their deaths. While many of these did not cite authority over their memorials as specifically as important to them, it did appear that they needed to have some control over the level of stress and worry of their bereaved loved ones once they were gone. Because so many of the respondents had no children, a major catalyst to plan their memorials for four participants was the lack of descendants to handle it for them. One woman said that there was no one else to plan for her:

Nobody else is going to do it for me. You know? I don’t – I don’t want to burden my nieces with it, and I frankly don’t trust my sister to do – to be mindful and considerate of what I want. So there’s really nobody else.
– Kayla, age 54, pre-need for self, Eternal Reefs

Others, who did have children, had chosen Eternal Reefs for burial but had left other types of decisions up to their children so that they could choose the ceremonies and services that best fit their needs during their time of grieving. When asked about his pre-need arrangements, one father discussed his choice to allow his children some decision-making abilities while simultaneously reducing the burden on them:

I’m not specifying. I guess that’s really up to my family what they want to do. My piece of it is the interment... So I’ve been very deliberate about specifying what I want, but there’s parts of it that will have to be planned that I’m not planning. It’s my family – especially my kids’ choice in how they would like to – how they’d like to go through the process themselves. I did the interment piece.
– Lloyd, age 61, pre-need for self, Eternal Reefs

It is clear that, for various reasons, these consumers felt the need to either exert control themselves or place control in the hands of their loved ones. From the discussion, it seems that the rituals surrounding death have implications for signifying who the deceased was as a person and for providing healing to those bereaved family members and friends. Affecting both the image of the deceased and the well-being of the bereaved makes the decisions surrounding memorialization crucial ones. In decisions that are this significant, consumers want to feel that they have agency in how things occur.

The seven emergent themes address issues of practicality, aversions, identity fit, positive outcomes, symbol adaptation, freedoms and constraints, and control. These issues offer insights into why consumers may opt for more sustainable alternative rituals and into specific interventions or practices consumers employ to relinquish traditional rituals. In the next section, theoretical and practical implications of these findings will be discussed.
DISCUSSION

Theoretical Implications
The analysis of this data provides several important insights that can add to current knowledge about rituals. Much literature offers evidence about how rituals work and what they mean when they are meeting the needs of consumers. This research seeks to understand what happens when consumers opt out of a ritual because it somehow does not work for them. The interview data exhibited that impracticality of current ritual, aversions to current ritual, and constraints imposed by norms, rules, and regulations seemed to facilitate the ability to break away from the existing ritual. Conversely, fit of alternatives with identity, positive outcomes, opportunities for symbol adaptation, freedoms afforded by prescribed norms, rules, and regulations, and desire to exert control seemed to be catalysts for allowing consumers to approach alternative rituals. It is unclear yet whether the negative aspects of current rituals or the positive features of alternative rituals work separately or in combination, but it is evident that they are driving forces behind ritual change.

Determining these catalysts to change allows initial understanding into how ritual transformation occurs. This could set in motion discoveries about how rituals end one “life cycle” (Rook 1985) and transition to another. It seems that the Civil War in America, during which time men perished far from home and formaldehyde was invented (Burns 2012), marked a turning point in death rituals and perhaps, the beginning of a new life cycle for these rites. Changes in current U.S. culture today, such as a continuously rising cremation rate (Sanburn 2013) and increased environmental awareness, could be signs that a new wave of death rituals is on the horizon. Rituals correspond to changes in culture (Minowa, Khomenko, and Belk 2011), and uncovering the catalysts to change is crucial to understanding how, why, and when people may shift out of one ritual practice and into another. Over time, literature has asserted that rituals are resistant to change (Rook 1985), but it is apparent that reform is possible.

This data demonstrates that some American consumers are not willing to simply accept rituals at face value, especially if they have difficulties finding value in them. Individuals use rituals as tools for important processes, such as identity construction, memory maintenance, rites of passage, sense-making, meaning construction, coping, celebration, and connection to the sacred. These processes may be too critical to consumers of this era for them to allow prescribed norms to dictate how they will use rituals. Instead, they are relinquishing rituals that do not provide them value and searching for alternatives that will. In essence, consumers are taking control over rituals precisely because they recognize the importance of rituals in identity construction and maintenance.

The participants in this research found traditional funeral rituals to be wasteful, awkward, and expensive. Lack of benefits and a large price tag made the consumers question the practicality of the traditional ritual. Some were even averse to parts of the rituals, which allowed them to find even more sensibility in seeking alternatives. Most respondents sought positive outcomes from their choices, and many found value in the ability to express identity through alternative burial. Still, some participants felt constrained by social and cultural norms, and they often expressed the need to have some control in the decisions related to death rituals employed for themselves or loved ones. While this research could not have uncovered all catalysts to ritual transformation, the seven themes that did emerge may be the beginning of important investigation into how this change occurs. In addition, these seven themes are relevant not only to the current context but may also be transferred to other ritual practices that are resource intensive, such as weddings, birthday parties, graduations, and various others.

Practical Implications
From a business standpoint, firms who offer products and services that facilitate ritual experiences should maintain a close watch on consumer trends and cultural values. While it is not wise to attempt to accommodate every trend that arises, it is important to stay current on consumer preferences. Some trends
that appear to be fleeting fads result in major, long-lasting ideals. While some may believe that the sustainability movement is a short-term trend of green-washing and feel-good ideas, others would argue that it is an important cultural value with longevity. Staying current on trends and values is especially imperative for firms operating within a traditional, change-resistant industry, like the funeral business. Sticking with the status quo may work for a season, but eventually, these are the firms that will be left behind, wondering how things changed and consumer demand was no longer sufficient to keep its business afloat. Because there are so many traditions and norms associated with rituals, it is easy for a ritualistic business to believe it can carry on as it always has, but this simply is not the case. Americans, who are well-connected and educated consumers, will not stand for a ritual that is performed a certain way because, “That’s the way we’ve always done it.” Instead, they desire value and meaning from their ritual experiences, and the companies who are willing to cater to those needs are the ones who will be rewarded with profitability and longevity.

In regards to environmental outcomes, this research provides understanding about why consumers opt for more sustainable alternatives. Some want to leave a legacy, some want to feel they are doing something positive, and some have a true passion for the natural environment. Others, who said the environmental impact was not a factor, still chose the more sustainable alternative but for other reasons. Therefore, if governments and businesses wish to pursue environmental goals, they must offer sustainable options that appeal to those individuals who do not embrace environmental values. While not every individual will embrace concern and passion for the natural environment, there is something that they hold dear and find valuable. It is important for organizations to pinpoint their values and provide meaningful offerings to these consumers in a way that also support environmental goals. Coupling environmental appeals and appeals to other values will not only facilitate achievement of environmental efforts but will also attract multiple consumer groups for various reasons.

Finally, the evidence that appropriation of rituals occurs across cultures (Bonsu and Belk 2003; Tinson and Nuttall 2010) makes it important that the practices be desirable to transfer. If Americans embrace environmental values and wish to see sustainable change globally, they must recognize that other cultures may adopt their rituals, including the consumption practices that accompany them. In order to achieve sustainable goals globally, cultures that are imitated by others must set an example through ritual practices that contribute to cultural identity.

Concluding Remarks

Understanding catalysts to ritual transformation is crucial to understanding rituals. The catalysts presented here – impracticality, aversions, identity, outcomes, symbols, prescribed norms, and control – could be relevant to almost any ritual conceivable. They all come down to some valued part of the ritual experience. As culture changes, if consumers cease to find value in wrapping paper at Christmas, speeches at graduation, hearses at funerals or any other aspect of ritual, then ritual transformation can ensue. A real-world example of this is found in the recent abandonment of rice-throwing at weddings, due to concerns about the health of birds that many ingest it. Consumers may actively seek value-adding alternatives, or more beneficial approaches may simply present themselves, but the ritual transition may have been set in motion. Americans today live in a value-driven society, and what they value now is not the same as what was valued decades or centuries ago. As with products and services, consumers will relinquish rituals that do not provide value. And as with products and services, they will set a new life cycle in motion. Consumers will find ways to exert their wills and uncover alternatives that allows them to find meaning and value in their ritual experiences.
REFERENCES


GETTING THE SHOW ON THE [INTERNATIONAL] ROAD: IDENTIFYING AND ANALYZING THE MOVIE SIGNALS RESPONSIBLE FOR INTERNATIONAL BLOCKBUSTERS IN A GLOBALIZED MARKETPLACE (Work in Progress)

Dalila Salazar, The University of Texas at El Paso

ABSTRACT
Globalization has dramatically changed the way business is conducted. This is especially true for the U.S. theatrical motion picture industry. With U.S. films distributed in over 140 countries, not only is the industry successful domestically, it is one of the country’s leading exports, reaping more than $23.9 billion in 2012 (Motion Picture Association of America, 2012a). Drawing upon the signaling theory, culture, and marketing universals literature, this study examines two fundamental questions: (1) which factors contribute to the success of American movies internationally, and (2) why are some American movies more successful than others internationally? Based on an integrative analysis of American movies introduced over the past seventy-five years, a model is developed to determine the variables directly impacting revenue generation for U.S. films in an international context.

Keywords: motion picture industry, movies, international movie performance, culture, signaling theory, marketing universals

INTRODUCTION
Globalization is one of the most important drivers of business strategy. The free market, political events, and technological advances have all spurred an increase in global business initiatives among firms. Globalization is considered to be “the presence of the same lifestyles, products, consumption patterns, and cultural experiences across the globe…” (Firat, 1997, p. 78). As a result of this phenomenon, the importance of borders has significantly diminished.

The globalization of markets has been a topic of debate for many researchers since Levitt’s seminal article in 1983. The emphasis of this debate has recently shifted from “understanding and explaining between-country differences to identifying transnational similarities; and from country-by-country functional adjustment of marketing mix elements to seeking global cross-functional integration” (Sheth and Parvatiyar, 2001). Friedman (1994) points out that as cultures interact, they impact each other. Therefore, cultures should not be studied in isolation. Hollis (2011) further suggests that because values, customs, and beliefs vary, it is not surprising that what succeeds in one country may fail terribly in another. Globalization’s continued importance means that an increasing number of companies are wrestling with how to best communicate across cultural boundaries. Certainly, an optimal approach to entering the global marketplace may lead to ample opportunities for business growth.

Along with the opportunities afforded by globalization come challenges. A cursory examination of the current balance of trade in the U.S. reveals a sustained deficit (http://www.census.gov/foreign-trade/data/). Surprisingly, there is one category in which there is a trade surplus—cultural goods (e.g., books, magazines, music, and movies). This finding is particularly evident in the theatrical motion picture industry.

Not only is the motion picture industry successful domestically, it is one of the country’s leading exports, distributed in more than 140 countries and reaping over $23.9 billion in 2012 (Motion Picture Association of America, 2012a). With average movie production costs at more than $114 million per film
in 2012 (Northern State University, 2013), studios heavily rely on international revenues to recoup their investments and make a profit.

However, despite the fact that a growing number of studios derive a large percentage of their revenues from global operations, understanding why American movies are successful, internationally, remains largely unexplored. Drawing upon the signaling theory, culture, and marketing universals literature, this study examines two fundamental questions: (1) which factors contribute to the success of American movies internationally, and (2) why are some American movies more successful than others internationally? Based on an integrative analysis of American movies introduced over the past seventy-five years, a model is developed to determine the variables directly impacting revenue generation for U.S. films in an international context. Building upon the signaling theory, culture and the concept of marketing universals outlined in Dawar and Parker’s (1994) study, the main goal of this study is to ascertain why some American movies are more successful than others internationally by identifying and analyzing signals used to evaluate movie success at a macro level. In turn, the “marketing universals” paradigm is employed to further understand where movies are more successful as their distribution spans across multiple cultural contexts. The next section will describe the current significance of the international market for American movies.

The International Market for American Movies

Most films do not make a full return on their investment solely from domestic box office revenues. Therefore, studios look toward recouping their investment through international box office receipts. The U.S. theatrical motion picture industry is highly competitive around the world. According to a 2012 report published by the Motion Picture Association of America (MPAA), the motion picture industry is one of the few industries that consistently generated a positive balance of trade, in virtually every country in which it did business. According to this report, global box office receipts totaled $34.7 billion in 2012, an increase of 6% from 2011. Of that amount, $23.9 billion came from international box office receipts, an increase of 32% from 2011. There has been a steady increase in international box office contributions, as a whole, over the past five years. As seen in Table 1, the majority of box office revenues contributing to the motion picture industry are attributed to the international arena. This is particularly important as major film companies continue to receive a growing portion of their revenue from foreign distribution (U.S. Bureau of Labor Statistics, 2010-2011).

Table 1. Global Box Office

<table>
<thead>
<tr>
<th></th>
<th>2008 (Billions)</th>
<th>2008 (%)</th>
<th>2009 (Billions)</th>
<th>2009 (%)</th>
<th>2010 (Billions)</th>
<th>2010 (%)</th>
<th>2011 (Billions)</th>
<th>2011 (%)</th>
<th>2012 (Billions)</th>
<th>2012 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S./Canada</td>
<td>$9.6</td>
<td>35%</td>
<td>$10.6</td>
<td>36%</td>
<td>$10.6</td>
<td>34%</td>
<td>$10.2</td>
<td>31%</td>
<td>$10.8</td>
<td>51%</td>
</tr>
<tr>
<td>International</td>
<td>$18.1</td>
<td>65%</td>
<td>$18.8</td>
<td>64%</td>
<td>$21.0</td>
<td>60%</td>
<td>$22.4</td>
<td>69%</td>
<td>$23.9</td>
<td>69%</td>
</tr>
<tr>
<td>Total</td>
<td>$27.7</td>
<td>100%</td>
<td>$29.4</td>
<td>100%</td>
<td>$31.6</td>
<td>100%</td>
<td>$32.6</td>
<td>100%</td>
<td>$34.7</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Motion Picture Association of America, 2012a

The MPAA categorizes the international box office into three major geographic regions: (1) Europe, Middle East, & Africa (EMEA), (2) Asia Pacific, and (3) Latin America. As noted in Table 2, the highest contributor over the past five years, based on region, continues to be the EMEA region. However, this region’s contribution has declined throughout the years, as the contribution of the Asian Pacific region has gained momentum.
Table 2. International Box Office

<table>
<thead>
<tr>
<th>Region</th>
<th>2008 (Billion)</th>
<th>2008 (%)</th>
<th>2009 (Billion)</th>
<th>2009 (%)</th>
<th>2010 (Billion)</th>
<th>2010 (%)</th>
<th>2011 (Billion)</th>
<th>2011 (%)</th>
<th>2012 (Billion)</th>
<th>2012 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe, Middle East, &amp; Africa</td>
<td>$9.7 53.6%</td>
<td>$9.9 52.7%</td>
<td>$10.4 49.5%</td>
<td>$10.8 48.2%</td>
<td>$10.7 44.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Asia Pacific</td>
<td>$6.8 37.6%</td>
<td>$7.2 38.6%</td>
<td>$8.5 40.5%</td>
<td>$9.0 42.0%</td>
<td>$10.4 43.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America</td>
<td>$1.6 8.8%</td>
<td>$1.7 9.0%</td>
<td>$2.1 10.0%</td>
<td>$2.6 11.6%</td>
<td>$2.8 11.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$18.1 100%</strong></td>
<td><strong>$18.8 100%</strong></td>
<td><strong>$21.0 100.0%</strong></td>
<td><strong>$22.4 100%</strong></td>
<td><strong>$23.9 100%</strong></td>
<td></td>
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</tbody>
</table>

*Motion Picture Association of America, 2012a

When it comes to contribution by specific country, the largest international contributor was China, closely followed by Japan, securing $2.7 billion and $2.4 billion, respectively (Motion Picture Association of America, 2012a). Table 3 lists the top 10 international box office contributors by specific country for 2012.

Table 3. Top 10 International Contributors by Country for 2012

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Country</th>
<th>Billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China</td>
<td>$2.7</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>$2.4</td>
</tr>
<tr>
<td>3</td>
<td>United Kingdom</td>
<td>$1.7</td>
</tr>
<tr>
<td>4</td>
<td>France</td>
<td>$1.7</td>
</tr>
<tr>
<td>5</td>
<td>India</td>
<td>$1.4</td>
</tr>
<tr>
<td>6</td>
<td>Germany</td>
<td>$1.3</td>
</tr>
<tr>
<td>7</td>
<td>South Korea</td>
<td>$1.3</td>
</tr>
<tr>
<td>8</td>
<td>Russia</td>
<td>$1.2</td>
</tr>
<tr>
<td>9</td>
<td>Australia</td>
<td>$1.2</td>
</tr>
<tr>
<td>10</td>
<td>Brazil</td>
<td>$0.8</td>
</tr>
</tbody>
</table>

*Motion Picture Association of America, 2012a

Another report, provided by the European Audiovisual Observatory (EAO), examined movie performance across six major geographical groupings: Europe, Americas, Australia, Asia, Africa, and the Middle East. A breakdown of the top 20 films of 2008 based on the geographical groupings is provided in Table 4. Nineteen out of the top twenty worldwide films were either U.S. produced or U.S. international co-productions; twelve out of those nineteen films were solely U.S. produced and the remaining six were international co-productions. Thirteen out of these nineteen films also had greater international box-office revenues than U.S. box-office revenues, highlighting the importance of the international contribution toward recouping a film’s investment and making a profit.
Table 4. Top Rated Films of 2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WORLDWIDE</strong></td>
<td>19/20</td>
<td>12/19</td>
</tr>
<tr>
<td><strong>EUROPE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Union</td>
<td>23/25</td>
<td>15/23</td>
</tr>
<tr>
<td>France</td>
<td>14/20</td>
<td>10/14</td>
</tr>
<tr>
<td>Germany</td>
<td>15/20</td>
<td>12/15</td>
</tr>
<tr>
<td>Italy</td>
<td>13/20</td>
<td>10/13</td>
</tr>
<tr>
<td>Spain</td>
<td>18/20</td>
<td>11/18</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>20/20</td>
<td>11/20</td>
</tr>
<tr>
<td>Russian Federation</td>
<td>14/20</td>
<td>9/14</td>
</tr>
<tr>
<td><strong>Other Western Europe</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>10/10</td>
<td>7/10</td>
</tr>
<tr>
<td>Belgium</td>
<td>7/10</td>
<td>5/7</td>
</tr>
<tr>
<td>Netherlands</td>
<td>9/10</td>
<td>6/9</td>
</tr>
<tr>
<td>Portugal</td>
<td>9/10</td>
<td>4/9</td>
</tr>
<tr>
<td><strong>Nordic Countries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>6/10</td>
<td>3/6</td>
</tr>
<tr>
<td>Finland</td>
<td>7/10</td>
<td>4/7</td>
</tr>
<tr>
<td>Norway</td>
<td>7/10</td>
<td>3/7</td>
</tr>
<tr>
<td>Sweden</td>
<td>8/10</td>
<td>4/8</td>
</tr>
<tr>
<td><strong>Central and Southeastern Europe</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>4/10</td>
<td>3/4</td>
</tr>
<tr>
<td>Hungary</td>
<td>10/10</td>
<td>6/10</td>
</tr>
<tr>
<td>Romania</td>
<td>10/10</td>
<td>5/10</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>7/10</td>
<td>5/7</td>
</tr>
<tr>
<td>Poland</td>
<td>6/10</td>
<td>3/6</td>
</tr>
<tr>
<td>Turkey</td>
<td>0/10</td>
<td>0/10</td>
</tr>
<tr>
<td><strong>AMERICAS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>20/20</td>
<td>12/20</td>
</tr>
<tr>
<td>Canada</td>
<td>17/20</td>
<td>11/17</td>
</tr>
<tr>
<td><strong>Latin America</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>10/10</td>
<td>6/10</td>
</tr>
<tr>
<td>Brazil</td>
<td>9/10</td>
<td>6/9</td>
</tr>
<tr>
<td>Argentina</td>
<td>9/10</td>
<td>6/10</td>
</tr>
<tr>
<td>Venezuela</td>
<td>10/10</td>
<td>6/10</td>
</tr>
<tr>
<td>Peru</td>
<td>10/10</td>
<td>7/10</td>
</tr>
<tr>
<td>Chile</td>
<td>10/10</td>
<td>7/10</td>
</tr>
<tr>
<td><strong>AUSTRALIA</strong></td>
<td>20/20</td>
<td>14/20</td>
</tr>
<tr>
<td><strong>ASIA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>8/10</td>
<td>5/8</td>
</tr>
<tr>
<td>People's Republic of China</td>
<td>4/10</td>
<td>1/4</td>
</tr>
<tr>
<td>Japan</td>
<td>8/20</td>
<td>5/8</td>
</tr>
<tr>
<td>India</td>
<td>0/10</td>
<td>0/10</td>
</tr>
<tr>
<td>South Korea</td>
<td>6/10</td>
<td>3/6</td>
</tr>
<tr>
<td><strong>AFRICA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>0/0</td>
<td>0/0</td>
</tr>
<tr>
<td>Morocco</td>
<td>4/10</td>
<td>3/10</td>
</tr>
<tr>
<td><strong>MIDDLE EAST</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arab Emirates</td>
<td>10/10</td>
<td>6/10</td>
</tr>
<tr>
<td>Lebanon</td>
<td>6/10</td>
<td>4/6</td>
</tr>
</tbody>
</table>

*Tabulated from EAO report
INTERNATIONAL MOTION PICTURE LITERATURE REVIEW

Despite the increasing importance of revenues from international audiences, there appears to be little interest in the academic arena for research on movies in an international context. For example, out of a total of 69 articles published in top journals on U.S. theatrical motion pictures, only four specifically focused on international issues.

The earliest international study identified, appeared in print in 1952. Carroll (1952) categorized various markets around the world based on performance associated with the foreign distribution of films. The study attempted to determine which films from the United States’ annual production should be selected for distribution in particular countries. The results suggested that the success of a film in the U.S. was not necessarily an indication of how well the film did in a foreign market, in general, or in any country or group of countries in particular. This finding goes against the current, well-established practice in the industry. One of the major problems associated with the study was its failure to incorporate culture into the analysis. It would be interesting to perform the same analysis using the influence of cultural paradigms, such as Project Globe (House, Javidan and Dorfman, 2001), Schwartz (1999), or Hofstede (1984). Surprisingly, subsequent to Carroll (1952), there were no other studies about movies and international markets until 1999.

Neelamegham and Chintagunta (1999) developed a model to forecast new movie performance in domestic and international markets. The authors estimated new product performance by using a Bayesian model and Poisson count in 14 different countries (Australia, Brazil, Canada, France, Germany, Holland, Italy, Japan, Mexico, South Africa, Spain, Sweden, UK, and the U.S.). The results indicated that the most influential factor affecting viewership was screen allocation. Moreover, results showed that well-established stars had a positive and statistically significant effect on viewership. With respect to genre, the authors suggested that “thriller” was the genre of preference across the 14 countries of interest.

Elberse and Eliashberg (2003) developed an econometric model to study the sequential release of films, first domestically and then internationally. Specifically, they focused on new movie introductions in France, Germany, Spain, and the UK. The authors found that variables such as movie attributes and advertising expenditures, which were usually assumed to have a direct influence on audiences, mostly influenced revenues indirectly through their impact on exhibitors’ screen allocations. In addition, the authors found that the longer the time lagged between the domestic and the foreign release of a film, the weaker the relationship between market performance—an effect mostly driven by foreign exhibitors’ screen allocations. More specifically, the longer a studio waited to release a movie internationally, the less the studio was able to capitalize on the buzz marketing associated with the film (Elberse and Eliashberg, 2003).

Hennig-Thurau, Henning, Sattler, Eggers, & Houston (2007) evaluated the timing and order of movie distribution in the U.S., Japan, and Germany. The authors presented a model of revenue generation across four sequential distribution channels, namely movie theaters, DVD purchase, DVD rental, and video-on-demand. Results suggested that simultaneous release of movies in theaters and home-video rental generated maximum revenues for movie studios in the United States, but had detrimental effects on intermediaries, such as theater chains (Hennig-Thurau, Henning, Sattler, Eggers, & Houston, 2007).

The four studies that have been reviewed address issues related to performance of movies internationally. However, there is a gap in the literature that requires the exploration of two key issues. This study specifically focuses on exploring and answering two fundamental questions pertaining to U.S. film introductions in an international arena: (1) which factors contribute to the success of American movies internationally, and (2) why are some American movies more successful than others internationally? In doing so, the “marketing universals” embedded within successful American films will be identified.
FRAMEWORK AND HYPOTHESES

The foundation of signaling theory is based on the reduction of information asymmetry between two parties (Spence, 2002). Signaling theory plays an important role in evaluating behavior when two parties have access to different information (Connelly, Cero, Ireland, and Pretzel, 2011). A dyadic relationship in signaling theory consists of two distinct parties, a signaler and a receiver. Signalers have the ability to obtain information that outside parties would consider useful when making a decision (Connelly, Cero, Ireland, and Pretzel, 2011). The signaler sends a signal to the receiver in an attempt to deliberately communicate positive information about the attributes of an organization, its products, and/or services (Connelly, Cero, Ireland, and Pretzel, 2011). In turn, a receiver is an outsider who lacks information, beneficial to the decision making process, and is interested in potential information being sent by the signaler.

This theory serves quite useful in analyzing film success in the motion picture industry. A movie is considered an “experiential product,” evaluated by consumers based on its enjoyment value, making it difficult for consumers to ascribe a quality evaluation before watching the movie (Basuroy, Desai, Talukdar, 2006; Eliashberg and Sawhney, 1994). Therefore, prior to consumption, consumers look for “signals” which firms provide in order to distinguish between high- and low-quality movies. Consumers, in this case, are considered the receivers of signals and distributors the signalers.

Employing signaling theory, the following framework (Figure 1) and five associated hypotheses are developed to evaluate the impact of prominent signals on motion picture performance.

Figure 1. The Impact of Global Blockbuster Power on Movie Earnings
Among the very first “consumers” of movies are exhibitors. Exhibitors must choose among numerous movie options when deciding to schedule a movie at a theater. Studios (distributors) communicate various signals to exhibitors, to convey positive movie attributes and minimize the information asymmetry the exhibitors may experience when deciding to engage in screen allocations. Studios may choose to highlight key signals such as the movie’s production budget, director, and cast to try to increase the movie’s perceived quality and decrease information costs and risks perceived by the exhibitors. Therefore, there is a high incentive for studios releasing high-quality movies to provide signals to exhibitors and, in turn, for potential exhibitors of the movies to use the signals when forming their quality perceptions and making managerial decisions associated with the film.

Global Blockbuster Power (GBP) is the variable I term to encompass the four major signals that studios provide exhibitors in an attempt to minimize information asymmetry. GBP consists of star power, genre, critic reviews, and production budget as the signals that jointly impact exhibitors’ managerial decision making. GBP is expected to serve as an important signal, which exhibitors will use in order to make screen allocations. Depending upon the strength of the GBP signal, exhibitors will allocate their scarce resources (i.e., screens) accordingly. Based on this information, the following hypothesis was developed:

H1: Global Blockbuster Power (GBP) is directly and positively related to screen allocation.

Next, we investigate the relationship between screen allocation and movie performance. Screen allocation serves as one of the most critical variables of interest in the motion picture industry literature. Past research has consistently identified screen allocation as a significant factor affecting the viewership for a movie, both domestically and internationally (Jones & Ritz, 1991; Sawhney & Eliashberg, 1996; Neelamegham & Chintagunta, 1999; Swami, Eliashberg, & Weinberg, 1999; Ainslie, Dreze, and Zufryden, 2005). “Opening weekend screens…are factors that strongly affect moviegoers, and that movie studios can still influence close to the release date” (Ainslie, Dreze, & Zufryden, 2005, p. 513). Screen allocation impacts the accessibility level for any given film, directly affecting a movie’s performance. Importantly, the number of screens allocated to a particular movie also serves as a strong signal for moviegoers themselves, in addition to any other signals that they may have received directly through promotional means such as previews, trailers, movie promotions, and advertisements. Arriving at a multiplex movie theater and seeing that more than one screen has been allocated to a particular movie is a strong signal about the popularity (actual or potential) of a particular movie. Jones and Ritz (1991) was one of the first studies to show that a retailer’s level of screen adoptions is an important factor of movie viewership in the domestic market; Neelamegham and Chintagunta (1999) extended this finding to apply to international markets. Therefore, we propose that screen allocation serves as a signal sent by exhibitors to consumers to influence their likelihood of purchase. With this information, the following hypothesis was developed:

H2: Screen allocation is directly and positively related to movie performance.

The next hypothesis examines the relationship between Global Blockbuster Power (GBP) and movie performance. Past marketing studies employing signaling theory have operationalized consumers as the receivers of signals and sellers as the signalers in the dyadic relationship (Bastrop, Desai, & Talukdar, 2006; Rao, Qu & Ruekert, 1999; Kirmani and Rao, 2000; Connelly, Certo, Ireland, and Reutzel, 2011). The use of these signals is particularly important when evaluating experiential products—products whose quality may only be judged after purchase (Nelson, 1974). According to Dawar and Parker (1994), signals serve as heuristics used to determine quality across product/service offerings when the consumer: (1) senses the need to reduce the perceived risk associated with a purchase, (2) lacks experience and/or ability to adequately evaluate quality, (3) experiences low levels of involvement, (4) is not used to spending time assessing quality, or (5) has a particular information search preference or requires additional information.
As part of the motion picture industry, consumers must choose among numerous movie alternatives when deciding to watch a movie at a theater. Studios communicate various signals to consumers, to convey positive movie attributes and minimize the information asymmetry the end-consumer may experience. The signals encompassed within Global Blockbuster Power (GBP) not only impact screen allocation as determined by exhibitors, but directly influence movie attendance by end-consumers, thus, impacting movie performance.

Star power serves as a powerful signal for both exhibitors and end-consumers. Stars have often been considered high equity brands, garnering a substantial portion of the production budget (Desai & Basuroy, 2005; Elberse, 2007). High-profile stars have been paid up to $25 million dollars for their participation in films (Elberse, 2007). Prior research has determined that stars are a heuristic that consumers readily use to determine whether or not to watch a new movie and provide a clear signal about the potential quality of a film (Sawhney & Eliashberg, 1996; Neelamegham & Chintagunta, 1999; Desai & Basuroy, 2005; Ainslie, Dreze, & Zufryden, 2005; Elberse, 2007; Joshi & Hanssens, 2009; Joshi & Mao, 2012; and Chintagunta & Lee, 2012). The higher the star’s “economic reputation” (historical box office performance) and “artistic reputation” (awards and award nominations), the greater the star’s ability to positively impact a movie’s performance (Elberse, 2007).

Genre is another signal that allows consumers to determine whether a particular movie is worth watching at the theaters. According to past research, “consumers rate a movie’s genre as the most important, and probably the first, factor they consider in deciding to see specific movies” (Austin & Gordon, 1987; De Silva, 1998 as cited within Desai and Basuroy, 2005). A host of studies have used genre as a variable of interest when evaluating a film’s success (Litman, 1983; Sawhney & Eliashberg, 1996; Neelamegham & Chintagunta, 1999; Desai & Basuroy, 2005; Ainslie, Dreze, & Zufryden, 2005; Joshi & Hanssens, 2009; Moon, Bergey, & Iacobucci, 2010; Joshi & Mao, 2012; Chintagunta & Lee, 2012). Most notably, international findings suggest that there is a clear distinction between genre preferences and geographic location. Inter-country differences suggest the UK, Canada, Australia and Italy prefer action films; Japan and Mexico prefer thrillers; and the U.S., Sweden, Germany, and South Africa prefer romance films (Neelamegham & Chintagunta, 1999).

Consumers often turn to critic reviews as another important signaling force when deciding whether or not to watch a movie. Prior research has found that “more than a third of Americans seek the advice of critics when selecting a movie” (Simmons, 1994). Critics are frequently privy to the initial screenings of new movies, making them one of the first links in the diffusion of information (Desai & Basuroy, 2005). Moreover, their professional status increases their perceived credibility in consumers’ minds. Research has suggested that critic reviews influence a movie’s performance (Litman, 1983, Sawhney & Eliashberg, 1996; Desai & Basuroy, 2005; Joshi & Hanssens, 2009; Moon, Bergey, & Iacobucci, 2010; Joshi & Mao, 2012; Chintagunta & Lee, 2012).

Production budget has been positively correlated to a movie’s performance and signals to consumers the studio’s anticipated success for the film (Joshi & Mao, 2012). A movie’s production budget is used as a source of advertising to create buzz for a film (Joshi & Mao, 2012). In addition, the higher the production budget, the higher the likelihood of the movie containing special effects and innovative display. As a result, the following hypothesis was developed:

H3: Global Blockbuster Power (GBP) is directly and positively related to movie performance.

Finally, hypotheses 4 and 5 examine the moderating role that culture plays on all the major construct relationships within the model. Though signaling theory serves useful to analyze the effects particular signals have on a dyadic relationship, not all signals are perceived the same way by their intended audience. Most studies concerning signal use have been conducted in the U.S. (Dawar & Parker, 1996).
Therefore, it is difficult to determine whether results on signal use are generalizable or specific to an American context. This emphasizes the importance of testing signal use universality by using marketing universal literature. Otherwise, a researcher is likely to find major differences in the use of signals from one culture to another.

According to Dawar and Parker (1994, p. 81), marketing universals are defined as “consumer behaviors within a segment and toward a particular product category that are invariant across cultures.” In addition, we use Dawar and Parker’s (1994) multi-definitional framework to measure culture. Employing a multi-definitional method increases the validity and generalizability of results by preventing the attribution of findings to a single definition of culture. Dawar and Parker’s (1994) framework consists of two cross-cultural comparisons and two national character comparisons. More specifically, culture is defined and measured using the following four clustering procedures: (1) nationality, (2) ethno-geographic trade area, (3) national behavioral clusters, and (4) level of engagement in the retail sector.

The first clustering procedure measures culture at its most fundamental level—it defines culture as nationality or country of origin. This method is useful in superficially identifying the differences across nationalities; however, it fails to provide the rationale associated with the factors contributing to the difference between cultures. For example, a researcher may find that majority attendance for a particular movie may be split between a set of cultures, but the factors contributing to the difference may not be extrapolated using this definition.

The second clustering procedure measures culture using four commonly used trade area classifications: (1) North American countries (U.S. and Canada), (2) member countries of the European Union (EU), (3) European countries that are not EU members, and (4) others (Dawar and Parker, 1994). These classifications are extensively used in international trade, making this procedure highly desirable. Furthermore, this procedure may assist in detecting differences in signal use not captured in the first clustering method (e.g., Europeans may use movie signals more readily than Americans). However, like the previous clustering procedure, this procedure does not allow for the identification of factors contributing to the difference between cultures.

The third clustering procedure measures culture using national behavioral measures. Like Dawar and Parker (1994), this study relies on four of Hofstede’s (1983) cultural characteristics that are useful in defining a country’s culture: (1) power distance, (2) uncertainty avoidance, (3) individualism/collectivism, and (4) masculinity/femininity. Power distance refers to a “society’s way of dealing with power relationships,” such that members with less power accept inequality in the distribution of power (Hofstede, 1983). Countries with low power distance engage in more consultative, egalitarian power relationships. Countries with high power distance engage in power relations that are more autocratic, accepting hierarchical distinctions in positions. Uncertainty avoidance refers to a country’s tolerance toward uncertain and ambiguous situations (Hofstede, 1983). Countries with high levels of uncertainty avoidance attempt to minimize attitudes and behaviors that lead to increased anxiety by careful planning, and implementing rules, laws, and regulations. Countries with low uncertainty avoidance are comfortable in unstructured settings and have a higher tolerance for change. Individualism/collectivism measures the degree to which individuals are likely to integrate into groups (Hofstede, 1983). Countries considered individualistic highly value personal time, freedom, and challenge. Conversely, countries considered collectivistic highly value training, use of skills, physical conditions, benefits, and lifelong group membership (Hofstede, 1983). Finally, masculinity/femininity measures the distribution of emotional roles between males and females (Hofstede, 1983). Countries considered masculine highly value earnings, recognition, advancement, and challenge (Hofstede, 1983). Countries considered feminine highly value relationships and quality of life (Hofstede, 1983).
As a secondary method for investigating national behavioral measures of culture, I expand on the third clustering procedure by using the Globe Project cultural characteristics. The Globe (Global Leadership and Organizational Behavior Effectiveness) Project focuses on evaluating cultural similarities and differences using nine independent dimensions. By collecting data from over 61 cultures, the study spans across all major regions of the world.

The Globe Project authors define culture as “shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations” (House et al., 2002). The definition is operationalized by using measures reflecting two kinds of cultural sub-dimensions: (a) psychological attribute agreement among members; and (b) observed and reported practice agreement among collectives such as “families, schools, work organizations, economic and legal systems, and political institutions” (House et al., 2002).

The project expands on Hofstede’s (1980) five seminal cultural dimensions, integrating several additional dimensions. The nine cultural dimensions encompassed within the Globe Project are as follows: (1) uncertainty avoidance, (2) power distance, (3) collectivism I: societal collectivism, (4) collectivism II: in-group collectivism, (5) gender egalitarianism, (6) assertiveness, (7) future orientation, (8) performance orientation, and (9) humane orientation (House et al., 2002).

The final clustering procedure defines culture based on a country’s degree of participation in the retail sector. Dawar and Parker (1994) suggest using the percentage of the labor force engaged in the retail sector as an appropriate proxy. As such, it “…may not capture the entire construct [though] it does reflect variances in direct contact, via employment, that a population has with retailing activities” (Dawar and Parker, 1994).

Using this literature, we argue that certain movies’ characteristics are likely to be used as cues or signals of movie quality across various cultures, thereby considered marketing universal, whereas others are not. Understanding marketing universals incorporated within films is critical to appropriately designing American films for introductions in an international context. Based on the theoretical background taken from culture, marketing universals, and signaling theory, we developed the following two hypotheses:

H4: Culture moderates the relationship between Global Blockbuster Power (GBP) and screen allocation such that the higher (lower) the cultural similarity between a country and the United States, the more (less) successful the film in that country.

H5: Culture moderates the relationship between Global Blockbuster Power (GBP) and movie performance such that the higher (lower) the cultural similarity between a country and the United States, the more (less) successful the film in that country.

Now that the hypotheses have been developed and there is a clear understanding of the theoretical foundation, the next section describes the methods used to evaluate this study.

**METHODS**

This study analyzes marketing universals, cross-cultural influence, and the use of signals of movie quality by consumers. To accomplish this and empirically contribute to the signal use and cultural factor debate, an extensive dataset was created using data on the motion picture industry. The following elaborates on the data, variable operationalization, and analysis associated with this study.
**Data**

The three major data sources used for this study are the Internet Movie Database (IMDb), Box Office Mojo, and Rotten Tomatoes websites. The IMDb is a searchable database containing an extensive set of movie variables for over 2 million movies. The information on the IMDb website is acquired from a variety of sources, but is mainly sourced from information submitted by people in the industry and website visitors (Netizens) who wish to add the data. This data is then reviewed by the company’s Database Content Team and verified with studios/filmmakers before it is posted to the website (IMDB, 2012). Box Office Mojo is an online box-office reporting service which produces news, analyses, and box-office tracking information. Box Office Mojo was acquired by IMDb.com, Inc. in July 2008 (Box Office Mojo, 2012). Finally, Rotten Tomatoes is an online film review aggregator, providing critic review ratings from both professional movie critics and general movie-goers. The website is owned by Flixster and was acquired by Warner Bros. in 2011 (Flixster, 2014).

The specific movie sample for this study consists of the top-ranked movies of all-time based on worldwide box office performance. The selection of the movies is based on a movie ranking list available through the Box Office Mojo website. This approach yields a dataset comprised of 552 movies. The dataset contains the following movie attributes for each film: ranking, domestic box office revenue, foreign box office revenue, box office revenue per country, distributor, release date, runtime, opening weekend revenue, writer, producer, and composer.

In addition to the descriptive movie attributes mentioned, there are specific independent and dependent variables of interest, serving as signals, that are included as part of the dataset. The following section describes each of these variables and its respective operationalization (Table 5).

**Signal Operationalization**

There are six key independent variables of interest that form part of the proposed framework. Global Blockbuster Power encompasses the first four critical signaling variables: (1) star power, (2) genre, (3) critic reviews, and (4) production budget. Mirroring the method introduced by Ainslie et al. (2005), star power is operationalized by using a star index. The Forbes Star Currency index is used to evaluate the cast forming part of a movie by providing a rating on a 1 to 10 scale. Genre is based on research by Austin and Gordon (1987) and assists in classifying movies into five major categories: thriller, romance, action, drama, and comedy. Similar to Chintagunta and Lee (2012), the critic reviews variable is operationalized by using the well-known Rotten Tomatoes website, which provides a composite rating of 1-100 for each film based on the evaluation of professional critics.

The model also includes variables labeled screen allocation and culture. Screen allocation refers to the number of theaters exhibiting the film during the movie’s theatrical exhibition peak, obtained from the Box Office Mojo website. Finally, culture is operationalized using the four aforementioned procedures: (1) nationality, (2) ethno-geographic trade area, (3) national behavioral clusters, and (4) level of engagement in the retail sector. Specifically, nationality is operationalized as country of origin. Ethno-geographic trade area is operationalized as one of the following: (1) North American countries (U.S. and Canada), (2) member countries of the European Union (EU), (3) European countries that are not EU members, and (4) others (Dawar and Parker, 1996). National behavioral clusters are operationalized using Hofstede’s (1980) cultural dimensions and the Globe Project’s cultural dimensions (House et al., 2002). Each country forming part of the dataset is assigned a score based on each of the two frameworks and their associated dimensions per movie. Finally, level of engagement in the retail sector is operationalized as the percentage of labor force engaged in the retail sector for each country.

Because the point of interest is evaluating the signals impacting theatrical motion picture success, the dependent variable of interest is movie performance. Consistent with prior research (e.g., Neelamegham and Chintagunta, 1999), movie performance is operationalized as worldwide box office receipts and foreign
Box office receipts. These figures are obtained using the Box Office Mojo website for each movie forming part of the sample.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
<th>Measure</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOREVi</td>
<td>Box office revenue for movie i</td>
<td>Box office revenue of movie i in US Dollars</td>
<td>Box Office Mojo</td>
</tr>
<tr>
<td>BOREVij</td>
<td>Box office revenue for movie i in country j</td>
<td>Box office revenue of movie i in country j in US Dollars</td>
<td>Box Office Mojo</td>
</tr>
<tr>
<td>STARPOWERi</td>
<td>Total star power for movie i</td>
<td>Following Ainslie et al. (2005), provide a rating on a 1-10 scale</td>
<td>Forbes Star Currency Index</td>
</tr>
<tr>
<td>GENREi</td>
<td>Genre for movie i</td>
<td>Following Austin and Gordon (1987), weighted variable indicating movie i is a thriller, romance, action, drama, or comedy</td>
<td>Box Office Mojo</td>
</tr>
<tr>
<td>REVIEWSi</td>
<td>Critics' reviews for movie i</td>
<td>Following Chintagunta and Lee (2012), movies are evaluated on a 1-100 scale by critics</td>
<td>Rotten Tomatoes</td>
</tr>
<tr>
<td>BUDGETi</td>
<td>Production budget for movie i</td>
<td>Production budget of movie i in US Dollars</td>
<td>Box Office Mojo</td>
</tr>
<tr>
<td>SCREENSi</td>
<td>Number of screens</td>
<td>Number of theaters during the launch for movie i in country j</td>
<td>Box Office Mojo</td>
</tr>
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<td>HINDIVj</td>
<td>Hofstede individualism score for country j</td>
<td>Individualism index value for country j</td>
<td>Hofstede (2010)</td>
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<td>HUAj</td>
<td>Hofstede uncertainty avoidance score for country j</td>
<td>Uncertainty avoidance index value for country j</td>
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<td>HPDj</td>
<td>Hofstede power distance score for country j</td>
<td>Power distance index value for country j</td>
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<td>HMFj</td>
<td>Hofstede masculinity/femininity score for country j</td>
<td>Masculinity/femininity index value for country j</td>
<td>Hofstede (2010)</td>
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<tr>
<td>GUAj</td>
<td>Globe Project uncertainty avoidance score for country j</td>
<td>Uncertainty avoidance index value for country j</td>
<td>House et al. (2002)</td>
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<td>GPDj</td>
<td>Globe Project power distance score for country j</td>
<td>Power distance index value for country j</td>
<td>House et al. (2002)</td>
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<td>GCij</td>
<td>Globe Project societal collectivism score for country j</td>
<td>Societal collectivism index value for country j</td>
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<tr>
<td>GCIjj</td>
<td>Globe Project in-group collectivism score for country j</td>
<td>In-group collectivism index value for country j</td>
<td>House et al. (2002)</td>
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<td>GG Ej</td>
<td>Globe Project gender egalitarianism score for country j</td>
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<td>House et al. (2002)</td>
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<tr>
<td>GAj</td>
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<td>GFOj</td>
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<td>GPOj</td>
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<td>GHOj</td>
<td>Globe Project humane orientation score for country j</td>
<td>Humane orientation index value for country j</td>
<td>House et al. (2002)</td>
</tr>
<tr>
<td>ERSj</td>
<td>Level of engagement in the retail sector</td>
<td>Percentage of labor engaged in the retail sector for country j</td>
<td>Dawar and Parker (1994)</td>
</tr>
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IS VARIETY THE SPICE OF LIFE?: THE ROLE OF IMPLICIT THEORIES IN CONSUMERS’ NEED FOR VARIETY

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Are individuals’ personalities fixed or do they change over time? Consider your answer carefully, as your response has a profound impact on your behavior. Indeed, a wide range of research demonstrates that such implicit theories – beliefs about the changeability of people’s personalities – influence everything from relationships to work styles, and even reliance on stereotypes (see Dweck et al., 1995). In short, this theory proposes two typologies: incremental and entity theorists. Incremental theorists believe personalities are changeable and, given this constant change, are motivated to learn about themselves and their environments. Conversely, entity theorists believe personalities are fixed and, given the absence of change, are motivated to identify opportunities to maximize their current performance.

Our interest is in the possibility that such implicit theories might influence consumers’ variety-seeking behavior (Murphy & Dweck, forthcoming). Specifically, if consumers believe personalities are changeable (incremental theorists), they may be more likely to engage in variety-seeking as a way to learn about new consumption experiences and improve their knowledge. Conversely, if consumers believe personalities are fixed (entity theorists), they might be less likely to engage in variety-seeking, and instead focus on consumption experiences they know maximize performance. If so, implicit theories have even broader marketing implications for product positioning, market segmentation, and customer retention than previously thought.

The present research explores the effects of implicit theories on consumers’ variety-seeking behavior. Specifically, we test the hypothesis that consumers who believe people’s personalities are changeable (incremental theorists) are more likely to engage in variety-seeking than those who believe people’s personalities are fixed (entity theorists). We propose that these differences are driven by incremental theorists’ motivation to maximize learning and entity theorist’s motivation to maximize performance.

This research introduces a theoretical framework that explains why variety-seeking may be appealing, and why some people may choose to variety-seek more than others. It contributes to the study of consumers’ variety-seeking behavior by showing the conditions under which people are likely to seek a greater number of different products. This research also contributes to the study of implicit theories by showing that a critical consequence of entity versus incremental mindsets is differential variety-seeking behavior. Finally, our findings have substantive implications for marketers by showing how products may be positioned to appeal to the underlying motivations of entity or incremental theorists, in order to increase repeated trials.

BACKGROUND

Variety-Seeking

Variety is the spice of product lines and retail shelves, so much so that grocery stores are known to carry as many as 175 different kinds of salad dressing and 285 different cookies (Schwartz 2004). From a consumer behavior perspective, variety-seeking may be driven by a number of factors, including optimum stimulation level, uncertainty or perceived risk, and simultaneous choice contexts (for a thorough review, see Kahn and Ratner 2005). As an individual difference factor, Raju (1980) finds that people have different optimal stimulation levels leading to differential likelihoods of variety seeking. Variety seeking may also result from situational uncertainty due to perceived risk (Kahneman and 1992) and risk-aversion (Lehmann...
Simonson (1990) finds that variety-seeking is more common in simultaneous choice conditions than sequential ones because people mispredict how much variety they will actually enjoy.

**Implicit Theories**

Another previously unexamined motivator of variety-seeking is consumers’ implicit theories. Implicit theories of personality are beliefs about the changeability of people’s personalities (Dweck et al., 1995). This theory proposes two typologies: incremental and entity theorists. *Incremental* theorists believe personalities are changeable, and are therefore said to have a growth mindset. *Entity* theorists believe personalities are fixed and are therefore said to have a fixed mindset.

Entity theorists’ fixed mindsets lead them to believe that traits such as intelligence, personality, and morality are generally static. From this standpoint, people are what they are and change is unlikely if not impossible. The belief that one’s own qualities are fixed can motivate entity theorists to prove themselves, again and again, because if they fail the fixed mindset would suggest that they will *always* fail. In extreme cases, this may lead to cheating (Blackwell, Trzesiewski, and Dweck 2007) or defensive behaviors to hide perceived deficiencies (Hong, Chiu, Dweck, Lin, and Wan 1999; Nussbaum and Dweck 2008).

Conversely, incremental theorists are said to have growth mindsets; these individuals believe that intelligence, personality, and morality can be changed or developed through learning and experience. From this point of view, failing or appearing foolish in the short term is acceptable if it provides an opportunity to learn or gain experience (Blackwell et al. 2007; Mueller and Dweck 1998). Incremental theorists do not believe that failure reflects their true abilities, only their current stage of development. Indeed, failure may be perceived as a useful part of the learning process because it can provide diagnostic information about how to succeed.

**A Motivational Bias**

Whereas entity theorists are motivated by performance, and therefore focus their energies in areas where they are likely to excel, incremental theorists are motivated by learning, and therefore try things even if they are likely to fail. These preferences have been shown to influence the product information consumers attend to and the benefits they seek. For instance, Park and John (2012) found that, for entity theorists, ads emphasizing how a product would reflect positively on the consumer were more effective in changing attitudes than ads focused on self-improvement. The types of messages that appealed to entity theorists included statements like, “there’s no better way to show others you have a modern sense of beauty.” Conversely, for incremental theorists, ads that emphasized the self-improvement opportunities the product provided were most effective. Incremental theorists responded more to messages such as, “there’s no better way for you to learn how to have a modern sense of beauty” (Park & John 2012).

These motivations for performance and learning offer novel insight into how and when people variety-seek. Incremental theorists should be more likely to variety-seek because they are motivated by learning and the opportunity to sample and learn about many different product options should appeal to this mindset. As a result, incremental theorists should be more likely to variety-seek in order to learn about new consumption experiences and improve their knowledge. Conversely, entity theorists should be less likely to variety-seek because their performance motivation predisposes them to restrict their consumption experiences to those they know maximize performance.

To test these hypotheses, we examine the effect of implicit theories, and their underlying motivators, on variety-seeking. We find that incremental theorists engage in more variety-seeking than do entity theorists. We find that this difference in variety-seeking between entity and incremental theorists is driven by different motivations. Additionally, this relationship is limited to familiar choice sets.
PRETEST
To offer an initial test of the association between implicit theories and variety-seeking, participants \((N = 180)\) first completed the exploratory buying behavior scale (Baumgardner & Steenkamp, 1996; Steenkamp and Baumgartner 1992), an established measure of variety-seeking, prior to completing a brief filler task and then an index of individuals’ implicit theories of personality (Dweck et al., 1995). Higher (lower) values on the implicit theories scale reflect greater endorsement of an entity (incremental) theory, whereas higher (lower) values on the exploratory buying behavior scale indicate greater (less) preference for variety-seeking. Consistent with expectations, exploratory buying behavior was significantly correlated with consumers’ implicit theories \((r = -.267, p = .004)\) such that the more individuals’ endorsed the belief that personalities are changeable (i.e., an incremental theory), the more they endorsed variety-seeking in the form of exploratory purchase intentions.

STUDY 1
Study one sought to provide additional evidence for the differences in variety-seeking between entity and incremental theorists demonstrated in the pretest.

Method
One hundred and twenty-three participants (63% Female; \(M_{\text{age}} = 36.52\)) were recruited through Amazon Mechanical Turk for a nominal fee. After being welcomed to a study, these participants were first asked to complete the Dweck et al. (1995) Implicit Theory of Personality Scale \((\alpha = .90)\). Recall that higher (lower) values on the scale reflect greater endorsement of an entity (incremental) theory. We next informed participants of our interest in understanding common consumer decisions and that we would be presenting them with a scenario often experienced by many consumers: select five products and receive a sixth for free. The products were travel-sized toothpastes, and participants were asked to imagine taking advantage of the deal by selecting any combination of toothpastes (e.g., all of one brand, one of each brand, or any combination in between) so long as the total number of selected toothpaste brands summed to six. They were then presented with six toothpaste brands (i.e., Aquafresh, Arm & Hammer, Colgate, Crest, Sensodyne, and Toms) and asked to indicate the number of each toothpaste brand they would like. This scenario served as our index of variety-seeking, with greater variety-seeking reflected in a greater number of different brands selected. Lastly, upon completing these measures, participants reported several demographics before being debriefed and thanked for their participation.

Results
All measures were submitted to a simple linear regression, with implicit theories as the predictor variable.

Variety-seeking
As noted, variety-seeking was indexed by the number of different toothpaste brands selected. This index revealed a significant association with participants’ implicit theories \((\beta = -.19, t(121) = -2.09, p = .038)\); specifically, the number of selected toothpaste brands increased as participants’ scores on the implicit theory scale decreased. This finding is consistent with the expectation that incremental (entity) theorists are more (less) likely to engage in variety-seeking.

STUDY 2
The first study demonstrated that incremental theorists are more likely to engage in variety-seeking than are entity theorists. Yet it remains unclear whether this effect holds even when brands are unfamiliar. For incremental theorists, we suspect the familiarity of the brand should have little effect on their documented variety-seeking tendency. After all, the desire to enhance one’s learning was shown to predict the variety-seeking of incremental theorists (study 1), and unfamiliar brands offer ample opportunity to enhance consumers’ learning. For entity theorists, however, we suspect the lack of brand familiarity may
exert an important influence on their variety-seeking tendencies. Specifically, a consideration set of unfamiliar brands is absent a clear means of maximizing one’s performance and, as such, offers ample opportunity for consumers to identify one brand from a multitude of brands that can best enhance performance. Consequently, incremental theorists should be more likely to engage in variety-seeking than entity theorists when the consideration set contains familiar brands (as in the first two studies); however, when all the brands in a consideration set are unfamiliar, both entity and incremental theorists should engage in variety seeking. We tested this hypothesis in study 2 by directly manipulating the familiarity of the brands in participants’ consideration set.

Method

Participants and Design.

One hundred and fifty-four individuals (51% Male) were recruited through Amazon Mechanical Turk and randomly assigned to a familiar or unfamiliar brand condition before completing an index of their implicit theories (Dweck et al. 1995)

Procedure.

As in study 1, participants were asked to select six toothpaste brands from a consideration set. Here, however, the brands that comprised the consideration set were either familiar (i.e., Aquafresh, Arm & Hammer, Colgate, Crest, Sensodyne, Toms) or unfamiliar (i.e., Grants, Aromatic, Kanwan, Macleans, Supersmile, Xyli). Importantly, the familiarity of these brands was pretested by separate samples. Participants were randomly assigned to either the familiar or unfamiliar brand condition where they selected their preferred number of each toothpaste brand. As in study 1, greater variety-seeking was reflected in a greater number of different brands selected and the three-items implicit theories scale ($\alpha = .93$). Finally, participants reported several demographics before being debriefed and thanked for their participation.
Results

The variety-seeking index was submitted to a hierarchical regression, with familiarity (0 = unfamiliar brands, 1 = familiar brands) and implicit theories (continuous, mean-centered) as main effect predictors in the first step and their interaction in the second step (Cohen, Cohen, West, and Aiken 2003). The analysis revealed the predicted implicit theories × familiarity interaction ($\beta = -.55$, $t(153) = -1.99$, $p = .048$; see Figure 1). Entity theorists (+1 SD) selected a significantly greater number of different toothpaste brands when the brands were unfamiliar rather than familiar ($\beta = -.497$, $t(151) = -4.40$, $p < .001$). Interestingly, incremental theorists (-1 SD) also selected a greater number of different toothpaste brands when the brands were unfamiliar rather than familiar, though this difference was marginal ($\beta = -.178$, $t(151) = -1.66$, $p = .098$). Viewed differently, as in study 1, incremental theorists selected a significantly greater number of toothpaste brands than did entity theorists when the brands were familiar ($\beta = -.313$, $t(82) = -2.96$, $p = .004$). When the brands were unfamiliar, however, we did not observe a difference in the number of selected toothpaste brands between incremental and entity theorists ($t < 1$).

Discussion

Study two demonstrated the influence of brand familiarity on the variety-seeking tendencies associated with incremental and entity theorists. As in study one, incremental theorists were more likely to engage in variety seeking than were entity theorists, even when their favorite brands were part of the consideration set. However, this effect was specific to consideration sets containing only familiar brands; when exposed to only unfamiliar brands, the association between implicit theories and variety-seeking was removed.
GENERAL DISCUSSION

These studies offer evidence for the influence of implicit theories on consumers’ variety-seeking behavior. In general, incremental (versus entity) theorist are more likely to variety-seek (studies 1 and 2), an effect that is bounded by brand familiarity (study 2). These findings, offer novel insight into the dispositional motivators of variety-seeking and the conditions under which these effects are more or less likely to manifest.

This research introduces a theoretical framework that explains why variety-seeking may be appealing, and why some people may choose to variety-seek more than others. It contributes to the study of consumers’ variety-seeking behavior by showing the conditions under which people are likely to seek a greater number of different products. This research also contributes to the study of implicit theories by showing that a critical consequence of entity versus incremental mindsets is differential variety-seeking behavior. Finally, our findings have broad substantive marketing implications for product positioning, market segmentation, and customer retention by showing how products may be positioned to appeal to the underlying motivations of entity or incremental theorists, in order to increase repeated trials.
REFERENCES


PROVIDER INITIATED CUSTOMER RELATIONSHIP TERMINATION’S INFLUENCE ON NEGATIVE WORD OF MOUTH AND FUTURE BEHAVIOR CHANGE EXPECTATIONS

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ABSTRACT

Previous research has identified customer relationship termination as an effective way to reallocate resources, improve profitability, and better strategic alignment between remaining customers and business objectives. Little attention has been paid to understanding how the terminated customer reacts to the event and what the implications may be for the terminating provider as well as the impact the event has on future relationships and behaviors. The findings of this paper show that relationship quality and reason for the termination have an influence on a terminated customer’s likelihood to engage in negative word of mouth and future relational behavior expectations. Additionally, this paper discusses the implications of anger and shame emotions on the behavioral outcomes.

Customer Relationship Management (CRM) is defined as the “creation of improved shareholder value through the development of appropriate relationships with key customers and customer segments” (Payne and Frow 2005, p. 168). The basic premise of CRM is to determine which clients are the most profitable and treat them the best, as well as reduce or completely stop the resources allocated to unprofitable relationships. Many CRM strategies recommend unprofitable customer abandonment, which is the proactive termination of relationships that are unprofitable (Haenlein and Kaplan 2010).

While many studies have recommended or shown the benefits of customer prioritization, such as unprofitable customer abandonment, there has been little interest in the literature on the reaction of the abandoned customer and what happens in the preceding relationships with the terminated customer. Most relationship dissolution studies tend to explore situations where the buying party is the one to end the relationship. Pressey and Mathews (2003, p.13) asserted, “…customer deselection has been relatively ignored by the literature [and] this aspect of dissolution merits special attention.” Similarly, Helm et al. (2006, p.369) noted that “No conceptual or empirical research on the seller’s decision to end the relationship seems to have been published.” Even after these comments, the literature focuses on the seller or provider and the processes they use to manage the ending of the relationship (Holmlund and Hobbs 2009).

To be able to identify good processes that achieve what Alajoutsijärvi et al. (2000) call “beautiful exits” understanding how a consumer reacts to the termination event and in what situations the fired consumer is likely to engage in harmful behaviors to the firing firm is important. In addition, it is likely that a fired consumer will seek to replace the relationship in order to continue receiving the service provided, and will likely bring some baggage from the termination event. The purpose of this research is to understand what happens to consumers when they are fired from a service relationship. What, if any, negative implications should the terminating party be concerned with, and how does the termination affect future relationships with other service providers?

The paper is structured as follows. First the paper reviews relationship dissolution in the marketing and health care literatures. Then using cognitive appraisal theory, a model is proposed that explains how relationship quality and reason for the termination affect a fired consumer’s negative word of mouth intentions toward the firing service provider and the future relationship behavioral intentions with the next provider. Findings from an initial study are presented and future research is discussed.
LITERATURE REVIEW

There are different ways to terminate unprofitable relationships, firms can be explicit and inform the customers of the termination or firms can take a more indirect approach and reduce the level or quality of service hoping the customer will eventually leave on their own. Different strategies lead to different consequences and have different levels of dissolution quality (Alajoutsijarvi et al. 2000). Several customer value models have been created as tools to segment customer portfolios (e.g. Haenlein, Kaplan, & Schoder 2006; Kumar et al. 2010; Venkatesan and Kumar 2004). Haenlein et al. (2006) showed that unprofitable customer abandonment could be a valid strategy and suggested combining real-options analysis with CLV to prevent bias results. Many others suggest abandoning, disengaging, or firing as a potential for low-value customers (e.g., Haenlein et al. 2006; Haenlein and Kaplan 2010, Zeithaml, Rust, & Lemon 2001). Zeithaml, Rust, and Lemon (2001) suggest a firm should prioritize customers in situations where resources (including employee time) are limited and when customers are willing to pay for different levels of service.

Past studies have identified benefits of terminating unprofitable customer relationships. Mittal et al. (2008) emphasized that ending relationships with unprofitable customers not only increase profitability, but other benefits within the organization, such as improved employee productivity/morale, reduced capacity constraints, and better strategic alignment between remaining customers and the business objective were felt after customer prioritization strategies were implemented. Another benefit of customer prioritization is these strategies lead to higher return on sales due to a positive effect on relationships with top-tier customers and reduces marketing and sales costs (Homburg et al. 2008).

In addition to the benefits, customer abandonment or prioritization activities are not without their negative aspects. Research has shown that unprofitable customer abandonment may have a negative impact on the customer acquisition process and to offset any current customer negative consequences, firms need to simultaneously make improvement in core service quality (Haenlein and Kaplan 2010). Haenlein and Kaplan (2010) also find that customers react with cognitive responses toward unprofitable customer abandonment and the most common reactions deal with statements of emotions and beliefs.

Several terms have been used to refer the ending of relationships: relationship ending (Michalski 2004; Halinen and Tähtinen 2002), relationship dissolution (Halinen and Tähtinen 2002; Giller and Matear 2000; Hocutt 1998), relationship termination (Ping and Dwyer 1992), and relationship fading (Åkerlund 2005). While they all essentially mean the same thing, Halinen and Tähtinen (2002) found that relationship ending to be preferred and the most generic, neutral description of the phenomenon. This paper uses relationship ending, termination, and dissolution interchangeably as descriptors of the phenomenon discussed.

Many studies that examine relationship ending use a typical scenario where the buyer is the one to cease the professional relationship with the seller – a situation the seller typically wishes to avoid. The buyer is seen as the active initiator of the relationship ending, while the seller is the reactive party trying to minimize the implications of the dissolution (Homlund and Hobbs 2009).

A review of studies in this area conducted by Tähtinen and Halinen (2002) shows that most have focused on a limited number of specific aspects of provider initiated relationship ending (see Table 1).

Figure 1 illustrates the proposed conceptual model that aims to explain how relationship quality influences the specific emotions evoked by consumers in a provider initiated relationship dissolution situation and the resulting behavioral intentions toward the terminating provider as well as future relational behavior intentions with the next provider relationship.
Cognitive Appraisal Theory (CAT)

Lazarus and colleagues (Folkman and Moskowitz 2004; Lazarus 1966, 1991; Lazarus and Folkman 1984) popularized CAT to explain how people use cope as a response to stressful situations. Elliot (1997 p. 285) suggests that the consumer is “an active agent in the construction of meaning.” The interpretative nature of CAT supports this notion (Watson and Spence 2007). In situations where a consumer has experienced provider-initiated relationship dissolution, the cognitive appraisals approach explains how consumers use evaluations of the situation to react and what future behaviors they will engage in as a result to the dissolution.

Appraisals are interpretations of the characteristics of an event that combine to cause specific emotions (Watson and Spence 2007). CAT address three issues: explain the underlying characteristics in events that are judged or appraised; identify emotions are experienced as a result of the appraisal process; and predict behavioral responses to the experienced emotions (Watson and Spence 2007). CAT has been used in similar contexts such as service failures and service recovery to understand the influence of perceived justice on negative emotions and satisfaction, because consumers in these situations generally perceive some inequity in service experience (del Río-Lanza, Vázquez-Casielles, and Díaz-Martín 2009). del Río-Lanza and colleagues (2009), studied the impact perceived justice has on negative emotions and perceived satisfaction of a service recovery, finding that procedural justice affects the evoking of negative emotions which impacts the customer’s satisfaction with the service recovery experience. In addition to looking at a different context, this study tries to determine what specific emotions are evoked in a provider initiated relationship dissolution situation and the influence different relational and situational factors have on the behavioral outcomes.

When individuals are assessing a situation, the initial cognitive appraisal is whether the outcome is good or bad with respect to their well-being (Wallace and Spence 2006). There are two accepted schools of thought regarding what underlies the central appraisal. The first approach believes the appraisal is an evaluation of a person-environment relationship (Lazarus 1991). The second approach, embraced by most marketers, considers the central appraisal to be a motivation response to the relationship with the motivation pertaining to a personal goal (Watson and Spence 2007; Ben-Ze’ev 1994; Averill and More 1993; Frijda 1987). Watson and Spence (2007) suggests the initial cognitive appraisal is outcome desirability, where consumers determine the outcome desirability of the situation or event, whether it is good or bad with respect to their personal well-being.

Bagozzi et al. (1999) identified four appraisal classes: outcome-desire conflicts, outcome-desire fulfillment, outcome-desire avoidances, and outcome-desire pursuits. The first two classes refer to past or present outcomes, while the latter relate to future or planned outcomes. In situations like the provider initiated relationship dissolution, consumer appraisals would fall in the outcome-desire conflict and outcome-desire avoidance classes. Outcome-desire conflicts are when one experiences an unpleasant event or fails to achieve a goal (Bagozzi et al. 1999). Depending on the attributions of the source of the conflict one or more emotional reaction such as; dissatisfaction, anger, shame, guilt may occur. Consumers will select one of the following actions in response to the emotions elicited: remove or undo the harm, get help or support, engage in behaviors that minimize the outcome, reevaluate goal or change the effort expended to achieve the goal (Bagozzi et al. 1999). In the situation explored in this paper, the actual dissolution is the unpleasant event. Potential reactions to the emotions elicited in this event may include things like negative word of mouth as a way to get support or as a way to minimize the outcome. In the health care scenario, patients may disengage from the entire system as a way to deal with the shame or guilt emotions.

Outcome-desire avoidances occur in anticipation of an unpleasant outcome or goal failure. Emotions elicited from this appraisal class may be fear, worry, anxiety, or distress (Bagozzi et al. 1999). Consumers will cope with the emotions by reinterpreting the threat or changing behavior to avoid the undesirable outcome. These types of appraisals are used when the recently terminated patient considers
engaging in the replaced physician relationship. In this scenario, patients would engage in behaviors that would minimize the risk of another termination (e.g. more compliant, honest with provider, etc.).

**Relationship Quality**

Relationship quality plays an important role in consumers’ intention to maintain or continue a relationship (Crosby, Evans, Cowles 1990; Doney and Cannon 1997). Relationship quality is defined as the “overall assessment of the strength of a relationship” (Palmatier et al. 2006, p. 138). The generally agreed upon key components of relationship quality are customer satisfaction with provider’s performance, trust in the provider, and commitment to the relationship (Henning-Thurau, Gwinner, and Gremier 2002). The higher the levels of trust and commitment, the stronger the relationship quality, and customers with a high level of relationship quality possess higher expectations for the level of service they deserve (Grégoire and Fisher 2006).

**Negative Word of Mouth**

Information sharing, positive word of mouth and interaction from other customers can result in increased persuasion and conversion of new customers (Kumar et al. 2010). Most consumers rely on physician referrals and WOM recommendations from family and friends when choosing health providers especially primary care physicians, trusting these recommendations more than other sources (Tu and Lauer 2008). Approximately 17 million adults in a 2007 survey reported finding for a new primary care physician in the previous twelve months and 50% of those relied on recommendations from friends and relatives (Tu and Lauer 2008). Negative information tends to more informative than positive or neutral information and negative attributes strongly imply membership in one category over the exclusion of others (Herr, Kardes, & Kim 1991). This negative-attribute information is weighed heavily in judgment (Herr et al. 1991).

Consumers experiencing specific emotions: anger, irritation, disappointment, dissatisfaction, and frustration are more likely to engage negative word of mouth (WOM) (Wetzer, Zeelenberg, and Pieters 2007). Richins, in an initial study regarding negative word of mouth (1983), found that as the severity of the problem associated with a dissatisfaction increased so did the tendency to engage in negative WOM. The more dissatisfied consumers are, the more likely they are to tell others about it and deliver the negative communication with greater force (Anderson 1998; Richins 1983). Customers will engage in negative WOM for goals of taking revenge, venting, and warning others (Wetzer et al. 2007).

Because of the expectation of continuity consumers have when they perceive high relationship quality, when the provider is the party to initiate the end of the relationship, consumers will be more likely to engage in negative word of mouth behaviors. In this situation, consumers may feel like the provider did not give them the level of service deserved based on what had been invested into the relationship and seek to vent or retaliate against the provider.

**H1:** Customers in a high quality relationship are more likely to engage in negative word of mouth after being terminated because of their appraisal of the situation.

**Future Behavior Expectations**

In addition to trying to understand how consumers will react toward the provider initiating the relationship dissolution, understanding if the termination impacts future behavior expectations is of interest. Warshaw and Davis (1985, p. 215) defined behavior expectation “as the individual’s estimation of the likelihood that he or she actually will perform some specified future behavior.” Several different factors are considered when forming these expectations; subjects may consider not only their intentions, but anticipated changes in intention, noncognitive habits, ability limitations, and possible facilitators or constraints (Warshaw and Davis 1985). When evaluating the effects of targeted health messages, Hampton
et al. (2009) found that affect and cognition played a significant role in moving patients from stages of contemplating change to action.

Behavioral expectation has influence on a person’s effort level during an attempt to carry out a behavioral goal (Atkinson 1958) and serves as a basis of performance (Warshaw and Davis 1985). The expectations an individual has can influence the performance of behaviors which are antecedent to successfully completing the goal by influencing the effort expended toward them (Warshaw and Davis 1985). For example, someone who intends to lose 25 pounds but expects to fail might not diet or exercise as much as one who both intends and expects to lose the weight.

After being terminated, consumers are going to have to look to replace the provider they lost if they want to continue receiving the service. The previous relationship with the terminating provider and the termination event should impact the relationship with the new provider. The ex-provider, termination event, as well as other past experience acts like baggage that can interfere with the initial stages of a new relationship. Consumers who perceive the ending relationship to have high relationship quality may feel like their investment to building a high quality relationship was wasted or not worth it. I expect these consumers to not be willing to put a lot of effort into changing their behavior in the next relationship, because they will perceive it to not be worth it. In the previous relationship, having high relationship quality did not prevent or protect them from being terminated, so in their minds, the extra effort is not worth it. Conversely, consumers in low quality relationships may be more willing to change behavior and work harder in the future relationship as a way to avoid being terminated. When appraising the situation, low relationship quality consumers may rationalize that part of the reason they were picked to be fired was due to their lack of commitment to the relationship.

H2: Customers in a low quality relationship are more likely to have intention to change their behavior in a future relationship as a way to avoid future termination.

Reason

Appraisals of agency, controllability and fairness, and outcome desirability combine to explain a significant amount of variance in consumption emotions (Ruth et al. 2002). Agency becomes particularly important to consumers when negative emotions are involved and consumers are trying to explain why a negative event or failure has occurred (Weiner 2000; Peeters and Czapinkiski 1990; Folkes 1988). While outcome desirability has the biggest impact on whether consumers experience positive or negative emotions, agency has been found to explain the particular negative or positive emotions elicited (Watson and Spence 2007).

The causal evaluations consumers make is influential on the determination of emotions during an event (Roseman 1991; Ortony and Clore. 1988; Smith and Ellsworth 1985). The causal agent is “who or what had control over the stimulus event” (Watson and Spence 2007, p. 496). The agent is perceived by the consumer and can be oneself, someone else, or circumstance (Roseman 1991; Ortony and Clore 1988; Smith and Ellsworth 1985). Reason is the cause or causes of the relationship dissolution communicated to the terminated party. Reason can either be internal, due to the actions or behaviors of the terminated party or reason can be external or circumstantial to the terminated party (not their fault).

When experiencing a negative emotion (e.g. anger or sadness), consumers are in disequilibrium and will use one of two different coping processes until they are able to return to a normal state: problem-focused coping (attempt to alleviate the source of distress) or emotion-focused coping (change the meaning or avoid thinking about the problem) (Bagozzi et al. 1999). The internal reason condition will strengthen the shame emotion elicited because participants will feel like they caused the situation, while the external will lessen the anger emotions elicited because participants will perceive the situation to be out of both the individual’s and physician’s control.
Hypothesis 3: The reason for the termination will moderate the emotion elicited from the termination experience.

**Emotion**

Past research has shown that different emotions and levels of arousal can lead to different consumption-related behavior, such as judging risk (Lerner and Keltner 2000; Raghunathan and Pham 1999), product valuation (Lerner et al, 2004), the use of heuristics (Tiedens and Linton 2001), evaluation of service failure recoveries (Dunnings et al. 2004), and coping with poor decisions (Yi and Baumgartner 2004). Emotion has been defined as “a mental state of readiness that arises from cognitive appraisals of events or thoughts... is accompanied by physiological processes; is often expressed physically; and may result in specific actions to affirm or cope with the emotion, depending on its nature and meaning for the person having it” (Bagozzi et al. 1999, p. 184).

In the marketing literature, there are generally three accepted approaches to studying emotions: categories, dimensions, and cognitive appraisals. The categories approach groups emotions based on their similarities, it is not useful in explaining situations in which a particular emotion will be felt (Watson and Spence 2007). The dimensions approach uses valence and arousal to differentiate emotions (Athiyaman 1997; Mano 1990). As Watson and Spence (2007, p. 490) point out, the dimension approach “is limited in its ability to distinguish focally between emotions of similar valence and arousal levels, such as the highly negative emotions, shame, fear, and anger.” Since provider-initiated relationship dissolution is likely to arouse negative emotions, it is necessary to use a theoretical approach that is able separate emotions with similar valences so the ensuing behaviors can be predicted.

CAT aims to predict the emotions one should feel in a given context and how these emotions affect behavior (Watson and Spence 2007). This approach points out that emotions are the psychological appraisals made by an individual evaluating and interpreting events and circumstances in reference to his or her wellbeing (Bagozzi et al. 1999). The cognitive appraisals approach uses emotions’ underlying motivations and evaluations to offer a comprehensive explanation of how elicited emotions influence consumption related behaviors (Watson and Spence 2007; Bagozzi et al. 1999).

Certainty is the perceived likelihood of a particular event; past events are certain, while future events are uncertain (Watson and Spence 2007). The level of certainty about an outcome will influence how an individual feels about that outcome (Smith and Ellsworth 1985; Roseman 1984). In the provider-initiated relationship dissolution situation, the consumer is in both a state of certainty (the relationship has ended) and uncertainty (how are they going to continue to receive that particular service). Appraisals can be made with respect to what has happened and what may happen in the future (Watson and Spence 2007).

Anger and sadness are emotions that can be aroused in situations that are believed to be controlled by someone else (Nyer 1997; Folkes et al. 1987). Prior research has shown in making vacation choices, that anger led to more active choices while sadness led to passive choices (Rucker and Petty 2004). Using agency appraisal as an explanation for resulting behaviors, Watson and Spence (2007) suggest that the agency appraisal may explain this finding. They argue that in the vacation choices study, angry people were more likely to want to take back some control, while consumers experiencing sad emotions were more likely to make a choice consistent with a sense of lack of control, thus choosing more passive activities. Other research has found similar results, consumers are more likely to be angry and thus report high levels of dissatisfaction and complaint behavior intentions when they believe the negative event was caused by someone else or could have been avoided by that person (Nyer 1997; Folkes et al. 1987). Sadness is driven by circumstance, the situation in this case is beyond anyone’s control, and so less extreme levels of dissatisfaction are reported compared to anger emotions (Westbrook and Oliver 1991).
Watson and Spence (2007) proposed that emotions mediate the event or situation characteristics and resulting behaviors. Emotions can directly motivate choices and initiate action (Bagozzi 1992). Past research supports this assertion and demonstrates the resulting behaviors attributed to specific emotions. For example, anger has shown to lead to more optimistic judgments, while fear leads to more pessimistic judgments (Lerner and Keltner 2000). In the service recovery context, emotions have played a mediating role between perceived justice and customer loyalty and negative emotions are likely to result in low levels of behavioral loyalty (DeWitt et al 2008).

As consumers make appraisals about the relationship dissolution situation, those in a low RQ relationship will be more likely to feel shame because they will feel like they failed to live up to the ideals or expectations of the relationship and the physician. The appraisal of the entire situation from the relationship leading up to the termination event will appear to be a failure, causing the consumer to look internally. Additionally, because consumers in high RQ relationships will have higher expectations of the level of service to be received from the physicians, consumers in a high RQ relationship will be more likely to get angry about the situation.

H4a: The relationship between relationship quality and negative word of mouth intention will be mediated by anger.

H4b: The relationship between relationship quality and intention to change future relationship will be mediated by shame.

STUDY

Sample and Design

The purpose of Study 1 was to explore the effects relationship quality and causal agency had on future negative word of mouth intentions and future relationship behavior intentions. The experiment used a 2 (Relationship Quality: high, low) x 2 (Causal Agent: internal, external) between-subjects factors. Both relationship quality and causal agent were manipulated.

At the beginning of the study, participants were asked to read a short scenario about an interaction with a physician. Participants were instructed to imagine themselves as the patient in the scenario. Relationship quality was manipulated by changing the level of communication, relationship investment, and duration (Palmatier et al. 2006). In the high relationship quality condition, participants were told they had been seeing the physician for more than five years, had an easy time talking to the physician, and really felt like the doctor cared. The relationship described in the low relationship quality scenario had only been in place for under a year, communication was difficult and formal, it was hard to discuss problems, and the overall impression was that the doctor did not care.

After reading the background relationship quality information, participants were told after their latest appointment they received a letter in the mail from the doctor informing them of the termination of the patient-physician relationship. Participants in the internal causal agent condition were told the relationship was ending because they had failed to follow the physician’s recommendations and were non-compliant. Participants in the external causal agent condition were told the practice was too large and had to decrease the number patients to whom they could provide services.

A pretest was conducted for the high- and low- relationship quality and internal- and external-causal agent manipulations. Participants saw one of the relationship quality and causal agent manipulations and answered questions on perceived relationship quality and reason for the letter. A total of 59 students participated for extra credit in a course (24 males, 27 females, 8 did not report gender). A chi-square test of independence was performed to examine the relationship between scenario and determination of
relationship quality. The relationship was significant, $X^2 (2, N=59) = 31.30, p<.01$. Participants also answered questions about the reason for the termination. Participants in the internal causal agent condition were more likely to take responsibility for the ending of the relationship ($M_{IN} = 3.9, M_{EX} = 1.3, F = 50.15, p < .01$).

In total, 198 students from Oklahoma State University participated in the main study for extra course credit. Participants ranged in age from 18 to 24 years with a couple of outliers, with an average of $M = 21.13$ (SD = 3.00); 83 males, 115 females.

**Measures**

Emotions were measured using Richins (1997) Consumption Emotion Set (CES), because this scale offers a wide range of emotions frequently experienced in consumption situations. The concept of consumption in the CES measure encompasses the whole consumption experience such as anticipatory consumption, product acquisition, post-purchase possession, and use. For consumers who experience provider initiated relationship dissolution, the termination process and future relationship intentions are part of the consumption of the medical services in this scenario. CES has been identified as a good measure when emotions are conceptualized as antecedents or consequences within the context of a particular theory (Bagozzi et al. 1999).

Negative word-of-mouth intention was measured by adapting items from the negative word of mouth literature (Blodgett et al. 1997). This measure used two items and assesses patient’s intention to engage in negative word-of-mouth following the dissolution of the relationship by the physician (e.g. “I will tell friends and family not to go to Dr. Reeves” and “I will make sure to tell others about my negative experience with Dr. Reeves”). Future behavior change intention was measured using a six item scale that discussed changing behavior or making changes to a future relationship with a different provider. This measure was developed for this study using Warshaw and Davis’ (1985) measure as a guide. The future behavior expectation measure asks for self-predictions or expectations of the next relationship with a future provider. A series of potential scale items were generated based on the construct being measured. A factor analysis of the results and reliability of the scale showed that it performed well enough to be used. The questions included can be found in Table 2.

**Results**

An exploratory factor analysis with a Varimax rotation revealed five distinct factors, consistent with expectations. Table 2 displays each item and factor loadings. I combined each factor into the following composite indices: (1) a three-item scale measuring anger ($\alpha = .87$), (2) a three-item scale measuring shame ($\alpha = .94$), (3) a three-item scale measuring negative word of mouth intention ($\alpha=.77$), and (4) a six-item scale measuring future behavior intention ($\alpha = .91$).

To test the hypotheses that anger and shame mediate the intentions to engage in negative word of mouth and future behavior intentions, and reason moderates the emotion evoked, I used the mediation analysis suggested by Hayes (2013) using PROCESS model 7, which estimates a mediated moderation model. The first regression I ran tested the mediation effect anger has on negative word of mouth intentions with the moderation of reason. The results showed a significant direct effect of relationship quality on NWOM ($\beta = -.400; t = -6.09; p < .001$), however it was opposite of what was predicted in H1. Instead of high relationship quality influencing NWOM intentions, participants in the low relationship quality group were more likely to intend to engage in NWOM ($M = 4.83$) than those in the high relationship quality condition ($M=3.26$). In addition, there was no significant interaction between relationship quality and reason on anger. H3a was not supported. There was no significant relationship between relationship quality and anger ($\beta = .35; t = 1.22; p = .22$), thus H4a was not supported. Anger was found to significantly predict negative word of mouth intentions ($\beta = .27; t = 3.87; p < .001$).
I ran another regression using the same model as previously, testing the mediated effect of shame on intention to change future behavior as moderated by reason. The direct effect of relationship quality and intention to change was significant ($\beta = -.97; t = -5.62; p < .0001$ supporting H2). There was no interaction between relationship quality and reason and so H3b was not supported. Reason, however, did have a significant relationship with shame ($\beta = 2.33; t = 7.75; p < .0001$). Finally, relationship quality did not significantly influence shame ($\beta = .1432; t = .48; p = .63$). In the internal reason condition, shame did mediate the relationship between relationship quality and intention to change ($= .31$, Boot SE = .15, BootCI [.05, .63]).

**DISCUSSION**

The present research investigated some of the expected outcomes of provider initiated relationship termination. These types of situations may impact the terminating provider, as well as influence the relationship with future providers. Prior research discusses relationship dissolution in terms of strategies for identifying relationships that should be terminated, antecedents leading up to termination, and communication approaches. In contrast, the main contribution of this research is to understand the consumers’ reaction or appraisal to the termination event and how that appraisal impacts future behavior.

In the study presented we specifically looked at how relationship termination increased the likelihood the fired customer would engage in negative word of mouth against the terminating provider. I found that subjects in the low relationship quality condition were more likely to engage in negative word of mouth than those in the low relationship quality condition which was opposite of my hypotheses. One potential explanation may be that consumers that perceive the relationship quality to be high may be willing to give the provider a free pass in the situation. Additional research should be conducted to explore this finding.

Another predictor of negative word of mouth intentions was anger. The more anger a subject felt toward the situation and provider, the more likely they were to want to tell others about the experience. Neither relationship quality nor reason were predictors of anger and there was little variance among the conditions ($M = 5.33, 5.33, 4.98, 5.24$). One possible explanation for the minimal variance is that the scenario presented a situation where a doctor is terminating the relationship with the patient; many subjects did not believe that doctors could fire patients and some indicated that firing a patient was unethical.

When evaluating how termination may affect future relationships, I found that relationship quality does influence a subject’s expectation to change their relational behavior with the next provider they engage. As predicted, respondents in the low relationship quality condition said they were more likely to change their relational behaviors compared to those in the high relationship quality condition. Reason also influenced the expectations to change future behavior. The internal reason scenario listed the behavior of the subject as the cause for the termination decision. Respondents in the internal reason condition had significantly higher levels of shame elicited compared to those in the external condition which increased expectation to change. One possible explanation for these results is subjects in the low relationship quality and or internal reason conditions may rationalize that the termination was potentially a consequence of their actions. When thinking about the future relationship, these subjects may believe that if they change their action this will lead to a different result (Baban and Craciun 2007).

Although the results confirmed some of the predicted relationships, the emotions and behavioral expectations had fairly neutral means. Because the sample population was generally healthy and young, respondents might have had a difficult time imagining themselves in the particular scenario. When asked if this could happen in real like, many subjects said that they did not believe physicians fired patients, and even if a physician wanted to end a relationship he was not allowed to. Future studies should be run with other sample populations where this scenario would be more realistic and potentially have a greater impact on the subject’s health.
Implications/Contributions

This research uses cognitive appraisal theory to contribute to the customer relationship management literature specifically in the relationship dissolution area. While different strategies for identifying the customer relationships to terminate, the benefits of terminating unprofitable relationships for the provider or organization, and implications for retained or potential customers have been researched, there has been very little attention to the reaction of terminated customers. This paper identifies that not only does the way the termination is conducted important, but other factors, such as relationship quality, may play a role in the future behavior of a terminated customer.

From a managerial perspective, providers may want to reconsider when and how they terminate relationships in order to minimize word of mouth implications. Depending on the situation, it may be better for the service provider to terminate a high relationship quality customer over a lower relationship quality customer in order to prevent negative word of mouth. If possible, it may be better for the provider to work with the low quality customer and discuss behavior change.

In addition, this research has implications for providers when starting a new relationship with a customer that has been terminated from a previous relationship. The new provider should ask the customer about reasons for the termination and may be able to use feelings of shame and desire to avoid similar events in the future to get positive behavior change from the customer. If compliance has been an issue for a patient in the past, discussing the compliance and how it contributed to the terminated may lead to more compliance behaviors in the future.
Table 1 - Previous Relationship Dissolution Studies

<table>
<thead>
<tr>
<th>Category</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitions and models of relationship ending</td>
<td>Ping and Dwyer 1992; Halinen and Tähtinen 2002; Åkerlund 2005; Ellis 2006; Tidström and Åhman 2006</td>
</tr>
<tr>
<td>Reasons for relationship ending</td>
<td>Holmlund and Hobbs 2009; Tähtinen and Vaaland 2005; Giller and Matear 2000; Perrien and Ricard 1995</td>
</tr>
<tr>
<td>Antecedents of relationship ending</td>
<td>Hocutt 1998; Ping 1995</td>
</tr>
<tr>
<td>Strategies and communication in relationship ending</td>
<td>Holmlund and Hobbs 2009; Helm et al. 2006; Pressey and Mathews 2003; Alajoutsijärvi et al. 2000</td>
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</tbody>
</table>
### Table 2 - List of Items for Each Construct
(including Means, Standard Deviations, and Cronbach Alphas)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Mean</th>
<th>S.D.</th>
<th>Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Negative Word of Mouth Intentions</strong></td>
<td>4.04</td>
<td>1.97</td>
<td>0.867</td>
</tr>
<tr>
<td>I will tell friends and family not to go to Dr. Reeves</td>
<td>.937</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will make sure to tell others about my negative experience with Dr. Reeves</td>
<td>.935</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Future Relationship Behavior Expectations</strong></td>
<td>4.71</td>
<td>1.6</td>
<td>0.907</td>
</tr>
<tr>
<td>I will change how I manage the relationship with my doctor</td>
<td>.886</td>
<td></td>
<td></td>
</tr>
<tr>
<td>After my experience with Dr. Reeves, it is important to alter the relationship I have with my doctor</td>
<td>.854</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will change the kind of patient I am</td>
<td>.902</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will work harder to be a better patient</td>
<td>.900</td>
<td></td>
<td></td>
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<tr>
<td><strong>Emotions</strong></td>
<td></td>
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<tr>
<td><strong>Anger</strong></td>
<td>5.2</td>
<td>1.42</td>
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<tr>
<td>Frustrated</td>
<td>.877</td>
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<tr>
<td>Angry</td>
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<tr>
<td>Irritated</td>
<td>.884</td>
<td></td>
<td></td>
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<tr>
<td><strong>Shame</strong></td>
<td>4.11</td>
<td>1.97</td>
<td>0.939</td>
</tr>
<tr>
<td>Embarrassed</td>
<td>.920</td>
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<td></td>
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<tr>
<td>Ashamed</td>
<td>.946</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humiliated</td>
<td>.920</td>
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</table>

### Appendix

Regression Tests for Evoked Emotions and Outcomes (Study 1):

<table>
<thead>
<tr>
<th>B Coefficients</th>
<th>Anger</th>
<th>Shame</th>
<th>NWOM</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>RQ</td>
<td>.3519</td>
<td>.1432</td>
<td>-.400***</td>
<td>-.9714***</td>
</tr>
<tr>
<td>Reason</td>
<td>.3594</td>
<td>2.3302***</td>
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<td>RQ x Reason</td>
<td>-.3656</td>
<td>.4586</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anger</td>
<td></td>
<td></td>
<td>.274 ***</td>
<td></td>
</tr>
<tr>
<td>Shame</td>
<td></td>
<td></td>
<td></td>
<td>.5127***</td>
</tr>
</tbody>
</table>

*p<.05  **p<.01  ***p<.001
<table>
<thead>
<tr>
<th></th>
<th>Relationship</th>
<th>Reason</th>
<th>NWOM_Tell</th>
<th>Anger_Final</th>
<th>Shame_Final</th>
<th>Change_final</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relationship</td>
<td>1</td>
<td>.096</td>
<td>-.400**</td>
<td>.066</td>
<td>.157*</td>
<td>-.206**</td>
</tr>
<tr>
<td>Reason</td>
<td>.096</td>
<td>1</td>
<td>-.110</td>
<td>.068</td>
<td>.659**</td>
<td>.553**</td>
</tr>
<tr>
<td>NWOM_Tell</td>
<td>-.400**</td>
<td>-.110</td>
<td>1</td>
<td>.274**</td>
<td>-.134</td>
<td>-.001</td>
</tr>
<tr>
<td>Anger_Final</td>
<td>.066</td>
<td>.068</td>
<td>.274**</td>
<td>1</td>
<td>.358**</td>
<td>.069</td>
</tr>
<tr>
<td>Shame_Final</td>
<td>.157*</td>
<td>.659**</td>
<td>-.134</td>
<td>.358**</td>
<td>1</td>
<td>.588**</td>
</tr>
<tr>
<td>Change_final</td>
<td>-.206**</td>
<td>.553**</td>
<td>-.001</td>
<td>.069</td>
<td>.588**</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).
REFERENCES


DO I HEED THEE? EFFECTS OF SELF-CONSTRUAL ON PERCEPTION OF SOURCE SIMILARITY AND SOURCE-MESSAGE RELATEDNESS

Mina Kwon and Rashmi Adaval, University of Illinois Urbana-Champaign

Consumers are often exposed to communications from other consumers that give a product a good or a bad review. What impact do these reviews have? Does their impact depend on how similar the reviewer is to oneself? More important, can consumers’ self-construal tendencies affect how similar they perceive the reviewer to be and consequently change the flavor of the message the person provides? The research we report addresses these questions.

Early research on the effects of a message source’s similarity to the recipient on persuasiveness of the message exemplifies the complexity behind these questions. Source similarity has increased persuasion in some cases (Brock, 1965; Woodside & Davenport 1974), decreased it in other cases (Leavitt & Kaigler-Evans, 1975), and had no effect at all in still others (Wagner, 1984). Thus, despite decades of research (Cacioppo, Petty & Morris, 1983; Chaiken, 1980; Cialdini, 1993; Petty & Cacioppo, 1986) the answer to the questions raised earlier are surprisingly unclear.

Two aspects of this research are noteworthy. First, much of the research has assumed that a message’s source is used as a heuristic basis for judgment when individuals are unable or unmotivated to think about the message content (Chaiken 1980; Chaiken & Maheswaran, 1994). Thus, the focus has been on whether source information is used as a cue or not. Second, the research has considered the effect of source characteristics such as credibility, expertise and trustworthiness on whether people pay attention to the source, independently of the content of the message the source conveys (Briñol, Petty, & Tormala, 2004; Gottlieb & Sarel, 1991; Hovland & Weiss, 1951; Maddux & Rogers, 1980; McGinnies & Ward, 1980; Tormala, Briñol, & Petty, 2007; Ziegler, 2010).

In all of these cases, however, there is no clarity about the relationship between the source and the message. In some research, the source and the message are assumed to be two independent pieces of information that consumers take into account differentially based on their motivation (Chaiken, 1980). In other instances, the source and the message are seen as related and characteristics of the source can affect whether the message is taken into account (Birnbaum & Stegner, 1979). The current research clarifies this relationship. We suggest that certain factors could lead people to think of the message either independently of the source or in relation to it and that these factors can influence the impact of the message. Specifically, we focus on how self-construal tendencies (Markus & Kitayama, 1991) influence not only the perceptions of similarity of the source of a message to oneself but also whether the information in the message is considered independently of the source or in relation to it.

Individuals’ cultural background can influence their perceptions of themselves as members of a group or as individuals (Markus & Kitayama, 1991). Moreover, these cultural differences can influence the information processing strategies that people use in construing the world around them (Kuhnen & Oyserman, 2002; Oyserman et al., 2009). Thus, for instance, culturally determined self-construal tendencies could affect whether people think about stimuli independently or in relation to one another (Masuda & Nisbett, 2001). Although chronic differences exist in individuals’ self-construal (Aaker & Maheswaran, 1997; Han & Shavitt, 1994), these construals can be situationally induced as well (Kuhnen & Oyserman, 2002; Oyserman et al., 2009).

In the present research, we examined how one’s self-construal has an influence on the impact of product information that is conveyed by similar or dissimilar others. We found that when people have an independent self-construal, the effect of product information on their judgments was the same regardless of
source similarity. When people have an interdependent self-construal, however, the effect of product information was greater when it came from a similar source rather than a dissimilar source (Experiment 1). Interestingly, this effect appeared to be driven by whether people saw the message as inextricably linked to the source or independent of it (Experiment 2).

CONCEPTUAL DEVELOPMENT

People often compare themselves with others consciously or non-consciously (Mussweiler, Rüter, & Epstude, 2004) and this comparison is preceded by an initial holistic assessment of similarity or dissimilarity (Mussweiler 2003). It is unclear, however, what factors might trigger this comparison process and whether this initial holistic assessment of similarity will actually be performed. That is, when one encounters a person in an ad or as a reviewer of a product, does one spontaneously compare oneself to this person?

The answer to this question might depend on individuals’ self-construal. How people see themselves in relation to others in their environment can play a critical role in the comparisons they make between themselves and others (Markus & Kitayama, 1991). Cultural differences in self-construals are well documented. That is, North Americans typically construe themselves as independent of the social environment, whereas East Asians are more likely to see themselves as part of a larger social collective and to behave in ways that are consistent with social group norms (Hofstede, 1980; Triandis, 1989). However, these construal tendencies are likely to co-exist to some degree in all individuals (Oyserman & Sorensen, 2009) and can be situationally primed by stimulating persons to focus on themselves either as individuals or as part of a group (Brewer & Gardner, 1996; Gardner, Gabriel & Lee, 1999).

The fundamental point we make in the present research is that people with an independent self-construal (independents) view themselves as separate from and independent of others whereas those with an interdependent self-construal (interdependents) see themselves in relation to others. This tendency has implications for the manner in which individuals encode information from others who are similar or dissimilar to themselves (Aaker & Maheswaran, 1997). That is, whether individuals make a holistic comparison between themselves and the source of a persuasive message, and the implications of this comparison, may be contingent on their self-construal. Independents might not think of themselves in relation to the source at all and may evaluate what the source says independently of their similarity to the source. In contrast, interdependents might assess the source’s similarity to themselves and this assessment might influence the impact of the product information.

However, in addition to the tendency to think of themselves in relation to others, individuals’ self-construal tendencies might also affect how information from the source is perceived. In a study by Kuhnen and Oyserman (2002), for example, participants’ independent and interdependent self-construals were induced by stimulating them to use either “I” or “we” repeatedly in a sentence construction task. Priming participants’ interdependent self-construals increased their sensitivity to the relations among objects, as evidenced by their memory for the positions of objects in a stimulus array and their ease of identifying the context of stimulus features in a Navon letter identification task. Furthermore, Oyserman et al. (2009) showed that participants whose interdependent self-construal was primed performed less well on a Stroop task that required them to identify the color of words independently of the word’s meaning (e.g., to identify the color of the word “green” that was written in red).

In the present context, this finding has two important implications. First, a source is more likely to be thought about in relation to the self when consumers’ interdependent self-construal is primed than when their independent self-construal is primed. However, in addition to this tendency, the information provided by a source is more likely to be considered in relation to the source rather than independently of it. That is, the source and the source’s comments are less likely to be seen as independent of each other when an interdependent self-construal is primed than when an independent self-construal is primed (see Figure 1).
Figure 1: Pictorial representation of how participants consider source and product review information (1)

<table>
<thead>
<tr>
<th>Primed self-construal</th>
<th>Interdependent (We)</th>
<th>Independent (I)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><img src="source_is_seen_in_relation_to_the_source" alt="Diagram of self-source relationship" /></td>
<td><img src="source_is_seen_as_independent_of_the_source" alt="Diagram of self-source relationship" /></td>
</tr>
</tbody>
</table>

If the above assumptions are correct, it has interesting implications for the questions raised earlier. If interdependents are more influenced by product information when the source is similar (vs. dissimilar), this could occur for two reasons. First, interdependents may be generally more sensitive than independents to connections between themselves and the source (i.e., any source) and are thus more likely to be influenced by product reviews provided by them. Second, people with an interdependent self-construal may generally think relationally about information so that the source and the message are seen as linked, whereas independents think of the source and message as two independent pieces of information. This contextualized processing of the message by interdependents could lead to its greater impact when it comes from a similar source than when it comes from a dissimilar source. The two effects are hard to separate. To tease apart these two mechanisms, we conducted two experiments. Experiment 1 documented the basic effect suggested by past work (Aaker & Maheswaran, 1997). Experiment 2 then examined whether the effects were due to the contextualized processing of the message using a procedure described later.

To summarize, we suggest that the effect of self-construal determines whether information from a similar or dissimilar source will have an impact. Interdependents will not only think of themselves in relation to the source but will also think of product information in relation to its source. Consequently, their attention to product information will be greater when the source is similar to themselves than when the source is dissimilar. In contrast, independents will be less likely to think of themselves in relation to the source and are also likely to consider product information independently of its source. Consequently the impact of this information will not depend on whether it comes from a similar or dissimilar source.

**EXPERIMENT 1**

**Method**

Ninety-six introductory business students participated in the experiment for extra course credit. They were assigned to conditions of a 2 (self-construal prime: I vs. we) x 2 (source: similar vs. dissimilar) x 2 (product review information: favorable vs. unfavorable) mixed design, with the first two variables being manipulated between-subjects and the third (product review information) being varied within-subjects.

**Procedure**

Participants’ self-construal was manipulated by asking participants to do a short proof-reading task to pretest some materials for an English Language class (see Brewer & Gardner, 1996; Oyserman & Lee,
They were given two short paragraphs and asked to circle either first-person singular pronouns (“I,” “my,” “me,” etc.) in independent self-construal conditions or first-person plural pronouns (“we,” “our,” “us,” etc.) in interdependent self-construal conditions.

Then, as part of a different task on the computer, participants were asked to read four testimonials from either a sophomore from the Business School at their university (similar source) or a sophomore in Environmental Science from a different university (dissimilar source) for four different products. Two target products contained favorable vs. unfavorable reviews whereas the other two products were fillers. The name of the source was gender neutral.

**Product information and judgments**

Four portable electronic products were selected for this experiment: a digital camera, an MP3 player, a cell phone and a portable DVD player. For each product type, a favorable and an unfavorable product description was constructed by combining positive brand and attribute information (for favorable reviews) and negative brand and attribute descriptions (for unfavorable reviews). The filler products that were reviewed contained mixed information. The order in which the target information was communicated, and the type of product associated with favorable and unfavorable reviews, were counter balanced within each combination of source and construal level.

After participants read each product description, they rated how good they thought each of the products was on a scale from -5 (very bad) to +5 (very good) and how much they liked the product on a scale from -5 (dislike very much) to 5 (like very much). They also indicated how close they felt to the spokesperson using a measure employed by Aron, Aron, and Smolan (1992) in which two overlapping circles showed varying degrees of overlap between themselves and the spokesperson.

**Results**

*Manipulation Check*

Responses to the Aron et al. (1992) measure were transformed to a 7-pt scale and analyzed as a function of self-construal and source similarity. Participants reported feeling closer to the spokesperson if they were primed with “we” ($M = 3.68, SD = 1.71$) than if they were primed with “I” ($M = 3.11, SD = 1.39$), $F_{\text{diff}}(1, 92) = 2.74, p < .05$.

*Product Evaluation*

Product judgments along the two scales were averaged ($r = .8$) and pooled over all four product types and analyzed as a function of self-construal, source similarity and product review information. The last column of Table 1 shows that when participants were primed with “I”, the effect of product review (the difference between favorable and unfavorable reviews) on their judgments did not depend on whether the source was similar to them ($M_{\text{diff}} = 3.28$) or dissimilar ($M_{\text{diff}} = 3.39$), $F < 1$. When participants were primed with “we,” however, the product review information had greater impact on their evaluations when its source was similar to themselves ($M_{\text{diff}} = 4.05$) than when it was dissimilar ($M_{\text{diff}} = 2.40$), $F(1, 92) = 4.88, p < .05$. This difference in means is confirmed by a marginally significant 3-way interaction involving the three variables, $F_{\text{diff}}(1, 92) = 2.63, (p = .05)$.  

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Table 1. Experiment 1 Results

<table>
<thead>
<tr>
<th>Primed self-construal</th>
<th>Source</th>
<th>Favorable product information (SD)</th>
<th>Unfavorable product information (SD)</th>
<th>Mean Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Similar</td>
<td>2.32 (1.82)</td>
<td>-0.96 (2.21)</td>
<td>3.28</td>
</tr>
<tr>
<td></td>
<td>Dissimilar</td>
<td>2.97 (1.31)</td>
<td>-0.42 (2.66)</td>
<td>3.39</td>
</tr>
<tr>
<td>We</td>
<td>Similar</td>
<td>2.50 (2.15)</td>
<td>-1.55 (1.90)</td>
<td>4.05</td>
</tr>
<tr>
<td></td>
<td>Dissimilar</td>
<td>2.18 (2.06)</td>
<td>-0.22 (2.16)</td>
<td>2.40</td>
</tr>
</tbody>
</table>

Discussion

The results of Experiment 1 show that when participants’ interdependent self-construal was activated, the effect of the product review was greater when it came from a similar source than when it came from a dissimilar source. When their independent self-construal was activated, the effect of product reviews did not depend on source similarity. Although the results of Experiment 2 are consistent with expectations, an assumption underlying their implications remains to be tested. That is, our conceptualization implicitly assumes that individuals with an independent self-construal not only perceive themselves to be independent of the source but also consider the source independently of the information presented. Correspondingly, individuals with an interdependent self-construal not only see themselves as related to the source (i.e., as either similar or dissimilar) but also consider the source in relation to the information provided, establishing a link between them. This is in contrast to the general expectation that people with an interdependent self-construal are generally likely to seek commonalities with any source and therefore pay greater attention to what they say. Experiment 2 was conducted to tease apart these effects using a somewhat novel procedure.

We speculated that invoking a cognitive mindset to think about commonalities and differences would lead people to think of commonalities and differences between the source and them and this should be true regardless of whether they have an independent or an interdependent self-construal or whether the source is similar or dissimilar. If people with an interdependent self-construal typically think of the product review in relation to the source, they should see the review as more persuasive when they have a commonality mindset, and less persuasive when they have a difference mindset. If, on the other hand, people with an independent self-construal see the source and product review as two independent pieces of information, the review should have the same effect in both mindset conditions (see Figure 2).
To assess this, participants at the beginning of the experiment performed a priming task that disposed them to think about either commonalities or differences between stimuli. We speculated that this priming would lead participants with an interdependent mindset to seek commonalities (or differences) when they were exposed to the product information regardless of their objective similarity to the source. That is, they would seek commonalities with both the similar and dissimilar source when they were disposed to think of commonalities. Likewise, they would seek differences between themselves and both the similar and dissimilar source when they were primed to think about differences. If product information is thought about in relation to the source (i.e., is tagged to it), they should be more likely to accept the information provided by the source in the former case than in the latter and to perceive the product information to be more persuasive in the former case than the latter.

In contrast, priming a disposition to seek commonalities and differences might also lead independents to think about commonalities or differences between themselves and the sources. However, if they consider the product information as independent of the source, this information should have the same effect on their evaluation in both commonality and difference mindset conditions.
EXPERIMENT 2

Method

Participants and Design
Two-hundred-eight undergraduate business students participated for extra course credit. They were assigned randomly to conditions of a 2 (comparison processing style: similar vs. dissimilar) x 2 (self-construal prime: I vs. We) x 2 (source: similar vs. dissimilar) x 2 (product review information: favorable vs. unfavorable) between-subject design.

Procedure
The procedure was similar to Experiment 1 with the addition of an initial comparison-priming task. That is, participants were first given pairs of objects (e.g., dog and cat) and asked to rate either how dissimilar or similar they were by thinking of commonalities or differences (Xu & Wyer, 2007). Next, participants were primed with “I” or “we” using the same task used in Experiment 1. Then, they were given either the favorable or unfavorable camera description used in Study 1.

After receiving this information, participants indicated how much they liked the camera along a scale from -5 (dislike very much) to 5 (like very much) and indicated how persuasive they found the message to be along a scale from 0 (not at all) to 10 (very). Finally, they reported their similarity to the spokesperson along a scale from 0 (not at all) to 10 (very) and indicated their relative attention to the spokesperson versus the product review information along a scale from -5 (most attention to the spokesperson) to 5 (most attention to the product information).

Results and Discussion

Manipulation Checks
Participants reported feeling that the spokesperson was more similar to them if they had been primed to think about commonalities ($M = 5.93$) than if they had been primed to think about differences ($M = 5.03$), $F_{diff}(1,191) = 7.26, p < .01$. In addition, they rated the source as more similar to themselves if (s)he came from their own university ($M = 5.80$) than if (s)he came from another university ($M = 5.18$), $F_{diff}(1,191) = 3.42, p < .05$.

Persuasiveness of Message
We assumed that when participants had an interdependent self-construal, stimulating them to think about commonalities would lead them to see both sources as relatively similar and equally persuasive. When these participants were primed to think of differences, however, we expected them to think of both sources as dissimilar and to ignore the information that both the sources provided. Thus, product reviews would have more of an effect when participants with an interdependent self-construal were primed with commonalities than when they were primed with differences. Finally, we expected that participants with an independent self-construal would react similarly to the mindset prime but because the product review information is considered independently of the source (i.e., not integrated with it), it would have similar effects in both the mindset priming conditions.

Results summarized in Table 2 indicate that this is indeed the case. As shown in the last column of the table, the effect of product reviews on independents’ persuasiveness judgments (the difference in judgments when the product review information was favorable vs. when it was unfavorable) did not depend on whether they had been primed to think about commonalities ($M_{diff} = 3.27$) or had been primed to think about differences ($M_{diff} = 3.52$), $F < 1$. In contrast, the effect of product information on judgments of interdependents was greater when they had been primed to think of commonalities ($M_{diff} = 4.50$) than when they had been primed to think about differences ($M_{diff} = 2.70$), $F(1,192) = 5.82, p < .05$. This overall pattern was confirmed by a three way interaction of self-construal, commonality and difference prime and product...
review information $F_{dir}(1,192) = 3.59, p < .05$ that was not contingent on whether the source was similar or dissimilar ($F < 1$).

<table>
<thead>
<tr>
<th>Primed self-construal</th>
<th>Primed mindset (commonalities vs. differences)</th>
<th>Positive product information (SD)</th>
<th>Negative product information (SD)</th>
<th>Mean Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Primed to think of commonalities</td>
<td>5.0 (1.77)</td>
<td>1.73 (1.65)</td>
<td>3.27</td>
</tr>
<tr>
<td></td>
<td>Primed to think of differences</td>
<td>4.88 (1.82)</td>
<td>1.36 (1.76)</td>
<td>3.52</td>
</tr>
<tr>
<td>We</td>
<td>Primed to think of commonalities</td>
<td>5.23 (1.73)</td>
<td>0.73 (2.07)</td>
<td>4.50</td>
</tr>
<tr>
<td></td>
<td>Primed to think of differences</td>
<td>4.46 (1.94)</td>
<td>1.76 (1.90)</td>
<td>2.70</td>
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Participants also reported the extent to which they paid attention to the source of the information relative to the content of what the source said. Consistent with expectations, the attention participants with an independent self-construal paid to the source did not depend on whether they were primed to think of commonalities ($M = 2.60$) or differences ($M = 2.65$), $F < 1$. However, participants with an interdependent self-construal were more likely to think of the source when they were primed to think of commonalities ($M = 2.72$) than when they were primed to think of differences ($M = 1.72$), $F_{dir}(1,192) = 4.95, p < .05$. This effect was confirmed by an overall interaction of self-construal and prime, $F_{dir} (1,192) = 2.94, p < .05$.

**GENERAL DISCUSSION**

The research reported adds to the body of knowledge on source effects and shows how a consideration of differences in individuals’ self-construals can clarify ambiguities in previous research on source similarity. Our studies show that not only the tendency to see oneself in relation to the source but also to see the review in relation to the source can differ as a function of self-construal. This affects the impact of the review on judgments. Similarity of the source to the self has little impact on information processing when an independent self-construal is activated, partly because consumers with such self-construals typically do not think of themselves in relation to the source, and consider the content of the source’s message independently of the source. In contrast, people with an interdependent self-construal see the message as inextricably linked to the source and their tendency to see themselves in relation to the source, coupled with this contextualized processing of the product review, leads the product review to have a greater impact when it comes from a similar source than from a dissimilar source. The findings from Experiment 1 confirmed this effect.

Experiment 2 used a novel method to show how product review information is seen in a contextualized manner by interdependents and thought of as a separate piece of information by independents. To test this, we speculated that if product review information was indeed seen as an independent piece of information and unrelated to the source by people with an independent self-construal, inducing them to think of the source in different ways would have no effect on the impact of the review on judgments of persuasiveness. If, on the other hand, this information is seen as dependent on the source,
then varying how people think of the source should alter the way in which they think of the review leading it to have greater or less impact. Results of experiment 2 confirmed this assumption.

The two studies in conjunction raise some important issues about how information is processed by people with an independent or interdependent self-construal. Persuasion research has typically assumed that each piece of information (e.g., source, product attribute, etc.) is considered independently of the other. Thus, the effects of source similarity are thought about as independent of the message that is communicated. However, work by Oyserman et al. (2009) suggests that cultural differences in information processing might affect how people process information and their tendency to see the presented information in relation to other information that accompanies it. Activating this tendency to think relationally through the priming of self-construal not only affects whether people think of themselves in relation to others but also has implications for whether they think of information independently or not. Thus, mixed results of source similarity could potentially be explained by such self-construal tendencies. The research reported paves the way for additional research that could further our understanding of how cultural differences in self-construal might affect the meaning that people draw from persuasive communications (Aaker & Maheswaran, 1997; Han & Shavitt, 1994).
REFERENCES


PRIDE AND LICENSING EFFECTS: WHEN BEING GOOD GIVES US PERMISSION TO BE A LITTLE BAD

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“We drink Diet Coke – with Quarter Pounders and fries at McDonald’s. We go to the gym – and ride the elevator to the second floor. We install tankless water heaters – then take longer showers. We drive SUVs to see Al Gore’s speeches on global warming.” (Rosenwald, Michael S, July 18, 2010)

INTRODUCTION

People sometimes justify indulging in unhealthy goods, such as tasty, but fattening food, alcohol, and tobacco with a variety of rationales (Witt Huberts, Evers, & De Ridder, 2012). Previous research has shown that the act of doing something good (e.g., eating a healthy diet, engaging in pro-social behaviors) can sometimes give individuals a reason for indulging or acting immorally (Khan & Dhar, 2006; Merritt, Effron, & Monin, 2010; Witt Huberts, et al., 2012). This thesis examines the phenomenon of why and when being good gives people permission to be a little bad, a phenomenon often referred to as the “licensing effect.”

Licensing effects happen when consumers recall past behaviors (or even imagine future behaviors) that boost their self-esteem; when consumers recall these past behaviors, they are more likely to reward themselves with indulgent, or even immoral behavior. For example, drinking a diet soda might give consumers license to indulge in eating French fries; using an energy-efficient washer and dryer might encourage consumers to do excessive laundry; driving a fuel-efficient car might encourage one to drive to work instead of using public transit; and buying sustainable products may lead people to cheat more on follow-up tasks in order to get highly paid (Zhong, Strejcek, & Sivanathan, 2010). Although prior research has shown that previous good behavior is correlated with licensing effects, it was not known how pride influences the licensing effects of indulgence.

This paper focuses on pride as an antecedent to licensing effects for both theoretical and empirical reasons. Theoretically, pride is an emotion that plays a critical role in many domains of consumer decision-making and moral judgment. Pride is particularly interesting because it belongs to the class of emotions called conscious emotion, which is involved both in self-assessment and self-awareness (J.L. Tracy, Shariff, & Cheng, 2010). Managerially, because pride is a powerful and persuasive emotion, marketers try to generate pride through their commercials. For example, P&G’s “Best Job Sochi 2014 Olympic Game” commercial shows a proud mother watching her child win in the Olympics. From a managerial perspective, if marketers want to tap into this powerful emotion, they should understand its complex effect on choice. Although pride is important in consumer decision-making for both theoretical and empirical reasons, researchers have just begun to investigate how it works to influence consumer decision processing and decision-making (Jennifer L. Aaker & Patti Williams, 1998; Fredrickson, 2001; Patrick, Chun, & MacInnis, 2009; K. Wilcox, Kramer, & Sen, 2011). This paper builds on existing research by examining how different types of pride (authentic vs. hubristic pride) influence licensing effects.

Although pride is important in consumer decision-making for both theoretical and empirical reasons, little is known about how pride influences consumer decision processing and decision-making. When consumers feel a sense of achievement, they tend to make more indulgent choices, but when they also feel increased self-awareness, they tend to make virtuous choices (K. Wilcox, et al., 2011). However, in the psychology literature, pride is broken down into authentic and hubristic sub-types. The purpose of the present research is to build on the previous work regarding licensing effects and provide a deeper
understanding of how authentic pride (compared to hubristic pride) influences licensing effects in the consumer indulgence domain, as well as in the moral domain.

Pride is too broad a concept to be considered as a singular and unified construct (Lewis 1993). Instead, pride is more appropriately viewed as having two distinct facets: authentic pride and hubristic pride (J.L. Tracy & R.W. Robins, 2007). Specifically, authentic pride is associated with self-confidence and accomplishment (“I did well because I worked hard”). Hubristic pride is associated with arrogance and self-aggrandizement (“I did great because I am great”). Cluster analyses show that authentic pride includes words such as “accomplished” and “confident,” which fit with a pro-social, achievement-oriented conceptualization of pride, whereas hubristic pride includes words such as “arrogant” and “conceited.” Tracy and her colleagues also showed that the two pride facets may be elicited by distinct cognitive appraisals.

Based on prior research, we predict that differences in indulgence between authentic pride and hubristic pride will be especially strong when consumers have cognitive resources to think about their feelings. Authentic pride, because it is associated with self-accomplishment, will lead to stronger licensing than hubristic pride, because consumers will have the cognitive resources to justify the indulgence after one feels pride about his/her earned accomplishment. Additionally, in these conditions, those experiencing hubristic pride will generate mixed emotions which will suppress indulgent choice. However, when cognitive resources are low, we will see more indulgent choice for individuals experiencing hubristic pride than for individuals experiencing authentic pride. To be specific, similar to Wilcox, Kramer and Sen (2011), I argue that authentic pride promotes indulgent choices when consumers believe they deserve a reward after experiencing a sense of achievement (a cognitively complex process). However, I argue that hubristic pride promotes indulgent choices when consumers use the indulgent choice as a means of mood management, arising from feelings of hubristic pride (a cognitively simple process) (Pham, 1998; Pham, Cohen, Pracejus, & Hughes, 2001; D.M. Tice, E. Bratslavsky, & R.F. Baumeister, 2001). Together, we have completed six experiment and to examine the differences between authentic pride and hubristic pride on licensing effects.

I will review the pride literature by starting with the differences between authentic and hubristic pride. Then I will discuss the literature on licensing effects by discussing the differences between licensing effects and impulsive behavior. Then I discuss the main factors that influence licensing effects. Based on dual-process theory, system I and system II, I show how authentic pride leads to licensing effects when cognitive resources are available; however, hubristic pride leads to licensing effects when cognitive resources are not available. Finally, I will present the results of six experiments.

THEORETICAL BACKGROUND

Self-Conscious Emotions and Basic Emotions

Emotions play a significant role in goal pursuits and licensing effects (Fishbach & Labroo, 2007; K. Wilcox, et al., 2011; Zhang, Fishbach, & Dhar, 2007). Emotions can be classified into self-conscious and basic emotions. Self-conscious emotions are cognition-dependent and involve a high level of self-appraisal, self-reflection and need self-evaluation (June P Tangney & Fischer, 1995; J. L. Tracy & Robins, 2004). Basic emotions, on the other hand, are more biologically dependent than self-conscious emotions and relate to adaption and survival (Lewis, 1993). Examples of self-conscious emotions include pride, guilt, shame, and embarrassment; examples of basic emotions include joy, happiness, sadness and fear. The major distinction between self-conscious and basic emotions is that self-conscious emotions involve people’s reactions to their own behaviors or characteristics, require the ability to form self-representation, focus on the self, and generate self-evaluation (J. L. Tracy & Robins, 2004).

Self-conscious emotions play a central role in motivating and regulating people’s thoughts, feelings, and behaviors; indeed, they are fundamentally important to a wide range of psychological processes (June P Tangney & Fischer, 1995). Self-conscious emotions drive people to work hard toward
their goals (K. Wilcox, et al., 2011), and to behave in socially appropriate ways (Ashton-James & Tracy, 2011; J. L. Tracy & Robins, 2004; J.L. Tracy & Robins, 2006; J.L. Tracy, Weidman, Cheng, & Martens). Self-conscious emotions emerge later in human development than basic emotions (Lewis, 1993) and involve complex appraisals of how one’s behavior will be evaluated by the self and others (Beer, Heerey, Keltner, Scabini, & Knight, 2003), which requires one to infer the mental states of others. Although self-conscious emotions play a more significant role in self-regulation than do basic emotions (Beer, et al., 2003; Oveis, Horberg, & Keltner, 2010; June Price Tangney, 1999), they have received relatively little scholarly attention, compared to basic emotions (e.g., happiness) (J. L. Tracy & Robins, 2004).

Pride

Pride, one of the self-conscious emotions, is a newcomer to the field of consumer research. Pride has received ample attention in social psychology in the last 10 years, but has gotten little attention in the marketing management literature. A PsycINFO keyword search of “pride” and “consumer” only yielded 14 journal articles on pride (as of May 15th, 2013). Pride is a unique and important persuasive emotion that plays a critical role in many domains of consumer decision-making and moral judgment. It is particularly interesting because it belongs to the class of conscious emotions, involving both self-assessment and self-awareness.

The literature on pride and long- and short-term goal pursuit is conflicting. On the one hand, previous research has suggested that pride, similar to other positive emotions, can help people build their enduring personal resources (including physical, intellectual, social and psychological resources). Therefore, pride can broaden individuals’ thought-action repertoires by, for instance, driving individuals toward greater future achievements (Fredrickson, 2001). Furthermore, previous research has also suggested that pride can promote people’s perseverance (Williams & DeSteno, 2008). For example, Williams and DeSteno (2008) showed that by highlighting pride, people persevered more on an effortful and difficult task, compared to the control condition. The authors proposed that the experience of pride serves a crucial role in providing an incentive to pursue success, despite short-term losses, a belief that they call the “motivational hypothesis of pride” (Williams & DeSteno, 2008). In one of their studies, participants were asked to complete a dot-estimation task, involving visual perception and mental rotation. Participants were either given feedback to (or not to) induce pride. The results showed that participants who received pride feedback had greater perseverance on an effortful and hedonically negative task than those in the control condition.

Yet, another line of evidence suggests that pride, despite its positive effects on self-regulation, may have an opposite effect on short-term goal pursuit leading to indulgence. Wilcox, Kramer, and Sen (2011) showed that pride could lead to indulgence or self-control, depending on whether a sense of achievement or self-awareness is activated. For example, they found that when cognitive resources were available, a sense of achievement mediated the effects of pride on indulgence. However, when self-awareness was high, pride led to less indulgence than happiness or a neutral condition. How could one emotion have different consequences in consumer decision-making? I believe the reason for the discrepancy within the previous research is that pride is not a unitary construct. Rather, the two distinct types of pride—hubristic and authentic—have different antecedents and consequences (Tracy and Robins 2007). In sum, one limitation with previous research on pride is that, most previous studies do not distinguish between authentic and hubristic pride. For example, Wilcox, Kramer, and Sen (2011) asked participants to write about an achievement, which only induced authentic pride. I propose that in fact there are two different types of pride that lead to different licensing effect. In the following section, building on the two facets of the pride model, authentic and hubristic pride, and dual-process theory, I develop a framework to show that authentic pride and hubristic pride work differently on licensing effects: authentic pride leads to licensing effects through system II (cognition), while hubristic pride leads to licensing effects through system I (emotion).
Authentic Pride and Hubristic Pride

Two recent models (the two-facet Authentic /Hubristic model (J.L. Tracy, et al., 2010) and the Merited/Unmerited model (Holbrook, Piazza, & Fessler, 2013) suggest that pride is too broad a concept to be considered as a singular and unified construct (Lewis, 1993); instead, pride is more appropriately viewed as two distinct facets characterized by distinct ways of appraising the causes of achievement (Holbrook, et al., 2013; J. L. Tracy & Robins, 2004; J.L. Tracy & R.W. Robins, 2007; J.L. Tracy, et al.).

Evidence for the two-facet Authentic/Hubristic model (A/H model) initially came from a cluster analysis of words generated in multiple experiments, based on 2000 participants, conducted by Tracy and Robin (2007). Participants were asked to think about and list words relevant to pride, the results generate two very different categories of concepts, which empirically form two separate clusters of semantic meaning. It suggests that pride is not a unitary construct; rather, pride has two distinct facets: authentic pride and hubristic pride. Cluster analyses show that authentic or beta pride (the first cluster) includes words such as “accomplished” and “confident,” which fit with a pro-social, achievement-oriented conceptualization of pride. However, hubristic or alpha pride (the second cluster) includes words such as “arrogant” and “conceited.” Authentic pride promotes positive attitudes toward out-group, stigmatized individuals, while hubristic pride fits with a more self-aggrandizing, egotistical conceptualization, promoting prejudice and discrimination (Ashton-James & Tracy, 2012; Cheng, Tracy, & Henrich, 2010; J.L. Tracy & R.W. Robins, 2007; J.L. Tracy, et al., 2010). Tracy and her colleagues also showed that the two pride facets may be elicited by distinct cognitive appraisals. One experimental study provides support for the appraisal differences in the two types of pride (Tracy & Robins, 2007, Study 4). In this study, Tracy and Robin (2007) manipulated effort vs. ability attributions using vignettes, and found relatively greater authentic pride in response to effort, and relatively greater hubristic pride in response to ability. The results suggest that authentic pride might result from success attributed to internal, specific and controllable causes (e.g., I did well because I worked hard; I won because I practiced). Hubristic pride, on the other hand, might result from success via internal, but stable and uncontrollable causes (e.g., I did great because I am great; I won because I am great. However, Tracy and Robin (2013) mentioned that these were relative differences between effort and ability, so it remains likely that the effort/ability distinction is not the only distinction between authentic and hubristic pride.

Previous research has focused on the positive side of authentic pride and the negative side of hubristic pride. For example, studies have shown that authentic pride is associated with secure self-esteem, a genuine positive self-image, self-worth, high empathetic concern, and low attitudes toward racism. On the other hand, hubristic pride is associated with insecurity, low self-worth, arrogance, self-aggrandizement and narcissism (Ashton-James & Tracy, 2012; J. L. Tracy & R. W. Robins, 2007; J.L. Tracy, et al., 2010). How does authentic and hubristic pride influence consumer decision-making? It is not clear how these two types of pride— authentic pride and hubristic pride— affect people’s licensing effects. In the following section, I will first clarify that licensing effects are different from impulsive behavior. I will then discuss the main factors that influence licensing effects. Finally, based on dual-process theory, system I and system II, I will state my predictions and will discuss the methods to test my predictions.

Difference between Licensing Effects and Impulsive Behavior

Licensing effects are different from impulsive behaviors. Rook (1995) describes buying impulsiveness as a consumer’s tendency to think and act spontaneously, unreflectively, immediately, which usually results in undesirable consequences (Rook and Fisher 1995). Impulse buying is relatively more extraordinary and exciting than ordinary buying, more spontaneous than cautious, more emotional than rational, and is more likely to be perceived as “bad” than “good.” Thus, consumers are more likely to feel out of control after buying impulsively (Rook, 1987). Two elements must be present for impulsive behaviors: first, an impulse—an urge to act in some way and second, a lack of restraint, or control of that impulse (e.g., Carver, Johnson, and Joormann, 2009; Hofmann, Friese, & Strack, 2009). Most times, people feel guilty after engaging in impulsive behaviors. Furthermore, considerable work has treated impulsivity
as an individual variable, that is a dimension of relatively stable individual differences in the tendency to be impulsive (Barratt, Monahan, & Steadman, 1994; DeYoung, 2010; Ramanathan & Williams, 2007). De Young (2010) defined impulsivity as the tendency to act on immediate urges, either before consideration of possible negative consequences or despite consideration of likely negative consequences. Impulsive personality traits was shown to be associated with a traumatic upbringing during childhood (Figueroa & Silk, 1997). In addition, impulsivity has been examined as a personality trait that linked extraversion and aggression (Barratt, et al., 1994; Goldberg, et al., 2006). In summary, impulsivity has been largely considered as a personality trait.

MAIN FACTORS THAT INFLUENCE LICENSING EFFECTS

Factors influencing licensing effects include ease of justification, windfall gains, perceived goal progress, boosted self-concept, and the role of thinking about future choices. Therefore, in the following section, first, I will explain these factors in detail, and then I will propose how my model can explain how pride lead and when two types of pride lead to licensing effects.

Ease of Justification. Previous research has examined the roles of ease of justification in influencing licensing effects. Licensing relies on reasons to justify subsequent gratification and implies that people abandon their self-control on purpose by relying on justifications to permit themselves an otherwise forbidden pleasure, rather than lose self-control (Witt Huberts, et al., 2012). People are more likely to indulge when they can justify their consumption, choice, or prejudice toward others (Khan and Dhar 2006; Kivetz and Simonson 2002; Kivetz and Zheng 2006). Licensing permits one to choose the disallowed pleasure if it is easily justified. Indeed, findings from decision-making research suggest that people are more likely to make indulgent choices if such choices can easily be justified by previous efforts (Kivetz & Simonson, 2002). For example, a dieter can permit himself to have a supersized ice cream cone after a two-hour workout; an ex-smoker can allow herself to smoke light cigarettes because they are lower in nicotine content. However, when the choice is hard to justify, people are less likely to experience licensing effects.

Licensing Effect based on Windfall Gains. The first theory that explains licensing effects is windfall gains, such as winning a lottery (Arkes, et al., 1994). People feel less psychological pain when buying frivolous luxuries than necessities when they are using resources that are perceived as a windfall, as opposed to earned income or effortful results. O’Curry and Strahilevitz (2001) found that people were more likely to choose vice over virtue when they used money from winning a lottery instead of income (O’Curry & Strahilevitz, 2001).

Licensing Effect based on Goal-Fulfillment (or Perceived Progress). Goal-fulfillment can also lead to licensing effects. Fishbach and Dhar (2005) explained that consumers were more likely to indulge if they paid attention to their goal progress and believed that they had made enough or quick progress toward their goals. When consumers have multiple conflicting goals, the pursuit of a focal goal can lead them to unrelated or even conflicting goals. For example, opening a savings account (the goal being to save money for retirement) may lead to overspending because consumers might interpret having made progress in approaching their savings goals, thus leading to licensing effects in overspending (Fishbach & Dhar, 2005). In one study, Fishbach and Dhar (2005) manipulated goal progress by using a social comparison standard (high progress vs. low progress) toward an academic goal. They found that compared to people who were in the low-progress (high social standard) condition, participants in the high-progress (low social standard) condition reported more interest in non-academic activities, such as going out with friends, watching television and having fun. In short, this result confirmed that goal fulfillment by focusing on goal progress can lead to a deviation from the focal goal, which constitutes a licensing effect in goal pursuits.

Licensing Effect based on Borrowing from the Future. Another interesting and important finding in the literature is the effect of optimism on licensing effects. It has been shown that even imagining future progress (before engaging in action toward a focal goal) can lead to licensing effects (Fishbach & Dhar,
In one of Fishbach and Dhar (2005)’s studies, participants were approached either on their way to the gym or on their way out of the gym. They were asked to indicate the effectiveness of their (upcoming or accomplished) workout in making progress toward their goal of staying fit. They were then asked about their interest in eating a tasty, but fattening dinner that night. The results showed that those who were on their way to the gym expressed more interest in the tasty and fattening dinner than those who had just finished a workout. Further analysis also showed that there is a positive relationship between the perceived effectiveness of working out and choosing the fattening dinner.

**Licensing Effect based on the Mere Exposure of an “Indulgent” Option.** Mere exposure can also lead to licensing effects in consumer consumption. For example, exposure to a healthy option can lead to an indulgent option (Keith Wilcox, Vallen, Block, & Fitzsimons, 2009). In one study, people who had a high level of self-control were more likely to indulge when they were exposed to a healthy option in a choice set of relatively unhealthy alternatives. The reason was that the mere exposure to the healthy option fulfilled health-related goals, especially for people who were high in self-control. For people who were high in self-control, compared to those who were low in self-control, the presence of a healthy option in a set of unhealthy alternatives increased the perceived similarity between healthy and unhealthy items. People who were high in self-control paid more attention to the most indulgent option than the other ones. For example, McDonald’s inclusion of “healthy” options in their menu ironically increased McDonald’s success in selling burgers and fries, which was considered as a key to success for fast food. Consumers wanted healthy options on the fast food menu, but this did not mean that they were going to eat them. A mere exposure to healthy food by stating that adding healthy items to a menu can make unhealthy food items look less threatening. Therefore, people are more likely to choose the unhealthy over the healthy selections.

**Licensing Effect based on Boosted Positive Self-Concept.** Individuals whose prior behaviors established them as ethical, helpful, compassionate or reasonable people will be more likely to exhibit self-licensing effects (Merritt, et al., 2010). Thus, having a boosted positive self-concept impacts questionable consumer choices (Khan & Dhar, 2006). When participants were asked to choose between designer jeans and a vacuum cleaner, those who were asked to imagine that they had volunteered to spend three hours a week doing community service were more likely to choose the designer jeans rather than those who were in the control condition. Furthermore, participants in the license condition rated themselves as having a higher positive self-concept than those in the control condition. Self-concept was measured by using four statements, such as, “I am compassionate”; “I am sympathetic”; “I am warm”; and “I am helpful.” A prior commitment to a virtuous act boosts one’s positive self-concept, which leads to licensing effects (which, in turn, increases one’s preference for relative luxury options) (Khan & Dhar, 2006).

To summarize, prior literature suggests that licensing effects can occur through different ways. However, it is still not clear how pride can potentially influence licensing effects. Prior research has examined the influence of elevated arousal in influencing positive mood and its resistance to temptation (Fedorikhin & Patrick, 2010), which suggests that both valance and arousal play a role in licensing effects. Prior research has also examined the roles of affect and cognition in influencing consumer decision-making (Shiv & Fedorikhin, 1999). Previous research on positive emotion and moral licensing has also shown that positive affect could promote immoral behavior by facilitating justification of immoral behavior. That is to say, positive affect could increase cognitive flexibility, an ability that could redefine events, broaden categories, and facilitate the connections between concepts that are unrelated to each other (Ayal & Gino, 2011). However, two points should be noted. First, emotions from the same valence have different antecedents and consequences. Second, it is possible that authentic pride and hubristic pride influence licensing through different systems. To conclude, I am going to review the literature on dual-process theory first. Then I will build my framework on dual-process theory.
DUAL-PROCESS THEORY: COGNITION AND EMOTION

Emotion and cognition play different roles in consumer decision-making (Shiv & Fedorikhin, 1999). In this thesis, I adopt dual-process theory to explain the roles of authentic pride and hubristic pride on licensing effects. The dual-process theory consists of two processes: system I and system II. System I relies on an emotional response: it is quick, simple, uncontrolled and heuristic based. System II relies on a cognitive response: it is slow, complex, deliberate and analytic based (Evans, 2008; Evans & Over, 1996).

Recent work extends this dual-process theory to the process of emotion and cognition in influencing consumer decision-making. Shiv and Fedorikhin (1999) proposed that the two types of processes are engaged in a choice task: one is affective in nature, while the other is cognitive (Shiv & Fedorikhin, 1999). The former process is more automatic and is less likely to be affected by the availability of processing resources. However, the latter process is more controlled and is more likely to be affected by the availability of processing resources. Therefore, when cognitive resources are limited, people are more likely to rely on the first, automatic process. In this case, emotion plays a more important role on choice than cognition. However, when cognitive resources are not constrained, people are more likely to rely on the second, controlled process. In this context, cognition plays a more important role on choice than emotion. Metcalfe and Mischel (1999) also proposed that cognition and emotion play different roles in self-control. They proposed two types of processing: hot and cool systems. The hot, emotional system relies on quick emotional processing, which they refer to as the “go” system. The cool cognitive system relies on complex and rational thoughts, which they refer to as the “know” system (Metcalfe & Mischel, 1999).

Extensive research has shown that cognitive resources can impact a person’s self-regulation (R.F. Baumeister, 2002; Roy F Baumeister, 2003; Roy F Baumeister, Bratslavsky, Muraven, & Tice, 1998; Roy F Baumeister, Muraven, & Tice, 2000; Muraven & Baumeister, 2000; Van Dillen, Papes, & Hofmann, 2012; Vohs, et al., 2008); however, the results are conflicting. On the one hand, the traditional view suggests that limited cognitive resources lead to decreases in willpower or self-control. For example, when one’s cognitive load is high, he or she is more likely to engage in indulgent choices, or is less persistent with goal pursuit (R.F. Baumeister, 2002; Roy F Baumeister, 2003; Roy F Baumeister, et al., 1998; Shiv & Fedorikhin, 1999; Vohs, et al., 2008).

However, recently, some articles have shown that limited cognitive resources do not always lead to reduced self-regulation: for example, Van Dill (2013) found that cognitive load can reduce the impact of temptations on cognition and behavior. This notion challenges the proposition that cognitive load always hampers self-regulation. By using a spatial categorization task to manipulate cognitive load, four studies showed that participants who were under a low cognitive load allocated more attention to tempting over neutral stimuli (e.g., attractive high-calorie food vs. low-calorie food; attractive vs. unattractive female faces). However, this effect disappeared for participants under a high cognitive load. The findings suggest that recognizing temptation requires cognitive resources; therefore, when one is under cognitive load, he or she may overcome the captivating power of temptation, and thus, increase self-regulation (Van Dillen, et al., 2012).

Another study conducted by Wilcox (2011) also showed that limited cognitive resources do not always impair self-regulation. Participants were asked to write either a story about an accomplishment, or a happy or typical day (control). Cognitive load was manipulated by asking participants to spend 2 minutes memorizing a list of 20 words (high cognitive load), or they were not given a cognitive load task (low cognitive load). The results showed that when the cognitive load was low, participants were more likely to make an indulgent choice when they wrote about accomplishment, compared to those who wrote about a happy or typical day. However, when the cognitive load was high, participants were less likely to make an indulgent choice when they wrote about accomplishment, compared to those who wrote about a happy or typical day. These results provide support that a high cognitive load does not always lead to reduced self-regulation.
Although this research details how authentic pride affects indulgent choice under different cognitive load condition, it does not detail how hubristic pride affects indulgent choice.

Licensing effects can occur through intuitive system I processing, especially in cases where one’s affect and intuition generate a strong preference in favor of an indulgent or dishonest option. The literature in depleted self-control can explain this phenomenon. For instance, previous research suggests that most times people rely on heuristic processing, quick and superficial thinking, and shallow decision-making, potentially resulting in licensing effects, especially when people are in a positive mood (Bless, Bohner, Schwarz, & Strack, 1990), or when they lack self-control resources (Muraven & Baumeister, 2000). When people are in a positive mood, they are motivated to maintain their positive mood, and thus, are more likely to engage in self-licensing. For example, prior research has found that a positive mood stimulates self-licensing behaviors, such as drinking (Cyders, et al., 2007) and overspending money (Rook, 1987).

Licensing effects can occur through either system I or system II. System I relies on an emotional response: it is intuitive, quick, simple, uncontrolled and heuristic based. System II relies on a cognitive response: it is deliberate, slow, complex, and analytic based (Evans, 2008; Evans & Over, 1996). The dual-system framework suggests that consumers’ choices and preferences can arise either mainly from intuitive processing, which requires little deliberation, or they can be attributed to deliberate thought, which requires ample deliberation (Dhar & Gorlin, 2013). Based on the dual-system framework, I argue that while some licensing effects can be attributed to intuitive system I processing, especially in cases where system I generates a strong preference in favor of an indulgent or dishonest option, other licensing effects can be attributed to deliberate system II processing, especially when it is easy to justify one’s options. Based on the dual-process theory, I propose that cognitive resources moderate the effects of authentic and hubristic pride on licensing effects. I theorize that authentic pride leads to licensing effects though the cold cognitive system, which allows consumers to justify an indulgence on their earned accomplishment. To be specific, I predict that authentic pride, associated with self-accomplishment, will lead to stronger licensing effects than hubristic pride, especially when consumers have cognitive resources available to justify their choice.

On the other hand, I also propose that hubristic pride leads to indulgence through the hot emotional system, which allows one to indulge in immediate impulses to make one feel better. Hubristic pride is more likely to lead to indulgence when cognitive resources are low. Previous research has shown that hubristic pride is positively related to negative emotions, such as shame and anger (Charles S Carver, Sinclair, & Johnson, 2010). Affect regulation theory (Dianne M Tice, Ellen Bratslavsky, & Roy F Baumeister, 2001) predicts that when one feels bad, he or she wants to feel good urgently at the expense of long-term goals. This urge to improve one’s mood leads to indulgent choices. When cognitive resources are low, people rely on quick emotional judgments to make a decision (Metcalf & Mischel, 1999). Therefore, hubristic pride is more likely to lead to indulgence when consumers rely on affect, and they try to repair their mood with hedonic choices. Therefore, I propose the following:

**H1**: Authentic pride and hubristic pride lead to licensing effects through different systems.

**H1a**: Authentic pride leads to greater licensing effects through system II, when cognitive resources are available, compared to when cognitive resources are not available;

**H1b**: Hubristic pride leads to greater licensing effects through system I, when cognitive resources are not available, compared to when cognitive resources are available.

**OVERVIEW OF THE STUDIES**

We have completed six studies to test our hypotheses about the effect of pride on licensing effects. Across the first three studies, we find consistent results: authentic pride leads to more indulgence than hubristic pride. In studies 4 and 5, we further test the moderating role of cognitive resources on how pride
influences indulgence. We find that when cognitive resources are available, participants in the authentic pride condition are more likely to indulge than those in the hubristic pride or control condition. However, when cognitive resources are not available, participants in the authentic pride condition are less likely to indulge than those in the hubristic pride condition. Finally, in the last study (study 6), we examined the role of pride on honesty. The results showed that authentic pride is associated with less dishonesty than hubristic pride.

**STUDY 1**

The objective of study 1 was to test our hypothesis that authentic pride leads to more indulgence than hubristic pride. Participants were randomly assigned to one of four conditions (authentic pride vs. hubristic pride vs. happy vs. control). Indulgence was measured with the choice of a movie ticket vs. gas card.

**Method**

*Participants and Procedure.* Undergraduate students (N = 160) from a Midwestern university participated in this study for extra course credit. Participants in the *authentic* pride condition were asked to write about a time when they had succeeded through hard work and effort, and reached a potential or achieved a goal. Participants in the *hubristic* pride condition were asked to write about a time when they behaved in a self-important manner or felt pretentious or stuck–up. Participants in the *happy* condition were asked to write about a time when they felt happy. And participants in the *control* condition were asked to write about a time when they did laundry. After participants finished writing their story, they responded to items measuring emotions that they were experiencing right now, including happiness, sadness and authentic and hubristic pride (AHPS) (Tracy & Robins, 2007). Finally, participants were asked to choose a reward of a $10 movie ticket or a gas card. We selected those two items because previous research suggests that a movie ticket is an entertaining product, and gasoline purchase is a utilitarian product. An entertaining product is a more indulgent choice in the literature on licensing effects (Maimaran & Simonson, 2011; Wilcox, Kramer, & Sen, 2011).

**Results and Discussion**

*Manipulation Checks.* Participants’ responses to the Authentic and Hubristic Pride Scales (AHPS) (Tracy & Robins, 2007) were averaged into composite measures of authentic and hubristic pride (αs = .97 and .94, respectively). As expected, participants in the authentic pride condition reported greater authentic pride (M = 4.47) than those in the hubristic pride condition (M = 4.12; t = 2.82, p < .01), and control condition (M = 3.58; t = 4.46, p <.001). In addition, participants in the hubristic pride condition reported greater hubristic pride (M = 2.55,) than participants in the authentic pride condition (M = 1.78; t = 3.78, p < .001) and control condition (M = 1.41; t = 5.63, p < .001). We averaged three items to form a happiness measure (happy, cheerful, and excited, α = .90). Participants in the happiness pride condition (M = 3.67) reported similar amount of happiness as those in the authentic (M = 3.63; t = .80, NS) and hubristic pride (M = 3.45; t = 1.30, NS), but more than those in the control condition (M = 3.20; t = -2.90, p < .01). Participants reported equal amount of sadness (average of three items: sad, unhappy and miserable, α = .86) across all conditions (all ps > .10).

*Indulgent Choice.* The logistic regression showed a significant effect of emotion on indulgent choice (Wald’s x² = 18.39; p <.001). As predicted, authentic pride (41.86%) led to more indulgent choice (movie ticket) than hubristic pride (22.97%; Wald’s x² = 4.67; p < .05), happiness (12.90%; Wald’s x² =7.94; p < .01) or the control (23.91%; Wald’s x² = 4.26; p < .05). There was no significant difference in indulgent choice between the hubristic (22.97%) and the happy (12.90%; Wald’s x² = 1.92; NS), or the control condition (23.91%; Wald’s x² =.04; NS) (see fig. 1).
Discussion. The results of study 1 support our prediction that authentic pride leads to more indulgent choice than hubristic pride. One limitation of study 1 was that the choice of a movie ticket was considered as indulgent, but this may not be a good measurement. Therefore, to generalize our results, in the next two studies, we measure indulgence in a different way and manipulate pride differently.

STUDY 2

In study 2, participants were randomly assigned to one of three conditions (authentic pride vs. hubristic pride vs. control). We assessed indulgence by asking participants how much they would pay for a luxury watch.

Method

Participants and Procedure. Undergraduate students (N = 78) from a Midwestern university participated in this study for extra course credit. Participants in the authentic pride condition were asked to write about a time when they felt accomplished. Participants in the hubristic pride condition were asked to write about a time when they felt snobbish (McFerran, Aquino and Tracy, 2014). Participants in the control condition were asked to write about the geography of their state. Then participants completed an emotion manipulation check. Finally, participants indicated how much they would pay for a luxury watch.

Results and Discussion

Pride Manipulation Check. Participants’ responses to the Authentic and Hubristic Pride Scales (AHPS) (Tracy & Robins, 2007) were averaged into composite measures of authentic and hubristic pride (αs = .97 and .96, respectively). As expected, participants in the authentic pride condition scored higher on the authentic pride scale (M = 4.48) than participants in the hubristic pride condition (M = 2.56; t = 6.58, p < .001), and control condition (M = 3.37; t = 3.85, p < .001). In addition, participants in the hubristic pride condition scored higher on the hubristic pride scale (M = 3.48) than participants in the authentic pride condition (M = 1.60; t = 7.61, p < .001) and the control condition (M = 1.65; t = 7.55, p < .001).

Indulgence. Indulgence was measured with using the log-transformed price participants were willing to pay for the luxury watch. A one-way ANOVA showed a significant main effect of emotion on how much consumers were willing to pay (F(1, 76) = 4.25, p < .01), such that participants in the authentic pride condition (M = 7.92) were willing to pay for more for a luxury watch than those in hubristic pride condition (M = 6.84; t = 2.50, p < .01) and control condition (M = 6.83; t = 2.59, p < .01).
Discussion. The results of study 2 support our prediction that feelings of authentic pride can lead to more indulgence than hubristic pride.

STUDY 3

In study 3, participants were randomly assigned to one of three conditions (authentic pride vs. hubristic pride vs. control). Indulgence was measured by the amount participants were willing to pay for a pair of luxury sunglasses. We expected our results to replicate those in previous studies.

Method

Participants and Procedure. Undergraduate students (N = 98) from a Midwestern university participated in this study for extra course credit. Participants in the authentic pride condition were asked to write a brief story about themselves using the following four words: successful, confident, fulfilled and productive. Participants in the hubristic pride condition were asked to write a brief story about themselves using the following four words: snobbish, conceited, arrogant and smug. Participants in the control condition were asked to write about a typical day in their life. We used the remaining three items from the AHPS scale as a manipulation check (accomplished, like I am achieving, like I have self-worth, $\alpha = .86$ for authentic pride; egotistical, pompous, and stuck-up, $\alpha = .87$ for hubristic pride). Finally, participants indicated how much they would pay for a pair of luxury sunglasses.

Results and Discussion

Pride Manipulation Check. As expected, participants in the authentic pride condition reported greater authentic pride ($M = 3.96$) than those in the hubristic pride ($M = 2.55; t = 5.35, p < .001$) and control condition ($M = 2.88; t = 4.08, p < .001$). Participants in the hubristic pride condition reported greater hubristic pride ($M = 2.34$) than those in the authentic pride ($M = 1.89; t = 2.21, p < .05$) and control condition ($M = 1.69; t = 3.01, p < .01$).

Indulgence. Indulgence was measured with the log-transformed dollar amount people were willing to pay for the luxury sunglasses. A one-way ANOVA showed a significant main effect of emotion on indulgence ($F(1, 96) = 3.73, p < .05$), such that participants in the authentic pride condition ($M = 5.96$) were willing to pay more for a luxury product than those in hubristic pride condition ($M = 5.56; t = 2.16, p < .05$) and those in the control condition ($M = 5.48; t = 2.51, p < .01$).
Discussion. The results of study 3 again support our prediction that feelings of authentic pride leads to more indulgence than hubristic pride. Across the three studies, our results show converging evidence that authentic pride has stronger licensing effects on indulgence than hubristic pride or control conditions. We wanted to better understand the underlying process so we examined the moderating role of cognitive resources in the next two studies.

STUDY 4

Study 4 examines whether authentic pride always leads to more indulgence than hubristic pride. As a result we manipulated cognitive resources. The overall design of the study was a 3 (emotion: authentic pride vs. hubristic pride vs. control) × 2 (cognitive resource: high vs. low) between-subjects design.

Method

Participants and Procedure. Undergraduate students (N = 65) from a Midwestern university participated in this study for extra course credit. The manipulation of pride was the same as in study 1, except that participants in the control condition wrote about a time when they did laundry. After writing stories, participants were asked to remember a “password,” in order to manipulate cognitive resources (Conway & Gawronski, 2013). In the low (high) cognitive resources condition, participants were asked to remember a complex (easy) password, Hj69736741(123). Finally, participants were asked to indicate how much they would pay for four items with their school’s logo, a T-shirt, notebook, license plate frame and toaster, and nine items without the school’s logo, such as a vacuum, an electric toothbrush, a shampoo, a backpack or a pineapple.

Results and Discussion

Cognitive Load Manipulation Checks. Participants in the low cognitive resources condition reported that they had to spend more effort remembering the password than those in the high cognitive resources condition (\(M_{\text{low}} = 5.39, M_{\text{high}} = 3.89, F(1, 64) = 25.36, p < .001\)).

Indulgence. We measured indulgence by averaging the standardized price participants were willing to pay for the four items with the school logo. We also calculated a control price index based on the average price participants were willing to pay for nine items without the school logo. We standardized the price assigned to each product before calculating the average. Repeated measures ANOVA revealed a significant interaction involving our repeated measure (price), emotion, and cognitive resources (\(F(2, 59) = 4.52, p < .02\)), such that when cognitive resources were available, participants in the authentic pride condition (\(M = .37\)) assigned higher prices to the logo items than those in hubristic pride condition (\(M = -.62, t = 2.56, p < \)).
However, when cognitive resources were limited, participants in the hubristic pride ($M = .70$) condition assigned significantly higher prices to the logo items than those in authentic pride ($M = -.49$, $t = 3.05$, $p < .01$). Our control price index did not differ significantly across conditions. For example, when cognitive resources were available, participants in the authentic pride condition ($M = -.11$) assigned similar amount of prices to products as those in hubristic pride ($M = -.29$, $t = .44$, NS) and control condition ($M = .19$, $t = .74$, NS).

![Figure 4 (Study 4) Price Willing To Pay For The Logo Product](image)

Discussion. The results show that feeling authentic pride leads to more indulgence than hubristic pride when resources are available, but when resources are limited hubristic pride leads to more indulgence.

STUDY 5

The overall design of the study was a 2 (emotion: authentic pride vs. hubristic pride) * 2 (cognitive resource: high vs. low) between-subjects design.

Method

Participants and Procedure. Undergraduate students ($N = 134$) from a Midwestern university participated in this study for extra course credit. The procedure was identical to study 4, except that we measured indulgence by asking participants to make a choice between a $10$ movie theater ticket and gasoline card.

Results and Discussion

Indulgence. Logistic regression showed a significant two-way interaction of emotion and cognitive load on indulgent choice (Wald’s $x^2 = 6.73; p < .01$). When cognitive resources were high, participants in the authentic pride condition were more likely to choose the movie ticket (55.56%) than those in the hubristic pride condition (40.74%). However, when cognitive resources were low, participants who were in the hubristic pride condition were more likely to choose a hedonic option (59.26%) than those in the authentic pride condition (44.44%). No other effects were observed (all $ps > .05$) (see fig. 5).
Discussion. The results of study 5 again showed that feeling authentic pride leads to indulgence, especially when cognitive resources are available, but that when cognitive resources are limited feeling hubristic pride leads to more indulgence than authentic pride.

STUDY 6

The purpose of study 6 is to examine the effects of pride on moral licensing. The overall design is a 2 (pride: authentic pride vs. hubristic pride) between subject design. Moral licensing was measured through a dice game (Shalvi, Eldar, & Bereby-Meyer, 2012).

Method

Participants and Procedure. Undergraduate students (N = 119) from a Midwestern university participated in this study for extra course credit. Pride was induced similarly as in study 1. A rolling die task will be used to measure honesty. Participants were asked to throw a virtual online die 15 times, and the outcome of each round will determine their bonus payment: $.01 for , $.02 for ... and $6 for . This task enables participants to cheat by reporting an outcome that is higher than what is actually obtained. Prior research has shown that rolling the dice multiple times gives participants a justification to cheat.

Results and Discussion

Dishonesty. Self-reported monetary outcome was used as a measure of dishonest behavior, with higher number indicates higher cheating. A one way ANOVA revealed a significant main effect of pride on honesty ($F(1, 118) = 4.24, p < .05$), such that those primed with authentic pride were less likely to cheat ($M = 54.89$) than those who were primed with hubristic pride ($M = 58.26$; $t = -2.06, p < .05$).
Discussion. The results from study 6 provide initial evidence for the effect of pride on moral licensing, such that participants primed with authentic pride are less likely to cheat than those primed with hubristic pride.

GENERAL DISCUSSION

In this research, we find evidence of pride on licensing effects such that authentic pride leads to more indulgence than hubristic pride (studies 1-3), especially when the cognitive resources are available (studies 4-5). However, when cognitive are limited, hubristic pride leads to more indulgence than authentic pride (studies 4-5). We further find evidence that authentic pride leads to more honest behaviors than hubristic pride (study 6). In an on-going study 7, we investigate whether feelings of deservedness mediate the effects of authentic pride and whether mixed emotion mediate the effects of hubristic pride. When cognitive resources are available, consumer who feel authentic pride may feel that they deserve to indulge themselves; while those feeling hubristic pride may feel that they don’t deserve to indulge themselves; but when resources are limited neither those feeling authentic or hubristic pride have the resources to ruminant on whether they deserve to indulge. As a result authentic pride effects on licensing will be suppressed and hubristic pride effects will be enhanced.

This paper has theoretical implications for scholars and practical implications for companies and public policy makers. In terms of theoretical contributions, this paper extends research on the effects of pride on licensing effects. Previous consumer research in pride has examined the role of pride on indulgent consumption choice (K. Wilcox, et al., 2011)(Wilcox, Kramer, & Sen, 2011), persuasion in a cross-cultural context (J.L. Aaker & P. Williams, 1998), self-control (Patrick, et al., 2009), and preference for advertisements (Katzir, Eyal, Meiran, & Kessler, 2010). The present research examines the interesting, but largely unexamined effects of hubristic and authentic pride on licensing effects. This research also has implications for practice. Depending on the objective (motivating consumers to adhere to long-term goals versus prompting hedonic decisions), companies may want to induce different types of pride. Furthermore, companies can induce different types of pride through advertising and through good customer programs.

Future research could examine the role of self-awareness in influencing the effects of authentic pride and hubristic pride on licensing effects. Self-awareness theory suggests that people pay attention either to the environment or to one’s self, but not to both (C. S. Carver & Scheier, 1981; Scheier & Carver, 1985). Some situations can cause people to focus on themselves, although people are usually not self-focused. For example, gazing into a mirror, standing in front of an audience, and videotaping oneself could increase self-awareness (Goukens, Dewitte, & Warlop, 2009; Pham, Goukens, Lehmann, & Stuart, 2010). When self-awareness is high, the self-focused people are more concerned with the appropriateness of their actions. Self-focused people will have a higher motivation to reduce the discrepancy between a standard
ideal and current undesired behavior. Therefore, previous research has found that higher levels of self-awareness increase self-regulation. For example, self-awareness decreases consumer choice for French fries (K. Wilcox, et al., 2011), reduces the likelihood of cheating on an exam (Beaman, Klentz, Diener, & Svanum, 1979), reduces the consumption of unhealthy food (Patrick, et al., 2009), and increases people’s willingness to help. Moreover, self-awareness causes people to behave in ways that are more consistent with their own personal product preference (Goukens, et al., 2009). High self-awareness motivates the self to avoid temptation, and to increase one’s motivation to act consistently with long-term goals or internal standards (Duval & Silvia, 2002; Heine, Takemoto, Moskalenko, Lasaleta, & Henrich, 2008; Silvia & Phillips, 2004).

Self-awareness plays an important role in moderating the effects of pride on indulgent choice. Wilcox (2011) found that when participants were made more self-aware by being videotaped, they were less likely to make indulgent choices when they were primed with pride versus a control. Furthermore, participants primed with pride were more likely to choose an indulgent choice when their self-awareness was low versus high, which highlights the important role of self-awareness in consumer decision-making. We predict that self-awareness moderates the effects of authentic pride and hubristic pride on licensing effects. To be specific, when self-awareness is low, authentic pride will lead to higher licensing effects, compared to when self-awareness is high. This effect will disappear, for both hubristic and control conditions.
REFERENCES


LEARNING ABOUT THE SELF THROUGH ADVERTISING: THE EFFECT OF BEHAVIORALLY-TARGETED ADVERTISING ON CONSUMER SELF-PERCEPTIONS AND BEHAVIOR

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An important issue in marketing is directing the right advertisements to the right consumers at the right time. To effectively communicate with different groups of consumers, firms have long relied on targeting, the segmentation of a market into smaller groups based on a meaningful variable and selection of a particular segment as the target (Aaker et al. 2000; Blattberg, Buesling, and Sen 1980). Commonly used segmentation variables include demographic variables like ethnicity (Deshpandé and Stayman 1994) or gender (White and Dahl 2007), and psychographic variables, including values, personality, and lifestyle (Wells 1975). Due to widespread Internet use and advances in technology that tracks online behavior, a new form of targeting has emerged. “Behavioral targeting” is an Internet-based advertising strategy that uses a consumer’s online actions to tailor digital ads for that person. As an illustration of how this process works, suppose that a consumer visits a clothing website and searches for a wool sweater. The pattern of hyperlinks she clicks on, the items she chooses to put in her cart (regardless of whether she ultimately buys them), the time of day, and the length of her visit may all be stored in a database and associated with the computer she is using (i.e., with an Internet Protocol or IP address). When she visits additional webpages, automated software operated by online advertisers will recognize her unique IP address and display ads featuring the specific sweaters she spent the most time looking at previously or ads featuring related products like wool scarves that an advertiser can infer she would like based on her interest in wool sweaters.

Evidence from the field suggests that behavioral targeting enhances advertising response rates (Beales 2010; Yan et al. 2009), with click-through rates increased as high as 670% relative to traditional online ads that are not behaviorally-targeted. Unsurprisingly, given its effectiveness, revenues for this type of behaviorally-targeted advertising are poised to grow at a 9.6% compounded annual rate to reach $7.1 billion by 2015 (Sullivan 2011). Despite this tremendous growth, important questions about this strategy remain, including: (1) are behaviorally-targeted ads more effective than non-targeted ads under all conditions? and (2) what is the psychological process driving increased effectiveness of behaviorally-targeted ads? This research seeks to answer both of these questions.

We propose that behavioral targeting is so successful, in part, because it changes consumers’ beliefs about themselves. In other words, it can act as a self-fulfilling prophecy, where the consumer desires the advertised product because they believe the targeting algorithm’s conclusion that they are the type of person who would enjoy the product. These self-perceptions not only affect purchase intentions for the advertised product but other actions related to the trait learned from the behaviorally-targeted ad. For example, receiving a targeted ad for a sustainable product can lead consumers to believe that they are more “green,” increasing their likelihood of donating to an environmental charity. Across three experimental studies, we demonstrate that whether consumers learn about themselves from behaviorally-targeted ads depends on both the consumers’ awareness that the ad is targeted to them based on their past behavior and their liking of targeted ads in general, such that only those consumers who are aware that the ad is targeted and who like targeted ads change their self perceptions as a result of seeing a targeted ad. We also show that consumers primarily accept positive traits about themselves from targeted ads (and not negative or neutral traits). We discuss the implications of these findings for theory and practice, including presenting the results of a broad-scale correlational survey to characterize the consumer segments most likely to like targeted ads.

THE MALLEABILITY OF SELF-PERCEPTIONS

People seek information about themselves from a variety of sources (Baumeister 1998; Wu, Cutright, and Fitzsimons 2011). Researchers have identified several specific motivating principles for this
quest for self-discovery, including self-verification, self-assessment, self-improvement, and self-enhancement (Sedikides and Strube 1997; Taylor, Neter, and Wayment 1995). While the specific reasons vary across people and contexts, it is clear that consumers are quite sensitive to learning new information about themselves (Bargh 1992; Coleman and Williams 2013). This sensitivity can make individuals’ perceptions about themselves remarkably malleable.

As a result, marketers can employ a variety of techniques to mold consumers’ self-perceptions. One such example is the “foot in the door” technique (Freedman and Fraser 1966; Scott 1977), where a marketer can gain increased compliance with a large request by first requesting something small. In a classic experiment, Freedman and Fraser (1996) asked randomly selected homeowners if they would put a small sign in their yard reading, “Keep California Beautiful,” a request to which most agreed. These homeowners and others were later asked to put a massive sign in their yard, and those who were first presented with the smaller request were far more likely to comply. This increased compliance occurs in part because people’s self-perceptions changed in response to the presence of the first sign—they saw themselves as activists because of the sign in their yard and therefore agreed to further activism (DeJong 1979). This tendency to learn about the self and evaluate the implications of one’s behavior (see Self-perception Theory: Bem 1967) can also be externally reinforced through a technique called social labeling. Labeling entails classifying individuals, purportedly on the basis of their behavior, in the hope that they will later act in a manner consistent with that characterization (Tybout and Yalch 1980). For example, in a study conducted by Kraut (1973), individuals who donated to a charity were labeled as charitable (i.e. they were told, “You are a generous person; I wish more people I met were as charitable as you”) or were not labeled. Individuals who did not give money were labeled as uncharitable or were not labeled. When asked to contribute to a second charity at a later time, participants who gave money to the first charity and were assigned the charitable label gave more money than participants who gave money but were not labeled. Of the participants who did not give money to the first charity, those labelled as uncharitable gave directionally less money than those not assigned this label, but the difference was not significant and smaller than the effect observed for the positive label. Thus, past research suggests that consumers learn about themselves from their own behavior, especially when the implications of their behavior are made clear to them and when the trait they are learning about the self is positive. This lack of significant self-learning about negative traits observed in the social labeling literature (see also Allen 1982) is consistent with people’s general desire to maintain positive self-views (Baumeister 1998; Dunning 2007; John and Robins 1994). In the next section, we discuss behaviorally-targeted ads as a source of social labeling that leads to self-learning, and we address the conditions under which consumers are likely to accept the information about themselves presented in such ads.

**BEHAVIORALLY-TARGETED ADVERTISING AS A SOURCE OF INFORMATION ABOUT THE SELF**

Consistent with Yan et al. (2009), we formally define behavioral targeting as “using information collected on an individual's web-browsing behavior, such as the pages they have visited or the searches they have made, to select which advertisements to display to that individual” online. To illustrate how behavioral targeting works and why marketers find it attractive, suppose that a sports manufacturer introduces a new tennis racket to the market and decides to advertise online. Given that the firm’s primary goal is to expose the ad to customers who are most likely to purchase a new racket, the manufacturer might naturally consider placing ads on a variety of tennis websites. Space on these websites is limited, however, and other tennis racket companies are competing for this resource. Instead of (or in addition to) advertising on tennis-focused websites, the manufacturer may contract with a behavioral targeting company to identify the consumers who exhibit behaviors indicative of interest in tennis rackets. These could include visits to the aforementioned tennis-specific websites, Googling of terms related to tennis, posts on Facebook about tennis-related activities, and so on. Potential interest in tennis may also be signified more indirectly—through online behavior representative of attention to brands or activities associated with a “tennis lifestyle.” Once these consumers are identified by their unique computer IP address, the targeting company
will place ads for the manufacturer’s racket on sites that are visited by the consumer (but which may be unrelated to tennis), such as within their free email client or on their favorite news or social networking website. Behavioral targeting has obvious benefits to companies in that it allows them to present consumers with relevant ads in potentially uncluttered environments. We propose that it may also have additional consequences based merely on the consumer’s knowledge that the presented ad is targeted specifically to them based on their past online behavior.

**Awareness that an Ad is Behaviorally-Targeted**

Most digitally savvy consumers today are aware that their behavior is being tracked while online. As early as 2008, in a survey conducted by a consumer privacy organization, 71% of online consumers indicated that they knew their browsing information might be collected by a third party for advertising purposes (Marketwired 2008). However, while most consumers seem aware that their behavior is being tracked, they often lack insight into how exactly this tracking works and which online behaviors result in seeing a specific ad or even whether the appearance of a certain ad on a given website is the result of behavioral targeting at all (vs. being displayed to anyone who visited the same site). Without being designated, targeted advertisements can be qualitatively identical to ads that are not targeted. Thus, consumers are not always aware when an advertisement is behaviorally-targeted.

The possibility of encountering undesignated behaviorally-targeted ads concerns some consumers and privacy advocates (Clifford 2009; Hof 2011). In their view, failure to disclose this targeting is a violation of consumers’ right to privacy. As a result, the Digital Advertising Alliance, a “self-regulatory body that develops industry best practices and effective solutions for consumer choice in online behavioral advertising (AAAA 2011),” is promoting the Advertising Option Icon (i.e., the AdChoices icon)\(^2\). The icon is a “universal symbol found within or near online advertisements or Web pages where data is collected and used to deliver online advertising that is based on inferences derived from the collected data” (Digital Advertising Alliance 2014). With awareness and disclosure of behavioral targeting on the rise, it is important to consider how consumers respond to the knowledge that an ad is behaviorally-targeted to them.

We propose that when a consumer recognizes an ad as behaviorally-targeted, the persuasive message (i.e., advertisement) becomes more self-relevant. The ad being shown is, by definition, due to something the consumer did. Therefore, we predict that the self-relevance inherent in targeted ads should change consumers’ perceptions about themselves. In other words, behaviorally-targeted ads act as a social label, reinforcing the implications of past behavior to the consumer. To illustrate, we would not expect an untargeted banner ad for a sustainable product to elicit a change in self-perceptions. However, if the same banner ad is recognized as targeted, consumers will consider both their prior behavior and the subsequent targeting as evidence that they are the type of person who buys sustainable products. Thus, we argue that marketers can label consumers and change their self-perceptions through behaviorally-targeted advertisements, which can then change their behavior to be more in line with the personal trait they have learned from the ad. Importantly, however, whether consumer self-perceptions and behavior change as a result of viewing a behaviorally-targeted ad depends not just on whether the consumer is aware the ad is targeted, but also whether the consumer has a positive attitude toward targeted ads in general.

**Liking for Behaviorally-Targeted Ads**

Surveys indicate that consumers have divergent opinions about behavioral targeting. Some appreciate the enhanced relevance that such targeting provides. For example, in a survey conducted on behalf of the Digital Advertising Alliance, 41% percent of respondents preferred to receive ads based on their interests while 16.1% favored random ads (MarketingCharts 2013). Other surveys show more

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\(^2\) Although there is increasing industry pressure to disclose when an ad is targeted, disclosure is not currently mandated by law (Dave 2013).
opposition; 67% of respondents in a Gallup poll stated that advertisers should not be allowed to use their browsing behavior to target ads (Klaassen 2011). Supporters tend to view targeting as helpful and relevant; opponents perceive it as a violation of privacy (Clifford 2009; Goldfarb and Tucker 2011; Hof 2011). Although these self-reports provide initial indication that consumers may respond differently to targeted (vs. untargeted) ads depending on whether they like receiving targeted ads, it is important to experimentally examine the existence and direction of these effects.

Like other forms of persuasive communication, advertisements may be evaluated and responded to in part based on who is delivering the message and how that source is perceived (Chaiken 1980; McGuire 1978). Extensive research has found that liked sources elicit more opinion change (e.g. Chaiken 1980), even for online sources such as avatars (Holzwarth, Janiszewski, and Neumann 2006). Liked sources are also seen as more credible and trustworthy (Nicholson, Compeau, and Sethi 2001; Pornpitakpan 2004), which also makes consumers more likely to exhibit compliant behavioral responses (Cranon 1970) and to be persuaded by the message (Mills and Jellison 1967; Pornpitakpan 2004; Tybout and Yalch 1980). Thus, when consumers like targeted ads, they trust them as valid sources of information and respond accordingly, altering their self-perceptions and consumer behavior to be consistent with the implications of the ad, especially when the traits implied by the ad are positive.

FORMAL HYPOTHESES AND OVERVIEW OF STUDIES

To summarize our predictions, we present formal hypotheses below. First, we predict that behaviorally-targeted ads will change consumers’ self-perceptions under the right conditions.

**H1:** When consumers are aware that an ad is behaviorally-targeted, those consumers who like targeted ads will adjust their self-perceptions in-line with the message in the targeted ad.

Second, consistent with prior research on social labeling, we predict that these changes will occur primarily when targeted ads carry positive (vs. negative or neutral) information about the self.

**H2:** The changes in self-perceptions predicted in H1 will occur to a greater extent for positive information about the self than for negative or neutral information.

In other words, we predict a three-way interaction between awareness that an ad is targeted, liking for targeted ads as an individual difference variable, and whether the information that can be learned about the self from the ad is positive versus negative or neutral. Finally, we predict that these changes in self-perception result in changes to key marketplace behaviors, including purchase intentions for the advertised product, as well as other behavior related to the information learned about the self from the targeted ad.

**H3:** Changes in consumer self-perceptions in response to behaviorally-targeted ads lead to increased:

- purchase intentions for the advertised offering.
- likelihood of engaging in behavior related to the change in self-perception triggered by the targeted ad.

We test these hypotheses in three experimental studies. Study 1 shows that consumers believe they have more sophisticated tastes after they receive a behaviorally-targeted ad for a sophisticated food product, but only when they like targeted ads and are aware that the ad is targeted, thus supporting H1. This effect is stronger for ads for sophisticated food products (which suggest that the consumer has the positive trait of being sophisticated) than for ads for unsophisticated food products (which suggest that the consumer has the negative trait of being unsophisticated), thus providing support for H2. Study 2 conceptually replicates these effects in the domain of environmentally-friendly products and finds that consumers who receive a behaviorally-targeted ad for a sustainable product not only believe they are more environmentally-
conscious when they are aware that the ad has been targeted and they like targeted ads, but also donate more money to environmental causes. Study 2 thus provides additional support for H1 while offering support for H3b. Study 3 provides further generalization by replicating the prior results using a different type of behavioral targeting based on online browsing behavior (vs. past purchases, as in Studies 1 and 2). Study 3 also provides a test of H3a, demonstrating that the change in self-perceptions triggered by a targeted ad leads to increased purchase likelihood for the advertised offering.

STUDY 1: SELF-PERCEPTIONS

Study 1 examines whether consumers learn about themselves when an advertisement is identified as behaviorally-targeted.

Pretest

One hundred and seventy-two adults (34% female; M_age = 32, SD = 10.23, range = 20-65) completed a pretest online using Amazon Mechanical Turk (Goodman, Cryder, and Cheema 2013) to ensure that sophistication was generally seen as a positive trait and lack of sophistication was seen as negative. Each participant answered a single question as a filler task for an unrelated study, “If someone were to describe you as (un)sophisticated, would you consider that a negative or positive description of yourself” (1 = “very negative”, 7 = “very positive”). As expected, “sophisticated” was rated as a significantly more positive (M = 5.81; SD = 1.17) descriptor than “unsophisticated” (M = 2.18, SD = 1.36; t(170) = 18.8, p < .001). The two attributes were both significantly different from the midpoint of the scale (ts > 12, ps < .001) and were not significantly different in distance from the midpoint of the scale from each other (t(170) = .89, p = .37).

Design and Procedures

Two hundred and one adults (38% female; M_age = 35, SD = 11.91, range = 18-72) completed the main study online for $0.50 using Amazon Mechanical Turk. The study employed a 2 (Advertised product: sophisticated vs. unsophisticated) x 2 (Ad identified as behaviorally-targeted: yes vs. no) x Liking for behaviorally-targeted ads (LBTA; a measured continuous variable) between-subjects design. In part one of the study, participants completed a simulated online shopping task. Everyone was required to select one product from each of nine different food categories (see Appendix A for stimuli), with options varying in sophistication (e.g., prosciutto was sophisticated, honey ham was unsophisticated). The purpose of this task was to create an online “purchase history” for each participant that would ostensibly be used in the second part of the study. Next, all respondents were told that they would view an advertisement. Half of the participants were told that the ad they would see would “be targeted specifically to you based on your responses to the preceding shopping task,” while the other half were not. The ad was not actually targeted in either condition; only consumers’ perception that the ad was targeted was manipulated. We note that this perception was plausible since participants had been asked to make choices that included both relatively sophisticated and unsophisticated product alternatives. This experimental design, which merely varies the perception that the ad was targeted, provides a clean and conservative test of our hypotheses. An advertisement was then presented to all participants (see Appendix B for stimuli). In the sophisticated condition, the ad (for an online grocery store called Di Bruno Brothers) promoted a brand of blue cheese with copy stating: “Point Reyes Blue Cheese: For sophisticated taste.” In the unsophisticated condition, the ad featured Kraft Easy Cheese spray cheese and its copy read: “For plain and simple taste.” Additionally, the tag line for the online grocery store at the top of the ad was manipulated to enhance or downplay the product sophistication. In the sophisticated condition, it read “Culinary pioneers since 1939” whereas it read “Your everyday grocer since 1939” in the unsophisticated condition. After viewing the ad, participants were directed to the dependent measures and manipulation check items.
Measures

Manipulation Checks. Participants rated product sophistication by indicating their agreement on a seven-point scale (1 = “strongly disagree”, 7 = “strongly agree”) with the following statement: “The advertised cheese is a sophisticated product.” Participants who saw the ad featuring blue cheese rated the advertised product as more sophisticated (M = 5.19) than the participants who saw the ad for spray cheese (M = 2.13, t(199) = 14.14, p < .001). To ensure that participants in the targeted condition believed that the ad was behaviorally-targeted, participants used the same scale to rate their agreement with “The ad was matched to my purchase choices from earlier in today’s session.” Participants who were told that the ad had been behaviorally-targeted reported higher agreement (M = 4.05) with this statement than participants who were not told that the ad was targeted (M = 3.37, t(199) = 2.49, p < .05). There was no significant difference in the belief that the ad was targeted depending on whether the advertised product was sophisticated (M = 3.51) or unsophisticated (M = 3.91); t(199) = 1.46, p = .15, and there was no significant difference in the belief that the advertised product was sophisticated depending on whether the ad was labeled as targeted (M = 3.8) or not (M = 3.5; t(199) = .988, p = .33). Thus, both manipulations were successful.

Self-Perceptions. Participants’ perception of their own sophistication was assessed using two items (1= “strongly disagree”, 7 = “strongly agree”): “I am someone who prefers sophisticated products and services,” and “I appreciate the finer things in life.” These items were averaged to form a self-sophistication index (α = .78, M = 4.48, SD = 1.24).

Liking for Behaviorally-Targeted Ads. All participants indicated their agreement or disagreement with the following statement on a one (“strongly disagree”) to seven (“strongly agree”) scale: “I like ads tailored specifically to me” (M = 4.23, SD = 1.59).

Results

A linear regression was performed with the self-sophistication index as the dependent variable. Independent variables were advertised product (sophisticated vs. unsophisticated), whether the ad was identified as behaviorally-targeted (yes vs. no), and liking for behaviorally-targeted ads (LBTA, which was mean-centered). Most importantly, and, as anticipated based on our predictions in H1 and H2, the three-way interaction was significant (β = .12, t(193) = 2.21, p < .05)\(^3\). To explore the nature of the three-way interaction, participants’ ratings of self-sophistication were regressed on LBTA, whether the ad was identified as targeted, and the interaction of these variables for the sophisticated and unsophisticated product conditions separately.

---Insert Figure 1 about here---

Consistent with our prediction that consumers change their self-perceptions primarily when the advertised product is associated with a positive trait, results revealed a significant interaction in the sophisticated product condition (β = .16, t(96) = 2.21, p < .05) but not in the unsophisticated product condition (p = .32)\(^4\). See Figure 1 for details. Follow-up analysis in the sophisticated product condition revealed that it was only when participants thought the ad was targeted that the ad had a significant effect on self-perceptions: As liking for behaviorally-targeted ads increased, participants accepted the implications of the ad and saw themselves as more sophisticated (β = .35, t(48) = 2.83, p < .01). In contrast, when participants did not believe the ad for the sophisticated product was targeted, LBTA had no significant effect on participants’ ratings of their own sophistication (β = .03, t(48) = .39, p = .70).

---Insert Figure 1 about here---

\(^3\) There was also a significant two-way interaction between LBTA and advertised product type (β = .12, t(193) = 2.12, p < .05); no other main or interactive effects were significant (all ps > .13).

\(^4\) There was also a main effect of LBTA in the sophisticated product condition (β = .17, t(96) = 2.63, p < .01) but not in the unsophisticated product condition (all ps > .32).
Discussion

Study 1 shows that consumers learn about themselves from ads identified as behaviorally-targeted, but, supporting H1 and H2, that this learning is sensitive to two important moderators. First, changes in self-perceptions only occur when the ad conveys a positive message about the self. This is in line with previous research showing that labeling has a greater effect for positive (vs. negative) labels (Kraut 1973). Second, this change in self-perceptions depends on LBTA—consumers who like targeted ads believe what targeted ads say about them more than consumers who dislike targeted ads. This pattern of results supports the hypothesis that making consumers aware that they are being targeted can prompt them to perceive an ad as a social label, which they then use to evaluate their own characteristics. Study 2 replicates and extends these results by exploring the impact of these changes in self-perceptions on subsequent behavior.

STUDY 2: SELF-PERCEPTIONS AND TRAIT-CONSISTENT BEHAVIOR

Study 2 was designed to accomplish two goals. First, we seek to conceptually replicate Study 1 and generalize the findings to additional domains and self-perceptions. Study 2 also tests H3b by exploring whether the changes in self-perceptions brought about by a behaviorally-targeted ad produce and mediate changes in subsequent related behaviors.

Design and Procedures

Two hundred and one individuals (41% female; M_age = 32, SD = 10.21, range = 18-72) participated in this study online via Amazon Mechanical Turk for $0.50. The study employed a 2 (Advertised product positioning: environmentally-friendly vs. neutral) x 2 (Ad identified as targeted: yes vs. no) x Liking for behaviorally-targeted ads (LBTA) between-subjects design. In part one of the study, participants completed a simulated shopping task in which they were asked to choose a product from a set of four options across eight different categories (e.g., light bulbs, laundry detergent—see Appendix C for complete list). A few of these choice sets contained one or more environmentally-friendly options. When this shopping task was complete, all participants were then told that they would be providing their opinions of an advertisement. In this second section of the study, participants in the targeted condition were told that “the advertisement will be targeted specifically to you based on your responses from the preceding shopping task,” while no additional information was provided to respondents in the non-targeted condition. As in Study 1, the advertisement was not actually targeted in either condition, and it was merely the perception of targeting that was manipulated. We note that this perception was plausible since participants had been asked to make choices that included sustainable products and their traditional counterparts. An advertisement for a wooden acoustic speaker was then presented to all participants (see Appendix D for stimuli). In the environmentally-friendly product condition, the product was advertised as a “Green, energy-free speaker crafted from sustainably sourced Colombian wood.” In the neutral product condition, the product was described as a “sleek, powerful speaker crafted from the hollow body of Colombian wood.” Immediately after viewing the ad, all participants completed the six-item Green Consumption Values scale (Haws, Winterich, and Naylor 2014), which served as our measure of participants’ self-perceptions of how “green” they were as consumers, and two manipulation check items. Finally, upon completion of these measures, participants were directed to the third part of the study. This section appeared on a new screen and read as follows:

“All participants in today's study will automatically be entered into a drawing to receive $10.00. Five winners will be randomly chosen from among the [Amazon mTurk] Worker IDs. If you are selected as one of the winners, you may choose to donate some of the winnings to the Rainforest Alliance (http://www.rainforest-alliance.org/). The rest will be added to your account as a payment bonus. The researchers will match any donation that you make to the charity, so you could, for example, keep $5 of your winnings and cause $10 in rainforest-protecting donations.”
The purpose of collecting this real money donation measure was to explore the effect of receiving an advertisement for an environmentally-friendly product on the conceptually-related behavior of donating to an environmental charity.

**Measures**

*Manipulation Checks.* Participants rated how environmentally-friendly they thought the advertised product was by indicating their agreement on a seven-point scale (1 = “strongly disagree”, 7 = “strongly agree”) with the following statement: “Houd speakers are an eco-friendly product.” As expected, participants who saw an advertisement portraying the speakers as “green” rated the product as more environmentally-friendly (M = 5.98 vs. 4.77, t(199) = 6.64, p < .001). All participants then used the same seven-point scale to rate their agreement with the statement, “The ad was matched to my purchase choices from earlier in today’s session.” The mean on this measure was higher for the targeted than the non-targeted condition (4.93 vs. 3.82, t(199) = 4.52, p < .001). Thus, both manipulations were successful.

*Self-Perceptions.* Consumers’ perceptions of their own eco-consciousness were measured using the six-item Green Consumption Values scale (Haws et al. 2014). This scale assesses consumers’ tendency to express the value of environmental protection through purchases and consumption behaviors via statements like, “It is important to me that the products I use do not harm the environment.” The six items (1 = “strongly disagree,” 7 = “strongly agree”) were averaged to form an overall Green Consumption Values score (α = .96, M = 4.52, SD = 1.49).

*Donation Behavior.* Each participant was asked whether they would be willing to donate a portion of their winnings to the Rainforest Alliance (yes/no) and, if so, how much they would give on a sliding scale from 0 to 10 dollars (their maximum potential winnings). Participants who declined to donate any of their winnings were recorded as donating $0 and these responses were combined with those who chose to donate to form a donation amount measure. Winners were selected and the prize money was distributed to participants and the charity.

*Liking for Behaviorally-Targeted Ads.* Participants responded to the same item as in Study 1, using the same seven-point scale.

**Results and Discussion**

*Self-Perceptions.* Linear regression was performed with scores on the Green Consumption Values Scale as the dependent variable. Independent variables were the advertised product positioning (environmentally-friendly vs. neutral), whether the ad was identified as targeted (yes vs. no), and liking for behaviorally-targeted ads. As predicted in H1, the results revealed a significant three-way interaction (β = .13, t(193) = 2.08, p < .05). In order to examine the nature of this interaction, regressions of Green Consumption Values scores on LBTA, whether the ad was identified as targeted, and the interaction of these variables were run within the environmentally-friendly and neutral product conditions separately.

--- Insert Figure 2 about here ---

Consistent with H1, results revealed a significant interaction in the environmentally-friendly product condition (β = .25, t(95) = 2.74, p < .01). There was a non-significant interaction in the neutral product condition, where the advertisement did not carry any implications for how “green” the participant perceived him or herself to be (p = .91)

There was also a main effect of LBTA (β = .22, t(98) = 2.47, p < .05) on self-perceptions in the environmentally-friendly product condition. No other main effects were significant in either the environmentally-friendly or neutral product condition.

--- inserted figure 2 about here ---

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5 There was also a main effect of LBTA (β = .22, t(98) = 2.47, p < .05) on self-perceptions in the environmentally-friendly product condition. No other main effects were significant in either the environmentally-friendly or neutral product condition.
like targeted ads saw themselves as more environmentally-conscious than participants who dislike targeted ads ($\beta = .47$, $t(47) = 3.42, p < .01$). In contrast, when the ad was not labeled as behaviorally-targeted, LBTA had no significant effect on participants’ ratings of how green they were ($\beta = -.02$, $t(48) = -.21, p = .84$). These results support H1, consistent with the results of Study 1.

Donation Behavior. We predicted a similar pattern of results for donation behavior. Using the same independent variables, a linear regression was performed with donation amount as the dependent variable. The results revealed a significant three-way interaction ($\beta = .21$, $t(193) = 2.07, p < .05$). To examine the nature of this interaction more fully, follow-up regressions were again run individually within the environmentally-friendly and neutral product conditions. Consistent with the results for self-perceptions, no significant interaction emerged in the neutral product condition ($p = .70$). However, when the advertisement featured an environmentally-friendly product, there was a significant interaction ($\beta = .37$, $t(95) = 2.41, p < .05$). When the advertisement was identified as behaviorally-targeted, donation amount increased with LBTA ($\beta = .56$, $t(47) = 2.50, p < .05$); in other words, higher levels of LBTA were associated with greater willingness to donate to an environmental cause. When the advertisement was not identified as targeted, there was no effect of LBTA on donation amount ($\beta = -.19$, $t(47) = -.87, p = .39$).

Self-Perceptions Mediate Donation Behavior. We predicted that greater self-perceptions of being environmentally-conscious would increase donation amounts. We conducted a bias-corrected mediation analysis PROCESS Model 11 (Hayes 2012) with product positioning, awareness of targeting, LBTA, and their interactions predicting self-perceptions which, in turn, predicted donation amount. Self-perceptions significantly mediated donation amount ($\beta = .15$, 95% CI (.0022 to .3610). Therefore, consistent with H3b, we find that our independent variables affect donation amounts for an environmental charity because of their impact on self-perceptions related to green consumption values.

Discussion. Study 2 replicates the results of Study 1 by showing that consumers learn about themselves from behaviorally-targeted ads when the ads are associated with a positive trait, but that this relationship depends on LBTA and awareness that the ad is targeted. It further shows that targeted ads can have downstream consequences on behavior. Specifically, we find that behavioral targeting shifts people’s self-perceptions in the direction of the trait implied by the advertisement when they have higher LBTA and are aware that the ad is targeted, which compels them to act consistently with their revised self-perceptions in related consumer domains.

STUDY 3: SELF-PERCEPTIONS AND PURCHASE INTENTIONS

Study 3 was designed to serve three purposes. First, it conceptually replicates the results of Studies 1 and 2. Second, it generalizes those results to targeting based on the consumer’s browsing history (as opposed to purchase history), which is common in online behavioral targeting. It also manipulates awareness of whether an ad is behaviorally-targeted using the industry-standard AdChoices icon to increase external validity. Third, it extends this research by examining how the belief that an advertisement is behaviorally-targeted affects purchase intentions for the advertised product, testing H3a.

Design and Procedures

Two hundred thirty four undergraduate students (50% female; $M_{age} = 21$, $SD = 2.44$, range = 19-45) participated in this study for course credit. The study employed a 2 (Advertised restaurant: sophisticated vs. unsophisticated) x 2 (Ad identified as targeted: yes vs. no) x Liking for behaviorally-

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6 There were no significant main effects in the environmentally-friendly product condition (both $p > .23$), but there was a main effect of whether or not the ad was identified as targeted in the neutral product condition ($\beta = .48$, $t(98) = 2.14, p < .05$).

7 A pretest replicated the result from the pretest for study 2, confirming that this population also saw sophistication as a positive trait and a lack of sophistication as a negative trait.
targeted ads (LBTA) between-subjects design. In the first part of the study, participants were instructed to put together an itinerary for a visit to Atlanta, Georgia as part of a study ostensibly on how people create travel itineraries. They were asked to do so by browsing the Internet to find a flight, hotel arrangements, restaurant, and activities to do while in town on the dates listed in the instructions. All participants (who currently reside in the Midwest) were given 10 minutes to complete the task and were told that they could browse the Internet if they finished early, as the computer screen that would move them to the next study task would not advance until the allotted 10 minutes had elapsed. The timing was set at 10 minutes to ensure that the majority of participants would finish the task, and the lab manager confirmed that participants used the extra time to browse the Internet. The task was designed to create a “browsing history” which could form the basis of an ostensibly behaviorally-targeted advertisement. When the 10 minutes were up, all participants were then told that they would be viewing an advertisement. Those in the targeted condition were provided with an example of the AdChoices icon and the following description of behavioral targeting:

Behaviorally-targeted ads are advertisements that are displayed to consumers online based on the sites they have visited while browsing the Internet. Since many consumers are unaware that marketers are using technology to track what they view online, the advertising industry is implementing a new practice. This practice involves the use of the following symbol.

Further, participants were told that “the advertisement will be targeted specifically to you based on your online activities in today’s session, including the websites you looked at while planning your trip to Atlanta and other websites you may have visited.” The ad they were shown featured the AdChoices icon. Participants in the non-targeted condition were not given a description of behavioral targeting and the ad they were shown did not contain this icon. All participants viewed an advertisement for a fictitious restaurant called Eatery 21. In the sophisticated condition, the copy read “Refreshingly Sophisticated American Classics,” whereas the copy in the unsophisticated condition read “Refreshingly Unsophisticated American Classics” (see Appendix E for stimuli). Participants then completed the dependent measures. As in previous studies, the ad was not actually targeted in any conditions; it was merely the belief that the ad was targeted that varied.

Measures
Manipulation checks. Participants rated their agreement with the following statement on a seven point scale (1 = “strongly disagree,” 7 = “strongly agree”): “The ad was matched to my browsing history from earlier in today’s session.” The mean was higher for the targeted than the non-targeted condition (4.49 vs. 3.57, t(232) = 4.41, p < .0001). Participants also rated restaurant sophistication by indicating their agreement on the same scale with the following statement: “Eatery 21 is a sophisticated restaurant.” Participants in the sophisticated condition rated the restaurant as significantly more sophisticated (M = 5.19) than those in the unsophisticated condition (M = 4.77, t(232) = 2.52, p < .05). There was no significant difference in the belief that the ad was targeted depending on whether the advertised product was sophisticated (M = 4.17) or unsophisticated (M = 3.89); t(232) = 1.25, p = .21), and there was no significant difference in the belief that the advertised product was sophisticated depending on whether the ad was labeled as targeted (M = 4.91) or not (M = 5.07; t(232) = -.96, p = .34). Thus, both manipulations were successful.

Self-Perceptions. Consumers’ perception of their dining sophistication was measured by asking them to respond to the following statement on a seven point scale (1 = “strongly disagree,” 7 = “strongly agree”): “I enjoy upscale dining.” In order to increase the generalizability of our findings, this dependent variable was designed to capture a more specific self-perception directly related to the advertisement (vs. the more general traits assessed in Studies 1 and 2).
Purchase Intentions. Each participant was shown a Groupon for Eatery 21 (i.e., a deal that offers participants the chance to pre-pay for food at the restaurant for a discounted price) in Atlanta, Georgia and asked how likely they would be to purchase it on a seven-point scale (1 = “Very unlikely,” 7 = “Very likely”).

Liking for Behaviorally-Targeted Ads. Participants responded to the same item as in previous studies on the same seven-point scale.

Results and Discussion
Self-Perceptions. To test our primary hypothesis, we regressed the self-perception measure on type of restaurant (sophisticated vs. unsophisticated), whether the ad was labeled as behaviorally-targeted (yes vs. no), and liking for behaviorally-targeted ads. As in the previous studies, the results revealed a significant three-way interaction ($\beta = .16$, $t(226) = 2.22$, $p < .05$). In order to examine the nature of this interaction, we ran regressions of dining taste self-perceptions with LBTA, awareness of targeting, and the interaction of these variables as predictor variables within the sophisticated and unsophisticated restaurant conditions separately.

Consistent with our prediction that consumers change their self-perceptions only when the advertised offering is associated with a clearly positive trait, results revealed a marginally significant interaction in the sophisticated restaurant condition ($\beta = .18$, $t(115) = 1.87$, $p = .06$) but not in the unsophisticated restaurant condition ($p = .19$). See Figure 3 for details. Follow-up analysis in the sophisticated product condition revealed that, consistent with the results of the prior studies, when participants thought the ad was targeted, those who like behaviorally-targeted ads accepted the implications of the ad and saw themselves as people who enjoy upscale dining ($\beta = .66$, $t(47) = 4.94$, $p < .0001$). Somewhat surprisingly, LBTA also had a significant impact on how much participants reported enjoying upscale dining when the ad was not identified as targeted ($\beta = .29$, $t(57) = 2.11$, $p < .05$). Because this result was different than the pattern observed in prior studies, we carried out post-hoc analyses. Specifically, we thought it possible that consumers who like targeted ads may be more likely to believe an ad is targeted even when it is not explicitly described as such. This would change self-perceptions, in line with our theory.

To test this possibility, we regressed the targeting manipulation check reported above (i.e., the extent to which participants believed the ad to be matched to their browsing behavior) on LBTA. Indeed, in the sophisticated restaurant condition, there was a significant overall positive effect of LBTA on believing that the specific ad was targeted ($\beta = .31$, $t(117) = 2.44$, $p < .05$); further probing revealed that this relationship was significant in the condition in which participants were explicitly told that the ad was targeted ($\beta = .39$, $t(58) = 2.42$, $p < .05$) and marginally significant in the condition in which participants were not told that the ad was targeted ($\beta = .28$, $t(57) = 1.67$, $p = .10$). We note that liking for behaviorally-targeted ads was higher in this study ($M = 4.84$), which was conducted with a younger, student-based sample than that used in Studies 1 and 2 ($M = 4.23$ and 4.42, respectively), which were conducted with a more general adult population. Given that younger consumers appear to like targeted ads more than older consumers, the difference in sample and associated greater liking of targeted ads appears to explain this variation in our findings. The possibility that self-perceptions can be altered by online advertisements even when they are not explicitly identified as targeted is intriguing and is revisited in the General Discussion.

---Insert Figure 3 about here---

8 There was also a main effect of LBTA ($\beta = .48$, $t(115) = 4.90$, $p < .001$) and awareness that the ad was targeted ($\beta = .28$, $t(115) = 2.35$, $p < .05$) in the sophisticated restaurant condition. Neither main effect was significant in the unsophisticated restaurant condition (both $ps > .75$).
Self-Perceptions Mediate Purchase Intentions. We predicted that perceived enjoyment of upscale dining would increase purchase likelihood of a Groupon for the advertised restaurant. We conducted a bias-corrected bootstrapping analysis using PROCESS Model 11 (Hayes 2012) with the advertised restaurant type, whether participants were aware that the ad was targeted, LBTA, and their interactions predicting self-perceptions, which in turn predicted the likelihood of purchasing the Groupon. The indirect effects test revealed that perceptions of enjoying fine dining significantly mediated the relationship between restaurant type, awareness of targeting, and LBTA on purchase likelihood for the Groupon (β = .17, 95% CI (.0612 to .3267)) when the ad was identified as targeted. No significant mediation occurred when the advertisement was not identified as targeted (all 95% CIs contained zero).

Discussion. The results of this study replicate prior results by showing that behaviorally-targeted ads can affect consumer self-perceptions. These altered self-perceptions then affect purchase intentions for the advertised product, as predicted in H3b. These results support our theory that behavioral targeting may be so effective at increasing clicks and purchases because consumers accept the advertisement’s inherent implication that the consumer is the type of person who would enjoy the advertised product or service, thus acting as a type of self-fulfilling prophecy. This study also generalizes previous results to behavioral targeting that is based on online browsing (vs. purchase) behavior and that is indicated using the industry standard AdChoices icon.

GENERAL DISCUSSION

Inspired by the recent growth in the use and awareness of behaviorally-targeted advertising, this article empirically examines how consumers respond to this new form of marketing by answering two key questions: (1) are behaviorally-targeted ads more effective than non-targeted ads under all conditions? and (2) what is the psychological process driving increased effectiveness of behaviorally-targeted ads? Across three experimental studies, we show that consumers learn about themselves from ads that they believe are targeted to them based on their online behavior. This change in self-perceptions then affects relevant marketplace behavior, making consumers generally more likely to purchase a product when it is presented in an apparent behaviorally-targeted advertisement and also more likely to engage in other consumption behaviors consistent with the trait learned from the targeted ad.

Importantly, we also present several important moderators to these effects. Research in psychology shows that people are more likely to accept information about themselves when the information is positive and when it comes from a source that the recipient sees as likable or credible (Allen 1982; Mills and Jellison 1967; Pornpitakpan 2004; Tybout and Yalch 1980). We find these same moderators apply to consumer self-learning from behaviorally-targeted ads. Consistent with the positivity bias (Baumeister 1998; John and Robins 1994), consumer self-perceptions change more when a behaviorally-targeted ad implies they have the socially desirable traits of environmental-consciousness or sophistication than when it implies neutral or negative traits. Consistent with the source-credibility effect (Chaiken 1980; McGuire 1978; Pornpitakpan 2004), we find that changes in consumer self-perceptions in response to behaviorally-targeted advertisements depend on consumers’ liking of targeted ads. When consumers like targeted ads, they trust them as valid sources of information and respond accordingly, altering their self-perceptions and consumer behavior in-line with the implications of the ad. Given that liking for behaviorally-targeted ads is a key determinant of their effectiveness, it is critical for managers to understand which consumer segments are most likely to like targeted ads (and therefore for which consumer segments targeted ads are most likely to be effective). The results of Study 3, which used a student sample, suggest that younger consumers tend to have more positive attitudes toward behaviorally-targeted ads. In order to further explore the demographic and psychographic characteristics of consumers who accept the implications of behaviorally-targeted ads, we next report the results of a broad-scale correlational survey designed to characterize the consumer segments most likely to like targeted ads.
Survey Results: Correlates of Liking for Behaviorally-Targeted Ads

Design and Procedures. Five hundred and sixteen consumers (49.7% female, 11 missing; M\_age = 35, SD = 12.91, range = 16-81) completed this study online for $0.40 using Amazon Mechanical Turk. All participants first completed the same measure of Liking for behaviorally-targeted ads (LBTA) used in prior studies and then completed measures to capture demographics and a wide variety of psychographic variables. See Table 1 for details on the measures and results.

---Insert Table 1 about here---

Liking for Behaviorally-Targeted Ads. Mean liking for behaviorally-targeted ads in this sample was 4.59 on a seven-point scale (SD = 1.68). Nearly 60% (304 respondents) of the sample reported a value above the midpoint and 22% (111 respondents) below it.

Relationship between Liking for Behaviorally-Targeted Ads and Demographic and Psychographic Variables. The correlations presented in Table 1 show that age is negatively correlated with liking for targeted ads, as the results of our previous studies suggest. Younger consumers with a lower education level tend to like targeted ads more than older consumers with higher education levels. Liking for targeted ads is also positively correlated with (1) the use of a variety of different websites and applications, including such popular sites as Facebook, Instagram, and Pandora, (2) use of one’s mobile phone to engage in a variety of activities, including making purchases, and (3) spending a greater portion of one’s time on the Internet shopping or having fun (vs. working). Finally, liking for behaviorally-targeted ads was also positively correlated with enjoying shopping, feeling like a tech-savvy consumer, and reported frequency with which participants said they receive targeted ads online.

Conclusion. Our three experimental studies demonstrate that profitable reactions to behaviorally-targeted ads require the consumer to like targeted ads. It is usually difficult to segment and target consumers based on a psychological variable such as liking for targeted ads. These variables are difficult to measure, and most forms of advertising are unable to target consumers based on them even if measurement were possible. The results of this correlational survey present favorable information for practitioners of behavioral targeting in two ways. First, this survey shows that the types of people who receive and understand behaviorally-targeted ads are precisely the type of people who respond positively to them. Youth, enjoyment of shopping, tech-savviness, and high usage of many websites/apps and one’s mobile phone are all positively related to both liking and reception of targeted ads. This relationship is especially clear in the positive correlation between liking of targeted ads and the belief that one receives many targeted ads. This fortuitous relationship is further intensified by the fact that the consumers who both receive and respond positively to targeted ads are also often the most attractive consumers, with many falling in the coveted 18-34 age range. Second, these data show several easily identifiable correlates of liking for behaviorally-targeted ads, including the websites that those who like targeted ads frequent. Practitioners of behavioral targeting are uniquely capable of identifying and targeting the type of consumers who will respond well to this form of marketing. We discuss this further below.

Theoretical and Managerial Implications

The findings from our three experimental studies and the correlational survey provide several important theoretical contributions. First, we contribute to the literature on self-learning (Baumeister 1998; Chernov, Hamilton, and Gal 2011; Wu, Cutchright, and Fitzsimons 2011) by demonstrating that behaviorally-targeted ads are effective in part because they are a particularly powerful source of self-learning, acting as a type of social label. Second, we contribute to the social labeling literature (Allen 1982; Kraut 1973) by demonstrating that social labels communicating positive traits are significantly more effective than are social labels communicating negative or neutral information about the self. Third, our findings also contribute to the literature on influencing consumers to “go green” (e.g., Goldstein, Cialdini, and Griskevicius 2008; Gershoff and Irwin 2011; Trudel and Argo 2014) by exploring behaviorally-targeted
ads as a novel method for potentially encouraging environmentally-friendly actions. Finally, we contribute to the growing literature aimed at understanding consumer response to firms’ digital and social marketing efforts (e.g., Hoffman and Fodor 2010; Hoffman and Novak 2011; Naylor, Lamberton, and West 2012; Schumann, von Wangenheim, and Groene 2014; Stephen and Galak 2012; Stephen and Toubia 2010; Yadav and Pavlou 2014) by addressing the psychological processes that underlie the effectiveness of behaviorally-targeted ads.

As a result, our findings also have clear implications for managers. The results of our studies suggest that analyzing click-through rates for behaviorally-targeted ads (e.g., Yan et al. 2009) provides a limited measure and understanding of their effectiveness. We propose that because behaviorally-targeted ads change self-perceptions, they also impact future sales of the product and, potentially, of the entire category. When consumers accept the information implicit in a behaviorally-targeted ad that they are the type of person who would buy that product, sales of other products and services would be expected to increase to the extent that they are similar to the advertised product. Thus, targeted ads may be more beneficial for a company’s profits than previously believed. Additionally, targeted ads are likely more lucrative for companies with a large share of a category associated with a personality attribute, such as Whole Foods (being “healthy”) or NorthFace (being “rugged” or “outdoorsy”).

Our studies also show that consumer responses to behaviorally-targeted ads are sensitive to several important variables under managerial control. First, because people are more accepting of positive information about themselves, behaviorally-targeted ads for socially desirable products and ads that highlight socially desirable attributes will be most effective at changing self-perceptions and therefore impacting future sales. Fortunately for practitioners, few advertisements associate their products with negative attributes. Second, because people are more accepting of information from a credible source, practitioners of behavioral targeting should incorporate an estimation of each consumer’s liking of targeting ads into their algorithms. Presenting these ads to consumers who dislike them is not only a waste of money, but may actually make consumers less likely to purchase both the advertised product and similar products from the category due to reactance (Bhattacharjee, Berger, and Menon 2014). Practitioners could likely develop additional variables that correlate with liking for targeted ads, including visits to privacy-oriented websites and browser settings related to privacy and data-tracking.

Our studies also highlight the fact that awareness that an ad is behaviorally-targeted requires both that the ad be labeled as such, such as with the AdChoices icon, as well as consumer understanding of what labels like this mean. Our findings thus provide several important implications for the current policy debates surrounding both of these factors, as well as for managers using behavioral targeting. In general, the results of our studies highlight profit-driven reasons why online advertisers should institute several policies that are currently being endorsed by consumer-advocacy groups. First, because the mere knowledge that an ad is targeted can have profitable outcomes for firms, this research encourages the widespread adoption of the AdChoices icon by advertisers. Awareness of the icon remains low, with recent surveys showing only about 20% of Internet users even recall seeing it (Davis 2012). Fortunately for marketers, awareness levels are likely rising as consumers become acquainted with the icon through exposure to behaviorally-targeted ads or informational campaigns about it, such as the International Advertising Bureau’s “Your AdChoices” campaign, which has received over 2 billion committed impressions to date (IAB.net 2012). Second, because these benefits may actually reverse for consumers who dislike targeted ads, practitioners are strongly encouraged to allow consumers who dislike targeted ads to opt out of receiving them, an option supported by privacy advocates. Some research shows that 42% would opt out (Marketwired 2008). Proper campaigning should both increase liking and acceptance of targeted ads amongst the general public and inform those who dislike them how to opt out. Behavioral targeting companies and their clients both benefit from such efforts and should consider supporting the IAB’s “Your AdChoices” campaign.
Finally, the finding that consumers learn about themselves from targeted ads presents an additional policy implication: Behavioral targeting could be used as a potential nudge (Thaler and Sunstein 2008) to increase positive or prosocial behavior such as saving money or helping the less fortunate (Bendapudi, Singh, and Bendapudi 1996). However, this also implies that marketers of products with negative implications for self-esteem and health could be negatively affecting people’s self-perceptions through their personalized advertisements. Behaviorally-targeted ads for healthy products may make consumers believe themselves to value healthy eating and behave accordingly to their benefit, while targeted ads for unhealthy products may do the opposite.

Avenues for Future Research

The results of our studies suggest several interesting avenues for future research. First, the results of Study 3 imply that consumers may learn about themselves from online ads even when those ads do not explicitly state that they are targeted. Post-hoc analyses revealed that consumers who like targeted ads may assume most or all online ads are targeted specifically to them based on their web-browsing behavior. Future research is needed to better understand when consumers assume online advertisements are behaviorally-targeted. Second, it is worth noting that different consumers could draw different personal implications from the same ad. For example, a behaviorally-targeted advertisement for a Wendy’s salad may make some people believe themselves unhealthy (because they have received an ad for a fast food restaurant) while making others believe they are healthy (because they have received an ad for a salad; Irmak, Vallen, and Robinson 2011). Exploring differences in the types of inferences consumers draw about themselves from the same targeted ad would be an interesting avenue for future research.

Finally, in the correlational study we find that consumers who believe they receive behaviorally-targeted ads report more liking of targeted ads, but future research is required to explore the causality of this effect: Are consumers exercising control over their advertisements, with consumers who dislike targeted ads opting out? Or does knowledge and awareness of behavioral targeting increase favorability toward behaviorally-targeted ads? Both of these possibilities show that campaigns like the Your AdChoices campaign will improve responses to targeted ads, but separating the two possible causality directions could provide insight for campaign priorities.
REFERENCES


**TABLE 1**  
**DEMOGRAPHIC AND PSYCHOGRAPHIC CORRELATES OF LIKING FOR BEHAVIORALLY/TARGETED ADS**

<table>
<thead>
<tr>
<th>Demographic variables</th>
<th>Correlation with Liking for Behaviorally-Targeted Ads</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>-0.01</td>
</tr>
<tr>
<td>Age</td>
<td>-0.20**</td>
</tr>
<tr>
<td>Social Class</td>
<td>0.09*</td>
</tr>
<tr>
<td>Income</td>
<td>0.07</td>
</tr>
<tr>
<td>Education</td>
<td>-0.10*</td>
</tr>
</tbody>
</table>

Use of specific websites/applications: "How often do you use the following web-based services?" rated on a five-point scale (1 = “Never”, 5 = “Very Frequently”).

<table>
<thead>
<tr>
<th>Service</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instagram</td>
<td>.21***</td>
</tr>
<tr>
<td>Pandora</td>
<td>.18***</td>
</tr>
<tr>
<td>Groupon</td>
<td>.16***</td>
</tr>
<tr>
<td>Facebook</td>
<td>.15***</td>
</tr>
<tr>
<td>Hulu</td>
<td>.13**</td>
</tr>
<tr>
<td>Netflix</td>
<td>.12**</td>
</tr>
<tr>
<td>Twitter</td>
<td>.11*</td>
</tr>
<tr>
<td>Fandango</td>
<td>.11*</td>
</tr>
<tr>
<td>Trip Advisor</td>
<td>.10*</td>
</tr>
<tr>
<td>Living Social</td>
<td>.09*</td>
</tr>
<tr>
<td>Craigslist</td>
<td>0.07</td>
</tr>
<tr>
<td>Investing</td>
<td>0.05</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>0.04</td>
</tr>
<tr>
<td>Yelp</td>
<td>0.03</td>
</tr>
<tr>
<td>Angie’s List</td>
<td>0.02</td>
</tr>
<tr>
<td>Rotten Tomatoes</td>
<td>0.02</td>
</tr>
<tr>
<td>Spotify</td>
<td>0.02</td>
</tr>
<tr>
<td>Gmail</td>
<td>0.01</td>
</tr>
<tr>
<td>Online Banking</td>
<td>0.002</td>
</tr>
<tr>
<td>Reddit</td>
<td>-0.01</td>
</tr>
</tbody>
</table>
Use of mobile phone: "How often do you use your mobile phone for the following tasks" rated on a five-point scale (1 = “Never”, 5 = “Very Frequently”).

<table>
<thead>
<tr>
<th>Task</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deciding where to eat</td>
<td>.20***</td>
</tr>
<tr>
<td>Buying products</td>
<td>.25***</td>
</tr>
<tr>
<td>Buying music</td>
<td>.22***</td>
</tr>
<tr>
<td>Buying apps</td>
<td>.19***</td>
</tr>
</tbody>
</table>

Percentage of time spent on the Internet for the following types of tasks:

<table>
<thead>
<tr>
<th>Task</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fun (e.g., browsing, gaming, etc.)</td>
<td>.092*</td>
</tr>
<tr>
<td>Work</td>
<td>-.099*</td>
</tr>
<tr>
<td>Looking up information</td>
<td>-.039</td>
</tr>
<tr>
<td>Shopping</td>
<td>.11*</td>
</tr>
</tbody>
</table>

Attitudes towards shopping, Feelings of being tech-savvy, and Frequency of receiving targeted ads rated on a five-point scale (1 = “Strongly Disagree”, 5 = “Strongly Agree”).

<table>
<thead>
<tr>
<th>Attitude/Activity</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am tech-savvy</td>
<td>.101*</td>
</tr>
<tr>
<td>I enjoy shopping</td>
<td>.29***</td>
</tr>
<tr>
<td>I receive a lot of tailored ads</td>
<td>.101*</td>
</tr>
</tbody>
</table>

* p < .05, ** p < .01, *** p < .001
FIGURE 1

STUDY 1: SELF-PERCEPTIONS OF SOPHISTICATION DEPEND ON AWARENESS THAT AN AD IS TARGETED AND LIKING FOR BEHAVIORALLY-TARGETED ADS (LBTA)
FIGURE 2

STUDY 2: SELF-PERCEPTIONS OF “GREENNESS” DEPEND ON AWARENESS THAT AN AD IS TARGETED AND LIKING FOR BEHAVIORALLY-TARGETED ADS (LBTA)
FIGURE 3

STUDY 3: SELF-PERCEPTIONS ENJOYING UPSCALE DINING DEPENDS ON AWARENESS THAT AN AD IS TARGETED AND LIKING FOR BEHAVIORALLY-TARGETED ADS (LBTA)

Sophisticated Restaurant

Unsophisticated Restaurant

Liking for Behaviorally-Targeted Ads (LBTA)
## APPENDIX A: STUDY 1 SHOPPING TASK

<table>
<thead>
<tr>
<th>Category</th>
<th>Brands</th>
<th>Relative Sophistication Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yogurt</td>
<td>Fage Strained Greek</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Dannon</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Yoplait</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Noosa Fine</td>
<td>High</td>
</tr>
<tr>
<td>Farfalle Pasta</td>
<td>Giada de Laurentiis Organic</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Barilla Mini</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>De Cecco</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Garofalo</td>
<td>High</td>
</tr>
<tr>
<td>Mustard</td>
<td>French’s Honey Dijon</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Grey Poupon Country Style</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Maille Dijonnaise</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Hellman’s Creamy Dijon</td>
<td>Low</td>
</tr>
<tr>
<td>Coffee</td>
<td>Folger’s French Roast</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Dunkin Donuts Medium Roast</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Starbucks House Blend</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Ghirardelli Premium</td>
<td>High</td>
</tr>
<tr>
<td>Meat/Seafood</td>
<td>Live Maine Lobster</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Blue Point Oysters</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>28 Day Dry-aged Ribeye Steak</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Silver Sussex Grass-fed Chicken</td>
<td>High</td>
</tr>
<tr>
<td>Fish Sticks</td>
<td>Mrs. Paul’s Crunchy Breaded</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Gorton’s Breaded</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Fisherman’s Catch Pollock Fillets</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Van de Kamp’s Xtra Large</td>
<td>Low</td>
</tr>
<tr>
<td>Bread</td>
<td>Pepperidge Farm Honey Wheat</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Nature’s pride 100% Whole Wheat</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Orowheat Whole Grain</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Freya’s Bavarian Whole Grain</td>
<td>High</td>
</tr>
<tr>
<td>Ham</td>
<td>Land O’Frost Sliced Honey Ham</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Oscar Meyer Delifresh Honey Ham</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Hormel Natural Choice Honey Ham</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>La Quercia Prosciutto</td>
<td>High</td>
</tr>
<tr>
<td>Chocolate</td>
<td>Chocolove 55% Dark Gourmet</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>Hershey’s Bliss Milk Chocolate</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Milky Way Chocolate</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td>Ritter Sport Milk Chocolate Mousse</td>
<td>High</td>
</tr>
</tbody>
</table>
APPENDIX B: ADVERTISEMENTS SHOWN IN STUDY 1

Di Bruno Bros.

For plain and simple taste.
Point Reyes Bay Blue Cheese

For sophisticated taste.
# APPENDIX C: STUDY 2 SHOPPING TASK

<table>
<thead>
<tr>
<th>Category</th>
<th>Brands</th>
<th>Green Feature</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Light Bulbs</strong></td>
<td>GE Tiffany Stained Glass</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>GE Reveal Halogen</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>GE Energy Smart</td>
<td>Energy Saving</td>
</tr>
<tr>
<td></td>
<td>GE Energy Smart- Soft White</td>
<td>Energy Saving</td>
</tr>
<tr>
<td><strong>Laundry Detergent</strong></td>
<td>Seventh Generation Natural</td>
<td>Natural</td>
</tr>
<tr>
<td></td>
<td>Tide Total Care</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Arm &amp; Hammer Sensitive Skin</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Mrs. Meyer’s Clean Lavender</td>
<td>None</td>
</tr>
<tr>
<td><strong>Digital Camera</strong></td>
<td>Nikon COOLPIX S3500</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Polaroid 300 Instant</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Canon PowerShot Sx-500</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>PENTAX Optio WG-10</td>
<td>None</td>
</tr>
<tr>
<td><strong>Mouthwash</strong></td>
<td>Act Fluoride Rinse</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Colgate Phos-Flur Ortho Protect Rinse</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Listerine Total Care</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Tom’s of Maine</td>
<td>Natural</td>
</tr>
<tr>
<td><strong>Notebook</strong></td>
<td>Moleskin Hard Cover</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Lang Deluxe Journal</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Greenroom Recycled Spiral</td>
<td>Recycled</td>
</tr>
<tr>
<td></td>
<td>Blank Journal Markings</td>
<td>None</td>
</tr>
<tr>
<td><strong>Air Purifier</strong></td>
<td>Holmes Eco-Friendly</td>
<td>Energy Saving</td>
</tr>
<tr>
<td></td>
<td>CleanAirBall</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Honeywell True HEPA</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Vornado AC300 Whole Room</td>
<td>None</td>
</tr>
<tr>
<td><strong>Dish Scrubber</strong></td>
<td>Scotch-Brite Natural Fiber</td>
<td>Natural</td>
</tr>
<tr>
<td></td>
<td>O-Cel-O No Scratch</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>KitchenAid Soap Dispensing Palm Brush</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>WayClean Mesh</td>
<td>None</td>
</tr>
<tr>
<td><strong>Water Bottle</strong></td>
<td>Rive Saboy</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Ello Pure Fizz</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Contigo Double Wall</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Aladdin Recycle Travel</td>
<td>Recyclable</td>
</tr>
</tbody>
</table>
APPENDIX D: ADVERTISEMENTS SHOWN IN STUDY 2

Acoustic Speaker by Houd
Green, energy-free speaker crafted from sustainably sourced Colombian wood.
$85.00

Sleek, powerful speaker crafted from the hollow body of Colombian wood.
$85.00
APPENDIX E: ADVERTISEMENTS SHOWN IN STUDY 3 WITH ADCHOICES LOGO SHOWN IN SOPHISTICATED AD CONDITION
UNPACKING THE EFFICACY OF ORGANIZATIONAL ROUTINES IN FINANCIAL ADVISORY PRACTICES

Dr. Stephen K. Kim and Russ Lemken, Iowa State University

ABSTRACT

Far from the colloquial definition of routines as humdrum and rote behaviors, scholarship in economic and organizational theory defines routines as valuable and unique ways firms accomplish important tasks. According to Nelson and Winter (1982), organizational routines are the evidence of organizational learning in that firms capture and reproduce knowledge by institutionalizing the practices that work best. We define routines as repeatable core activities that benefit from disciplined execution, well-established roles and consistent use of technology. We make three primary contributions to the understanding of routines in organizational theory. Using the financial advisory industry as the context, we enrich the understanding of organizational routines by differentiating between two distinct types of routines – operational and adaptive. We show how the two types of routines complement each other and contribute to performance. Second, we identify and test two moderators of the effects of adaptive routines – governance mode and agent experience. In this way, we create insightful theoretical links between routines and two seminal concepts in organizational theory and economics – transaction-cost economics (TCE) (governance mode) and agency theory (agent experience). And finally, we add to understanding of the way routines influence outcomes and survival by exploring how absorptive capacity mediates the relationship between institutionalization and firm performance.

INTRODUCTION

“Every client is different – and not just in their account balances and portfolios. Each one has different personal concerns and expects personalized answers.”

“Anybody can pick a mutual fund. I provide my clients with a detailed road-map to their goals and the discipline to stay on the road.”

These two quotes come from interviews with experienced financial advisors. They demonstrate the dual role of customization and disciplined execution in working with individuals to help them meet their financial goals. Advisors must combine a disciplined saving and investing approach with tailored advice to meet the expectations of their clients. Yet, most advisors still wrestle with striking the correct balance of routinization and customization in their practices. This makes the financial advisory industry an excellent setting for studying the effectiveness of routines.

The merits of routinizing organizational functions and applying routines faithfully to improve performance have been studied extensively (Parmigiani and Howard-Grenville 2011). The conditions and processes through which organizational routines (routines hereafter) actually improve performance remain as yet under-theorized and difficult to characterize, though. Despite recognition there are different types of routines (Becker 2004), the question of whether all routines uniformly lead to better performance remains unanswered. If routines have multiple facets and components, do all types of routines work in a similar way and always improve performance? If not, what are the boundary conditions that amplify or buffer the positive effect of different routines?

Second, our understanding of the mechanisms through which more routinization leads to better performance remains unclear. A majority of previous studies explain the positive link between routines and performance through the lens of capabilities: more routinization improves organizational capabilities, which in turn leads to better performance. Routines have been theorized as genes that promote stability
(Nelson and Winter 1982) or as a store of knowledge that enables learning and change (Parmigiani and Howard-Grenville 2011), but the causal link between specific routines and specific forms of performance improvement has not been explicated and tested empirically. We explore two research questions in an effort to address these gaps:

1. When and how does the efficacy of routines vary?
2. Through what mechanisms do routines improve organizational performance?

Our context, the financial advisory industry, is a large and mature industry with important characteristics that distinguish it from the franchising sector where many of the previous studies of routines have been conducted. In franchising, the merit of routinizing activities is relatively easy to conceptualize and show since the replication of routines is fundamental to a franchise strategy. In financial advisory practices, customization is a requirement and the merit of routinization is not universal or obvious. In fact, the very idea of routinizing organizational activities is resisted by some experienced advisors as counter to their code of personalized service. Therefore, studying the relationship between routinization and performance in financial advising provides a context for a conservative test of the efficacy and boundaries of organizational routines.

Our intended contribution is threefold. First, instead of treating routines as a single, global construct, we highlight two distinctive types of routines: operational and adaptive. Some routines are operational in nature and increase the accuracy and efficiency of everyday tasks, like providing accurate quarterly reports of investment performance. Other routines are adaptive in nature and rely on a rule-set for selecting and applying the best tools or products to respond to a client request. We used the results of 53 interviews with financial advisors and industry experts to map the routines within advisor practices. We identified operational routines that address the alignment of regular functional activities, as well as adaptive routines advisors use to cope with the variability of external conditions and customer requirements.

Second, we identify and test two important boundary conditions for the efficacy of routines: governance mode (market versus hierarchy) and advisor experience. These two moderators carry significant theoretical importance. For the influence of governance mode, we recognize routines have long been theorized as the core of organizational competences and competitive advantage (Nelson and Winter 1982; Becker 2008), but they have yet to be connected theoretically with governance literature and the choice of a governance mode in particular. As a result, we do not know whether more routinization would have the identical effect under different modes of governance. This study is an important step toward connecting routines with a governance mode, thereby helping to create a meaningful link between the organizational capabilities and governance literatures (Jacobides and Billinger 2006; Argyres 2011).

Another potential moderating condition for routines that has remained unexplored is the issue of agency (Becker 2004). Becker (2004, p. 665) specifically suggests that identifying precisely how agency influences the implementation and evolution of rules is an important area for further research. By examining the relationship between agent experience and the development of routines, we contribute to this area of theory as well. Third, we identify a key explanatory mechanism between routines and performance by testing the mediating effect of absorptive capacity. We define absorptive capacity as the extent to which an organization is able to acquire, assimilate, and apply internal and external knowledge to commercial ends (Cohen and Levinthal 1990). While most previous studies examined the antecedents and outcomes of routines at the organizational level, this study shows the process through which routines influence performance. The significant mediating effect of absorptive capacity would provide a compelling theoretical explanation of how increases in the routinization of activities lead to better performance. Subsequent sections develop a theoretical framework and hypotheses (§2), describe the methodology (§3), analyses and results (§4), and discuss the contributions and implications of the study (§5).
THEORY AND HYPOTHESES

**Theoretical Foundations**

**Efficacy of Routinization**

Routines have been conceptualized as regular and predictable behavior patterns of organizations (Nelson and Winter 1982). Researchers have tended to emphasize either their capability aspect (i.e., routines are building blocks of capabilities) or practice aspect (i.e., routines are repetitive and recognizable patterns of action) (see Parmigiani and Howard-Grenville 2011 for a review). For our context, we define routines as valuable and repeatable patterns of interdependent activities of financial advisors (Feldman and Pentland 2003). Our review of prior literature on routines reveals a gap regarding our ability to explain variation in the efficacy of routines. While previous studies support the efficacy of routinization in general, whether all routines have uniformly positive effects on performance remains unknown. We take a more nuanced look into the effects of different types of routines to bring greater depth, specificity and clarity to our understanding of the effects of routines.

In this study, we examine how the efficacy of routinization varies depending on factors that are internal (experience of an advisor) or external (governance mode) to a financial advisory practice. First, consider the potential moderating effect of agent experience. Current literature casts a uniformly positive tone on the effects of experience for advisor performance: the more experience a financial advisor gains, the better performance should be. We challenge this assumption with the dual logic of more discretion and overconfidence of experienced advisors (Knott 2001). We suggest there is a boundary point where experience becomes a liability to an advisor and theorize that more advisor experience diminishes, rather than enhances, the efficacy of routines. This is an important theoretical test of the dominant but untested view on the influence of an advisor’s experience.

Second, we consider the potential influence of governance mode as an external moderating condition. It is likely the efficacy of routinization, which is a theoretical core of organizational capability literature, may vary depending on the focal governance mode, a theoretical core of transaction-cost economics (TCE) literature. Therefore, the potential interaction between routinization and governance mode (market governance or hierarchy governance in this study) should be theorized and tested. Answering this question helps clarify how governance and capabilities interact.

**Linking Routinization to Performance: Absorptive Capacity**

While the efficacy of routinization is well established, the causal link between routinization and performance remains largely unexplained. Previous studies offer explanations that use the concepts of memory, learning, and change to link routinization with performance (Becker 2004, 2008). These explanations rely on logical assumptions but have not been tested empirically. To connect routinization with performance, we consider the intervening effect of absorptive capacity as a mediating variable, whereby increasing the routinization of organizational activities leads to higher performance by enhancing absorptive capacity of the organization. By reducing the usage of cognitive capacity and freeing time and other resources, increased routinization permits advisors to sense, integrate and utilize complex learning from clients, competitors and internal data. These effects enhance services by permitting the advisor to become more nimble and responsive to clients. Providing clear and cohesive explanations of the influence of environmental factors on the client’s situation is a primary challenge for advisors in providing client service. This is an important theoretical contribution because it unpacks the black box of routines by showing one way routines contribute to performance.

**The Main Effects of Routines on Absorptive Capacity**

The concept of absorptive capacity was first introduced by Cohen and Levinthal (1990). They defined it as “the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends” (1990, p. 128). While most studies theorize absorptive capacity as a global
construct, we follow recent scholarship that characterizes absorptive capacity as having two facets: internal and external (Lewin and Massini 2003; Lewin, Massini, and Peeters 2011). Internal absorptive capacity is concerned with recognizing, assimilating, and applying knowledge generated from both the internal environment and external environment. This multi-faceted view of absorptive capacity resonates with our theoretical development that organizational routines consist of operational routines and adaptive routines.

The Effect of Operational Routines on Absorptive Capacity

A financial advisor engages in various operational activities including collecting, cataloging and storing client information, using this information to create financial plans, providing advice and plans and tracking their clients’ progress. When operational activities are not routinized, advisors are more likely to devise their own way of doing things and engage in individualized actions that tend to be reactive to daily events. This is likely to have two negative effects on absorptive capacity. First, when advisors are firefighting and juggling to perform day-to-day operations, they have diminished capacity in sensing, evaluating and selecting the information that deserves attention and should be shared with other organizational members (i.e., internal absorptive capacity). Second, even if new and useful information is identified, other members of the organization are likely to have more difficulty assimilating and applying information to operations when it is generated by idiosyncratic activities. The combination of reduced sensing capacity and idiosyncratic baseline activities in the practice creates friction that reduces absorptive capacity.

On the other hand, high levels of routinization are likely to foster absorptive capacity for two reasons. First, greater institutionalization of operational routines increases predictability and continuity of the operations (Cohen and Bacdayan 1994). This predictability facilitates comparison and evaluation of information from individual advisor’s efforts, thereby enhancing the ability to recognize and apply new knowledge from operations. Second, higher institutionalization of operational routines means financial advisors share tools and follow common approaches. This common understanding and shared language of operations by advisors make it easier for them to exchange insights, assimilate new knowledge and replicate useful practices.

Therefore, we predict:

H1a: As operational routines become more institutionalized, absorptive capacity of an organization increases.

The Effect of Adaptive Routines on Absorptive Capacity

Adaptive routines are more concerned with activities that call for adjustment and adaptation to new and changing information originating outside the organization. Adaptive routines for financial advisors include fact-finding with clients, new-client prospecting and conducting quarterly investment review meetings. Advisors can develop simple heuristics for selecting specific responses to complex situations. These adaptive routines allow them to develop and reuse best practices. When adaptive routines are not institutionalized, individual advisors are likely to improvise in dealing with changes in the client or investment environment. While an advisor’s individual adaptive behavior may be creative in a given situation, insights from ad hoc experimentation are likely to be difficult to compare and evaluate. New information that comes from low routinization may lack context or rely on individual differences. These factors of variability reduce the applicability and utility of information and lead to less absorptive capacity.

On the other hand, high levels of institutionalization in adaptive routines are likely to foster increased absorptive capacity for two reasons. First, as with operational routines, highly institutionalized adaptive routines lead to more advisors following similar patterns of coping with changes in the outside environment. This consistency makes it easier to compare and evaluate potential new heuristics. And once
new information is acquired, organizational members are more likely to have the time to assimilate it if they have a stable base of tools and approaches on which to build, leading to increased absorptive capacity.

Therefore, we predict:

H1b: As adaptive routines become more institutionalized, absorptive capacity of an organization increases.

Two Boundary Conditions for the Effects of Routines

The positive effects of routines may be amplified or buffered depending on different internal and external conditions faced by the organization. The positive effect of adaptive routines varies depending on the level of two moderating conditions, governance mode and advisor experience. But, the positive effect of operational routines is likely to remain unchanged because increased routinization of operational activities has a more simple and stable influence on absorptive capacity through the reduction of cognitive loads and ability to free time to devote to processing and using information. Where adaptive routines are more dependent on advisor interpretation and choice, operational routines tend to be more stable and process driven. We predict governance mode and advisor experience have differential moderating effects on adaptive routines: governance mode of market (relative to that of hierarchy) has the effect of amplifying the positive main effect of adaptive routinization, whereas more advisor experience has the influence of buffering the positive effect of adaptive routinization on absorptive capacity.

Amplifying Effect of Market Governance

Market and hierarchy are two archetypes of governance (Williamson 1985). Governance through market entails arms-length exchanges that influence organization efficiency through price mechanisms and autonomous operations (Ghosh and John 1999; Williamson 1975). But, market governance may face transactional challenges and incur costs as independent agents engage in self-interested behaviors like shirking – i.e. the extent to which an agent evades obligations and withholds efforts in pursuit of maximizing personal gains (Eisenhardt 1989). If the effects of shirking become too great, market governance breaks down. In contrast, governance through hierarchy refers to internally integrated exchanges, allowing the organization’s legitimate authority and pre-specified rules to coordinate the value-generating activities performed by employees (Williamson 1991). TCE prescribes hierarchy governance as a remedy for the failure of market governance.

The moderating effect of hierarchy governance on the positive link between institutionalizing adaptive routines and absorptive capacity is likely to be weak for two reasons. Hierarchy governance by definition means an employer with legitimate authority is entitled to develop and enforce pre-specified rules to coordinate its value-generating activities (Heide 1994). Since employees are socialized to comply with direction from the organization, they have a natural baseline of work habits that are consistent with organizational culture, rules and expectations. This baseline tends to be weaker or may not exist under market governance.

Hierarchy governance uses “coordinated adaptation” for adjusting to changes in the outside environment, according to Williamson (1991). So, when adaptive routines are introduced or enhanced, the marginal benefit to performance under the hierarchy governance will be limited since the degree of change in employee behavior needed to comply will likely be small.

In contrast, we posit two reasons market governance is likely to amplify improvements in absorptive capacity from institutionalizing adaptive routines. Market governance means arms-length exchanges through price mechanisms and autonomous operations. Individual advisors are independent agents, not the employees of the broker-dealer organization. When adjusting to changes in the outside environment, market
governance engages in what Williamson (1991) calls “autonomous adaptation.” First, given that agents under market governance do not have intrinsically high motivation to support institutionalization, they are less likely to have accumulated a substantial base of routines on which to build. Note that advisor interactions with clients tend to be private and independent, so advisors are less focused on larger scale coordination effects. They already favor approaches that provide freedom to adapt as they see fit as long as they remain compliant with key regulatory and professional standards. Therefore, institutionalizing adaptive routines is likely to have the compensatory effect of increasing the effect of adaptive routines on performance which in turn elevates agents’ continued motivation to adhere to the adaptive routines.

Second, given that agents under market governance have fewer institutional support structures and are screened and selected based on entrepreneurial drive, independence and sales competence, they are less likely to be socialized and trained to follow adaptive routines. Therefore, even if agents are motivated to follow the routines, they are likely to have lower capacity to follow and execute the routines. Institutionalizing adaptive routines is likely to help them most since it has the compensatory effect of making up for the lack of socialization and formal training concerning adaptive routines. As a moderator, market governance thereby amplifies the positive effect of institutionalizing adaptive routines on absorptive capacity.

**H2:** The positive effect of institutionalizing adaptive routines on absorptive capacity becomes stronger under market governance (compared to hierarchy governance).

**Buffering Effect of Advisor Experience**

More experience in individuals is theorized as providing a linear, positive effect on the efficacy of organizational routines based on the logic of path dependence: routines develop, evolve, and improve over time as a direct result of past efforts and experience (Zahra and George 2002; Lewin, Massini, and Peeters 2011). Departing from this prevailing view, we predict greater experience of an advisor at certain levels has a negative moderating effect and therefore buffers the positive effect of institutionalizing adaptive routines on absorptive capacity. Advisors’ confidence in their ability to adapt to changes in the business environment is likely to increase as the advisor gains experience. The advisor may become too confident and improvise in circumstances that depart from established adaptive routines. These ad hoc actions weaken the positive link between institutionalizing adaptive routines and absorptive capacity. For instance, if advisors using a well-established routine for fact-finding decide to add untested questions to the end of the interview, they may later discover there is no constructive way to respond to the client’s answers to these questions in the formalized plan. This kind of disconnection with other adaptive routines (building a financial plan) detracts from the positive effects of adaptive routines by reintroducing a problem adaptive routines are designed to eliminate – that is, avoid focusing on issues that cannot be addressed in the financial planning process. Similarly, Knott (2002) showed former franchisees of quick printing chain indicated franchisees became overly confident about their ability to adapt to changes.

Second, advisors gain discretion in operations as their practices mature and survive the initial high turnover period in the industry. Between the fifth and tenth years of advisors’ careers, they typically become increasingly independent from supervisors, trainers and mentors and begin to define their own practices. Consequently, an experienced advisor with more discretion is less likely to follow newer adaptive routines espoused by the organization, thereby weakening the positive link between institutionalizing adaptive routines and absorptive capacity.

Therefore, we predict:

**H3:** The positive effect of adaptive routines on absorptive capacity becomes weaker as advisor experience increases.
The Effect of Absorptive Capacity on Organizational Performance

Low absorptive capacity means the organization has less capacity to acquire, assimilate, and apply new information from the outside of the organization as well as from the regular operations within the firm. For our context of the financial advisory industry, low absorptive capacity means the organization has limited ability to improve its operational efficiency and its adaptability to changes in the outside environment. Consequently, organizations with limited absorptive capacity are less likely to meet dynamic client expectations and retain clients during periods of volatile capital markets. They are also less likely to develop and execute plans for succession of their practices, which diminishes the long-term survival prospects of the practice. As experienced advisors look for ways to pass client relationship responsibilities to the next generation of advisors, established operational and adaptive routines in the practice provide a critical template for completing the work of succession.

In contrast, high absorptive capacity enables advisor practices to acquire, assimilate, and apply new information from both inside and outside of the organization. Therefore, the organization with high absorptive capacity is likely to utilize new information to improve the efficiency of the internal operations and to adapt readily to changes in the outside environment. For our research context, it means an organization is likely to do a superior job in satisfying clients and retaining them as loyal customers. For the long-term prospects of the advisory practice, it also means the organization can more easily develop and execute a plan for the succession of the practice by relying on routines as a training and proving ground for newer advisors looking to assume greater responsibilities.

H4a: Increases in absorptive capacity improve organizational performance through gains in client retention rates.

H4b: Increases in absorptive capacity improve organizational survival through gains in succession readiness.

METHODS

Empirical Context

Industry Overview

The context for this study is the U.S. financial advisory industry. The unit of analysis we use in both the qualitative interviews and the survey is the financial advisory practice. We define a financial advisor practice (practice hereafter) as a discrete business entity in a single location that serves a common set of clients. Practices may have multiple licensed financial advisors associated with them or just one advisor. Similarly, some practices have additional employees supporting the licensed advisors. Many smaller practices are solo advisors without any support staff. Financial advisors are excellent subjects for the study of organizational routines since not all practices use routines in the same way and to the same degree. An industry analysis of financial product distribution identifies six distinct channels in which advisors operate (Chase 2013), including insurance (88,115), independent broker/dealers (78,886), wire-houses (49,913), regional broker/dealers (30,628), registered investment advisors (RIA) (27,839), and banks (13,728). Insurance, wire-house, regional broker/dealer and bank channels tend to provide more hierarchical structure and centralized policies for affiliated advisor practices (hierarchy governance), while independent broker/dealer, RIA and dually-registered (hybrid) practices tend to be the most autonomous (market governance).

Qualitative Interview with Advisors

Prior to fielding the survey, we conducted individual depth interviews with 41 experienced financial advisors and 12 subject matter experts who work in the financial advisory industry. The industry experts included practice management consultants, directors of research from industry research firms, as well as attorneys and accountants working with advisors. The interview questions focused on the structures,
strategies, operating patterns and goals of the advisors’ practices. All the advisors interviewed were part of successful, tenured practices. Only advisors with at least five years of experience were interviewed. We used the same criterion for the survey respondents. In this way, we eliminated respondents who were less likely to be long-term participants in the career since the failure rate of advisors in the first five years is high. The results of these depth interviews provide a valuable foundation for our analysis of advisor routines.

In our interviews with advisors, we found those with a higher emphasis on institutionalization of routines in their practices reported greater success in revenue growth and client retention. Some advisors work with practice management consultants to identify opportunities for improving their results through institutionalization using routines. These advisors attributed their performance advantage to the ability to apply routines to operational tasks to make them more consistent and efficient. But interestingly, they also described the routinization of adaptive activities that require responsiveness during client contact. Where operational routines – like maintaining the accuracy of client databases and producing quarterly investment performance reports – improved dimensions or speed, accuracy and cost, the use of adaptive routines – like new-client prospecting and client fact-finding – improved both the efficiency of the practice as well as the overall quality of the client experience and client outcomes. For instance, by following a disciplined routine for client fact-finding, advisors are able to uncover more client needs and to do so more consistently and more systematically. This helped the advisors to make better recommendations and create more holistic plans. Through the series of depth interviews, we were able to create a map of advisor practices using the service blueprint format (Zeithaml and Bitner 1996; Fließ and Kleinaltenkamp 2004). See Exhibit 1. We then shared the blueprint with industry experts to help identify, categorize and validate both operational and adaptive routines. The experts who reviewed the blueprint included distribution system executives, mutual fund executives, practice management consultants, senior industry researchers and experienced advisors.
Sample and Data Collection

We conducted the survey in partnership with a national research firm in Washington, D.C. that specializes in the financial services industry. We drew the sample from a list of financial advisors based on media subscriptions maintained by the research firm. We conducted the survey in May 2013 using emails to invite financial advisors to respond to a web-based survey via an embedded link. Of the 6,752 advisors who received and opened the invitation emails, 31 opted out of the survey and we received a total of 291 responses. This produced a response rate of 4.31% for the survey. According to two independent senior industry researchers, this corresponds favorably to response rates for similar studies from unaffiliated organizations among financial advisors. For the final sample, the majority of respondents (61%) had more than ten years of experience as an advisor. Similarly, 45% of respondents have continuous service of more than ten years with the same firm. We are currently completing a survey of non-respondents via email and telephone as a check of potential non-response bias.

Measure Development

Our dependent variables for organizational performance are measures considered primary to the success and long-term survival of advisor practices: client retention and succession readiness. As advisors gain experience and build their practices, the income stream of the business is closely tied to the retention of clients who generate more fees based on larger account balances. This makes client retention a critical outcome measure for advisor practices. This is particularly important for successful advisors who have reached a limit in client service capacity in their practice and therefore do not have a strong growth focus. Similarly, as advisors approach retirement, they become more aware of the need to monetize their
ownership interest in the practice which takes the form of goodwill in their client relationships. Our construct for succession readiness measures advisors’ utilization of established succession strategies to gauge the likelihood of the survival of the practice.

We used multi-item scales to construct the variables for operational and adaptive routines. Both scales measure the degree to which advisors use routines in their practice. Through our interviews and subsequent discussions with industry experts, we identified four items for the operational routine scale and six items for the adaptive routine scale. In each scale, one item was eliminated through construct validity testing. Our variables for advisor succession readiness and absorptive capacity also use multi-item scales. The construct for succession readiness uses seven items of the eight identified in our initial interviews. The structure of the scale for absorptive capacity reflects a dual-view (internal and external perspectives) and is adapted from Camisón and Forés (2010). We used insights from advisor interviews and industry reviewers to adapt a five-item scale for absorptive capacity (Camisón and Forés 2010). We retained four of the five items in the absorptive capacity scale following unidimensionality and reliability checks. We also included measures of advisor experience and tenure with their current firm or practice as controls for our models. These measures followed established question-forms for measuring experience and tenure in the industry.

Measure Validation

We used several checks of consistency and unidimensionality for each of the multi-item measures in the study. Our analysis included descriptive statistics (Table 1), reliability of scales, and exploratory factor analysis (Table 2). The items for both routines constructs had factor loadings of 0.695 or greater. The seven-item succession readiness scale had factor loadings between 0.503 and 0.816. The loadings for all four items in the absorptive capacity scale were greater than 0.764.
Table 1: Descriptive Statistics and Correlation Matrix

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<th>Obs</th>
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<th>6</th>
<th>7</th>
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<td>1. Asset growth</td>
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<td>2. Client retention</td>
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<td>0.824</td>
<td>0.263**</td>
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<td>3. Absorptive capacity</td>
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<td>3.36</td>
<td>0.831</td>
<td>0.149*</td>
<td>0.183**</td>
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<td>4. Operational routines</td>
<td>209</td>
<td>3.73</td>
<td>0.912</td>
<td>0.121</td>
<td>0.121</td>
<td>0.244**</td>
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<td>5. Adaptive routines</td>
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<td>3.42</td>
<td>0.927</td>
<td>0.093</td>
<td>0.004</td>
<td>0.258**</td>
<td>0.394**</td>
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<td>6. Career experience</td>
<td>209</td>
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<td>7. Time to retirement</td>
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<td>3.16</td>
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<td>0.220**</td>
<td>0.077</td>
<td>0.159*</td>
<td>0.170*</td>
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<td>-0.155*</td>
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<td>8. Tenure with firm</td>
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<td>9. Succession readiness</td>
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Notes: * indicates correlation significant at $p < .05$; ** $p < .01$ (two-tailed)
Table 2: Exploratory Factor Analysis Result

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<td>Q16C</td>
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<tr>
<td>Q10A</td>
<td>0.029</td>
</tr>
<tr>
<td>Q10B</td>
<td>0.105</td>
</tr>
<tr>
<td>Q10C</td>
<td>0.160</td>
</tr>
<tr>
<td>Q10D</td>
<td>0.072</td>
</tr>
<tr>
<td>Q10E</td>
<td>0.100</td>
</tr>
</tbody>
</table>
ANALYSIS AND RESULTS

Hypotheses Tests for Effects of the Predictors on the Mediator (H1 to H3)

We conducted hypothesis tests using a two-step hierarchical OLS (ordinary least squares) model. The main effects of the predictor variables are estimated in Step 3.1 where we examined hypotheses H1a and H1b. We used mean-centered interaction terms in Step 3.2 to test the moderating effects in hypotheses (H2 and H3) (shaded cells in Table 3). The estimation results in Step 3.1. indicate absorptive capacity increases as operational routinization ($\beta = .17, p < .05$) or adaptive routinization ($\beta = .20, p < .01$) becomes greater, thereby supporting H1a and H1b. The estimation results for the moderating effects in Step 3.2. indicate the positive effect of adaptive routinization on absorptive capacity is magnified under market governance ($\beta = .23, p < .05$) compared to hierarchy governance, thereby supporting H2. Conversely, the estimation results indicate the positive effect of adaptive routinization on absorptive capacity is diminished when advisor experience is greater ($\beta = -.15, p < .05$), thereby supporting H3. Although we did not tender formal hypotheses, we also predicted the positive main effect of operational routinization does not change significantly under different governance mode or more advisor experience. As was predicted, the estimation results indicate neither governance mode ($\beta = .03, n.s.$) nor advisor experience ($\beta = .04, n.s.$) moderates the positive effect of operational routinization on absorptive capacity, thereby fully supporting our conjecture.

Hypotheses Tests for Effects of the Mediator on the Dependent Variables (H4)

The hypothesis test for the right side of the model is conducted using a three-step hierarchical OLS model. We only included controls in the estimation step 4.1, and then added predictors and their interaction terms in step 4.2, and finally the mediator in step 4.3. The estimation results of step 4.1. indicate that longer succession timing ($\beta = .17, p < .01$) and longer advisor tenure ($\beta = .13, p < .05$) have positive effects on the succession readiness of the financial advisor, whereas neither has any influence on customer retention.

The estimation results of step 4.2. indicate customer retention is higher under market governance ($\beta = .12, p < .05$) compared to hierarchy governance mode and customer retention increases as operational routinization increases ($\beta = .20, p < .05$). However, the interaction between the market governance mode and operational routinization is negative ($\beta = -.18, p < .05$), suggesting market governance and operational routinization are substitutes for each other with regard to customer retention. For the succession readiness of an advisor, the estimation results indicate succession readiness improves as advisor tenure with the current employer increases ($\beta = .16, p < .01$) and operational routinization increases ($\beta = .21, p < .05$). In contrast, the interaction effect between advisor experience and adaptive routinization is negative ($\beta = -.17, p < .01$), suggesting that advisor experience and adaptive routinization are substitutes for each other with respect to succession readiness. Finally, the estimation results of step 4.3 indicate that customer retention ($\beta = .19, p < .01$) and succession readiness ($\beta = .30, p < .001$) increase as absorptive capacity increases, thereby fully supporting H4a and H4b.

Limitations

The study has two limitations. First, low response rate for the survey is a cause for concern. While the results of our non-response bias check so far indicate non-significant differences between the respondent group and the non-respondent group, future research will benefit from increasing the response rate from the focal population (financial advisors). Second, from a theoretical standpoint, our examination of organizational routines focused on the routines at the task (activity) level, including operational routines and adaptive routines. While we believe these two types of routines capture routinization at the task level well, we did not measure and consider higher level routines for changing routines (i.e., meta-routines) at the corporate level. We believe the identification and study of specific meta-routines is the next critical step in building better theory concerning how all types of routines interaction and influence firm performance and survival.
Exhibit 2: Conceptual Model and Associated Regression Coefficients

Notes: * indicates $p < .05$; ** $p < .01$; *** $p < .001$, (all one-tailed tests); $N = 209$
Table 3: Analysis Results for Effects of Predictors on the Mediator

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Hypotheses</th>
<th>Step 3.1: Main effects</th>
<th>Coefficienta (t-value)</th>
<th>Coefficient (t-value)</th>
<th>Step 3.2: Main effects + interaction effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main effects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance mode</td>
<td></td>
<td>0.02 (0.31)</td>
<td>0.04 (0.52)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advisor experience</td>
<td></td>
<td>0.01 (0.07)</td>
<td>0.02 (0.35)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational routine</td>
<td>H1a: (+)</td>
<td>0.17* (2.27)</td>
<td>0.16* (1.66)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adaptive routine</td>
<td>H1b: (+)</td>
<td>0.20** (2.65)</td>
<td>0.04 (0.38)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moderating effects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational routine x</td>
<td></td>
<td></td>
<td>0.03 (0.32)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance mode</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adaptive routine x</td>
<td>H2: (+)</td>
<td></td>
<td>0.23* (2.03)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance mode</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational routine x</td>
<td></td>
<td></td>
<td>0.04 (0.54)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advisor experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adaptive routine x</td>
<td>H3: (-)</td>
<td></td>
<td>-0.15* (2.10)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advisor experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model F-value</td>
<td></td>
<td></td>
<td>5.12***</td>
<td></td>
<td>4.57***</td>
</tr>
</tbody>
</table>

Notes: * indicates p < .05; ** p < .01; *** p < .001, (all one-tailed tests); N = 209; a indicates standardized beta coefficients
Table 4: Estimation Results for the Mediator on Performance

<table>
<thead>
<tr>
<th></th>
<th>Step 4.1: Controls only</th>
<th>Step 4.2: Controls + Predictors + Interaction term</th>
<th>Step 4.3: Controls + Predictors + Interaction term + Mediator</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Customer retention</td>
<td>Succession readiness</td>
<td>Customer retention</td>
</tr>
<tr>
<td>Time to retirement</td>
<td>0.08 (1.15)</td>
<td>0.17 (2.51)</td>
<td>0.06 (0.78)</td>
</tr>
<tr>
<td>Tenure with firm</td>
<td>0.06 (0.88)</td>
<td>0.13 (1.83)</td>
<td>0.05 (0.62)</td>
</tr>
<tr>
<td>Governance mode</td>
<td>0.12 (1.67)</td>
<td>0.02 (0.35)</td>
<td>0.12 (1.66)</td>
</tr>
<tr>
<td>Career experience</td>
<td>0.11 (1.51)</td>
<td>-0.08 (-1.23)</td>
<td>0.11 (1.49)</td>
</tr>
<tr>
<td>Operational routine</td>
<td>0.20 (1.95)</td>
<td>0.21 (2.20)</td>
<td>0.18 (1.73)</td>
</tr>
<tr>
<td>Adaptive routine</td>
<td>0.01 (0.12)</td>
<td>0.16 (1.51)</td>
<td>0.01 (0.07)</td>
</tr>
<tr>
<td>Operational routine x Governance mode</td>
<td>-0.18 (-1.73)</td>
<td>0.08 (0.84)</td>
<td>-0.19 (-1.86)</td>
</tr>
<tr>
<td>Adaptive routine x Governance mode</td>
<td>-0.02 (-0.16)</td>
<td>-0.06 (-0.55)</td>
<td>-0.05 (-0.45)</td>
</tr>
<tr>
<td>Operational routine x Advisor experience</td>
<td>0.08 (1.11)</td>
<td>0.04 (0.57)</td>
<td>0.07 (0.99)</td>
</tr>
<tr>
<td>Adaptive routine x Advisor experience</td>
<td>-0.07 (-0.97)</td>
<td>-0.17 (-2.42)</td>
<td>-0.05 (-0.62)</td>
</tr>
<tr>
<td>Absorptive capacity: H4: (+)</td>
<td>0.19 (2.59)</td>
<td>0.30 (4.48)</td>
<td>0.19 (2.59)</td>
</tr>
<tr>
<td>R² (adj)</td>
<td>0.01 (0.00)</td>
<td>0.04 (0.03)</td>
<td>0.06 (0.02)</td>
</tr>
<tr>
<td>Model F</td>
<td>1.01</td>
<td>4.63</td>
<td>1.32</td>
</tr>
<tr>
<td>F-change</td>
<td>1.39</td>
<td>4.13***</td>
<td>6.69**</td>
</tr>
</tbody>
</table>

Notes: * indicates p < .05; ** p < .01; *** p < .001, (all one-tailed tests); N = 209; a indicates standardized beta coefficients
DISCUSSION

Implications
While more routinization of organizational activities has long been associated with positive performance (Becker 2004), the causal link between routinization and performance has remained unclear and largely unexplained. Despite the recognition not all routines are created equal, the literature lacks a meaningful categorization of routines. It is critical for theoretical development to categorize routines because categorization “allows researchers to organize complex and confusing phenomena in ways that highlight their most meaningful differences” (Christensen and Raynor 2003: 68-69). As a first step of theoretical development, we used an extensive study of the financial advisory industry to identify two categories of routines: operational routines and adaptive routines. As a second step of enhancing theory on routines and going beyond simply linking two types of routines to organizational performance, we identify the circumstances in which the causal link between routines and performance varies. This is important because knowledge about boundary conditions helps managers decide whether and how to adjust the extent of routinization of sales and marketing tasks. Christensen and Raynor (2003: 71) call it “circumstance contingent” and declare it a hallmark of a good theory. We highlighted two circumstances that carry theoretical and practical implications. First, we examined the potential moderating influence of a governance mode: market governance versus hierarchy governance. Interlacing routines with a governance mode is a theoretically significant issue for two reasons. Although routines have been suggested as a core concept of capability literature (Parmigiani and Howard-Grenville 2011), routines have yet to be connected theoretically with TCE literature, and governance mode in particular. Likewise, while TCE literature is mainly concerned with governance mode choice and deployment of governance mechanisms (Gibbons 2010), it has not been theoretically connected with the role of routines. Therefore, the interaction between routines and governance mode sheds a new light on mutual influence between these two important theories.

Second, we examined the potential moderating influence of a financial advisor’s experience. Examining the moderating influence of advisor experience has two significant theoretical implications. First, empirical support for the mitigating effect of advisor experience challenges conventional wisdom that more experience is conductive to better performance. More advisor experience hurts rather than helps the advisor garner better performance through the use of adaptive routines. Second, it also raises an intriguing and serious question about how to address the negative moderating influence of advisor experience on the link between routinization and performance. How does one teach an old dog new tricks? Given the significant positive impact of institutionalization on success readiness, these old dogs certainly have a vested interest in learning.

As the third step of theorizing, we identified absorptive capacity as a mediator and important mechanism connecting routinization and performance. The positive mediating effect of absorptive capacity in our analysis presents two implications. First, it helps answer the question of how more routinization of tasks creates better performance. The results of our model shows more routinization enhances the capability of an organization to acquire, assimilate, and apply knowledge from inside and outside of the organization (i.e., absorptive capacity) to advisors’ execution of tasks. This effect in turn helps the financial advisor do a better job in retaining clients and planning for succession. Second, the positive links between two distinct types of routines and absorptive capacity, together with the moderating effects of governance mode and advisor experience, suggest the mediating effect of absorptive capacity is nuanced and dynamic.

Further Research Directions
We suggest future research on the efficacy of routines should explore several adjacent issues. First, our analysis supports moderating effects of governance mode and advisor experience on the link between routinization and organizational performance. This is a promising start in identifying boundary conditions for the causal link between routinization of functional tasks and organizational performance. Future research should consider identifying and testing other internal and external conditions, such as advisor
training, execution discipline and the stage of the advisor career. These factors may also help to plot the boundaries of the influence of routinization on performance. Second, the significant mediating effect of absorptive capacity confirms the important role of routinization from the standpoint of the acquisition and application of knowledge. But, it is also possible more routinization may serve as a governance mechanism to address other organizational issues such as trading hazards (e.g., shirking) due to incentive asymmetry (March and Simon 1958). Future study should examine additional effects of routines. Third, our cross-sectional research design was unable to capture the evolution of routines and performance changes. Future research can include longitudinal data for a more rigorous test of the durability and nature of the causal link between routinization and performance. Finally, financial advisory practices are an excellent stage for examining routines, but future studies should test the generalizability of our findings by exploring the mechanics of routines in contexts other than consultative selling and financial services distribution.
REFERENCES


INTRODUCTION

In service contexts such as hospitals, new home construction, and weddings, various independent service providers create and deliver diverse but interrelated services for the customer. In these service settings, looking at component services in isolation can be misleading, as both the provision of a specific service and the customer’s perception of its service quality can be affected by other interrelated services that comprise the overall, complex service event. Much of the prior services research has focused on service settings in which the service delivery of these related service occurrences is provided by a single service organization, but not every service delivery system is neatly incorporated into a seamless bundle of complimentary services. In many cases the component services may be fragmented into a complex service delivery network spanning multiple organizations. An investigation into these more complex service settings is particularly relevant now because “in our modern-day global economy, service systems have significantly increased in complexity, often involving networks of service firms, customers, and evolution of offerings” (Zeithaml, Bitner et al. 2009).

Consider a cruise vacation. A customer may individually purchase airline tickets to the embarkment city, ground transportation to the cruise ship, the cruise itself, excursions within the cruise, and many more. It is important to recognize that to the customer all of these services belong to the vacation. To treat each as an individual dyadic service encounter misses an important connection between the individual component services. The whole of the vacation is not just the sum of the component services provided. There are important implications for both customers and service providers. For example consider what would happen to a tour of a port city if the cruise ship is delayed in its arrival. It affects the tour guide’s ability to deliver their service, and consequently the quality of the service the customer receives. For instance it may have to be expedited and miss some spots in order to meet the new timeline. The traditional dyadic view fails to account for these interdependencies within the system of services.

Scholars have recognized supply chain and other service providers in a value network perspective (e.g. Lusch, Vargo et al. 2010) with the exception of Tax et al. (2013) though they have not described service delivery networks from the customers’ perspective. Focusing on the customer’s perspective illustrates how the same set of independent service providers are, in reality, different service delivery systems when they are integrated by a focal provider versus by the customer. For instance when the service is fully mediated by the cruise line company the role of service integrator on the service mediator. However in the example where the customer contracts with the individual service provider the customer plays the role of service integrator. To the customer then they are meaningfully different. From this customer ego network perspective the mediated model appears much like any other dyadic service encounter. The customer seemingly interacts with one other party and even though they may be aware that multiple service entities are involved, to the customer they are a packaged bundle of services to which the primary service provider is coordinating.

COMPLEX SERVICE EVENTS (CSEs)

Complex service events are comprised of multiple distinct but interdependent component services that must be integrated to effectively serve the unique needs/desires of the customer. These services are produced for a single, specific occasion with discrete start and end points. In concentrating on events I shift from the ongoing service delivery networks to short-term, often ad hoc, set of service providers. Examples of complex service events are plentiful. In consumer markets familiar complex service events are weddings, new home construction, vacations, and funerals. In business markets examples include promotional events,
The role of customers in service delivery has changed drastically in the last few decades. Customers are recognized as coproducers (Bendapudi and Leone 2003, Vargo and Lusch 2004) meaning that customers do not merely purchase and receive services; they also contribute in their design and delivery. Customers are an active and knowledgeable resource to create value for themselves and the service firm. Customer involvement in service provision, at some level, has always been inevitable in service situations. Services are produced and consumed simultaneously. Consequently, the customer is largely inseparable from the
service delivery process and thereby requiring customer and service provider interaction (Parasuraman, Zeithaml et al. 1985). Complex service events tend to require a greater degree of customer participation. Often CSEs are momentous occasions, highly charged with emotion, thus of great importance or significance to the customer. CSEs are thus more likely have not only a greater degree of customer participation, but also more significant consequences both positive and negative for their involvement. In CSEs customers often have greater intrinsic and extrinsic motivation to be involved since the component service providers are more likely to encourage or require greater customer participation.

Customers’ effectiveness in coproduction depends on factors such as their familiarity and experience with analogous service processes. In order for customers to fulfill their role, they need to have clear expectations about their own goal, and the paths to accomplish these goals. Goal clarity, the extent to which customers understand their overall goals and objectives concerning the service event (Sawyer 1992), and process clarity, the extent to which customers comprehend the procedures that must be followed in order to achieve goals and objectives (Sawyer 1992), are particularly important. Clear goals lead to improved team performance due to their role in directing team members’ attention and encouraging members to be persistent (Locke and Latham 1990). Clear procedures toward the goal are critical for service system performance, because they offer a plan for accomplishing goals (Weingart 1992, Knight, Durham et al. 2001). Complex service systems tax customers’ ability to perform their role effectively and efficiently.

Complex service events present customers with an array of challenges in performing their role. It can be a daunting task for a CSE customer to fulfill the requirements of their role given the increased complexity due to greater scope, component service interdependence, and timeline concerns. It can be difficult for CSE customers to evaluate the performance of each of the component services. The means-ends chain is often ambiguous to the customer. To illustrate this point consider the many component services involved in a home remodel. For example, construction of a new wall includes an architect, carpenter, taper, painter, etc. It is difficult for the customer to evaluate the performance of each component service in isolation, for the interrelationships cannot be disentangled. If the new wall is excellent, the customer may assume that all component services were performed well, but sub-standard performance of foundational services could be initially masked by well-performed surface services. On the other hand, if the new wall does not meet the customer’s expectations, it is difficult and perhaps impossible for the customer to accurately identify the source(s) of the problem. The carpenter framing the wall could have done a poor job. This would in turn affect those installing the sheet rock, applying texture, and painting.

To compound matters further, complex service events often have multiple paths to accomplishing a given customer goal. For instance a bride may want a beautiful wedding, but may be unsure how to best accomplish that goal. Would it be better to spend more for the venue or more on the decorations and flowers? Both may aid in accomplishing a beautiful wedding, but both are vying for the same fixed budget, and therefore there is a tradeoff. Likewise a bride may want to invite all her family and friends, but also desire to have the closeness and intimacy of a smaller wedding. These are conflicting desired end states. Uncertainty in the customer’s mind may arise because of negative relationships among desired outcomes. If achieving one desired outcome conflicts with achievement of another desired outcome. Customer uncertainty increases complexity by enlarging the pool of potential paths to a desired outcome. This can leave the customer in a state of confusion as to what they want to do, and perplexed as to how to accomplish it.

Because of the intangibility and variability of services, customers often cannot readily determine the quality of a service prior to its purchase (Zeithaml 1981). This trait of services implies that services in general are high in experience attributes (Zeithaml, Bitner et al. 2009). In addition, in many service contexts customers are only able to vaguely recognize a need, and lack sufficient skill to evaluate what course of action would satisfy that need. The complexity of the CSEs requires the customer to depend on the advice of an expert to inform them which course of action would meet their need. This challenging nature of CSEs
raises probability of service misalignment, meaning the customer will choose a service bundle that won’t adequately meet their needs or satisfy the customer. This may happen even if the services received are well-performed. Further, the potential costs of service misalignment are magnified by the criticality of the service context and importance.

CSEs are rare events which occur once or only a few times in a typical customer’s experience. They therefore often are highly customized in nature and involve a novel set of circumstances. From the customer’s perspective, the service delivery network is a short-term, ad hoc, set of service providers. To a service provider this means that repeat business from in given customer in these service contexts is not expected. Without the possibility of repeat sales, service providers may be more inclined to shirk their duties. At very least, the absence of the rent stream described above can reduce the service provider’s motivation to expend the additional effort to assure top quality service. Think of a personal care service provider like a manicurist at a tourist destination. Many or most of the clients will be leaving shortly, and will likely never return. If the manicurist works independently of a hotel or other oversight, then the incentive is to maximize the benefit from this service transaction either by charging too much or by under delivering since there is no fear of forgoing any future transactions. This simple example illustrates the problems caused by a lack of potential for repeat business.

All of this makes getting a good value in these CSEs extremely challenging for the customer. Further, because these are often one-time events, there is not the opportunity for a service recovery since the time may expire before the recovery can take place. Because these are often momentous occasions, highly charged with emotion, thus of great importance or significance to the customer, the customer feels more vulnerable in these cases. It then is critical we better understand the dynamics of complex services, and evaluate the means for customers to get high-quality service, given the inherent limitations.

**Complex Service Events and Service Providers**

Customers are not the only ones negatively affected by service complexity. Service firms face a myriad of challenges including difficult service implementations and narrower customer zone of tolerance. CSEs often have more demanding customers that have the potential to escalate costs in unforeseen ways. The visible and often public nature of CSE also offers potential for significant damage to reputation, damage which could persist and undermine future sales of simple services as well as any CSEs that could potentially occur in the future. Perhaps most importantly service firms in these contexts face the risk of negative spillover effects caused by other members of the service network. Because of the association the participants of a service network have to one another, service firms’ ability to satisfy customers is linked to the activities of other service network members. These service firms often have little control or influence over their service network peers. As discussed earlier, because of the interdependence of their outcomes, service providers are linked together, and they want to minimize the risk that another member of the service system will negatively influence their performance.

As a consequence of the interdependence of component services, service providers must work together to some degree. Here again goal and process clarity is important. When all members of the complex service system are provided such clarity, they communicate more effectively with each other, which in turn serves to integrate each service provider’s tasks with those performed by the other service providers. The collection of service providers working in together in complex services can be thought of as a team. This mutual understanding facilitates the emergence of a shared vision of their sub-goals, and the processes needed for accomplishing tasks within the team. Thus, it is possible for both goal and process clarity to serve as properties that operate at the team level (Gladstein 1984), such that a high level of goal clarity indicates that team members as a whole clearly understand their sub-goals and the connection between their work and the team’s objectives. Likewise, at the team level, a high level of process clarity implies that team members clearly comprehend the procedures that must be followed in order to achieve goals.
As discussed earlier, the infrequent nature of CSEs may reduce the service provider’s motivation to expend the additional effort to assure top quality service. This is because a service provider views a transaction with the customer as limited in its potential impact on future business. This is not to say the customer has no recourse for poor service. Word of mouth does matter to a degree, and so it is expected that complex services involving more participants (e.g. lots of wedding guests) would provoke greater expenditure of effort by the service provider. Because of the unique nature of CSEs the customer has limited effective WOM, meaning even though customers may share with others their experiences both positive and negative. The impact of that communication is severely limited by its ability to reach those individuals who were in the market for that particular service. To illustrate consider a bride who had a particularly positive experience with a wedding venue. She may share with all her friends and associates the great job the wedding venue did, yet many of them may already be married thus not likely to act any differently than before concerning the wedding venue. Some that are unmarried may take note but have very different preferences. Others may elect to marry in another city. The effect being that WOM erodes quickly in these unique contexts. Where word of mouth may play an even greater role in CSEs are referrals from other service vendors.

**Service Integration**

In many traditional services settings, the component services are performed within organizational boundaries. When the service offering is somewhat standardized, it is often more efficient for firms to handle these service functions in-house. Because of their non-standard and highly customized nature, many CSEs are bound to a unique and novel set of circumstances. For service firms, this means it would be difficult to be able to be prepared for all possible contingencies for these complex service events.

Further, as the scope of the service system grows so does the potential for multiple service providers to be involved in the service delivery. For service firms, as the scope of the service system grows it becomes progressively more challenging to be able to possess all the possible resources required by more complex service systems within their organizational boundaries. Complex services often require a greater degree of specialized service providers. The need for specialization fuels a more diffused or decentralized network of service providers. Thus complex services consist of multiple complimentary service entities or organizations working in concert to provide a variety of service activities.

Service providers too have increasingly elected to limit the range of their own operations in order to concentrate of the service firm’s core competencies (Prahalad and Hamel 1990). Breaking down the process into separate stages of production opens up new possibilities for exploiting gains from specialization. This in turn leads to the need to work with other service providers outside organizational boundaries. Increased specialization among service providers makes it more difficult, and therefore less inviting, for firms to internally integrate diverse services.

When the number of parties involved in the production and delivery of a service system grows, the difficulty of handling the network of service providers also grows. As the number of separate service organizations goes up, so does the need for more coordination and communication across organizational boundaries. This increases the complexity of the total service system.

**Provider-Integrated Service System**

Sometimes in these cases a lead service provider, one with a significant customer interface, recruits and integrates a network of independent service specialists to offer the customer an array of related services, thereby offering the customer one-stop shopping for the CSE, thus allowing the customer to interface with a single service firm regarding all component services in the CSE. Component services typically provided by combination of internal employees/departments within the integrated provider and a network of subcontracted providers chosen, arranged and directed by the integrated provider. All parties providing
component services are aware of the identities and activities of the other component service providers with which their services are interdependent (potentially affected by other service providers; potentially affecting other service providers). Component services implementation organized and managed by the integrated service provider. The integrated service provider bears ultimate responsibility for and “ownership” of the service quality or failure. To illustrate consider when a vacation is fully arranged by a cruise line company. It is a one-stop shop from customer perspective. The customer can choose the focal provider-integrator (e.g. Royal Caribbean, Carnival, Celebrity, Disney), but customer cannot choose the specific parties who provide the component services (e.g. Excursions, Tours, Airfare). When the component services are integrated by an intermediary the complexity of the service system is largely veiled to the customer.

**Customer-Integrated Service System**

Technology has had a profound effect on service provision by facilitating customers’ abilities to become “resource integrators” and create their own networks (Lusch and Vargo 2006). Technology has increased the ease with which customers can search for and compare service offerings, allowing them to select various service providers on their own where they may have previously relied on a familiar provider to meet all of their needs. Technology has also given customers the ability to pick “dynamic packages” (Piccoli, Brohman et al. 2009) that meet individual preferences instead of those created through a firm’s more rigid alliances with selected complementary service providers.

When the customer acts as service integrator they have the flexibility to choose all parties who provide the component services. The parties providing component services may or may not be aware of the identities and activities of the other component service providers with which their services are interdependent. The customer too manages the organization and implementation of the various component services. Although some information may flow between service providers without prompting, often customer must motivate or manage the process explicitly. In this case it may be unclear which party truly bears ultimate responsibility for and “ownership” of the service quality or failure of specific component services, given the interrelatedness and interdependence among the service providers in delivering quality service. Again the customer is likely to be unaware of the contribution made to service failure based in poor integration and likely to blame service provider(s). When customer is the sole integrators of the service system then they are exposed to the full complexity of the service system.
<table>
<thead>
<tr>
<th>Service Delivery Network</th>
<th>Complex Services Type</th>
<th>Customer Interface</th>
<th>Provider Interface</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrequently Purchased by Customer</strong></td>
<td>Provider-Integrated Service Systems</td>
<td>Single Customer-Service Provider Relationship</td>
<td>Clarity of Participants, Roles &amp; Interactions among Relevant Parties</td>
</tr>
<tr>
<td><strong>Frequently Purchased by Customer</strong></td>
<td>Providers of Diverse Related Services</td>
<td>Multiple Customer-Service Provider Relationships</td>
<td>Uncertainty of Participants, Roles &amp; Interactions among Relevant Parties</td>
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<tr>
<td><strong>Integrated</strong></td>
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<td><strong>Fragmented</strong></td>
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<tr>
<td><strong>Customer Advantages/Disadvantages</strong></td>
<td>Low Customer Expertise &amp; High Information Deficit vis-à-vis Provider</td>
<td>High Customer Expertise &amp; Low Information Deficit vis-à-vis Provider</td>
<td></td>
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<tr>
<td><strong>Supplier Advantages/Disadvantages</strong></td>
<td>Higher Profit Margins, but Low Potential for Future Business</td>
<td>High Potential for Future Business, but Lower Profits Margins</td>
<td></td>
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</tbody>
</table>
Service Coordination Specialists in CSEs

Despite all the challenges complex service events present to customers, they do not have to rely on their own devices. They can opt for a provider-integrated service system, but this limits their options regarding component service to those offered by that provider and it limits the potential providers of those component services to those affiliated with the integrator. Given the importance of CSEs, often customers are reluctant to give up the flexibility and options to fully customize their event according to their unique desires and specification. Expert third parties exist to assist customers who elect to integrate their own, customized service delivery networks.

I call these expert third parties, service coordinators (e.g. event planner, interior designer, travel agents). Together the customer and service coordinator form a unit that comprises the customer side of the service transaction and co-create the customer role. Customers may use service coordinators as an advisor from which the customer can supplement their knowledge and assist in decision-making. In this capacity, the service coordinator fills in missing information, helps evaluate options, and serves as a sounding board. If the information each party shares is relevant, complete, and complimentary this can enhance the customer’s goal clarity and process clarity. Service coordinator participation therefore may suppress some of the negative effects of service complexity on goal and process clarity, and ultimately improve the customer’s service outcomes.

Service coordinators may also positively influence the service outcomes in a different less direct way. Service coordinators are often involved in the complex service earlier in the process than other service providers, and since a primary function of service coordinators is to give advice, they are often highly influential in the selection of service providers. Service providers may not expect to see a customer again, but they likely do expect to work with a service coordinator again. As the service coordinator becomes more visible to the members of the service system, their desire to please service coordinators in order to assure future referrals becomes more salient. By being involved and visible, service coordinators provide an incentive aligning function. It is important to note that this is not a product of direct oversight. This implies that even if customers know exactly what they want, know how to accomplish their goals, and have ample time and resources to achieve their aims, thus not needing a service coordinator as an advisor, they may still experience better service outcome by utilizing a service coordinator.

DISCUSSION

This paper features an often overlooked service research context that comprises a significant share of revenue for many types of service providers. Complex multi-provider service events reveal some of the deficiencies in our present knowledge of services. This research context provides a new opportunity for service research. I have endeavored to draw attention to some of the ways CSEs challenge the existing models of service research. This research has the potential to make several contributions to the literature. First, it highlights the importance of complex service events, identifying a new avenue for service research. For some types of services, focusing on relationships between one service provider and its customers captures only part of the story; their service quality depends to some extent on their coordination with other independent service providers and the performance of those providers. Second, this research also makes a contribution by investigating the impact of service coordination specialists.

So much is unknown about CSEs. For instance what factors lead customers to self-integrate complex services? What factors lead customers to opt for complex services integrated by a core service provider? When do customer-integrated systems result in higher performance? When do provider-integrated systems perform better? What roles do service advisors or coordinators play in customer-integrated complex service systems? Are service providers impacted by coordinator visibility or active involvement? How do service coordinator actions impact customer trust versus confidence in the coordinator? An empirical investigation to determine if customers actually benefit from hiring a service coordinator even when customer requires no consultation or recommendations would be a sensible next
step. An investigation of this sort could also examine which aspect of the service coordinator’s role is most important – and under what conditions? By understanding the answers to these questions we would finally be able to expand the current service research into addressing the “polyadic interactions” (Solomon, Surprenant et al. 1985) referred to thirty year ago.
REFERENCES


DOES ASKING CUSTOMERS FOR FEEDBACK CHANGE CUSTOMER PURCHASING BEHAVIORS? AN EMPIRICAL INVESTIGATION OF FIRM-SPONSORED WEB PANELS

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Utpal M. Dholakia, Rice University
Suman Basuroy, University of Oklahoma

ABSTRACT

Proprietary firm-sponsored web panels are growing in popularity. We examine the effects of participation in such a panel on customer purchasing behaviors. A quasi-field experiment conducted with a large U.S. online retailer using eighteen months of data and a difference-in-differences estimation approach reveals that panel participation increases number of purchases by 17% and cross-buying by 23.5%. Contrary to conventional wisdom advocating quarantines for respondents, we find that answering more surveys (up to 27 in nine months) leads to incremental positive effects with no evidence of tapering. Using the theories within question-behavior effect, we hypothesize the customer level characteristics that impact the degree to which customers are impacted by web panel participation. We find that customers who were relationally loyal in the past are more likely to increase purchasing after joining the web panel. Additionally, we find that customers who activate self-stated future intentions are more likely to act congruently with those intentions. Our findings extend the question behavior effect from telephone and face-to-face surveys to web surveys, and cast marketing research conducted with proprietary web panels beyond a “cost center” to gain customer insights to a customer relationship strengthening activity yielding a substantial positive economic impact.

INTRODUCTION

Over the past decade, fueled by momentous shifts in respondent behavior and technological advances, the practice of survey-based marketing research has undergone a transformation. During this time, the research environment has become significantly more challenging, with response rates falling steadily each year (AMA/SPSS Roundtable 2008), and consumers raising numerous barriers to access such as screening calls or hanging up, using unlisted cell phones, filtering emails, and opting out of receiving survey invitations, partly because of greater concerns about privacy (O’Connell 2010). Concurrently, firms in every industry strive to gather and utilize feedback from their customers on a regular basis, leading to fierce competition among researchers and to fatigue among respondents from being constantly approached to answer surveys (Fournier, Dobscha and Mick 1998; Sullivan 2012). Web panels run by marketing research organizations have their own problems such as participation by “professional” respondents who answer surveys to earn a side income, and inability to replicate survey results in field tests (Baker et al. 2010; Gillin and Sheppard 2003; O’Connell 2010). In a nutshell, conducting survey-based marketing research successfully has become vastly more difficult for firms than it was just a decade ago.

As one potential solution to these challenges, many marketers are building and utilizing proprietary web-based panels of their own customers to conduct surveys and to obtain qualitative feedback on a regular basis (Baker et al. 2010; Callegro and Disogra 2008; Goritz 2004; Hamilton, Vriens and Tramp 2008; Sullivan 2012). When forming a proprietary web panel, the firm usually selects and invites a representative group of its customers via email. Once they join the panel, customers are invited from time to time to participate in online surveys regarding various firm-related issues, and also to provide other types of feedback such as chats or conversations in online focus groups (Brüggen and Dholakia 2009; Hamilton et al. 2008). In return, web panelists receive financial incentives or other rewards for participation. Typically, a proprietary firm-sponsored web panel remains active for a pre-defined time period, after which it is disbanded and a new panel is formed. Firm-sponsored web panels offer companies with an effective means
to circumvent concerns regarding privacy, consumer reluctance, and competition with other researchers. With proprietary web panels, customer responses can be gathered quickly and relatively inexpensively, by ensuring that feedback is sought from those customers who have expressed a prior willingness to provide it. In recent years, many companies including John Deere, JetBlue, Nascar, Yahoo, and Kaiser Permanente have utilized proprietary web panels to conduct marketing research with their customers (Baker et al. 2010; Vision Critical 2013).

Besides providing feedback, participation in surveys has significant effects on purchasing behavior of customers. Research on the so called “question behavior effect” (Dholakia 2010; Gollwitzer and Oettingen 2008; Sprott et al. 2006) has demonstrated that when customers participate in a firm-sponsored purchase intentions or satisfaction survey, they purchase more frequently, spend more, and exhibit more purchase loyalty towards the firm. The behavioral effects of survey participation are long-lasting, remaining evident for months or even years after the survey (Dholakia and Morwitz 2002; Chandon, Morwitz and Reinartz 2004). Research on the role of customers in designing new products has similarly shown that such participation leads to significantly increased purchase and recommendation intentions, and greater willingness-to-pay among consumers (Schreier, Fuchs and Dahl 2012).

These studies suggest one possible unexplored yet potentially important effect of conducting marketing research using proprietary firm-sponsored web panels that forms the focus of the present research. In this study, by examining the effects of customer participation in web panels on their subsequent purchasing behaviors (number of purchases, inter-purchase time, and cross-buying), we seek answers to three important questions that research on the question behavior effect (QBE) has not yet examined.

First, virtually all prior field- and lab-based QBE studies, to our knowledge, have utilized telephone or face-to-face interactions between researcher and respondent. The subsequent changes in customer behaviors are attributed to an increase in accessibility of dormant positive attitudes regarding the firm and to increased positivity of firm-related attitudes due to perceptions that the firm is caring and responsive (Dholakia 2010; Morwitz and Fitzsimons 2004; Sprott et al. 2006). These changes occur because the respondent actively engages with the interviewer’s questions (in person or by telephone). As Bo Mattsson, CEO of Cint AB, a Swedish marketing research company observed: “If I call you up and ask you for five minutes of your time, talking to you about Coca-Cola, there’s an obvious marketing effect by you focusing entirely on Coca-Cola for five minutes.” (Sullivan 2012, p. 26). However, as yet, it is unclear whether less personalized but cheaper and more widely used web-based surveys can produce similar QBE effects to those found in telephone and face-to-face surveys. We provide clarity to this issue by finding that web-based survey participation has substantial positive effects on customer behaviors.

Second, prior QBE studies have examined the impact of participation in a single survey on customer behaviors. However, it is unknown whether repeated participation in firm-sponsored surveys over a period of time further strengthens or weakens the QBE. The conventional wisdom held by many marketing research practitioners is that after a customer has responded to a survey, they should be withhold (or “quarantined”) for a substantial period, spanning months or years, before being asked to participate in a survey again (Brierly et al. 2012; Callegaro and DiSogra 2008). Our findings contradict this widely held view, by providing direct support that participation in more web panel surveys, up to a total of 27 over a nine-month period, has positive incremental effects for each additional survey, with no evidence of tapering.

Third, very little prior research has considered or empirically examined customer characteristics that influence the degree to which purchasing behavior changes as a result of survey participation (for an exception, see Dholakia, Morwitz and Westbrook 2004), and no work exists, to our knowledge, which examines this issue for proprietary web panels. Understanding which customers are affected more and which customers are affected less by participating in web panels is not only insightful to practitioners interested in proprietary web panels, but also makes a substantial contribution to QBE research.
The present study draws and builds upon the theoretical underpinnings of the QBE and research on the evolution of customer relationships. It employs a rich dataset, modeled as a quasi-experiment, and uses a difference-in-differences estimation approach to investigate the effects of firm-sponsored web panel survey participation on customer purchasing behaviors. We also study the roles of frequency of survey participation, and customers’ characteristics in affecting the degree to which purchasing patterns change upon web panel survey participation.

The rest of the paper is organized as follows. In the next section, drawing upon relevant extant findings in more detail, we develop our research hypotheses. After that, we describe the dataset and modeling methodology used to test the hypotheses, followed by a presentation of the model results and robustness checks. We conclude the paper with a discussion of the contributions of our work to the QBE literature and its managerial implications.

**CONCEPTUAL OVERVIEW AND HYPOTHESES**

For ease of exposition and to align hypotheses development with subsequent empirical tests, the discussion in this section is presented in two parts. The first part contains hypotheses about changes in customer purchase behaviors from their participation in the firm-sponsored web panel. The second part explores and develops hypotheses about customer characteristics influencing the magnitude of web panel participation effects on their behaviors.

### The Impact of Web Panel Participation on Customer Behaviors

When a firm solicits input, the very act of asking is informative to customers, creating a social relationship between the customer and the firm (Liu and Gal 2011; Ofir, Simonson and Yoon 2009). One type of information conveyed by the request is that the firm values what the customer thinks (Borle et al. 2007; Dholakia et al. 2004), raising perceptions of the firm’s customer orientation (Fuchs and Schreier 2011). This explanation sheds light on why firm-sponsored survey participation can influence customer behavior, since perceptions of customer orientation have, in turn, been empirically linked to behavioral outcomes such as loyalty and propensity to repurchase (Brady and Cronin 2001). Such an explanation is also supported by studies showing that customers who were told that firms solicited customer feedback in creating new products had higher purchase intentions, willingness to pay, and willingness to recommend the firm (Schreier et al. 2012). It is also in line with studies which have shown that when customers are asked for advice, they feel closer to the firm and show increases in subsequent propensities to transact and engage with it (Liu and Gal 2011). Finally, practitioner surveys also provide convergent evidence. In a recent survey of 1,200 Swedish consumers, 62% indicated greater likelihood of buying a brand’s product if that brand had sought out their feedback and 56% felt more loyal to a brand that made the effort to solicit their insights (Sullivan 2012).

Furthermore, the positive effects of responding to surveys occur not only for satisfied customers, but also for those who express dissatisfaction. In one study, both satisfied and dissatisfied customers purchased more automotive services from the firm after responding to a satisfaction survey when compared to a control group of non-participants (Dholakia et al. 2004). This finding suggests that no matter how the customer rates the firm, merely providing input in the survey increases purchasing behavior. We expect a similar process to unfold for those who join the firm’s web panel and participate in the panel’s surveys. Specifically, we hypothesize a positive relationship between web panel participation and number of purchases made, such that web panelists will purchase more from the firm. Our hypothesis is:

**H1:** Customers participating in the firm’s web panel will purchase more from the firm after participation.

A second important measure of customer behavior is the degree to which customers shop multiple product categories from the firm. Purchasing from different categories, referred to as “cross-buying” in the
retailing literature, is considered to be an important input into the strength and value of the customer’s relationship with the firm (Kumar, George and Pancras 2008). Prior research indicates that the customer’s relational attitudes towards a firm are positively related to cross-buying (Verhoef, Frances and Hoekstra 2002), and such a prediction is also aligned with QBE research (Borle et al. 2007; Chandon et al. 2004). Therefore, we expect cross-buying to be an important behavioral change as a result of web panel participation, as the following hypothesis articulates:

H2: Customers participating in the firm’s web panel will increase their cross-buying from the firm after participation.

Factors Influencing the Magnitude of Web Panel Participation Effects on Purchasing Behaviors

In the first three hypotheses, we considered the effects of web panel participation on purchasing behaviors of the firm’s customers. In this section, we consider the potential influences of three customer characteristics, (1) frequency of survey participation, (2) relational loyalty measured by number of purchases before joining the panel, and (3) self-stated likelihood to purchase, on the magnitude of changes in purchasing behaviors from web panel participation.

Impact of frequency of survey participation

Research streams on both the QBE and customer participation in new product development suggest that customers will raise their perceptions of the firm as a result of web panel participation, which will subsequently increase their purchasing behaviors. Additionally, there is a relational aspect of soliciting and providing feedback in an exchange relationship between customer and firm. Liu and Gal (2011) found that “soliciting advice tends to have an intimacy effect whereby the individual feels closer to the organization, resulting in increases in subsequent propensity to transact and engage with the organization” (p. 242). This process is particularly relevant here because an important mandate of the firm’s web panel is to gather advice and opinions regarding how to improve aspects of the firm’s activities such as its website pages, commercials, and promotions.

Although Liu and Gal (2011) examined the effects of participating in a single instance of advice giving, their reasoning can be meaningfully extended to multiple instances of providing feedback. Specifically, we hypothesize that when customers give advice to the firm on multiple occasions such as through participation in a larger number of surveys, the intimacy effect discovered by Liu and Gal (2011) will be enhanced, resulting in an increase in customer purchasing behaviors. Such a conjecture is also supported by the extensive literature in social psychology on close relationships which views frequency of social interactions between people to be a significant aspect of enhancing interpersonal relationships (Berscheid, Snyder and Omoto 1989; Milardo, Johnson and Huston 1983).

Furthermore, there is an important practical consequence of completing surveys, which is that each survey provides specific information regarding products and services offered by the firm, some of which may be new to panelists. In this sense, survey participation is educational and informative and can increase buying behavior simply by making customers aware of products and services offered by the firm they did not know about (Dholakia and Morwitz 2002). Practitioners have referred to this as the “branding value” of conducting research (Sullivan 2012). Such an educational effect of survey participation is likely to be additive with each survey that is completed. All of this discussion consistently suggests that completing more surveys will increase the purchase behavior of web panelists. Therefore, we hypothesize:

H3: There will be a positive relationship between the number of surveys completed by the web panelist and the a) number of purchases and b) cross-buying in the period after joining the web panel.
Impact of the customer’s past relational loyalty.

In the study of relationship marketing, a key variable used to assess, classify, and manage customers is their relational loyalty towards the firm (Gupta and Zeithaml 2006; Oliver 1999; Sirdeshmukh, Singh and Sabol 2002). Relational loyalty characterizes the strength of the customer’s existing relationship with the firm, and consistent with prior research using behavioral measures (Dagger, Danaher and Gibbs 2009; Reinartz, Krafft and Hoyer 2004), we operationalize it by the number of prior purchases made by the customer. We argue that the number of purchases made before the measurement period will influence the degree to which panelists are positively affected by web panel participation.

A number of studies have argued that asking customers questions increases purchasing behavior based on self-generated validity theory (Fieldman and Lynch 1988; Simmons, Bickart, and Lynch 1993). According to the theory, when customers are asked questions it increases the accessibility of past attitudes the customer held and customers then act in manner consistent with the judgment. When respondents are asked questions they are forced to engage in a cognitive process of constructing opinions, even if no conscious opinions existed beforehand. When answering questions about a firm, customers engage in the process of forming a judgment which increases the accessibility of past attitudes and behaviors. We propose that customers who exhibit high levels of relational loyalty in the past will be reminded of their positive attitude towards the firm when asked to express judgment. Based on the increased accessibility, the memory regarding high-levels of purchasing in the past becomes more salient, and in turn, customers will then again purchase more.

Hypothesis 4 (H4): There will be a positive relationship between the past relational loyalty of the web panelist and the a) number of purchases and b) cross-buying in the period after joining the web panel.

Impact of the customer’s self-reported purchasing attitude.

In his overview of the QBE, Dholakia (2010) noted the similarity between the mechanisms proposed in the studies of QBE within marketing and the self-prophecy research stream within social psychology. The self-prophecy effect demonstrates that people are likely to act in a manner that is congruent with their stated opinions. People have an internal desire to act in a way that is compatible with their expressed judgment. People seek to avoid the cognitive dissonance that occurs when they say one thing but do the opposite. We use this theoretical underpinning to explain why some customers will purchase more after joining the web panel than others. Customers who are asked to express their attitudes will act in a way that is congruent with their attitude. This is especially relevant in our study because at the very beginning of the web panel, customers were asked their likelihood to purchase from the retailer. We hypothesize that the customers who predicted that they were more likely to purchase will act in accordance with that judgment.

H5: There will be a positive relationship between the web panelist’s self-reported likelihood to purchase and the a) number of purchases and b) cross-buying in the period after joining the panel.

Interaction effect of the customer’s relational loyalty and likelihood to purchase

The next hypothesis describes the interactive relationship between relational loyalty and self-reported likelihood. First, it would be useful to draw a distinction between relational loyalty and likelihood to purchase. Where the relational loyalty measure captures the strength of the customer’s historical relationship with the firm through past behavior, likelihood to purchase measures the customer’s intentions to repurchase from the firm in the future. Just as relational loyalty is one measure of entrenchment (governed by past behavior), likelihood to purchase is a second distinct measure of entrenchment (defined in psychological terms capturing present intentions and future behavior).
QBE theory has proposed that the act of reflecting on the relationship with the firm makes attitudes more accessible (self-generated validity theory as explained above). Additionally, respondents act in a manner that is congruent with their stated judgment (self-prophecy effect as explained above). What we propose is that these two effects have a multiplicative effect in that answering surveys makes past positive attitudes more salient which causes respondents to express a positive opinion. Therefore respondents will then act in a manner that is congruent with the stated positive attitude.

H6: The positive relationship between the web panelist’s relational loyalty and the a) number of purchases and b) cross-buying in the period after joining the panel will be moderated by the panelist’s likelihood to purchase, such that the positive relationship will be strengthened as a the likelihood to purchase increases.

Together, these hypotheses offer predictions regarding how participation in proprietary firm-sponsored web panels will affect customer purchasing behaviors and factors that will affect and change the strength of this relationship.

OVERVIEW OF DATASET, MODEL METHODOLOGY, AND RESULTS

The Dataset

We tested the research hypotheses with a quasi-experimental dataset obtained in cooperation with a major U.S.-based online retailer. The company is one of the largest online retailers in the United States, sells products and services in dozens of categories, and maintains a web panel of its customers to support its marketing research activities. Through this exclusively online panel, customers participate in the firm’s surveys from time to time and chat occasionally with the company’s marketing researchers in an accompanying online forum. The web panel is maintained on a third party website where members log on to take surveys and chat.

To create its web panel, the firm invited a random subset of its existing customers to join the panel. Customers joined the panel on a first-come, first-served basis, with membership remaining open until the web panel had reached a pre-determined size. Participation in web panel activities (responding to a survey, participating in a chat, etc.) was on a voluntary basis. Panelists received financial rewards through monthly contests and drawings for store credit (i.e. gift cards).

The web panel used in this study began in July 2012. We have data on panelists’ participation behaviors for the period from July 2012 to March 2013, at which time the panel was still on-going. Our analyzed dataset consists of 1,670 panelists who remained members throughout this nine month period. During this time, the panel was invited to participate in a total of 27 different surveys conducted by the firm (or an average of 3 surveys per month). For each panelist, we have data on the number of surveys completed and detailed transactional information regarding purchase behaviors.

Along with data on web panelists, the firm also provided us with transactional data for the same period for an additional 13,504 randomly selected customers that had never been members of the firm’s web panel. These customers serve as a control group in the analysis. The available transactional data consists of each individual purchase made by these customers during the time period January 2010 - March 2013, along with the date and the product category from which the purchase was made. Additionally, the firm provided us with the total number of purchases that each customer had made since joining the firm until January 2010, which we use in our measure of relational loyalty.

Since we have panelist data from July 2012 to March 2013 (referred to as “post-period” henceforth), we utilize comparable data for the same duration, July 2011 to March 2012 (referred to as the “pre-period” henceforth) from the previous year to examine effects of participating in the web panel on customer behavior. This time period allows for a fair comparison given the highly seasonal nature of the firm’s
business. Such a year-over-year approach is routine in retail analytics (e.g. O’Donnell 2013; National Retail Federation 2013).

The following unique aspects of our dataset are noteworthy. First, the firm is an exclusively online retailer, and requires customers to sign into their account before making any purchase. Thus, we are able to observe every purchase made by customers in our dataset, ensuring that our analysis is not confounded by any untracked or missed purchases. Second, we have the panelists’ transactional data before and during web panel membership, along with transactional data for a control group, which enables us to study the effects of web panel participation using a difference-in-differences estimation approach (Bertrand, Duflo, and Mullainathan 2004; Wooldridge 2009). Third, we have purchase data before the analysis period so that we can control for individual purchasing behavior as well as trends going into the pre-panel period, enabling us to check for the robustness of our results. Fourth, because the web panel is operated separately from the company’s website, and is hosted by a third-party marketing research firm, our results are not confounded by the possibility that panelists could be transacting more simply because of visiting the retailer’s website more often on account of logging on to the panel.

Model and Estimation for Hypotheses 1-3

To test our hypotheses regarding the effects of web panel participation, we model the data as a quasi-experiment and employ a difference-in-differences (DD) estimator to assess web panel participation effects (Bertrand et al. 2004; Wooldridge 2009). This econometric estimation approach uses a pre-period vs. post-period and test vs. control methodology, which allows us to control for (and/or rule out) various alternative explanations such as the possibility that panelists are just systematically different from the control group as the reason for the modeled relationship between panel participation and change in behavior (Manchanda, Packard and Pattabhiramaiah 2013). By adding a pre-period (as opposed to studying the post-period only) we model the same customer before (pre) and during (post) web panel participation. Thus, our variable of interest becomes the customers’ change in purchasing behavior in the post-period relative to the pre-period, and how the average change differs between web panelists and the control group of panel non-members.

A key advantage of using the DD estimator is that regardless of whether panelists purchase more or less when compared to the control group at the aggregate level in the pre-period or post-period, the model remains unbiased because the casual estimation is not the volume of purchases, but rather the change in purchasing behavior from the pre to the post-period (see Equation 2). For example, if the number of purchases is correlated with the group variable before the quasi-experiment even begins (pre-period), the group difference estimator for the pre-period (and possibly the post-period) would be biased, but the DD estimator still remains unbiased (Stock and Watson 2007). Additionally, by employing a control group, we control for differences from the pre-period to the post-period that may have occurred due to reasons other than participation in the web panel. Such an approach helps alleviate concerns of endogeneity or reverse causality. It is also important to note that aggregating the customer-level transactional data into two time periods (rather than utilizing a time-series approach) mitigates the possibility of potential serial correlation in DD estimation (see Bertrand et al. 2004, for details).

We employed two additional criteria in selecting customers for inclusion in the treatment and control groups. First, customers had to have purchased at least once from the firm prior to the beginning of the pre-period. This requirement ensures that customers in the analysis did not first become aware of the company (or consider purchasing from them) in the middle of the pre or post period. Second, customers had to have made at least one purchase during the nine month pre-period and one purchase during the nine month post-period. This requirement ensures that customers in the panelist and control groups are the

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9 There is a possibility that due to the trends going into the experiment that panel membership is, in itself, an endogenous variable. This is discussed in the Robustness Checks section.
firm’s active customers (Baker et al. 2010). These selection criteria are important because different entry and/or exit times between the customer groups could pose a threat to the assumption of no sample composition changes in DD estimation (Blundell, Duncan, and Meghir 1998; Manchanda et al. 2013). Additionally, we delete one outlier from the panel group because its pre-period orders was 34 standard deviations from the mean; this type of outlier deletion is common in the host firm’s regular analyses based on the assumption the outlier may be a small business owner (e.g. drop-shippers). 492 members in the panel group and 429 customers in the control group satisfied the above criteria and were included in the study (see Table 1 for summary statistics).

Table 1. Summary statistics for web panel and control groups

<table>
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<tr>
<td>Control</td>
<td>429</td>
<td>2.27</td>
<td>2.00</td>
</tr>
<tr>
<td>Post-period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Panel</td>
<td>492</td>
<td>4.25</td>
<td>3.91</td>
</tr>
<tr>
<td>Control</td>
<td>429</td>
<td>2.52</td>
<td>2.79</td>
</tr>
</tbody>
</table>

The specific model employed to test our hypotheses via the DD estimator can be expressed as:

\[
\text{Transaction}_{ijt} = \alpha + \beta_1 \text{TimeDummy}_{it} + \beta_2 \text{PanelDummy}_{ij} + \beta_3 \text{TimeDummy}_{it} \times \text{PanelDummy}_{ij} + \beta_4 \text{RLoyalty}_{ij} + \epsilon_{ijt}
\]  

(1)

where Transaction\(_{ijt}\) is the transactional variable of interest (total purchases or cross-buying) for customer \(i\) in time \(t\) (pre-period or the post-period) in group \(j\) (panel or control). TimeDummy represents a dummy variable of 0 or 1 if the transaction occurred in the pre-period or post-period, respectively. \(\beta_1\) captures any overall transactional differences that are common between the panel and control group across the time periods. PanelDummy is a dummy variable that takes 0 if the customer is in the control group and 1 if the customer is in the panel. Therefore, \(\beta_2\) captures any overall transactional differences between the panel and control group. \(\beta_3\) is the interaction between the Panel and Time variables and represents the variable of interest or the DD estimator.

The full calculation for \(B_3\) can be represented (using number of purchases as an example) as:

\[
(\text{Purchases}_{\text{Post,Panel}} - \text{Purchases}_{\text{Pre,Panel}}) - (\text{Purchases}_{\text{Post,Control}} - \text{Purchases}_{\text{Pre,Control}})
\]  

(2)

while controlling for other variables in the model; where Post or Pre is the period, and Panel or Control represents the group. This calculation essentially uses the change in number of purchases for the control group to estimate the “expected” change for the panel group. The DD estimator becomes the difference between the observed change for the treatment group and the “expected” change for the treatment group.

For the hypotheses tests, the number of purchases is defined as the total number of separate
purchases made by the \( i \)th customer. Cross-buying is operationalized by the number of separate product categories a customer purchased from during the specified time period; the company hosting the web panel uses approximately 100 different categories in its product-level taxonomy. RLoyalty is the customer’s relational loyalty, and is defined as the total purchases made by the customer before the pre-period. For tests of H1 and H2, it is included to control for the customer’s (panelists as well as the control group) previous relationship with the firm. Coefficients’ \( t \)-values for both models are estimated using heteroskedasticity robust standard errors.

**Results: Hypotheses 1-3**

To test Hypotheses 1 and 2, two different linear regression models with DD-estimators were run employing the number of purchases and number of separate product categories (cross-buying) as the respective dependent variables (see Equation 1). The results are provided in Table 2. The overall model for number of purchases is significant, \( F(4, 1837) = 41.67, p < .000 \), and shows that the DD estimator (\( \beta = .548, p < .01 \)) is positive and significant. When compared to the change in number of purchases for the control group, purchases of panelists grew from the pre-period to the post-period after joining the web panel, providing support to Hypothesis 1. The estimate of .548 is the incremental number of purchases above and beyond that which would have occurred in the absence of panel membership. In order to estimate the incremental impact as a percentage, we employed the DD logic and used the post-period average number of purchases for the web panelists as a base (see Table 1). Using this approach, the estimated incremental impact due to panel participation is 17% (.548/ 3.23; 3.23 being the number of orders for panelists in the post-period). In other words, web panel participation accounts for 17% of the customer’s post-period number of purchases.

**Table 2. Difference-in-differences model results for tests of hypotheses 1-3**

<table>
<thead>
<tr>
<th></th>
<th>Number of Purchases</th>
<th>Cross-Buying</th>
</tr>
</thead>
<tbody>
<tr>
<td>( F )-Stat</td>
<td>( F(4, 1837) = 41.67*** )</td>
<td>( F(4, 1837) = 37.56*** )</td>
</tr>
<tr>
<td>( R^2 )</td>
<td>.108</td>
<td>.126</td>
</tr>
<tr>
<td><strong>Estimates</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( \alpha ) (Constant)</td>
<td>2.073 (.105)***</td>
<td>1.980 (.100)***</td>
</tr>
<tr>
<td>( \beta_1 ) (Time)</td>
<td>-.329 (.137)*</td>
<td>.242 (.162)</td>
</tr>
<tr>
<td>( \beta_2 ) (Panel)</td>
<td>.283 (.164)</td>
<td>.237 (.148)</td>
</tr>
<tr>
<td>( \beta_3 ) (DD Estimator)</td>
<td>.548 (.212)**</td>
<td>1.00 (.257)***</td>
</tr>
<tr>
<td>( \beta_4 ) (RLoyalty)</td>
<td>.053 (.006)**</td>
<td>.063 (.008)***</td>
</tr>
<tr>
<td>Observations</td>
<td>1842</td>
<td>1842</td>
</tr>
</tbody>
</table>

Note: Dependent variable is number of purchases or number of separate product categories. All coefficients are unstandardized.

\*\( p < .05 \), \*\*\( p < .01 \), \*\*\*\( p < .001 \). Heteroskedasticity robust standard errors shown in parentheses.
In Hypothesis 2, we predicted that joining the web panel will lead to an increase in cross-buying, and again, the model estimates (presented in Table 2) support this hypothesis. The overall model is significant \( F(4, 1837) = 37.56, p < .000 \), and the DD estimator for cross-buying is positive and significant \( \beta = 1.00, p < .001 \). Web panelists increased the number of categories purchased from by an average of 1.00 category as a result of joining the web panel. Using the average cross-buying for panelists in the post-period \( 4.25 \) categories as a base, web panel participation accounts for 23.5\% \( (1.00/4.25) \) of the number of categories purchased from the firm during the post-period.

Robustness Checks

Although our methodology is rigorous and appropriate for the research questions being examined (Manchanda et al. 2013), in this section, we consider and address its potential weaknesses in order to rule out alternative explanations.

Assessing existing trends before the measurement period

The biggest threat to our analysis is from the possibility that panel membership is not a causal factor, but an endogenous variable. For example, the results may be subject to reverse causality if customers who were already increasing their shopping with the online retailer going into the measurement period were more likely to self-select into the web panel. This is a particular concern often raised with question behavior effect research (Dholakia 2010; Sprott et al. 2006). While complete randomization of the treatment group is always optimal, it is often difficult to execute in field studies in real firm settings and such was the case here. Nevertheless, DD estimation is commonly applied even in the absence of complete randomization (Autor 2003; Bronnenberg, Dube , and Mela 2010).

As is commonly done to rule out endogeneity and reverse causality in DD estimation, we must show that there was no trend in buying behavior before panel membership began (Atanassov 2013; Bertrand and Mullainathan 2003). Specifically, in order to rule out this possibility we tested for any trend difference between the panel and control group going into the pre-period. We employed Equation 1 and using a DD estimator examining the pre-period (July 2011 to March 2012) against the prior nine month period (July 2010 to March 2011) referred to as the “pre-pre period”. In this model, \( \beta_2 \) is a dummy variable \( (1 = \text{if in panel, and } 0 \text{ if not}) \), and RLoyalty represents the total number of purchases made before the pre-pre period. This approach uses the same test vs. control and pre vs. post-period methodology to estimate a DD estimator: if the DD coefficient is found to be significant, then there is a possibility that our analysis is biased because a difference was observed even before our quasi-experiment started.

We used a similar methodology in selecting the panel group and control group to the one used in the original model. In particular, customers from the original model who were included in the robustness analysis had to have ordered at least once each in the pre-period and the pre-pre-period, and must have ordered at least once before the pre-pre-period began. The results of this analysis revealed a non-significant DD estimator for number of purchases \( \beta = .038, p = .90 \), and cross-buying \( \beta = .057, p = .70 \). These results provide some confidence against pre-existing trends, indicating that our results are robust to the explanation that the web panelists were exhibiting a different purchasing trend than the control group going into the test period (i.e. the slopes of the two groups before the test period were similar).

Dealing with self-selection based on observables

It is possible that customers who self-selected into the web panel are different from the control group in overall relationship with the firm which is driving the pre/post change in buyer behavior. In order to rule out this alternative explanation, we employ the kernel propensity score matching methodology (Heckman et al. 1998). This method estimates the impact of a treatment by matching customers from the web panel group with customers from the control group who are similar based on characteristics observed before the measurement period. We match customers based on a propensity score calculated using the total
orders before the measurement period (BLoYalty). While we would also like to match customers based on other observables such as demographics, we do not have demographics information for the control group. Nevertheless, we propose that the main observable of interest is the past buying relationship of the customer with the firm. Given that kernel matching is meant to deal with self-selection into a treatment, we change the DD equations slightly.

\[
\Delta \text{Transaction}_{ij} = \alpha + \beta_1 \text{PanelDummy}_j + \beta_2 \text{RLoyalty}_{ij} + \epsilon_{ij}
\]  

(3)

This equation is similar to the construction of our original DD model except it employs the change in transactional behavior (post-period minus pre-period) as the dependent variable. We note that Equations 1 and 3 are both ways of utilizing DD estimation and give a near identical result. The layout of this equation allows the variable of the DD estimator (PanelDummy) to serve as the “treatment” effect that the kernel matching method can estimate. The results of the kernel matching approximates the impact of web panel participation to be .945 orders, or 29% (.945/3.23) of post-period orders. This result suggests that if our results are biased, they are actually biased downward because the DD estimator using the kernel matching was actually better than our DD using OLS. Nevertheless, we continue discussing our OLS estimate which is the more conservative estimate. The DD estimator using the kernel matching method for cross-buying is .959 (22.6%), which is very close to our original estimation. Both are statistically significant at \( p < .05 \) using bootstrapped standard errors.

Additionally, we employ propensity score matching using “nearest neighbor matching” (Heckman 1998). Using this approach the estimates of the DD effect are very similar to that of the kernel matching. The nearest neighbor approach estimated the incremental impact of web panel membership on orders and cross-buying to be 1.061 (34%) and 1.068 (25%), respectfully.

These results show that joining a firm-sponsored web panel has significant effects on customer behaviors, and are robust to various alternative explanations. Both orders and cross-buying were affected positively as a result of participation. Next, we turn our attention to better understanding factors influencing the magnitude of changes in behavior of web panelists.

Model and Estimation for Hypotheses 3-6

For the remaining hypotheses, we estimate a separate model using only panel members. We note that Hypotheses 3-6 are only applicable to web panelists and therefore control customers are excluded and the model does not employ a DD estimator.

Hypothesis 3 predicted a positive relationship between the number of surveys answered by the panelist and the number of purchases and cross-buying after going the web panel. Hypothesis 4 posits a positive relationship between relational loyalty and transactional behavior, while Hypothesis 5 posits a positive impact of self-reported likelihood to purchase on transactional behaviors after panel participation. Hypothesis 6 tests for the moderating effect of self-reported likelihood to purchase on the relational loyalty-purchasing behavior relationship.

In tests of these hypotheses, relational loyalty is operationalized by total number of purchases made by the customer prior to the pre-period. The web panelists’ self-reported likelihood to purchase was assessed from their responses to a question from the very first panel survey which asked respondents the degree to which they agreed with the following statement: “I am likely to make my next online purchase from [firm].” Panelists provided their responses on a 1-5 Likert scale, anchored by “strongly disagree” and “strongly agree”. In addition to the hypothesized model variables, we also insert one control variable. We noted earlier that the firm conducted monthly contests and drawings for company credit (i.e. gift cards) in exchange for participating in the web panel, as is common industry practice. Panelists received a financial
incentive either by winning a contest via random drawing (each time the panelist participated in a survey or forum they received an entry in the drawing), or by winning a contest such as best insightful comment or highest participation. The web panelists in our data received an average of $3.70 per month in incentives during the nine month time period of the study. In the dataset, about half of the participants (48%) had won one or more drawings/contests for company credit during the nine month period thereby receiving a financial incentive. We insert financial incentive as a control variable in order to control for any effect financial incentives may have. In order to assess the post-period impact of web panel participation we model the dependent variable as the post-period orders (or cross-buying) and use the pre-period orders (or cross-buying) as a covariate. Therefore, the model measures the influential impact of the hypothesized variables on transactional behavior after joining the web panel while controlling for the transactional behavior in the pre-period. All independent variables were mean-centered to increase interpretability of the main effects (Aiken and West 1991; Echambadi and Hess 2007).

The specific linear regression model used to test H3-H6 is expressed as:

\[
\ln PostTransaction_i = \alpha + \beta_1 \ln PreTransaction_i + \beta_2 \ln Surveys_i + \beta_3 RLoyalty_i \\
+ \beta_4 LTP_i + \beta_5 RLoyalty_i \times LTP_i + \beta_6 FinIncent_i, \varepsilon_i
\]

(3)

where \(\ln PostTransaction\) and \(\ln PreTransaction\) are the natural log transformation of the post-period and pre-period transactional variable of interest (orders or cross-buying) of the \(i\)th customer, respectively. \(\ln Surveys\) represents the natural log of the number of surveys panelist participated in. \(RLoyalty\) is relational loyalty and \(LTP\) is the self-reported likelihood to purchase. \(FinIncent\) represents the dollar amount the panelist won during the participation period.

Results

To test Hypotheses 3-6, two separate models were run to measure the hypothesized effects on number of purchases and cross-buying. Both models utilized heteroskedasticity robust standard errors and all VIFs were less than 1.32. The overall model was statistically significant for number of purchases (\(F(6, 485) = 20.38, p < .000\)) and cross-buying (\(F(6,485) = 24.08, p < .000\)). Results of the hypotheses tests for number of purchases and cross-buying are discussed next (see Table 3 for results).
Table 3. Panel members’ purchase behavior model results for tests of hypotheses 3-6.

<table>
<thead>
<tr>
<th></th>
<th>Number of Purchases</th>
<th>Cross-Buying</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F-Stat</strong></td>
<td>F(6, 485) = 20.38***</td>
<td>F(6, 485) = 24.08***</td>
</tr>
<tr>
<td><strong>R²</strong></td>
<td>.194</td>
<td>.208</td>
</tr>
<tr>
<td><strong>Estimates</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>α (Constant)</td>
<td>.732 (.047)***</td>
<td>.884 (.055)***</td>
</tr>
<tr>
<td>β₁ lnPreTransaction</td>
<td>.199 (.045)***</td>
<td>.246 (.052)***</td>
</tr>
<tr>
<td>β₂ lnSurveys</td>
<td>.143* (.040)***</td>
<td>.121 (.044)***</td>
</tr>
<tr>
<td>β₃ RLoyalty</td>
<td>.011 (.002)***</td>
<td>.013 (.002)***</td>
</tr>
<tr>
<td>β₄ LTP</td>
<td>.042 (.033)</td>
<td>.063 (.037)*</td>
</tr>
<tr>
<td>β₅ RLoyalty * LTP</td>
<td>.0022 (.0014)†</td>
<td>.002 (.0015)</td>
</tr>
<tr>
<td>β₆ (FinIncent)</td>
<td>.0015 (.0006)*</td>
<td>.002 (.0005)***</td>
</tr>
<tr>
<td><strong>Observations</strong></td>
<td>492</td>
<td>492</td>
</tr>
</tbody>
</table>

Note: Dependent variable is number of purchases or number of separate product categories in the post-period. All coefficients are unstandardized. †p < .1, *p < .05, **p < .01, ***p < .001. Heteroskedasticity robust standard errors shown in parentheses.

The number of surveys variable (lnSurveys) was significant and in the hypothesized direction for number of purchases (β = .143, p < .000) and cross-buying (β = .121, p > .00). These finding supports H3a and H3b, indicating that the more the number of surveys that a panelist completes, the greater is the purchasing after joining the panel.

In line with our prediction in H4, relational loyalty (RLoyalty) was positive and significant for number of purchases (β = .011, p < .000) and cross-buying (.013, p < .000), indicating that the more a customer was behaviorally loyal before the measurement period, the more we could expect the customer to purchase as a result of joining the web panel. Therefore, H4a and H4b are supported.

Considering the panelists’ self-reported likelihood to purchase, the results show that it was not significant for number of purchases (β = .042, p = .20) and marginally significant for cross-buying (β = .062, p < .10). Therefore, H5a is rejected and H5b is somewhat supported. The interaction between likelihood to purchase and relational loyalty was marginally supported for purchases (β = .002, p < .10), but not cross-buying (β = .002, p = .20).

Together, these results shine light on the complex effects of web panel survey participation on different participants. Even though participation effects are positive in the aggregate, these results make it clear that they are unevenly distributed across panelists based on both their characteristics and their actions while in the panel.

We also note the impact of the financial incentive variable in the models. Taking the variable’s impact on post-period orders as an example, we see that the variable is significant (β = .0015, p < .05) as was most likely expected, but we also note that it has significantly less explanatory power than both the number of surveys and relational loyalty (F (1, 485) = 12.18, p < .000; F (1, 485) = 16.85, p < .000, respectively) indicating that while it did have somewhat of an effect, it was not the driving influence concerning the transactional behaviors we observed.
GENERAL DISCUSSION

To deal with significant challenges associated with reluctant and hard-to-reach consumers, greater competition from other firms also seeking customer feedback, and professional respondents often inhabiting conventional web panels, many firms have shifted to building and using proprietary web panels of their customers for conducting marketing research. Despite their growing popularity, little is known about how they affect participant behaviors. Drawing upon knowledge on the question behavior effect and the relationship marketing literature, and employing a large quasi-experimental dataset from a major U.S. online retailer that was uniquely suited to study this issue and modeled using a difference-in-differences estimation approach, we found that participating in the firm’s proprietary web panel had a significant impact on customer purchasing behaviors. Web panelists made more purchases and purchased from more product categories after participating in the firm’s web panel surveys.

Contributions to the Question Behavior Effect Literature

This study makes three significant contributions to the literature on question behavior effects. First, we documented that similar to surveys conducted face-to-face or by telephone which involve personalized communications and are expensive to execute, the much cheaper and more widely used web surveys also produce a robust and significant question behavior effect on respondents. This finding suggests that it may not be necessary for an interpersonal conversation to produce the effects demonstrated by prior QBE studies. Simply letting customers engage with survey questions on their own in the mediated online environment appears to be sufficient to produce behavioral changes.

Our second contribution to the QBE literature is to explicitly examine effects of repeated survey participation on customers. We found the effects to be additive; when we model a quadratic term we do not see any signs of a negative tampering effect. Surprisingly, each survey (up to 27, over the nine month study period) that the customer completed increased the number of purchases.

Our third contribution to the QBE literature lies in considering which customers might be more vs. less susceptible to participation effects. We found customers’ behavioral loyalty and self-reported likelihood to purchase to positively affect transactional behavioral. Additionally we found these two variables to have a multiplicative effect when interacted.

Implications for Managers

In recent years, survey-based research is shifting rapidly to the web. Our finding that there are strong effects of participating in web surveys greatly increase the scope and applicability of the QBE in survey-based research. In our study, web panel participation accounted for an additional .548 orders per customer over the nine month study period, translating to incremental annualized revenue per customer of $102. In percentage terms too, the changes are impressive: participating in web panel surveys accounted for 17% of customers’ purchases and 23.5% of their cross-buying. From these results, clearly, we can say that the web panel yielded significant economic impact for the firm in addition to the insights it received and utilized from the customer feedback therein. These findings underscore the need for firms to view web-based marketing research activities beyond a traditional “cost center” to gain customer insights, to a customer relationship strengthening activity that can yield, as in the present case, a substantial positive economic impact.

Our result regarding incremental positive effects of completing additional surveys, with no tapering off, also has considerable practical importance. Its key implication is for quarantine rules that web panel managers usually set and enforce. Quarantine rules are based on the conventional wisdom that frequent solicitation of web panelists is undesirable because it causes negative perceptions and increases likelihood of dropping

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10 The firm indicated to us that their average revenue per customer order during this time was about $140. Thus, we calculated annualized revenue impact of web panel participation per customer to be = (12/9)* (.548* $140) = $102.
out from the panel (Sullivan 2012). However, our findings do not support such reasoning. Our respondents answered an average of 9.5 surveys, or slightly more than one survey per month. Even at higher levels of survey participation, completing each additional survey continued to have incremental positive effects on purchase behaviors of proprietary web panelists.
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EMBRACING A “FRESH START”: HOW CONSUMERS ENGAGE TO CHANGE THEIR LIVES

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Robin Coulter, University of Connecticut

ABSTRACT

This paper introduces the construct of a Fresh Start defined as consumers’ pursuit of new goals, accomplishment of new things, and creation of a new life. At contrast with much of the literature that focuses on goal adherence, progress and velocity, our research examines how consumers actively engage to change their lives. We know that consumers do change, and when they change it can have dramatic consumption consequences. Moreover, consumption is often profoundly implicated in what consumers seek to change, including for example, their health and budgeting. However, with a few notable exceptions we know little about these transformations. In this paper, we report the results of five studies. The first exploratory study uncovers whether and how consumers understand and experience fresh starts in their lives, including emotions, efforts and obstacles. The second study develops a measure of “Fresh Start,” distinguishes it from closely related constructs and highlights some possible antecedents and consequences for new consumption choices. Study three further validates the proposed measure of Fresh Start by extending the nomological network of related constructs. We demonstrate that embracing a Fresh Start is linked to significant life events and precipitated by desire for change. Studies four and five are experiments that respectively manipulate and prime Fresh Start and examine the effect on task performance following failure, and a novel consumption choice (almond butter). Our findings, while preliminary have important implications for empowering consumers to make desired changes in their lives and follow through with behaviors. We are currently extending our findings to field settings.

INTRODUCTION

Considering the role of consumption in identity transformation, it is surprising that only a limited amount of research has explored how consumers transform their identity with consumption (for exceptions see Andreasen, 1984; McAlexander, 1991; Schau, Gilly & Wolfinbarger, 2009; Schouten, 1991; Silver, 1996). Limited prior research has suggested that life status changes, such as divorce (McAlexander, 1991), retirement (Schau, Gilly, & Wolfinbarger, 2009), and transitioning to college, can create disjunctures between past, current, or future selves (Silver, 2006), but leaves unanswered what drives some to reinvent and change their behaviors while others do not. Andreasen (1984) proposes the need to look more closely at how patterns of life status changes affect identity transitions and behavioral change, but much work remains. Historically, research in psychology has viewed personality statically, seeing personality as largely crystallized during young adulthood and intractable to its environment (James, 1989, 1950; Albert, 1979; Ross & Mirowsky, 1989; Swann & Read, 1981; Swann, Stein-Seroussi & Giesler, 1992; Keyes & Ryff, 2000). More recently, there is an implicit embracing of the fluidity of identity, but only limited research that addresses these processes of identity change (McAdams, 1985, 1993, 1996, 2001; Dunlop & Tracy, 2013).

Despite a paucity of research, many inspirational stories and dedicated programs attest to the fact that fresh starts not only abound in our culture, but are in fact a cultural narrative. For example: homeowners may escape foreclosure through the help of “fresh start” mortgage legislation (Livshits, MacGee & Tertilt, 2007), students can remove bad grades from their records in some states; and bankrupt consumers can start over after five years. Classic stories such as Cinderella, A Christmas Carol, and Crime and Punishment often focus on rebirths (Booker, 2005). In a rebirth plot a character starts out in a trapped state on account of poor fortune, but in the climax of the story, the character escapes coming close to death, yet is ‘reborn’ in the ending. Applied to consumer’s lives, acquiring and disposing of consumption items and services may allow consumers to be reborn. The choice to elect plastic surgery often occurs as a way to transform the
self following change (Schouten, 1991). The disposal of possessions following divorce may allow people to break free from the remnants of the marriage and in turn their past selves (McAlexander, 1991; Young & Wallendorf, 1989; Young, 1991). Times of change in one’s environment often “loosen the bonds” of old choices, shifting preferences toward novelty (Wood, 2010).

Other more positive examples of transformations are observed in the literature. The use of items to support a new role may assuage feelings of role uncertainty and doubt (Cose, 1966). For example, women entering motherhood often use consumption to symbolize their entry (The Voice Group, 2010). Young adults starting college will make strategic choices regarding what items they leave at home and which ones they bring to college to mark their new identities as freshman (Silver, 2006). These findings underline the possibility that consumption choices play a central role in consumers’ fresh start projects. We explore how consumers interpret fresh starts, how role transitions affect consumers’ ability to embrace fresh starts, and how downstream goal setting and consumption choices influence fresh starts.

FRESH START DEFINITION

Fresh start is defined as “experienced, made or received newly or anew,” (Merriam-Webster) ‘Trying something new or again” (Oxford Dictionary), and “a complete change in your way of life or the way you do things especially after you have previously been unsuccessful,” (MacMillan Dictionary). A fresh start suggests the possibility to walk through the door into the future without the prejudice of the past (Free Dictionary). As suggested by these differing definitions, a fresh start may vary from “getting a fresh start on a new week,” to a major fresh start following a significant negative or positive life event. In this way, we define fresh start as a consumer’s pursuit of new goals, accomplishment of new things, and creation of a new life.

The rendering of a fresh start is theoretically linked to several related constructs. For example, life status changes may motivate consumer action. However, research has not explored under what conditions consumers achieve fresh starts and the role life events plays in them. There is question as to whether change is a necessary antecedent to a fresh start. Desire for change is theoretically linked to fresh starts, as fresh starts can spur a changed and transformed self. While goal reengagement has been theoretically linked to setting new goals, we know little about whether and how goal reengagement relates to consumers’ getting a fresh start. Finally, we anticipate that getting a fresh leads consumers to set new goals, overcome failure, and make new consumption choices.

The purpose of our research was to (1) uncover consumers’ understanding and experience of a fresh start, (2) develop and refine a fresh start scale and explore how it is related, but distinct form other closely related constructs, (3) investigate the antecedents and consequences of getting a fresh start and whether and how getting a fresh start is linked to undertaking new consumer behaviors, and (4) offer evidence documenting how prompting fresh starts can lead to small consumer transformations in task performance and choice behaviors in a laboratory setting.

First, results from our exploratory study consider whether and how consumers understand and experience fresh starts in their lives, including emotions, efforts and obstacles (study 1). Next, in studies 2 and 3 using measures from two separate surveys, we develop a measure of “Fresh Start,” distinguish it from closely related constructs, and highlights some possible antecedents and consequences of new consumption choices. We uncover that future temporal focus and psychological closure are closely related but distinct constructs. Study three further validates the proposed measure of Fresh Start, extends the nomological network of related constructs and advances a preliminary model of whether and how consumers embrace a fresh start and whether and how that translates into behavioral intentions and new behaviors. We demonstrate that embracing a Fresh Start is linked to significant life events and precipitated through desire for change. Last, studies four and five are experiments that respectively manipulate and prime Fresh Start and examine the effect on task performance following failure, and a novel consumption choice (Almond
Butter). Our findings, while preliminary have important implications for empowering consumers to make desired changes in their lives and follow through with behaviors. Before defining our constructs and delineating our theoretical framework, we first sought to explore consumers’ lived experiences of a fresh start to understand its resonance to individuals.

**STUDY 1: EXPLORATORY RESEARCH**

The purpose of study 1 was to gain general insight into how consumers think about a fresh start, whether they believe it is difficult or easy, whether it is desired by consumers and what feelings and possible anxieties consumers have about trying to get a fresh start. Our pretest involved asking open-ended questions, followed by six brief 7-point Likert scales and basic demographics from an M-Turk sample of volunteer respondents. Respondents were paid $.75 for their participation and informed the survey would take about 12-minutes to complete. The open-ended questions encouraged respondents to write what first came to mind and allowed them to speak about their own lives and emotions related to getting a fresh start. Example items included, “In your own words, describe what is a Fresh Start,” “Do you desire a Fresh Start,” and “What would enable you to get a fresh start?” For pretest purposes, we targeted for a sample of 50 and immediately received 62 responses, 56% male, 31% married, and with a mean income of $35-39,000.

**Results**

At contrast with some research that suggests consumers regularly and easily get *fresh start effects* with a new week, a birthday or other salient temporal landmarks such as the New Year (Dai, Milkman & Riis 2013; Peetz & Wilson 2012), most of our respondents talked about sweeping changes in life and behavior when they thought about “what is a fresh start.” For example, “A fresh start is completely changing your lifestyle. The music you listen to, the people you talk to, and the substances you take,” and “A fresh start is a new way of living. You have to let go of who you were in the past and start things fresh.” As one respondent wrote,

“A fresh start means setting aside baggage and any issues from before if possible, working on changing things in your environment and starting a new job or phase of one’s life. It means moving ahead without the stress of the past as much as possible.”

Moving ahead, or a temporal focus on the future is an important theme in these responses. For example: “a time to move on,” “new goals and a new outlook,” “out with the old in with the new,” and “to take another step forward into a new reality.” How temporal focus affects informants’ interest in pursuing a fresh start is also evident in some responses, for example:

I get anxious thinking about the future too and sometimes have a hard time just living in the moment. The past is great, at least what I remember and think about.

As hinted at in several responses, in addition to fresh start, consumers reference other related metaphors such as getting “closure,” or “a second chance. “ As one respondent wrote,

A fresh start, in my opinion, involves making a change in one’s life that is major and life changing. It can be a change in relationships, where one lives, a job change, etc. It's starting things new and very different in a search for new opportunities. Making a "fresh start" usually implies that one is making a major change in their lifestyle and wiping their slate clean.

Only a few respondents talked about more modest fresh starts. For example, one respondent writes “A fresh start is being able to do something different or new for the first time,” and another suggests,
It's basically when you can forget about everything that has happened in the past and start new. Like move to a new town where you know no one, or switch careers. *It doesn't always have to be that major though* (italics added).

Later when asked about whether it is difficult to get a fresh start only three respondents opined that fresh starts are not difficult to obtain. For example, one respondent believes “you can always start over.” A second suggests, “when you realize, it’s what you need, you’ll have no choice. You’ll think about it all the time and your body will follow your mind.” A third respondent provides a more nuanced view saying:

Depends on the kind of "fresh start." For crimes, prison time, etc. - stuff that's really worked into the social fabric - very hard, maybe impossible. For drug addictions it’s the same. Many times "fresh start" is a state of mind, that may or may not be possible to transcend, depends on the person.

The remaining 59 respondents all feel that getting a fresh start is difficult with comments such as: “It's terribly difficult to get a fresh start. It requires more courage than anything else I could think of;” and “I think through hard work you can still make a fresh start for yourself, but it seems like it’s becoming harder and harder.” Several of the respondents talked about the courage and the persistent effort required to get a fresh start, but also reflected differently on whether it was even possible. As one respondent notes:

…getting a fresh start is hard. I don't find the term realistic, as the past and reality will always follow you. It also takes a great deal of effort and motivation to achieve a fresh start, as change is never easy -- even if it's for the best.

Other respondents reflect on having tried but failed. For example, one respondent writes: “It is impossible. I've tried it before by moving, changing jobs, ditching friends, and it didn't work. Maybe this time it would though.” What is interesting about this response is that although this respondent first indicates that it is impossible, he still hopes that he can accomplish a fresh start the next time.

Many of our respondents’ open-ended responses reflect a deep longing for a fresh start and desire for the change that comes with it. We observed comments such as, “I would feel great if I had the chance to have a fresh start. I would not repeat mistakes from my past and I would build up only instead of going back down,” and “It would feel great! It would make me feel like a whole new person, which I could really use right now. I would be happy to have a fresh start.” Later, close-ended responses confirm that 37% strongly agree with the statement “I would like to get a fresh start.”

Among this sample, few did not desire a fresh start, indicating that they “have a pretty, pretty good life,” or “No. I've gotten to a place in my life where I'm truly content…my job, my home, my family are all pretty great, and I can't see wanting anything different,” or “I like my life and what I've learned from the things in my life that have gone wrong.” Some respondents reflected on how wonderful fresh starts in the past had been, even though they didn’t need one right now. For example, one woman observes, “I don't need one right now in my life, but I've had them before and it's generally a very good thing so long as one is not running away from problems.” Another woman talked about her current experience of a fresh start, noting a strong desire for and enactment of change following her divorce after 20 years of marriage:

I have recently made a fresh start. I am separated after 20 years of marriage. I changed careers, I changed friends, I changed the way I thought about things, I changed the way I dress, the way I respond to people. A fresh start is a great idea for people that are stuck in a rut.

Another young woman talked about the commitment she and her boyfriend had just made to get a fresh start, noting that it will be hard, but makes her feel hopeful and strong:
My boyfriend and I have been going through a rough patch and have lost ourselves in the mix of it, so last night we sat down and decided WE NEEDED TO START FRESH! It's going to be hard for both of us but I would like for us to be able to do it and come out stronger. It makes me feel hopeful, strong, and determined.

Several, also talked (unprompted) about desiring a fresh start only in specific aspects of their life, most commonly financial, for example, “I desire a fresh start financially so I would not get into any credit card debt again,” and “I desire a fresh start in many respects but most significantly would be financially. I would love if all my student loans disappeared.” When probed on specifics later in the survey, respondents talked very specifically about financial, relational, career and identity aspects where they would like to pursue a fresh start. For example, “I would love to have a fresh start in my relationship with my father,” and “The only place I could imagine wanting a fresh start is when it comes to my writing. But National Novel Writing Month will provide me with a blank slate and a goal, and it is only a few weeks away.”

Throughout respondents’ writings about a fresh start, they reflected strong ambivalent emotions with phrases such as, “It would feel great but also scary,” “Getting a fresh start would be both relieving and intimidating.” Many indicated that the idea of reengaging new goals provoked anxiety and affected their ability to actually move forward on a fresh start. One respondent captures well the conflicted emotions associated with a fresh start:

…while the idea of a fresh start seems very nice in theory, it does make me feel anxious. Change makes me nervous. I am a planner and I appreciate feeling comfortable and secure. There are a lot of things that are unknown when it comes to having a fresh start.

By contrast, the respondent who had just left a 20-year marriage to get a new start reflects: “I was not anxious or nervous with my fresh start. I made a decision to change things and I did it. Even when it was hard.” Similarly, a respondent who had recently undertaken a new start reflected:

I don’t feel anxious when I think of fresh starts, because my experience in changing career with a fresh start ended up so positive. It was such a relief not to have to go into that job that I hated every day.

In summary, from the pretest we learned that the term “fresh start” resonates with consumers, and they understand it as the active pursuit of new goals and experiences changing the way they live their lives. Fresh starts can vary in terms of scope. While most of our respondents reflected on fresh starts as large and sweeping changes that occur sometimes in concert with significant life events (e.g. getting a divorce, quitting a job you hate), others recognized that fresh starts could be initiated by smaller events and focus only on particular aspects of their lives.

A fresh start is looking forward instead of back, suggesting it may be related to future temporal focus. It is an active pursuit of change, emphasizing that it is something that consumers must embrace and work toward for themselves. It is pursued sometimes and not others. Some of our respondents reported never wanting one, or just in the process of getting one, or had one in the past and didn’t need one now. For many, fresh starts are longed for and viewed as consequential, many of our respondents felt that it is difficult and perhaps even impossible to get a fresh start, and yet they expressed hope and desire to get one. Many felt that with hope, hard work, courage, and commitment it was possible (although effortful) to get a fresh start. Throughout their responses, strong ambivalent emotions of anxiety, fear, relief, anticipation, hope and happiness were evident. Many found disengaging with past goals and reengaging in new goals worrisome, suggesting the possible moderating role of goal reengagement on the behaviors that follow an attempt to get a fresh start. Responses to the 7-point Likert items at the end of the survey confirm that informants feel “getting a fresh start would be hard” (5.3/7), “would change my life” (5.9/7), “would make me happier”
“mean I could be more successful” (4.9/7), and “I long for a fresh start” (4.5/7). We next create a scale derived from these insights to measure fresh start.

**STUDY 2: LITERATURE REVIEW**

Study two, using insights from Study 1, was designed to develop and validate a scale for our fresh start construct and link it to previously unrelated topics with broad implications for consumer life. Respondents felt a fresh start required an element of moving forward into the future. They also felt that negative life events may motivate a desire for a fresh start. From these discussions, two closely related constructs, future focus and psychological closure, emerged. Psychological closure or the feeling that an emotional experience in the past has been resolved offers a similar construct to fresh start as it occurs following trauma, but disregards the future outlook identified by respondents of a fresh start. The other related construct, future focus has been shown independently, compared to controls, to motivate progress toward a goal, but results remain silent as to whether the overwhelming desire for change and new goals mentioned by respondents about a fresh start also exist for those focused on the future. Using confirmatory factor analysis, Study 2 answers these questions. We distinguish fresh start from future focus and psychological closure, demonstrating they are related, but independent constructs. We begin with a discussion of these constructs.

**Temporal Focus/Future Focus**

Future focus consists of a subcomponent of temporal focus’ past, present, and future focus and is defined as “the extent to which people characteristically devote their attention to perceptions of the past, present, and future” (Shipp, Edwards, & Lambert, 2009). Hence, temporal focus, is conceptualized as an individual difference characteristic. By contrast, fresh start is conceptualized as embracing change, a process that may be linked to life events or a reframing of current goals (situational characteristics). Given that fresh starts are explicitly future oriented instigating progress on a desired life change and new goals, we expect to find a relation between individuals who are characteristically future focused and consumers’ active pursuit of a fresh start (Nurmi, 1991).

Past research has shown that a future focus affects goal achievement, and individuals who focus on the future perform better than others during goal pursuit. Higher levels of conscientious, self-control, job satisfaction, and commitment are some of the benefits derived from a future temporal focus (Barrick & Mount, 1991; Strathman, 1994; Karniol & Ross, 1996). This may be because the act of looking to the future unintentionally engenders goals, and thereby, individuals who focus on the past or present attend fewer cognitive resources to achievement than those who focus on the future. Indeed, participants who were asked to write a letter to their future self, made fewer delinquent choices in an attempt to preserve their desired future selves (Hershfield, 2011).

Individuals with a high past temporal focus appear less interested in change and spend their cognitive resources on present outcomes (Herscovitch & Meyer, 2002). In contrast, participants high in future focus see changes as motivations for betterment and focus on “what is yet to come.” In this way, it may be that commitment to change occurs because people vary in their predictions of how they will benefit from change (Herscovitch & Meyer, 2002). While prior research has primarily emphasized how future temporal focus contributes to persistent pursuit of personal goals, it may also be important in helping consumers get a fresh start—engage in life change, let go and move forward in a different direction.

**Psychological Closure**

Psychological closure or the feeling that an emotional experience in the past has been resolved is a desired end state and allows people to move on (Beike, 2002; Beike & Wirth-Beumont, 2005; Beike et. al, 2007). Psychological closure provides emotional relief (Beike 2002; Beike & Wirth-Beaumont 2005; Li, Wei, & Soman 2010) and psychological distance (Crawley, 2010), hence it reduces the intensity of negative
emotion, including regret over past decisions and especially regret about foregone choices (Beike, Markman & Karadogan, 2008) that in turn, can increase satisfaction with difficult choices (Gu, Botti, & Faro, 2013). Although therapy is often premised on the need to get psychological closure before moving on, very little research actually explores whether psychological closure enables people to move on. Some argue that rather than trying to get closure on the events of the past it may be far more productive to focus on a desired future (Seligman 2006).

In relation to a fresh start, psychological closure appears to be closely related as responses from the open-ended questions mention fresh starts as a means by which people overcome negative past events. However, given the overlap between the two constructs it becomes clearer that they are more distinct than similar. Psychological closure contains an element of the past, while fresh start contains an element of the future. To illustrate, an increase in closure will free resources that would have been devoted to rumination and thinking about the past (Li, Wei & Soman, 2010). In this way, receiving closure likely does not focus attention to the future per say, but rather frees resources and promotes a normal level of attention to the present and future. In contrast, fresh starts appear to focus almost exclusively on the future as the goal of a fresh start includes a plan to transform the future self in some way.

**STUDY 2: DEVELOPING THE FRESH START SCALE**

**Method**

From the qualitative data, 14-fresh start items were developed to tap respondents’ reported feelings of a fresh start. Items were mapped to respondents’ perception of what a fresh start means and how its emphases a desire to make a new life through the pursuit of new goals and accomplishment of new things (see Table 1 for the complete list).

One hundred and seventy-eight adults participated in an online survey about consumer choices on Amazon’s Mechanical Turk (52% male; median age: 26–34) in return for $.75. Participants first rated their level of agreement with our 14-item exploratory fresh start inventory on a scale from 1 – 7 (1=Strongly disagree; 7=Strongly agree). Next, as the extant literature lacks a preexisting scale for psychological closure, participants answered our exploratory psychological closure inventory. The scale contained 9-items that tapped the conceptual properties and definition of the construct. Sample items consisted of ‘I am letting go of the past’, ‘I am closing the door on my past life experiences’, ‘I feel closure over my past life experiences’, ‘I am getting closure on the choices I made in the past’, and ‘I am putting the experiences of the past behind me’. Future focus was measured to illustrate that a fresh start offers something beyond a future focused mindset. The scale consists of four measures, ‘I think about what my future has in store’, ‘I focus on my future’, ‘I imagine what tomorrow will bring’ and ‘I think about the times to come’ (α=.81; Shipp, Edwards, and Lambert, 2009). The survey ended with a series of demographic questions.

**Exploratory factor analysis.** An exploratory factor analysis using principal component analysis decreased our fresh start factor items from fourteen to four. Table 1 depicts the full list of items in our original 14-item scale. Two items were dropped because they were double-barreled (‘I am breaking away from my old life and starting down a new path’ and ‘I am grabbing hold of the future following a big life event’). Item ‘Others would say I am experiencing a lot of change’ was dropped because it didn’t capture the active engagement emergent in our exploratory research. Although the loadings of a couple of the reverse coded items (e.g. I can’t open the door to a new life) suggest their inclusion subsequent review of item distributions led us to drop them. The final scale consisted of: ‘I am creating a new life for myself’, ‘I am changing the way I live my life,’ ‘I am pursuing new goals’, and “I am accomplishing new things,” with high internal consistency (α=.89). This selection of items represents the conceptual definition of fresh start from our exploratory research, without sacrificing statistical rigor. The four items have strong factor loadings and strong reliability (Table 1).
Table 1: Study 2: An EFA using principle component analysis of 14-item for the fresh start scale. Items in bold represent items in the final scale.

<table>
<thead>
<tr>
<th>Item</th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am grabbing hold of the future following a big life event.</td>
<td>.796</td>
<td>-.199</td>
<td>.282</td>
</tr>
<tr>
<td>I am creating a new life for myself.</td>
<td>.860</td>
<td>.252</td>
<td>-.025</td>
</tr>
<tr>
<td>I am changing the way I live my life.</td>
<td>.743</td>
<td>.389</td>
<td>.049</td>
</tr>
<tr>
<td>I am unable to start over.</td>
<td>-.710</td>
<td>.296</td>
<td>.105</td>
</tr>
<tr>
<td>I can't change the way I live my life.</td>
<td>-.667</td>
<td>.319</td>
<td>.303</td>
</tr>
<tr>
<td>I can't open the door to a new life.</td>
<td>-.776</td>
<td>.350</td>
<td>.029</td>
</tr>
<tr>
<td>I can't think about my future.</td>
<td>-.365</td>
<td>.670</td>
<td>-.011</td>
</tr>
<tr>
<td>I like routine and stability in my life.</td>
<td>-.184</td>
<td>.032</td>
<td>.906</td>
</tr>
<tr>
<td>I am pursuing new goals.</td>
<td>.799</td>
<td>.090</td>
<td>.030</td>
</tr>
<tr>
<td>I am accomplishing new things.</td>
<td>.832</td>
<td>-.071</td>
<td>.106</td>
</tr>
<tr>
<td>I am struggling with moving forward.</td>
<td>-.415</td>
<td>.666</td>
<td>-.192</td>
</tr>
<tr>
<td>Others would say that I am getting a fresh start.</td>
<td>.747</td>
<td>.356</td>
<td>.019</td>
</tr>
<tr>
<td>I am experiencing a lot of change in my life.</td>
<td>.672</td>
<td>.430</td>
<td>.016</td>
</tr>
<tr>
<td>I am breaking away from my old life and starting down a new path.</td>
<td>.768</td>
<td>.398</td>
<td>.008</td>
</tr>
</tbody>
</table>

Additionally, our nine items for psychological closure were decreased through exploratory factor analysis to three that map clearly on one factor. We dropped ‘I feel closure over my past life experiences’ despite its high factor loading because of its similarity to another construct. Similarly, the reverse coded items were dropped based on item analyses. Final scale items for psychological closure consisted of the following three items: psychological closure consisted of ‘I am putting the experiences of the past behind me’, ‘I am letting go of the past’, and ‘I am getting closure on the choices I made in the past’ with high internal consistency (α=.86; Table 2).
Table 2. Study 2: An EFA using principle component analysis of 9-items for the psychological closure. Items in bold represent items in the final scale.

<table>
<thead>
<tr>
<th>Component</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am letting go of the past</td>
<td>.820</td>
</tr>
<tr>
<td>I am closing the door on my past life experiences</td>
<td>.531</td>
</tr>
<tr>
<td>I feel closure over my past life experiences</td>
<td>.815</td>
</tr>
<tr>
<td>I am getting closure on the choices I made in the past</td>
<td>.775</td>
</tr>
<tr>
<td>I am putting the experiences of the past behind me</td>
<td>.722</td>
</tr>
<tr>
<td>I am having trouble getting resolution on my past experiences</td>
<td>-.756</td>
</tr>
<tr>
<td>My choices from the past haunt me</td>
<td>-.619</td>
</tr>
<tr>
<td>I am constantly thinking about my past days</td>
<td>-.760</td>
</tr>
<tr>
<td>I'm stuck in the past</td>
<td>-.811</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

Lastly, an exploratory factor analysis with our fresh start, psychological closure, and future focus scales was conducted using principle component analysis with oblimin rotation, resulting in three factors, accounting for 78% of the variance (see Table 3).
Table 3. Study 2: An EFA using principle component analysis with oblimin rotation on a pooled sample, resulted in three factors accounting for 78% of variance.

<table>
<thead>
<tr>
<th></th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future Focus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I think about what my future has in store</td>
<td>.925</td>
<td>-.030</td>
<td>.017</td>
</tr>
<tr>
<td>I think about times to come</td>
<td>.911</td>
<td>-.091</td>
<td>.003</td>
</tr>
<tr>
<td>I focus on my future</td>
<td>.866</td>
<td>.110</td>
<td>.022</td>
</tr>
<tr>
<td>I imagine what tomorrow will bring for me</td>
<td>.831</td>
<td>.023</td>
<td>-.093</td>
</tr>
<tr>
<td>Psychological Closure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am putting the experiences of the past behind me</td>
<td>.040</td>
<td>.924</td>
<td>.100</td>
</tr>
<tr>
<td>I am letting go of the past</td>
<td>.042</td>
<td>.860</td>
<td>-.058</td>
</tr>
<tr>
<td>I am getting closure on the choices I made in the past</td>
<td>-.079</td>
<td>.830</td>
<td>-.108</td>
</tr>
<tr>
<td>Fresh Start</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am creating a new life for myself</td>
<td>-.040</td>
<td>-.001</td>
<td>-.928</td>
</tr>
<tr>
<td>I am changing the way I live my life</td>
<td>-.011</td>
<td>-.123</td>
<td>-.904</td>
</tr>
<tr>
<td>I am accomplishing new things</td>
<td>.066</td>
<td>.165</td>
<td>-.723</td>
</tr>
<tr>
<td>I am pursuing new goals</td>
<td>.122</td>
<td>.140</td>
<td>-.720</td>
</tr>
</tbody>
</table>

**Evidence for convergent and discriminate validity.** We conducted confirmatory factor analysis to further validate that fresh start is empirically distinct from psychological closure, and future focus. The analysis was conducted using SPSS Amos 21. The hypothesized model is illustrated in Figure 1, with circles representing latent variables and rectangles representing measured scale items.

Confirmatory factor analysis fit statistics consisted of $\chi^2 (55, N = 178) = 51.40, p = .11, CFI = .99, RMSEA = .04, SRMR = .075$. All statistics met the standard criteria (RMSEA < .06, CFI > .95, SRMR < .08 (Hu & Bentler, 1999), except for the Chi Square which showed moderate significance ($p = .11$). However, this may be an outcome of the sample size which commonly inflates error in structural equation modeling (Hooper, 2008). Following advice from Cote et al. (2001), we imposed one correlated error on items “I am creating a new life for myself” and “I am changing the way I live my life” as the two items denote stronger correlations between themselves than the other measures do. All factor loadings were significant and in line with Campbell and Fiske (1959) where between factor loadings did not exceeded 0.7. Thus, we indicating configural invariance (Steenkamp & Baumgartner, 1996). Overall, results from the confirmatory factor analysis show a difference between fresh start and the other three constructs, suggesting that fresh start, future temporal focus, and psychological closure are related, but distinct constructs (see Figure 1).
Figure 1. Study 2: Confirmatory factor analysis demonstrating convergent and discriminate validity of fresh start.

**Discussion**

Study 2 offers our four item fresh start scale which consists of “I am creating a new life for myself,” “I am changing the way I live my life,” “I am pursuing new goals,” and “I am accomplishing new things,” which demonstrates high internal consistency (α=.89). It also supports our conceptualization of future focus, psychological closure, and future focus as distinct, but related constructs from a measurement perspective.

**STUDY 3: LITERATURE REVIEW, EXTENDING THE NOMOLOGICAL NETWORK**

Study three was designed to further validate our four-item fresh start measure and to explore the antecedents and consequences of getting a fresh start. We extend the nomological network of getting a fresh start and suggest that significant life events may inspire a desire for change that in turn drives one to get a fresh start. We also test whether the perception of getting a fresh start leads to new behavioral intentions.
Research shows that as the number of life altering events increases, uncertainty also increases and opens receptivity to new and unfamiliar choices (Wood, 2010; Suh, Diener & Fujita, 1996; Devine et al., 1998). This receptivity may inspire the individual to change which leads to a fresh start mindset. However, whether a fresh start inspires actual changes in behavior may be a product of whether the individual can disengage from old goals and reengage with new. In this way, goal engagement may serve as a potential moderator that explains behavioral changes from a fresh start. Before exploring these questions, we begin with a review of the literature that informs these thoughts.

**Life events, Series, and Number and Desire for Change**

Internal and external motivational variables affect consumers as they build goals and strive toward moving targets of their idealized, future selves. Research shows that high levels of change in one’s environment may “loosen the bonds” of old choices, and move preferences toward novel choices (Wood, 2010). In this way, a greater number of life events reflect greater life status change and hence change in one’s lifestyle (Andreasen, 1984). Significant life events often trigger a break from the past and leave a desire to “rethink and reorganize” one’s life (Andreasen, 1984) as they stand in stark contrast to the more mundane happenings of everyday life (Shum, 1998).

Students who leave home for college, inmates who are released from jail, or retirees who leave their job often report a change in self-concept (Cantor et al., 1987; Kling, Ryff & Essex, 1997; Schau et al. 2009; Silver, 1996). These changes in self-concept are thought to be largely evolutionary, allowing us to learn and adapt to our environments. For example, individuals who undergo significant trauma may report less of a connection to their pre-trauma self than individuals of the same age without such experiences (Cantor et al., 1987). Other research shows that significant life events can be associated with the decision to elect plastic surgery (Schouten, 1991), focus on future behavior (Liu & Aaker, 2007), make new brand preferences (Andreasen, 1984), and seek novelty (Wood, 2010). Anecdotally, our culture suggests that negatively valenced events may be more powerful.

Research on life stories found that ‘redemptive’ periods marked by suffering and life crisis were recalled among respondents as the “defining” moments in people’s autobiographical memoirs (McAdams, 2006). Other research on self-reflection suggests that during times of chronic physical illness, people retrospectively see their disease as a time of development and positive life change (Taylor, 1989). Knoblich and Flach (2003) concluded that emotional turmoil and change may be the basis by which humans grow and improve themselves and that depression may offer a ‘secret strength.’

In this way, it may be that periods of distress or negative affect pose unique challenges. People desire change, but whether they translate that desire into actual change behavior can be difficult to predict. During crisis, people become hesitant of starting over as the negative event tends to focus attention to the past, inhibiting the future focused mindset needed to start fresh (Karniol & Ross, 1996). Preoccupation with the past blocks the vision of an idealized self and hinders progress (Karniol & Ross, 1996). Meanwhile, significant events that are positive—although less dire—provide as likely an impetus to behavior change as negative because individuals feel more confident in their abilities following positive events (Park, 2004). For these reasons, we don’t expect a significant relationship between fresh start feelings and the valence of events across the past year. However, we do predict that as the number of significant life events increases, regardless of valence, so too will the desire for change, fresh start intentions and behavior changes.

**Goal Reengagement**

Goal reengagement involves “the identification of alternative goals, the infusion of those goals with value, and the initiation of activities directed toward goal attainment” (Wrosch et al., 2003, p. 1496). Goal reengagement may play an important role in transformation, as engagement with a valued alternative goal following an unattainable goal initiates behavior change. Often life events signal that a past goal is no longer attainable and stir a search for new goals. When individuals engage other meaningful activities following
an unattainable goal, they escape the negative consequences that can come from repeated failed goal attempts. However, when individuals fail to engage new goals, psychological consequences usually follow, such as depression. Goal reengagement differs from goal disengagement in that a person can disengage from an unattainable goal, but not engage with a new goal, and a person may create a new goal while continuing to strive toward the unattainable goal. Both types of reengagement appear beneficial as they defend against feelings of purposelessness (Carver & Scheier, 1999) and lack of life meaning (Kobasa, 1979; Ryff & Keyes, 1995).

Related to behavior change and a fresh start, when people reengage with new goals, they frequently shift their behavior to align with that goal (Wrosch & Heckhausen, 1999). We argue that following a fresh start, individuals who can reengage more easily, will be more likely to align intended behaviors toward new goal achievement. Research on divorce—a significant life event—supports this argument, showing that following divorce, individuals high in goal reengagement, reported more social goals, like developing friendships than did those lower in goal reengagement (Wrosch & Heckhausen, 1999). Divorced women high in goal reengagement also reported greater positive affect than divorced women low in goal reengagement. Considering the effects of goal reengagement in the pursuit of alternative goals, we argue that people undergoing a fresh start who are high in goal reengagement will display greater intent to pursue new behaviors than those low in goal reengagement. Thus, we expect goal reengagement to serve as a moderator between fresh start and behavioral intentions.

**STUDY 3: EXTENDING THE NOMOLOGICAL NETWORK**

Study three was designed to further validate our four-item fresh start measure and to explore the antecedents and consequences of getting a fresh start. We extend the nomological network of getting a fresh start and explore under what circumstances individuals become more receptive to fresh starts than others and whether the perception of getting a fresh start leads to new behavioral intentions. Behavioral goals was measured by intent to change health, financial, and consumption behaviors.

**Method**

Two hundred and thirty-six adults participated in an online survey about consumer choices on Amazon’s Mechanical Turk. They received $1.00 in return for answering a 20-minute survey. The survey included our fresh start scale, as well as other constructs that might precipitate a fresh start and the downstream consequences of a fresh start as related to behavioral intentions.

**Measures.** In addition to our fresh start scale, we created a number of other new constructs to build our understanding of what leads people to enact a fresh start. Specifically, we measured number of significant life events and desire for change as antecedents to a fresh start. We also measured health, budget, and consumption intentions as outcomes of a fresh start mindset. Goal reengagement was measured to understand who could translate a fresh start into anticipated behaviors.

Participants answered our fresh start scale to determine how much or how little of a fresh start they were currently experiencing. They also rated how strongly they agreed or disagreed (1 = strongly disagree to 7 = strongly agree) with whether they saw themselves engaging in the following choices in the next year. Item consisted of purchase things I haven’t tried before, change my eating habits, change my exercise routine, change my attention to healthy living, focus more on well-being, better budget my spending, increase my savings, try new brands, and sample new products. These items were picked with the intent of measuring three different types of anticipated behaviors, budgeting, health, and new consumption choices. We also developed a scale to measure desire for change that consisted of the following items, ‘I want a change in the way I live my life’, ‘I desire some differences in my life’, and ‘I long for a new way of living’. Other scales participants answered consisted of Shipp, Edwards, and Lambert’s temporal focus scale (2009), Rosenberg’s self-esteem scale (1965), and Wrosch et al.’s (2003) goal reengagement scale. We also asked participants to rate how much change they had experienced in the past year. Participants read, “In the
last 12 months, how many significant life changes (e.g., got married, moved to a different residence, death of a family member) did you experience?” Participants indicated the number of events that had occurred over the last 12 months (items ranged from 0 to 3 or more). Lastly, participants answered a series of demographic questions that included their age, gender, and first language.

Results

Scale measurement results. Before testing our structural model, we tested the validity of our five new scales, fresh start, health, budget, new consumption choices, and desire for change scales.

Fresh start scale. Participants’ responses to the 4-fresh start items were averaged into a Fresh start scale (α = .88). Scores ranged from 1 to 7, with a mean of 4.88 and a standard deviation of 1.19. Scores were normally distributed and demonstrated an acceptable range of fresh start feelings.

Desire for change scale. Participants’ responses to the 3 desire for change items were analyzed using exploratory factor analysis. Using factorial analysis, all three items loaded on one factor. Items were averaged into a desire for change scale (α = .89). Scores ranged from 1 to 7, with a mean of 5.17 and a standard deviation of 1.26. Scores were normally distributed and displayed a reasonable range.

Intended behavior items. Participants’ responses to the intended behavior items desire were analyzed using exploratory factor analysis. Through oblique factor rotation, intended behavior items loaded on three distinct factors. One factor contained “purchase things I haven’t tried before,” “try new brands,” and “sample new products.” These three items constituted our new consumption scale (α = .87). Scores ranged from 2 to 7, with a mean of 5.13 and a standard deviation of 1.09. The second factor contained, ‘change my eating habits’, ‘change my exercise routine’, and ‘change my attention to healthy living’. As these items all relate to health behavior, they constitute our health scale (α = .85). Scores ranged from 1.5 to 7, with a mean of 5.14 and a standard deviation of 1.18. The last factor consisted of “better budget my spending,” “increase my savings,” and “reduce unplanned spending.” These three items constitute our budget scale as they all focus on savings (α = .84). Scores ranged from 1 to 7, with a mean of 5.47 and a standard deviation of 1.25. “Focus more on well-being” and “change my attention to healthy living” were dropped due to poor factor loadings. A possible diagnosis for the poor loadings could be the level at which they operate. Each appears to operate at a macro-level while the other health measures appear to operate at a more micro-level.

SEM analysis. The hypothesized model examined the predictors and outcomes of getting a fresh start (Figure 2). It was hypothesized that the number of significant life events that had occurred in an individual’s life would predict a desire for change. Additionally, we expected that behavioral change intentions in budgeting, health, and consumption choices would be predicted by a desire for change. Fresh start served as a mediating variable between desire for change and behavioral intentions.

Support for our hypothesized model was found, χ² (6, N = 236) = 15.31, p=.02, CFI = .96, RMSEA = .08, SRMR = .05. While the RMSEA appears to be slightly large with the RMSEA above 0.6, MacCallum, Browne and Sugawara (1996) classify this as mediocre fit. The other variables all fall within standard criteria, providing support for our model fit.

Number of life events had a significant positive effect on desire for change (β=.22, p<.05), but the valence of those life events was not associated with higher fresh start feelings (p>.05). Desire for change had a significant positive effect on fresh start (β=.37, p<.05). Fresh start and behavioral change intentions was significant (New consumption, β=.16, p<.05; Budgeting, β=.23, p<.05, and Health, β=.22, p<.05). We find a significant jaw-style interaction between fresh start and goal reengagement on all three behavior changes (New consumption, β=.13, p<.05; Budgeting, β=.17, p<.05, and Health, β=.14, p<.05). Upon decomposing the interaction, results reveal that people low in goal reengagement, when they feel they are getting a fresh start show less intent to change their behaviors than those high in goal reengagement.
This evidence suggests that individuals who are low in goal reengagement who feel they getting a fresh start may be less able to change their life (see Figure 2).

Lastly, to test our hypothesis that fresh start mediates the effect of desire to change on our three dependent variables—Health intentions, new consumption choices, and budget intentions—we analyzed the indirect effects. All indirect effects in the model were significant, and their bootstrapped confident intervals did not contain zero. To test for full-mediation, we examined the direct effect of desire for change on our behavioral intention dependent variables. We found that fresh start fully mediated the relationship between desire for change and new consumption choices, p>.05. Additionally, since the direct effect was significant, p<.05, we find support for the partial mediation between desire for change and health and budget behaviors. These results provide evidence for our hypothesis that enacting a fresh start when one desires change may improve one’s probability of actually changing one’s life.

Figure 2. Study 3: Estimation of the antecedents and consequences of getting a fresh start.
Table 4. Study 3: Correlations between constructs. Correlation is significant at the 0.01 level (2-tailed)**

<table>
<thead>
<tr>
<th></th>
<th>Fresh Start</th>
<th>Desire for Change</th>
<th>Psych Closure</th>
<th>Future Focus</th>
<th>Significant Life Events</th>
</tr>
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<td>0.312**</td>
<td>0.509**</td>
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<tr>
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<td>0.222**</td>
<td>0.215**</td>
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<td>0.02</td>
<td>1</td>
<td>0.294**</td>
<td>0.105</td>
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<tr>
<td>Future Focus</td>
<td>0.51**</td>
<td>0.22**</td>
<td>0.294**</td>
<td>1</td>
<td>0.273**</td>
</tr>
<tr>
<td>Significant Life Events</td>
<td>0.21**</td>
<td>0.22**</td>
<td>0.105</td>
<td>0.273**</td>
<td>1</td>
</tr>
</tbody>
</table>

Discussion

The findings presented in study 3 show that consumers become most receptive to fresh starts when experiencing a number of life events. Events such as a divorce or moving to a new town and the accrual of these experiences may increase individuals’ desire for change. However, despite anecdotal evidence, the valence of the events appears not to matter. This may be attributable to the fact that people vary in their ability to cope with hardship and not wallow in the past. Individuals who can enact a future focus following difficulty may be the ones who persevere and have the courage to desire change following tragedy. Additionally, we believe this desire for change motivates a fresh start mindset where individuals begin to plan new behaviors. Higher fresh start feelings likely open people’s perceptivity to new experiences, such as starting a new exercise routine. Consistent with our hypothesis, our results show that fresh start (measured by our four items) is positively associated with engagement in new consumption choices and a desire to enact new behaviors, including living healthier lives and reducing spending.

In close, we also find the relationship between fresh start and new consumption choices is moderated by goal reengagement, such that goal reengagement boosted the ability to start planning new behaviors when getting a fresh start. Thus, for some individuals, the inability to reengage a goal may block behavior following a fresh start.

STUDY 4: FRESH STARTS AND COPING WITH FAILURE

Study three illustrated the nomological network of a fresh start, showing that people who believe they are getting a fresh start set more new goals than those who do not. Study 4 builds on study 3 by showing that not only are fresh starts tied to the setting of new goals, but they may also help individuals adhere to goals following failure. As noted in the exploratory study, the scope of fresh starts can vary and need not be sweeping life changes. In studies 4 and 5 we were interested in learning whether priming a fresh start mindset could help participants make small changes in their lives. Specifically in Study 4 we ask, could priming a fresh start improve participants’ performance on a similar subsequent task? To test this prediction, we manipulate both fresh start and self-affirmation. Since self-affirmation has been shown to boost performance on subsequent tasks following failure, we prime self-affirmation to make our test of the fresh start construct more conservative than had we used a control condition.

Method

Participants consisted of 136 students who participated in a laboratory study in return for course credit. The design followed a 2 (self-affirmation, no self-affirmation) x 2 (fresh start, no fresh start) between subjects design. Participants first engaged in a 5-minute Remote Associations Test (RAT; Mednick, 1968) where they answered as many RAT questions as possible. For the RAT, an item was shopping, washer, and
picture, all of which were associated with window, the answer. After participants finished, they received false feedback from the computer, saying they performed worse than average on this false “intelligence” task. Next participants in the fresh start condition read, “Start anew on the next page,” where participants in the no fresh start condition clicked to the next page. Participants in the self-affirmation condition wrote about why their top-ranked value was important and a time in their lives when it had been particularly important. Participants in the no-affirmation condition wrote about why their 7th ranked value played an important role in their lives (Fein & Spencer, 1997).

Lastly, participants spent 5-minutes completing a new set of RAT problems as a measure of our dependent variable, subsequent performance. Performance was measured in terms of number of items correct.

Results
Multiple regression analyses were conducted to assess our research question. Consistent with our expectations, individuals primed with getting a fresh start on the next task perform significantly better on the second task than individuals who were not \((b = 0.70, p < .05; R^2 = .04)\), suggesting that engaging the idea of getting a fresh start may cause individuals to move past failure. Moreover, when we look at individuals who were self-affirmed—which has been shown to boost performance on subsequent tasks following failure—we see no statistically significant difference in performance among those self-affirmed and controls \((b = 0.26, p > .05; R^2 = .04)\). Consequently, our research suggests that getting a fresh start may uniquely defend people against their past failures in ways that self-affirmation does not.

Discussion
In this study, we show that a fresh start improves performance on a similar task following failure. While our results do not test directly, we do believe that a fresh start may provide relief from the stress and the felt permanence of failure. Evidence from the qualitative data provides support for this hypothesis as many individuals stated they felt a fresh start would free them from the permanence of the past. Moreover, these findings favor the current financial and educational fresh start legislation programs, where individuals receive debt and grade forgiveness. Result from laboratory setting regarding the benefit of these programs to society is mixed. Our research, while low in external validity, provides some support for these programs. However, more research needs to be conducted first before expanding these findings.

STUDY 5: FRESH STARTS AND NOVELTY
Study 5 also considered the effects of priming individuals with the idea of a fresh start to assess how thinking about a fresh start would affect the choice of a novel and familiar product. This study builds upon results from the structural model, which found a significant relationship between fresh start and intended new consumption choices. One limitation of study 3 is we tested participants’ intentions, not their real consumption choices. Study 5 assuages these concerns by asking participants to make a real consumption choice and by testing our model causally. We provide perseverance of effort as a construct that affects how much effort individuals expend in their fresh starts attempts, and the role of perseverance in behavior change.

Perseverance of Effort
The perseverance of effort aspect of grit which measures determination and passion toward goals is one of two scales surrounding the grit construct (we decided not to concentrate on the other as it measures whether people sustain effort toward one goal and does not discriminate between whether an individual continues a goal for reasons of personal satisfaction or for reasons of compliance with societal expectations).
Many people may experience difficulty shedding their past lives following negative events. Individuals high in perseverance of effort tend to be characterized as high achievers and so “sustain effort in the face of adversity” (Duckworth et al., 2007, p.1090). Meanwhile, lower perseverance of effort people rely on avoidance and disengagement strategies as a means by which they retreat to comforts of the known past. We expect that for individuals low in perseverance of effort, the certainty of the present, regardless of how bad, may afford greater comfort than the uncertainty of the future where one’s ability to reach a positive future self remains uncertain and requires overwhelming effort (Kobasa, Maddi & Kahn, 1982). For these reasons, we expect perseverance of effort to moderate the relationship between engaging a fresh start and the unfolding of novel behavior.

Method
A total of 93 undergraduate students beginning their first semester of acceptance to the business school participated in a lab setting. Participants were randomly assigned to our fresh start and control condition. They first wrote about one of two scenarios, opening a door to the future following acceptance to the business college or about a movie they had seen recently, priming a fresh start and our control condition respectively.

Participants responded to our four-item fresh start scale as a manipulation check, and then were presented with our dependent variable which asked them to choose between two spreads to eat with their crackers, peanut butter or almond butter. Peanut butter represented the familiar choice, while almond butter represented the novel choice. The choice between peanut butter and almond butter served as our dependent variable. Next, participants completed the perseverance of effort scale and answered several demographic questions. One of the last questions they answered asked to what extent they felt almond butter marked a new or novel choice. Participants who indicated that almond butter was more familiar than novel were dropped as were individuals who indicated that peanut butter was more novel than familiar, leaving 75 participants. A large proportion of our sample was dropped due to a high proportion of international students in our sample (n=8) who perceived peanut butter as novel and not part of their country’s cuisine.

Results
Upon testing our manipulation check, we find that individuals who were primed with a fresh start did rated higher on our fresh start scale (M = 5.84 vs. M=5.30, F(1, 111)=11.45, p=.01) confirming that our fresh start prime worked. Since all of these students had just reached the goal of being admitted into Eller, it is not surprising that the mean for both groups is high.

Logistic regression analyses were conducted to assess our research question. Analysis shows both a significant main effect of the fresh start prime and a significant two-way interaction of the fresh start prime and grit. Here, we see that individuals primed with a fresh start were more willing to take on a novel choice than individuals who were not primed with a fresh start. Furthermore, as expected, for participants with stronger (vs. weaker) perseverance of effort, we find a larger percentage (57%) of the individuals primed with a fresh start (vs. control; 29%) chose the novel almond butter ($\chi^2 = 1.35, p < .05$), suggesting that high levels of perseverance may allow individuals to hold stronger to experimenting with new future selves.

Discussion
Consistent with our hypothesis, our results show that fresh starts often shift choice to the pursuit of the new and novel. These findings are consistent with our survey research in study 3, where we find a positive association between fresh start and the desire to engage in new consumption choices. In addition to discovering a significant main effect of fresh start and novelty, we also find support for the role of perseverance of effort as a moderator explaining who can carry forth change when undergoing a fresh start. Individuals who scored higher on perseverance of effort and who activated a fresh start mindset were
significantly more likely to pick the novel choice than others. These findings corroborate the qualitative responses where we learned that embracing a fresh start requires significant effort. Results propose that people who scored higher on perseverance may be uniquely equipped with the ability to continually jump the mental hurdles that come with a fresh start.

**CONCLUSION**

In this paper, we set forward a new construct to the consumer research literature, “fresh start.” Through qualitative, survey and experimental data, we find that people (1) resonate with and long for fresh starts; (2) feel fresh starts originate from significant life events, but that less significant events can lead to sweeping fresh start feelings and behaviors; (3) can overcome some of the negative outcomes of failure when activating a fresh start mindset; and lastly, (4) exhibit a higher likelihood of engaging in new experiences and consumption changes with high fresh start feelings. In particular, we find that a fresh start drives intentions toward improved health and financial behaviors and predicts a desire for new consumption choices. Overall, results provide evidence for our hypothesis that activating a fresh start mindset may lead consumers to set new goals and undertake new behaviors.

We also provide support for the underlying mechanism that precipitates a fresh start, desire for change. In study 3, we find that desire for change rouses a fresh start. These findings are consistent with research on habits that finds that times of change “loosen the bonds” of old habits and build desire for change (Wood, 2010). Indeed, consistent with our hypothesis, we find that desire for change opens people’s receptivity to life transformation or fresh starts. We provide evidence for the moderating role of goal reengagement in when fresh start feelings may and may not lead to action. Lastly, we find that individuals who lack perseverance experience difficulty commandeering the effort needed to act on a fresh start. Overall, our research illustrates how the embracing of a fresh starts may be precipitous to external events, and how individual differences may affect people’s ability to explore new goals, undertake new behaviors and make less structured and constrained choices as they unveil their new selves.

**OTHER VARIABLES OF INTEREST AND FUTURE RESEARCH**

Ideas such as being hopeful about the possibility of a fresh start and renewed hope following a fresh start emerged in response to our open-ended queries of respondents. In study 3, we measured hope using the standard Adult Hope Scale (Snyder et al., 2002). Consistent with prior theory (MacInnis & Mello, 2005), we anticipated that hope would moderate between life events and a fresh start, but found little support for this hypothesis. More research is needed to establish whether and if hope plays a role in whether consumers get a fresh start. In part, we feel that because existing hope measures stress the accomplishment of current pursuits and goals they may fall short of helping us understand transformational moments when consumers change their goals and pursuits.

Future research could consider when fresh starts lead to advantageous consumption choices and when they do not. Significant life events bring awareness to a disjuncture between a consumers’ pre- and post selves and motivate them to pursue desired future selves. However, in our research, while not reported in our results section, we find that those higher in fresh start feelings actually felt more connected to their future selves than those lower in fresh start feelings. Indeed, we find partial support for the mediation between fresh start and new consumption and experience changes by self-continuity, such that fresh starts were associated with an increased overlap between future and present selves and new experience and consumption choices. These findings are consistent with research that poses future self-continuity as a predictor of positive goal directed behavior. On the other hand, these findings are inconsistent with much of the mortgage and bankruptcy literature findings which show that fresh starts/ forgiveness usually leads consumers to repeat the same mistake (Livshits, MacGee & Tertilt, 2007). Future research could explore the boundary conditions under which consumers may license following fresh starts. There may be important moderators that shift the relationship between the current and future self, resulting in licensing behavior during fresh starts. However, in our data, we find no evidence of a licensing effect. In fact, we find that
those higher in fresh start feelings were more likely to set new goals like starting exercising and health routines and better budgeting their money than those lower in fresh start feelings. However, it might be interesting to observe whether and when people commit to the goals they set in fresh starts.

THEORETICAL CONTRIBUTION AND PRACTICAL IMPLICATIONS

Much consumer research addresses the power of consumer habits and goal striving and how they affect consumer welfare (c.f. Verplanken & Wood, 2006; Baumgartner & Pieters, 2008). By contrast, we focused on the less commonly explored domain of whether and how consumers change directions and establish new goals and patterns of behavior, and how this relates to a meaningful life (Feldman, 2013; Mukhopadhyay & Johar, 2005). Given that much legal legislation is based on providing consumers with fresh starts and that consumers desire to enact fresh starts on their own, we encourage consumer researchers to explore how fresh starts might help individuals set new goals and pursue these goals through changes in intentions and behaviors.

Results from our studies show that the majority of respondents desired a fresh start, but felt it was difficult to achieve. As researchers, we should explore ways to lift the mental barriers that constrain consumers from engaging in personal transformations. For example, with health advancements, retirees are beginning to see retirement as the mid-point rather than the end, yet at times, society may feel otherwise given the emphasis on youth in our culture (Schau, Gilly & Wolfinbarger, 2009). Also, from our research, we found that many consumers feel that a fresh start requires savings, as they are often laden with risk. Future research could explore the role of money and risk aversion in life transformation.

In conclusion, we find that the desire for a fresh start is extraordinarily prevalent in our society. We reflect on its prevalence among consumers by a simple Google Search. Type “fresh start” into Google, and the search engine returns a surmounting 7,390,000 hits; while, in Google Scholar the engine returns far fewer, around 51,600, predominately on legal legislation. Meanwhile, a search for “self control”, an area studied much more frequently by psychologist and by one of the authors, returns a whooping 9,980,000 hits in Google and continues to amass 1,180,000 hits in Google Scholar. Analyzing the proportions, we see that for every scholarly mention of fresh start there are 143 mentions of fresh start and 8 mentions of self control among the public. These comparisons demonstrate that researchers are not necessarily considering the spectrum of topics that resonate most with consumers. In doing so, this paper not only studies “Fresh Start,” but also hopes to motivate others to study topics not historically studied by consumer researchers.

LIMITATIONS

We recognize that concerns of causality and alternative explanation may present problems with our findings. To alleviate these problems, we intend to run another experiment where we prime a fresh start and see how it encourages actual goal setting across time. We also plan to run a field study at a gym to assuage concerns of external validity. The field study would be set up so that individuals receive recurrent emails reminding them that today’s exercise offers a chance to start fresh. The dependent variable would be the number of times the individuals came to the gym.

Another study on veterans returning from war and beginning college is currently being run at the University of Connecticut to also explore the external validity of our fresh start construct. The goal of this study is to explore whether psychological closure is required following extremely traumatic experiences. If so, this might explain that following particularly dramatic change closure, may be required.
REFERENCES


