Exercise Behavior in Loyalty Program: the Influence of Regulatory Focus

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Our study examines the influence of regulatory focus (RF) on reward preferences in a customer loyalty program. Specifically, we aim to contribute to the emerging literature on RF by addressing five issues. First, we simultaneously investigate RF as a state and a customer trait. Second, we address the interaction between type of rewards and message framing. Third, we test whether the influence of the RF trait on consumer loyalty is mediated by exercise motivation. Fourth, we examine whether the transfer of regulatory fit effect is embedded in multiple interrelated constructs that make up a customer’s evaluative judgment. Finally, we investigate the impact of simultaneously presenting promotion and prevention rewards on customer loyalty.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/12951/volumes/v34/NA-34

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A demographically-matched sample of 134 Parisian and 148 Chicagoan students completed a brief survey on meal cessation, which asked the extend to which they agreed with three statements associated with internal cessation cues and three statements with external cessation cues. Their answers to these were compared across countries, genders, and BMI-levels.

While the French indicated they were more likely to be influenced by internal cues of meal cessation than Americans (P<.001), Americans indicated they were more likely to be influenced by external cues of meal cessation (P<.001). In summary, compared to their counterparts, French people (P<.001), females (P<.05), and normal weight individuals (P<.01) were more influenced by internal cues of meal cessation than external cues.

This study shows that one correlate with obesity may be the extent to which people rely on external cues to determine when they will stop eating a meal. While there are a number of possibilities of why those in some countries have less of an obesity problem than the United States, these results suggest one contributing explanation would be they are more likely to use internal cues, versus external cues to know when to stop eating.

References

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Abstract
Our study examines the influence of regulatory focus (RF) on reward preferences in a customer loyalty program. Specifically, we aim to contribute to the emerging literature on RF by addressing five issues. First, we simultaneously investigate RF as a state and a customer trait. Second, we address the interaction between type of rewards and message framing. Third, we test whether the influence of the RF trait on consumer loyalty is mediated by exercise motivation. Fourth, we examine whether the transfer of regulatory fit effect is embedded in multiple interrelated constructs that make up a customer’s evaluative judgment. Finally, we investigate the impact of simultaneously presenting promotion and prevention rewards on customer loyalty.

Overview of the Research
In many retail contexts, loyalty programs are employed to attract new and retain existing customers. This form of customer relationship management is also enjoying widespread popularity in health club services (e.g. http://www.fitrewardsclub.com). Many gyms have adopted loyalty programs (similar to frequent flyer programs in the airline industry). We investigate the influence of regulatory focus (RF) on reward preferences in a health club member loyalty program.

RF posits that there are two types of foci; (1) a promotion focus which aims at achieving positive outcomes and guides an individual to use an eagerness strategy and (2) a prevention focus aimed at avoiding negative outcomes, instigating individuals to use a vigilant strategy (Higgins, 1997). In prior research on RF, these foci are either framed as situational states or personal traits (e.g., Lee & Aaker, 2004). However, as reward preferences of health club members may be determined by both situational and individual differences, it is both theoretically and managerially relevant to understand the relative contributions of situational and dispositional foci by analyzing them simultaneously rather than independently (Kammrath et al., 2005).

In addition, regulatory focus fit has recently been advanced to explain the match between a person’s goals and the way to pursue these goals (Avnet & Higgins, 2006). The fit between regulatory focus and the manner in which goals are pursued influences customer beliefs about the appropriateness of their (re)actions. It has been argued that the ‘feel right’ factor, in turn, enhances motivational intensity in goal pursuit (Avnet & Higgins, 2006).

We address the interaction between types of reward and message framing, advocating an action to pursue loyalty program credit points. The type of reward is presented to health club members as a means to induce their state RF. Two types of goal exercise-related rewards are used: approach reward (which aims at improving their health) and avoidance reward (which aims at helping them to maintain good health). Thus, the messages are framed as either eagerness (using a gain frame) or vigilance (using a loss frame). In the gain frame, respondents are informed about the benefits of recommended future exercise. In contrast, in the loss frame, health club members are informed about the consequences of not exercising frequently enough. Consistent with RF theory, we expect that a fit effect occurs between the approach reward and gain frame as well as the avoidance reward and loss frame. Furthermore, this fit effect is predicted to be embedded in multiple interrelated constructs that form a customer’s evaluative judgment of loyalty.
Our research also aims at contributing to goal framing research in relation to the mixed results that have been reported with respect to message framing (Lee & Aaker, 2004). In our study, we assess the interaction effect between type of rewards and message framing in support of the regulatory focus fit effect. In addition, we hypothesize a main effect of frame in that a loss frame is expected to be more effective to promote exercise. This is suggested by Levin, Schneider, & Gaeth (1998), who report that a loss frame is more effective for goal framing. In addition to a main effect of message framing, we predict that avoidance type of reward will be most preferred by health club members, because, in general, exercise is predominantly construed as a preventative behaviour (Rothman & Salovey, 1997).

In addition to the direct impact of RF on consumer preference in loyalty programs, we investigate whether this impact is mediated by other, more domain-specific variables. We introduce exercise motivation as a mediating variable as it has been demonstrated that this is a powerful predictor of exercise behavior (Markland & Ingledew, 1997). In our experiment, we expect promotion (prevention) RF will be more enhanced if an approach (avoidance) reward is presented to a promotion (prevention)-focused individual than to prevention (promotion)-focused individual, and this strengthened-RF orientation is predicted to influence exercise motivations, which in turn, will have an effect on customer exercise behavior.

Another important concept in RF theory is regulatory relevance, which refers to the match between customer’s goals and his/her outcome decisions (Avnet & Higgins, 2006). This theoretical refinement of RF theory posits that customers with different regulatory focus value a reward as a function of its relevance to their regulatory orientation namely, promotion (prevention)-focused individuals prefer promotion (prevention)-related stimulus. However, it has not been assessed how customers with a different regulatory focus orientation react to promotion and prevention focus stimuli when these are simultaneously presented. Wang & Lee (2006) argue that in this case, RF serves as a selective filter to process the information, such that people pay attention to information that fits their RF, but only when they use heuristic information processing. The argument for this finding is that regulatory fit occurs due to the use of heuristic rather than systematic information processing (i.e., customers paid attention to perceptual salience of the product that fit their regulatory focus). In this research, we test the robustness of the fit effect in the setting of loyalty program (a high involvement situation). We predict that promotion-focused health club members are more likely to adopt approach rewards than avoidance rewards and vice versa.

To test these predictions, two studies were conducted. The first study aimed testing regulatory focus fit theory in the context of exercise, whereas the second study aimed at regulatory fit relevance. For the first study we used an experimental design in which different participants were assigned to each scenario in 2 (type of rewards: approach, avoidance) X 2 (advocated message: gain, loss) between subject design, whereas in the second study, survey with questionnaire was used. Data analyses of both studies were conducted using structural equation modeling with partial least squares.

Significance and Implication of the Research

In general, our study aims at to contribute to the emerging RF and regulatory fit literature. Specifically, we investigate whether the regulatory focus fit effect is an important explanatory mechanism that accounts for the customer preferences in relation to loyalty programs.

References

Hey, What Gives?

The Effects of Altruistic Versus Egoistic Charity Appeals on Donation Intentions

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Extended Abstract

In the face of unprecedented competition, charities have adopted many sophisticated marketing techniques—relationship marketing, branding, and the measurement of marketing return on investment—previously considered to be the domain on their for-profit counterparts.
One of the more notable techniques used by charities is a move away from traditional charitable marketing strategies that are characterized by altruistic appeals to initiatives that focus more on the egoistic (i.e., selfish) benefits received by the donor (Hassay and Peloza 2005).

The long-running debate between those argue that charitable donations are based in altruism (e.g., Batson 1990) and those who argue charitable donations are merely an exchange relationship (e.g., Cialdini et al. 1987) highlights the primary distinction between the majority of charitable appeals. When charities are seeking donor support they typically position the appeal either as an opportunity to help others (i.e., an altruistic appeal) or an opportunity for the donor to receive something in return (i.e., an egoistic appeal). Whether altruistic or egoistic appeals lead to more positive responses to requests for charitable donations remains equivocal and research has produced mixed evidence supporting the effectiveness of both altruistic and egoistic appeals (e.g., Pesssemier, Bemmaor, and Hanssens 1977; Holmes, Miller, and Lerner 2002). The current paper seeks to address this contradiction by exploring moderators of the influence of appeal type (i.e., altruistic versus egoistic) on donation intentions.

A series of three experiments was conducted in order to test for the effects of potential moderators of the influence of egoistic versus altruistic appeals on consumers’ willingness to donate. We predicted that consumers would respond more positively to egoistic rather than altruistic appeals under conditions that make egoistic motives salient. In particular, we examined the type of donation (volunteerism versus money), the donation setting (private versus public), and self-construal (independence and/or interdependence) as moderators of the effectiveness of egoistic and altruistic appeals. Across all three experiments, participants were shown an advertisement requesting donation in which the appeals were either egoistic (i.e., promoting donation as a self-serving behavior) or altruistic (i.e., promoting donation as a selfless behavior). One local charity that provides shelter and food to the homeless was chosen because in pretests it was generally well regarded and was equally likely to receive donations of time and money.

First, we hypothesized that people would respond more positively to egoistic appeals when the donation request was for time rather than money because of time mean higher costs which tend to lead to exchange valuations (i.e., more egoistic motives) by potential donors (e.g., Snyder, Omoto, and Crain 1999; Wilson 2000). In study 1, participants responded to either altruistic or egoistic appeals and indicated on a three-item scale how willing they would be to donate time and how willing they would be to donate money. As expected, a 3 (Appeal Type: egoistic vs. altruistic vs. combination) X 2 (Donation Type: volunteer vs. monetary donation) mixed model ANOVA revealed a significant interaction ($F(2,57)=10.39, p.<.001$). Intentions to donate time were significantly higher than when participants viewed the egoistic versus the altruistic appeal ($M=5.2$ and $3.6$ respectively, $t(57)=4.3, p.<.001$). Intentions to donate money revealed the opposite effect, with intentions to donate time significantly higher intentions to donate time in response to altruistic appeals ($M=4.3$ and $3.4$ respectively, $t(57)=2.38, p.<.025$).

Next, we hypothesized that the donation setting would impact the effectiveness of charity appeals on donation intentions since individuals alter consumption patterns in private versus public (Ratner and Kahn 2002). Because society generally expects individuals to donate to charity as a selfless act, we expected egoistic appeals to be more successful than altruistic appeals when donation intentions are private. A 2 (Appeal Type: egoistic vs. altruistic) X 2 (Donation Setting: public versus private) ANOVA revealed a significant interaction ($F(1,140)=14.68, p.<.001$). When donation intentions were private, people who more willing to donate in response to the egoistic than the altruistic appeal ($M=4.45$ and $3.77$ respectively, $t(140)=2.13, p.<.04$). When the donation intentions were public people demonstrated a trend towards being more likely to donate in response to altruistic than egoistic appeals ($M=4.22$ and $3.14$ respectively, $t(140)=3.27, p.<.002$).

The third study expands on the results from study 2 by examining the interactive impact of self construal (Singelis 1994) and donation setting on responses to egoistic and altruistic charity appeals. Previous research has shown that those high in independence are less likely to have negative reactions to the misfortunes of others (White, Lehman, and Cohen, in press). The private donation setting should reveal respondents’ “true” intentions and those who are independent should exhibit the most positive donation intentions in response to egoistic appeals. A 2 (Appeal Type: egoistic vs. altruistic) X 2 (Donation Setting: public vs. private) ANOVA revealed a significant 3-way interaction ($F(1,137)=14.95, p.<.001$). In the private condition, consumers high in independence were reported significantly higher donation intentions in response to the egoistic than the altruistic appeal ($M=5.03$ and $4.05$ respectively, $t(137)=2.23, p.<.03$). In addition, among those low in independence in the private condition, donation intentions were stronger in response to the altruistic appeal ($M=4.81$ than the egoistic appeal ($M=3.73$) ($t(137)=2.08, p.<.04$).

Despite the fact that the execution style of an advertisement has been shown to affect consumer response in a variety of settings (e.g., Shiv, Edell, and Payne 1997), the debate over the efficacy of egoistic and altruistic appeals in motivating charitable giving has, until now, remained relatively unexamined. Although it has been argued that both egoistic and altruistic appeals can be successful, our research provides evidence that the efficacy of each appeal is dependent upon the task, contextual characteristics, and individual differences.

References
Consumer Goal Orientation in Different Service Contexts: The Different Impacts of Affect on Perceived Quality and Satisfaction
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Extended Abstract
The role of affect in consumption experience has attracted substantial research interests in the last two decades (e.g., Erevells 1998; Mano and Oliver 1993). A general finding from the literature is that affective responses are important consumption outcomes that relate to satisfaction/dissatisfaction. However, in addition to being just a consumption outcome, affect can also serve as a primitive motive for consumption as consumers purchase products (e.g., video games) and participate in leisure activities (e.g., theme parks) in order to experience desired affect (e.g., Hirschman and Holbrook 1982; Holbrook and Hirschman 1982). When the consumption is driven by affect, consumers usually anticipate that they will experience higher levels of some specific affect (e.g., pleasure, arousal) during the consumption process. Such goal orientations often play very important roles in consumer behavior. For example, Garbarino and Johnson (2001) have demonstrated that customers’ goal orientation can determine what information is used in satisfaction evaluation of a live theatre company. Yet, little is known about how consumers’ goal orientation and affect derived form the service consumption experience together influence quality and satisfaction evaluations in different service contexts.

Therefore, the objective of this research is to investigate the different impacts of affect (pleasure and arousal) on perceived service quality and satisfaction in different service contexts in which consumers’ major goal orientation is either task-fulfillment, pleasure-seeking, or arousal-seeking.

Hedonic services refer to those services that are consumed primarily for affective and sensory experiences (e.g., Hirschman and Holbrook 1982). Hence, consumers’ major goal orientation in hedonic services is to experience desired affect. Such an affect-seeking goal orientation can be further classified as primarily pleasure-seeking (e.g., fine dining), primarily arousal-seeking (e.g., nightclub), or both (e.g., theme park). On the other hand, utilitarian services are those services that are consumed primarily for instrumental and functional values, e.g., banking. Therefore, consumers’ major goal orientation in utilitarian service contexts is task-fulfillment.

Consumers’ perceived service quality usually results from the comparison of subjective standards with service performance (Parasuraman, Zaiethaml and Berry 1988). However, satisfaction differs from perceived quality in that it is relative to situational expectations and involves affective dimensions. As consumers’ major goal orientation in different service contexts determines their expectation of different levels of affect, affect may have different impacts on perceived quality and satisfaction.

In utilitarian service contexts, quality evaluations are mainly based on the judgment of the functional utilities. Such judgment often results in pleasant or unpleasant feelings. The valence of affect may influence perceived service quality through the usage of “how-do-I-feel-it” heuristic (Pham 1998) and/or mood transfer (Bagozzi, Gopinath and Nyer 1999). Given that consumers do not anticipate pleasure in utilitarian service contexts, pleasure may not impact satisfaction directly. Instead, such unanticipated pleasure is likely to influence satisfaction through the mediation of perceived service quality. Similarly, consumers do not particularly pursue arousal in pleasure-seeking hedonic services or pleasure in arousal-seeking hedonic services, such secondary affect may enhance the primary affect and influence consumers’ service quality perception. Therefore, the effect of such secondary affect on satisfaction is expected to be mediated by perceived service quality.

On the other hand, when consumers specifically anticipate strong feelings of pleasure in pleasure-seeking hedonic services and arousal in arousal-seeking hedonic services, such primary affect will have a strong effect on satisfaction even after the effect of perceived service quality is controlled. In other words, primary affect will have a direct effect on satisfaction.

We have conducted two empirical studies to test our hypotheses. In study 1, we examine the different impacts of affect on service quality and satisfaction in a hedonic service context in which consumers’ major goal orientation is pleasure-seeking, and a utilitarian service context in which the major goal orientation is task-fulfillment. In study 2, we examine such relationships in two different hedonic service contexts in which the goal orientation is primarily arousal-seeking or pleasure-seeking.

In study 1, a pretest was conducted to identify the prototype pleasure-seeking hedonic service and utilitarian service. Participants from a university in Hong Kong rated that karaoke and banking services were such services that they often patronized. Questionnaires with a screening question asking participants whether they had patronized karaoke or banking (excluding online banking and ATM) services in the last one month were given to undergraduate students in Hong Kong. Consistent with our hypotheses, results show that the effect of pleasure on satisfaction was mediated by perceived service quality in the utilitarian service context in which the major goal orientation is not pleasure-seeking. As expected, pleasure had a direct effect on satisfaction in the pleasure-seeking hedonic service context; the effect of arousal on satisfaction was mediated by perceived service quality as arousal-seeking was not the major goal orientation.

Study 2 was designed to test our hypotheses in two different hedonic service contexts in which the major goal orientation is either arousal-seeking or pleasure-seeking. Two pretests were conducted to identify and confirm such service contexts. In the first pretest, participants from a U.S. university agreed that nightclubs and fine restaurants represented such service contexts. In the second pretest,
participants who didn’t participate in the first pretest were asked to rate the extent of different feelings they wanted to experience the last time they went to a nightclub or a fine restaurant. Results show that participants wanted to experience more pleasure than arousal at nightclubs, whereas they wanted to experience more pleasure than arousal at fine restaurants. Questionnaires with a screening question asking whether they had been to a nightclub or a fine restaurant in the last one month were given to undergraduate students in two U.S. universities. Consistent with the findings of Study 1, the results showed that pleasure had a direct effect on satisfaction in the pleasure-seeking hedonic service context. As hypothesized, arousal also had a direct effect on satisfaction in the arousal-seeking hedonic service context.

This research adds to the literature of consumer goal orientation and service consumption experience. It further examines consumers’ pleasure-seeking and arousal-seeking goal orientation in different hedonic service contexts. This research also shows how goal orientation determines the direct and indirect impact of affect (pleasure and arousal) on satisfaction. Based on the results of the two empirical studies, we can conclude that the affect that consumers pursue most will have a strong and direct impact on satisfaction; whereas, the impact of other desirable secondary affect on satisfaction will be mediated by perceived service quality.

References

Multidimensional Price Comparison: The Moderating Role of Across Consumers and Across Firms Price Comparison on Perceived Fairness, Regret, and Satisfaction
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Extended Abstract
This study is part of a research project that examines the interaction of dimensions in a transaction space of reference price. Research on reference price can be aligned into a congruent perspective by using Bolton, Warlop, and Alba’s (2003) four dimensional transaction space, which postulates that consumers may consider the price of any point along the consumers (i.e., comparing between consumers), products (i.e., comparing cost and profit), firms (i.e., comparing between competitors), and/or time (comparing across time) dimensions in a four dimensional transaction space as a reference point. The results of such realignment exercise enlighten an insight, that sparse effort has been expended to investigate, and clearly separate, both independent and joint influence of multidimensional price comparison on consumer behavioral variables.

Of the four dimensions, the consumers and firms dimensions are particularly important because comparison across consumers is related to the concept of fairness and comparison across firms is related to the concept of regret. While both concepts influence consumer satisfaction, no study has investigated the joint influence of reference price across consumers and across firms on fairness and justice. This investigation not only contributes to both research on reference price and satisfaction but also links the two streams of research together. The relative importance of the two concepts on consumer satisfaction in different price comparison situations may be examined. An equally interesting issue is whether the amount of influence on fairness and regret depends on the direction of price discrepancy; that is, whether the impact is symmetry or asymmetric.

The purposes of this study are 1) to investigate the independent and joint effects of across consumers and across firms price comparison on perceived fairness, regret, and consumer satisfaction, and 2) to examine the presence/absence of asymmetric effect of price inequality on perceived fairness and regret in an experimental setting.

When consumers engage in price comparison, discrepancy in prices across consumers may lead to the issue of fairness (Feinberg, Krishna, and Zhang 2002). Larger price discrepancy across consumers decreases perception of fairness, leading to lower satisfaction (Bolton and Lemon 1999). Similarly, when consumers engage in price comparison, discrepancy in prices across firms may lead to the issue of regret (Inman, Dyer, and Jia 1997). Larger price discrepancy across firms increases perception of regret, leading to lower satisfaction (Taylor 1997). However, the joint impact of discrepancy in prices across consumers and across firms may not simply be additive for two reasons.

First, Kahneman, Knetsch, and Thaler’s (1986) principle of dual entitlement suggests that a price increase is perceived to be fair if the firm’s existing level of profit is the same. When discrepancy occurs across consumers, consumers may attribute the extra income the