The Influence of Progress Presentation Format on Repurchase Intention in Loyalty Programs

Jessica Y. Y. Kwong, The Chinese University of Hong Kong, China
Susanna Y. N. Wong, The Chinese University of Hong Kong, China

Perceived progress plays a critical role in motivating enrolled consumers to persist and repurchase in loyalty programs. This research argues that the same progress could result in different progress perceptions and hence repurchase intentions when the progress information is presented using different formats. Using laboratory experiments, we demonstrate that while figure displays are more effective in enhancing customers’ repurchase intention over corresponding numerical displays, the effects of presentation formats depend on the ease in processing the two different modes of information. This paper connects our knowledge about the processing of different formats of information with repurchase intention in loyalty programs.

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Stimuli. Six print versions of direct marketing offers and six radio commercials were prepared, with an addition of an even more complex version (over 15 for both short and long versions).

Dependent Variables. Intention to order was measured on a five-point scale and a thought listing task was included.

Results and Discussion

There was no main effect for complexity but there was one for involvement, such that those who reported high levels of involvement had greater order intentions (2.91 vs. 2.16; F(1, 239)=21.69; p<.000) than those at low levels of involvement. The interaction between length and medium on intentions was also significant (F(1, 182)=4.338; p = .039).

The effect of length on counterarguments, with long versions having more counterarguments than short versions, was significant (F(1, 227)=3.92; p = .049). The effect of medium on support arguments, with print versions having more support arguments than radio versions was marginally significant (p=.091).

Reference


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Studies on loyalty programs have identified important antecedents that facilitate consumers’ decision to join a loyalty program (Kivetz 2003), choice of a particular kind of program (Kivetz and Simonson 2002), and program evaluation (Yi and Jeon 2003). However, getting consumers to join a loyalty program is only half the battle. A loyalty program is effective in building customer loyalty only if the program encourages its members to persist and do repurchases.

Progress, defined as the percentage of goal completion, plays a critical role in people’s motivation to persist toward a goal. As described by goal gradient principles (Hull 1932), people become more motivated as their progress towards a goal increases. Similarly, consumers have higher intention to repurchase as they get nearer to the end of a loyalty program. A few studies have thus far shown that repurchase intention increases when actual progress increases (Garland and Conlon 1998; Kivetz et al. 2006) and when progress is artificially advanced (Nunes and Dreze 2006). The present research adds to this line of works by showing that the same actual progress could result in different repurchase intentions when the progress information is presented using different formats.

Specifically, we argue that progress information presented by figure displays (e.g., a status triangle) can be more effective in enhancing customers’ repurchase intention as compared to the same information expressed in numbers (e.g., 874 points out of 1,900 points). This is because figure displays can induce a greater perceived progress as compared to numerical display when designed appropriately. When expressed in figure displays, progress is indicated by the percentage of shaded area. Because area estimation is often biased by the salient dimension of a figure (Krider, Raghubir, and Krishna 2001), estimation of progress should be biased accordingly.

To illustrate the bias in progress estimation, consider a case where progress is presented using a status triangle. A progress of 46% would be represented by shading 46% of the triangle (shading starts from the top of the triangle). Because people estimate the area of a triangle mainly on the basis of its height, the ratio between the area of the shaded triangle and that of the full triangle (which indicates the progress) will be driven by the ratio of the heights of the two. This will always lead to an overestimation of the percentage of the shaded area and hence the perceived progress. This should in turn enhance program members’ intention to persist and repurchase.

We further argue that the above prediction on the greater influence from figure displays will uphold even when the two display formats are used simultaneously. A simultaneous presentation not only provides a more direct test for the unique influence of one format over the other but it also allows us to explore the underlying mechanism for their relative dominance. We propose that figure displays dominate over numerical displays because estimation of progress via the former path is easier.

It is cognitively less demanding to estimate progress in figure displays because consumers substitute the area calculations with a direction comparison of the relative size of the salient dimension only. This turns a numerical computation process into a relatively simple perceptual task. Thus, we may expect that the relative dominance of figure displays should be particularly pronounced when the numerical computation of progress is non-trivial. In other words, figure dominance should be attenuated when the numerical computation of progress is facilitated.

Two scenario experiments with undergraduates as participants were designed to assess our notions. Experiment 1 assessed how perceived progress and repurchase intentions in a loyalty program differed with the use of figure displays versus numerical displays. Participants reported significantly higher perceived progress and intention to repurchase (p<.05) when the progress information was supplemented by a figure display (i.e., a status triangle in which 46% of the area was shaded) than when the same progress information was presented in numbers alone (i.e., you accumulated 874 points out of 1,900 points). This supports the idea that repurchase intention could be enhanced by presenting the same progress in figure displays as compared to numerical displays.

Experiment 2 further tested if the relative influence of figure versus numerical displays is attenuated when the computation of numerical information is easy. A 2 (presentation format: figure displays vs. no figure displays) x 2 (ease of computation: easy vs. difficult) factorial design was employed. In the easy condition, the participants accumulated 460 loyalty points out of 1,000 points, whereas in the difficult condition, the participants accumulated 874 out of 1,900 points. Thus across all the conditions, the participants had completed 46% of the loyalty program but they differed in the ease in calculating the progress (percentage). The interaction between presentation format and ease of computation was significant on both perceived progress and intention to repurchase (p<.05). The presence of figure displays significantly increased the perceived progress and intention to repurchase only when the numerical computation is difficult (p<.05), but not when the computation is easy (NS). The results were consistent with our notion that the influences of the two display