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Recurring Goals and Learning: the Impact of Successful Reward Attainment on Purchase Behavior

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People often strive for an identical goal (e.g., rewards offered in loyalty programs), what we refer to as recurring goals. Extant research has documented post-reward resetting i.e., a slowdown in the inter-purchase time between earning the first reward and making the first purchase toward the second reward. This research shows how consumers do not reset fully; the inter-purchase time increases after a successful completion, but it does not increase to its previous level. Partial post-reward resetting occurs because people learn about their own ability to reach the reward. Hence, successful completions increase subsequent engagements, purchase rates, and task completion.

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SPECIAL SESSION SUMMARY
The Interplay between Goal Categories and Effort
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SESSION OVERVIEW

“Man is a goal seeking animal. His life only has meaning if he is reaching out and striving for his goals.” (Aristotle)

Dating back to the ancient Greeks, scholars have attempted to elucidate the motivational factors underlying human goals. The importance of understanding goals and their effects on effort has been recognized by consumer researchers as well. For instance, goals increase effort and do so more strongly for difficult and specific goals (Locke and Latham 1990). Further, as people move closer to their goal they are likely to invest more effort toward that goal (Kivetz, Urminsky and Zheng 2006), and goal progress interpretations influence whether people commit to or deviate from the goal (Fishbach and Dhar 2005). The three papers in this session integrate some of these perspectives in presenting a dynamic view of goals and effort.

The broad purpose of this session is to present work that adds to the growing body of research on the interplay of goals and effort. Specifically, this session examines 1) the effect of different goal types on effort and 2) the impact of effort investment on valuation of subsequent consumption items. While the first paper examines the impact of attainment versus maintenance goal on effort, the second paper extends the focus of the first paper by examining the impact of initial success in enhancing effort on a recurring goal. Finally, the third paper complements the first two papers by examining the impact of effort investment in a meaningful goal or task on the WTP for a subsequent consumption item. A twenty minute discussion led by Ayelet Fishbach will follow the three presentations.

Stamatogiannakis, Chattopadhyay and Chakravarti pit maintenance goals against attainment goals. They find that maintenance goals are judged as harder than objectively harder modest attainment goals. For example people think that it is easier to increase one's daily working out time by five minutes than to maintain its current level. This effect is driven by biased cognitive processing of goals. Finally, the authors show circumstances under which maintenance goals can be detrimental to performance, compared to attainment goals.

Nunes and Drèze investigate recurring goals, i.e., goals for which people strive again and again, like getting a reward from a loyalty program. They find that after initial success in such goals, consumers learn about their ability to succeed in the same goal again. This results in increased perceptions of self-efficacy and therefore increased motivation in future pursuits (Bandura 1982). Importantly, as successful completions increase, so does motivation.

Wadhwa and Trudel take a different approach and examine the moderating role of task and goal characteristics on the relationship between effort investment in and willingness to pay for a consumption item. First they demonstrate the “fruit of labor effect”, i.e., that investing effort in a meaningful task enhances the wanting for an associated consumption item. Further, they examine the role of meaningfulness of the task that requires effort, and the reward salience of the consumption item in moderating the proposed fruit of labor effects.

All three papers provide cutting edge counterintuitive insights into the goal processes that drive consumer behavior and decision

making. In addition to attracting researchers interested in the domains of goals and motivation, we expect further interest from those who work within the application areas represented.

EXTENDED ABSTRACT

“Maintenance versus Attainment Goals: Why People Think it Is Harder to Maintain their Weight than to Lose a Couple of Kilos”

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The goal setting literature posits that goal distance has a positive monotonic effect on subjective goal difficulty, after controlling for self-efficacy (Locke and Latham 1990). This literature usually assumes a discrepancy between an actual and a desired state (e.g., Kruglanski 1996), but fails to acknowledge maintenance goals, i.e., goals in which the actual and the desired states coincide, but there is a time difference between the present and the goal time horizon.

The violation of the state discrepancy assumption by maintenance goals, makes doubtful the extension of the relation between goal distance and subjective difficulty to this goal category, especially since several streams of research seem to suggest otherwise. First, based on Heath, Larrick, and Wu (1999), goals are reference points and people think that the same amount of progress gives more utility and leads to greater effort in the losses than in the gains domain. Maintenance goals actors are already on or beyond the goal-reference point-and thus in the gains domain-but attainment goals actors are in the losses domain. People then could infer more effort for attainment than for maintenance goals and thus believe that attainment goals are more likely to be achieved. Second, actions interpreted as progress towards a goal make people deviate from it, but actions interpreted as commitment to a goal make people highlight the achievement of that goal (Fishbach and Dhar 2005). People might feel that they have fully progressed towards a maintenance goal, but feel committed to a modest attainment goal, because with a little more effort they can achieve it. This would make people pursuing an attainment goal try harder than people pursuing a maintenance goal. If people have this lay theory, then subjective judgment of future success will be higher for attainment goals.

Finally, Gilovich, Kerr, and Medvec (1993) find that short temporal distance from goal results in the generation of more reasons for failure, but longer temporal distance results to the generation of more reasons for success. If we extrapolate this result to goal distance, we would predict that people facing maintenance (attainment) goals would generate more reasons for failure (success). Therefore, when making a difficulty judgment, they will view maintenance goals as more difficult.

In a series of five studies, where we manipulate goal type (maintenance vs. attainment) between participants, we document that maintenance goals are judged as more difficult to attain than modest attainment goals, we examine which of the mechanisms above account for this phenomenon, and we extend our results to effects on performance. The first three studies are scenario based. Scenarios about weight, GPA, daily working out time, money, and weekly sales goals are used. The first study documents that main-

tenance goals are judged as more difficult than modest attainment goals, and this effect can not be attributed to differences in expected motivation between the two goal types. This suggests that the differences are likely to be driven by differences in the cognitive processing of the two goal types.

The second study confirms this prediction. It replicates the main effect of study one, and further find that when people consider maintenance goals they tend to generate more reasons for failure but less reasons for success, compared to when they consider attainment goals. Differences in reason generation mediate differences in subjective difficulty, showing that the effect is driven by differences in cognitive processing.

The third study uses a 2 X 2 between participants factorial design. Some participants judged maintenance goals and some attainment goals. Further, some participants were given a cue which aimed to make success and failure equally salient, and therefore should attenuate the effect, while others received no cues. In the no cue condition, we replicate the result that people think maintenance goals are harder than attainment goals. However, in the cued condition, which made success and failure equally salient the effect disappeared, supporting the notion that biased cognitive processing is the source of the bias. Interestingly, the neutralizing cue had an impact only on attainment goals, and not on maintenance goals.

The fourth study replicates the above effect with a self-relevant goal. Specifically, participants had to solve two word-search puzzles. They indicated that it was harder to solve the second puzzle in at most the time they solved the first, compared to improve this time by a second. The results further demonstrate that difficulty judgments of attainment and maintenance goals are impacted differently when a high performance standard is active (Bargh et al. 2001). This is important given that such standards are often active in goal directed consumption cases.

Finally, study five extends the above results to a performance measure in a laboratory word search task. The results suggest that although the two goal types have similar effects on performance, maintenance goals can act as a cue that current state is good enough, and therefore hamper performance when a high performance standard is active (Bargh et al. 2001).

“Recurring Goals and Learning: The Impact of Successful Reward Attainment on Purchase Behavior”

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“If I did it once, I can do it again,” is a common mantra for those who have attained success. However, there is no indication regarding whether they will try as hard or harder the next time around. This research approaches the impact of loyalty programs and their rewards differently than previous research. Rather than model the impact of membership in a firm’s loyalty program or the nature of a program’s rewards on share-of-wallet, we look at the impact of successful reward redemption on future purchase behavior. More specifically, this research examines the long-term relationship between customers and the firm and whether successful reward redemption leads consumers to consolidate and/or accelerate their future purchases. While research has shown that progress toward a reward can lead consumers to accelerate their purchases, much less is known about how earning rewards can impact behavior. This research illustrates how success in a recurring goal framework allows consumers to learn something about themselves and leads them to amplify their effort in successive endeavors toward the same reward.

Kivetz et al. (2006) conducted a field study at a university café where participating customers were required to make 10 coffee

purchases in order to get one free. They found consumers who accelerated their purchases faster toward their first reward exhibited a greater probability of retention and faster reengagement in the program. Reengagement was assessed by comparing the time period between the last purchase toward earning the first reward and the first purchase toward earning the second reward. More relevant for our purposes is what happened with those who reengaged. Kivetz et al. (2006) found that for customers who earned the first reward, purchase rates slowed as they began working toward their second reward. Subsequently, purchase rates accelerated as cardholders neared the second reward, just as they had for the first reward. The authors dubbed this slowdown in the inter-purchase time between the first reward and first purchase toward the second reward as post-reward resetting. They argued resetting ruled out learning as an explanation for the acceleration in purchases observed as consumers approach a reward because this deceleration would imply what was learned had been suddenly forgotten.

We argue that the increase in effort brought on by successfully reaching a goal and earning a reward is due to learning-self-learning. Our interest is in thoroughly investigating consumers’ capacity to learn as a result of successful reward attainment. While post-reward resetting suggests the goal gradient phenomenon is not due to procedural learning, it does not preclude other forms of learning from taking place. We use the term self-learning to describe what Bandura (1982) called predictive learning; the reassessment of one’s self-efficacy. Self-efficacy refers to an individual’s perception of how well he or she can execute courses of actions to deal with prospective situations. Attaining a reward requires consumers to orchestrate their buying behavior in very specific ways. Consumers must schedule and steer purchases in a deliberate manner in order to earn rewards from select firms. Utility-maximizing individuals will modulate these efforts as a function of the perceived likelihood of success, which depends largely on judgments of how well they performed in the past.

In Study 1, we utilize real world frequent flier program data to show how success fosters reengagement; successful fliers begin the new year flying more frequently. In addition, reaching the goal of earning status impacts a flier’s likelihood of success in subsequent attempts of earning status. Study 2 reveals that only in cases where the reward is challenging enough, but not too challenging, does the impact of success affect forecasts of future effort. In Study 2, we use lab data based on scenarios to show that increasing divisibility or how frequently rewards are doled out (from \$1,000 to \$500), reframes a larger task as several smaller tasks and can boost people’s perceptions of self-efficacy. If they succeed once, albeit at reaching an easier goal, this tells them something about themselves. Conversely, too much divisibility or success arrived at too easily (rewards at every \$100) was shown to be de-motivating. Therefore, loyalty programs that offer people multiple redemption opportunities must balance the attractiveness of an award with an appropriate level of difficulty in attaining success. Finally, in Study 3, we explore the underlying process. The study was presented as a game whereby the respondent’s goal was to determine whether the experimenter was lying by judging his or her facial expressions. By partitioning a task differently (3 sets of 10 trials or one of 30 trials) and reframing the task as either complete or incomplete, we show how successfully reaching a pre-ordained goal enhances perceptions of self-efficacy while controlling for overall performance.

In all three studies, achieving more than one success is shown to matter. Hence, not only does goal attainment result in increased effort the second time around, but successive successes further elevate effort. We show how the successful attainment of a goal and the accompanying reward increases consumers’ motivation in

subsequent undertakings and that this increase in motivation can endure after more than one or two successes. From a practical perspective, all possible successes may not be entirely within the control of the firm. For example, frequent flier miles are becoming interchangeable with several other currencies and some can be redeemed at numerous second-party vendors. The result is myriad outside rewards that might qualify as successes. Earning 25,000 miles for a free roundtrip ticket is no longer the quintessential goal.

“The Fruit of Labor Effect”

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Consumers often engage in experiences that require some level of effort from them. For instance, burgeoning hobby stores, such as “paint-your-own-pottery” or “make your own jewelry” stores, demonstrate consumers’ desire to invest effort. The aforementioned examples raise an interesting question—Could varying the effort required in an experience impact consumer’s evaluations for the associated consumption item? A pretest conducted with marketing experts indicates that the product associated with an experience that requires additional effort investment should be evaluated less favorably.

Interestingly, the implications of the findings from our pretest contradict those arising from an emerging body of research on the neurobiology of rewards. Recent research in this domain demonstrates that expending effort to earn a reward leads the ventral striatum (part of brain associated with motivational drive and reward processing) to be more intensely stimulated as compared to when no such effort is expended (Zink et al. 2004). Drawing upon this stream of research, we propose that investing a bit of effort in a task is likely to activate a motivational drive, and thereby enhance the wanting for the associated consumption item, a notion we term as the “fruit of labor” effect. Further, we argue that meaningfulness of the task that requires effort is essential for the fruit of labor effects to emerge. Specifically, when the meaningfulness of the task requiring effort is high (than when the meaningfulness is low), investing a bit of effort should enhance the wanting for the associated consumption item.

In order to examine the aforementioned propositions, in study 1, we employed a sampling task. Specifically, participants sampled a new brand of powdered energy drink purportedly meant to enhance mental acuity and intellectual performance. Effort required was manipulated by giving one group of participants premixed form of the drink (effort -absent). A second group of participants was asked to mix the drink and stir it for thirty seconds (effort -low), and a third group for three minutes (effort-high) so the crystals are properly dissolved. To manipulate the meaningfulness of the task (i.e., stirring the energy drink), prior to the sampling task, participants were either primed with an intellectual goal or were not primed with any goal. In line with the fruit of labor proposition, our results show that those primed with an intellectual goal stated higher WTP for the drink when they had invested a little bit of effort than when they had invested no effort. These participants also stated higher WTP than those not primed with the intellectual goal in the low-effort condition. Moreover, when the effort required was too high the impact of investing effort on WTP for the drink was attenuated. These results rule out alternative accounts related to cognitive dissonance and licensing, which would predict that participants in the high effort condition should have stated higher WTP than those in low effort condition.

Study 2 sought to achieve two main objectives. Besides providing further support for our fruit of labor proposition using a different manipulation for task meaningfulness, it also examines whether investing effort in one task can enhance wanting for a

subsequent reward that is not related to the task. We again employed an orange juice sampling task. Participants were told that as compensation for their participation in the study, \$1 would be donated to a charity. To do so, they would be provided with a coupon, which they would need to hand over to the experimenter at the sampling station. People in the high-effort condition cut out a coupon printed on a thick paper. Those in the low-effort condition were handed the same pre-cut coupon. To manipulate the task meaningfulness, we employed either a charity that participants could highly relate to—Ontario Cancer Foundation-(task-meaningfulness-high) or a charity that participants could not relate to as much—Canadian Landmine Eradication Awareness and Removal Project (CLEAR; task-meaningfulness-low). These charities were chosen based on a pretest. Subsequently, participants engaged in the orange juice sampling task and then indicated their WTP for it. As we predicted, effort investment positively impacted the WTP for the subsequently consumed orange juice, but only when task-meaningfulness was high (i.e., when participants cut the coupon for Cancer charity).

Study 3 examines the moderating role of reward salience of the consumption item. Extant motivation research suggests that when the salience of the reward is heightened prior to exerting effort in a task, the activated motivational drive is strengthened (Higgins 2006; Zink et al. 2004). Based on this logic, we argue when the reward salience of the subsequently sampled orange juice is heightened prior to investing effort in the task, the fruit of labor effect should get more pronounced. The procedure of this study closely paralleled that of study 2 with one major change. To manipulate the reward salience of the orange juice, the participants in incentive salience-high condition saw a color picture of a glass of orange juice along with the instructions for the sampling task, but those in the incentive salience-low condition saw only the instructions. In line with our predictions, we find that the participants in the effort - present condition were willing to pay more for the juice when the reward salience was high as compared to when it was low. However, when the effort investment was absent, there was no such difference in WTP between the reward salience high and the reward salience-low conditions.

In conclusion, while most of extant research on cost-benefit approach in the decision making literature considers effort as a cost (Russo and Doshier 1983), the present research suggests that the act of putting a little bit of effort in some consumption scenarios could in fact add value to the overall consumption experience. Implications for marketers are discussed.

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