Mere Proactivity Effects of Sales-Related Service Offerings: a Field Experiment

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Conventional wisdom suggests that proactively offering pre-sales services such as product trials encourages customers to test new products, thereby stimulating repurchases. We show, however, that the mere act of proactively reaching out to customers is a double-edged sword and provide evidence on positive and negative “mere proactivity effects”.

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EXTENDED ABSTRACT
Excellent post-sales services are considered to be an effective strategy for stimulating customer loyalty. However, as relationships evolve, customers’ repurchase intentions become increasingly salient making so-called pre-sales services for existing customers an important feature of relationship marketing. For example, a car dealer might offer the opportunity to test drive a new car in temporal proximity to a prospective repurchase decision (Bhattacharya and Bolton 2000). To the best of our knowledge, pre-sales services have been the subject of scientific inquiry only in the context of customer acquisition but not in the context of relationship marketing. Pre-sales services like product trials can either be provided reactively, i.e. in response to customer requests, or they can be provided proactively, i.e., the firm takes the initiative to contact customers and offer the product trial (Challagalla, Venkatesh, and Kohli 2009). Despite the enormous relevance of pre-sales services in the repurchase phase of a customer’s buying process, it is not clear if suppliers should really offer these services proactively or remain with their traditional reactive strategy. In the present paper, we answer this question for product trials by existing customers.

At first glance, a positive effect of a proactive strategy could be fully attributed to the fact that some customers (so-called “compliers”) are encouraged to test the product, which in turn enhances their loyalty. This argument implies that the effect of proactively offering a product trial on customer loyalty is completely mediated by the customer’s increased probability to experience the product (Jo 2008). However, we propose that this argument neglects that “the mere act of a supplier proactively reaching out to customers” (Challagalla et al. 2009, 73) produces psychological and behavioral effects above and beyond the effects of using the service (product trial). More specifically, we argue that there are two mere proactivity effects: First, a proactive strategy results in a significant proportion of customers rejecting the offer as they do not have interest in a product trial (so-called “never-takers”). We argue that never-takers, who do not test the product independent of any company activities, are likely to perceive the offer as an intrusive tactic which undermines their loyalty (Deci, Koestner, and Ryan 1999). Second, there are customers trying the product independent of the company’s strategy (“always-takers”). We assume that always-takers, due to their intrinsic interest in the product, are likely to perceive a firm proactively and voluntarily offering product trials as likeable and empathic (Palmatier et al. 2009), which should increase their loyalty.

Our hypotheses are tested by means of a large-scale field experiment with more than 3000 customers of a car manufacturer. The experiment consisted in proactively offering a test drive to a randomized set of customers by means of a personalized invitation by their respective car dealers (proactive condition) and withholding the offer from the remaining customers (reactive condition), i.e. the latter group could conduct a self-initiated test drive under the very same conditions. Our analysis combines experimental, psychometric, and behavioral data. We used the principal stratification approach (based on Rubin’s Causal Model) to estimate the effect of proactive strategy on repurchase behavior via relationship satisfaction with the car dealer and brand loyalty for the three latent customer classes or “principal strata”: compliers, always-takers, and never takers (Jo and Muthén 2001; Frangakis and Rubin 2002). The identification of principal stratification models requires the inclusion of covariates predicting class membership (Mealli and Rubin 2002). In this study, we consider perceived value of test-driving, perceived importance of the brand, age, gender, price of the current car, and number of purchased cars of the brand.

For compliers we find that a proactive product trial strategy initiated by the dealer directly boosts brand loyalty-creating a direct upstream spillover to the aggregated manufacturer level-and indirectly enhances brand loyalty via increasing dealer satisfaction, i.e. creating an indirect upstream spillover. The increased brand loyalty in turn enhances repurchase probability. Therefore, at a first glance, the predominant goal of dealers’ proactive strategies could be to encourage customers to use a service (product trial) that they would otherwise not use. However, this focus neglects the fact that compliers only account for a very small proportion of the customer base and hence exclusively targeting this group hinders the deployment of economies of scale. Moreover, it neglects that–against intuition—significant effects can also occur for customers whose service usage decision is independent from dealers’ actions (always-takers and never takers).

In support of our hypotheses, we not only find significant proactivity effects for compliers but also for always-takers and never-takers, i.e. we find mere proactivity effects. Specifically, we find that for never-takers and always-takers satisfaction with the dealer fully mediates the proactivity-brand loyalty link, i.e. we only observe indirect upstream spillovers. With respect to always-takers, by providing proactive offers the dealer can not only enhance customer evaluations for the own business but indirectly facilitates the generation of favourable manufacturer-related evaluations although the manufacturer does neither provide nor control the proactive offerings. For the never-takers, we find that the frustration following a proactive (i.e. intrusive) action is not only targeted to the dealer but subsequently also to the brand.

It has to be noted that the observed positive dealer- and brand-related effects for the always-takers are exclusively caused by proactively offering a service that is used anyway by the consumer, i.e. it is the incremental effect of mere proactivity beyond and above the effect of using the offered test drive. At the other hand, the negative response of never takers to a proactive strategy (negative mere proactivity effect) is exclusively caused by the unsolicited offer of a service that they would never use.

REFERENCES
