The Price of Faith: Religion’S Role in the Endowment Effect

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We propose a new explanation for the endowment effect, suggesting that sellers’ asking prices will be influenced by their religiosity and the associated religious teachings that remind the individuals to be content with what they have. We test our hypotheses with fourteen experiments and two secondary datasets.

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Religion and Consumption Decisions: Acquisition, Disposition, and Susceptibility to Advertising and Social Influence

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Paper #1: Love It but Leave It: The Divergent Effects of Religiosity on Attitudinal versus Behavioral Brand Loyalty
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Paper #3: In God’s Hands: How Religion Dampens the Effectiveness of Fear Appeals
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Paper #4: Attachment to God Reduces Conformity to the Choices of the Majority
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SESSION OVERVIEW
Religion plays an important role in many people’s daily lives. Worldwide, 80% of people affiliate with a religion (Pew Forum 2012) and over 70% of Americans report that their daily behaviors are influenced by their religious beliefs (Pew Forum 2008, Mathras et al. 2016). Despite the significant impact of religion, few articles published in major marketing journals have systematically investigated its role in consumer behavior, and some articles have treated religion as a demographic control variable or a moderator in studies rather than as a main theoretical construct (Mathras et al. 2016).

The current session brings together four papers answering the call to uncover the psychological mechanisms through which religion may influence consumer behavior. The first two papers explore the role of religiosity in individual decision making, focusing on the acquisition or disposition of products. The next two papers also investigate the role of religiosity in decision-making, but do so by exploring how religiosity influences consumers’ susceptibility to external influence such as advertising and others’ choices.

The first paper by Xu, Olson, and Ahluvalia demonstrates the divergent effects of religiosity on consumers’ attitudinal loyalty and behavioral loyalty. Attitudinal loyalty refers to consumers’ psychological attachment or commitment to a brand, whereas behavioral loyalty focuses on repeat purchase behavior or switching behaviors (Ahluwalia and Kaikati 2010). The results show that religious consumers report stronger psychological attachment to their favorite brands, yet they are more likely to switch to a competing brand offering a switching incentive at the time of acquisition.

The second paper by Qin, Staelin, and Fitzsimons explores the role of religiosity in pricing one’s own possessions at the time of disposal. In particular, because religiosity increases consumers’ contentment with their possessions, religious sellers tend to ask for a significantly higher selling price, resulting in a stronger endowment effect. The hypotheses are supported by results of both experiments and archival data analysis.

The next two papers investigate the effects of religiosity on consumers’ susceptibility to the influence of external information. The third paper by Wu and Cutright suggests and finds that when God is salient, consumers feel that they will be supported during hard times, and this sense of available support makes them less likely to comply with fear appeals.

The fourth paper by Qin and Xu focuses on the differences in felt attachment to God (i.e., close to God vs. distant from God) among consumers who believe in the existence of God. Results show that strong attachment to God reduces consumers’ need for affiliation with other people, who are consequently less likely to conform to the choice of the majority. Moreover, this effect holds for products chosen for private consumption but is attenuated when products are chosen for public consumption.

Given the fundamental role of religion in people’s daily lives and the variety of novel findings uncovered in the four papers above, this session should be of interest to a diverse audience, from academics studying religiosity to those researching brand loyalty, decision making, advertising, and social influence more broadly.

Love It but Leave It: The Divergent Effects of Religiosity on Attitudinal versus Behavioral Brand Loyalty

EXTENDED ABSTRACT
Brand loyalty has recently been termed the “holy grail” of marketing (Shugan 2005), representing not only the ultimate goal but also the most challenging one for marketing practitioners (Ahluwalia and Kaikati 2010). The concept of brand loyalty has two facets – attitudinal loyalty and behavior loyalty. Attitudinal loyalty refers to the psychological attachment or commitment of consumers to a brand. Behavioral loyalty focuses on overt behaviors such as repeat purchase behavior or switching behavior (Ahluwalia and Kaikati 2010). Given loyalty has been increasingly defined as a combination of attitudinal attachment and overt loyalty behaviors (Oliver 1999), little work has explored situations in which attitudinal loyalty and behavioral loyalty may diverge.

Ahluwalia and Kaikati (2010) identified three major factors leading to brand loyalty in the literature: consistent performance, consumer-brand connection, and incentives such as loyalty programs. We assume that affect-laden consumer-brand connection is a more important determinant of attitudinal loyalty; whereas incentives are a more important determinant of behavioral loyalty.

We propose that religiosity enhances consumer-brand connection because religious consumers are more likely to incorporate brands into their self-concept, which thus increases their psychological attachment to their favorite brands. At the same time, religiosity also enhances decision accountability, because religious consumers may constantly perceive that God is watching them and they need to make justifiable decisions. Consequently, when a competing brand offers a switching incentive (e.g., a price promotion), thereby providing an alternative that can be justified by more objective means than one’s subjective psychological attachment (e.g., “The competing brand was cheaper” is more objectively justifiable than “I like my favorite brand”), religious consumers are more likely to switch to the competing brand.
Study 1 considered the impact of religiosity on consumers’ attitudinal brand loyalty. Participants listed their favorite brand from specific product categories (i.e., a hedonic category – chocolate, and a utilitarian category – toothpaste). After listing each brand, they then indicated their attitudinal loyalty to the brand by responding to a 4-item brand attachment scale from Park et al. (2010). Finally, after a filler task, participants completed the Religious Commitment Inventory (Worthington et al. 2003) as a measure of chronic religiosity. A linear regression with brand attachment averaged across product categories revealed that religiosity was positively related to participants’ attachment to their favorite brands.

Study 2 expanded on study 1 by manipulating rather than measuring religiosity, and by exploring the mechanism driving religiosity’s positive association with attitudinal brand loyalty. The study used a procedure similar to that of study 1, but before participants listed a favorite brand, half were randomly assigned to a religiosity condition in which they wrote about what religion means to them and how it impacts their life, and half were assigned to a control condition. Additionally, after participants reported their attachment to the favorite brand, their tendency to incorporate various people and things into their self-concept was measured using items adapted from Aron et al. (1992). Replicating the findings of study 1, an ANOVA showed that participants in the religiosity condition (vs. control) were significantly more attached to their favorite brands. Furthermore, this effect was mediated by their enhanced tendency to incorporate other entities into their self-concept, as the mean indirect effect from a bootstrap analysis was significant.

Study 3 investigated whether religiosity’s positive effect on attitudinal brand loyalty would translate to greater behavioral loyalty as well. Participants were randomly assigned to either the religiosity priming or control conditions from study 2. All participants then completed a set of scenarios in which they listed their favorite brand in a specific product category (i.e., a hedonic category – ice cream, and a utilitarian category – toothpaste), and indicated on 7-pt scales (not at all/very much so) how likely they would be to switch from that brand if a comparable brand entered the market with some type of bonus (e.g., 10% discount). Product category had no effect on participants’ switching intentions, so results were averaged across products to form a single switching intention measure for each participant. We expected religiosity to have a positive effect on switching. Consistent with this prediction, participants in the religiosity condition (vs. control) were significantly more likely to switch from their favorite brands to the brands offering an incentive.

Study 4 built on the previous studies by simultaneously examining religiosity’s effect on both attitudinal and behavioral brand loyalty. For the same product categories used in study 4, participants first listed their favorite brand. They then indicated their attitudinal loyalty to the brand by completing the 4-item brand attachment scale from Park et al. (2010). Finally, they indicated how likely they would be to switch to a comparable brand offering a bonus (as in study 4). After a short filler task, religiosity was measured as a chronic trait using the Religious Commitment Inventory (Worthington et al. 2003). We predicted that religiosity would be associated with both greater attachment to and greater likelihood of switching from favorite brands. Supporting these hypotheses, religiosity was positively related to attachment to favorite brands, but also positively related to switching from favorite brands to other brands offering an incentive. Thus, religiosity was associated with greater attitudinal loyalty but less behavioral loyalty for the same brands.

The Price of Faith:
Religion’s Role in the Endowment Effect

EXTENDED ABSTRACT

We put forth a new explanation for the endowment effect, namely that sellers’ asking prices will be influenced by their religiosity and the associated religious teachings that remind the individuals to be content with what they have, such as the Ten Commandments. Although the Ten Commandments are generally regarded as moral standards in the Judeo-Christian context, other religions (e.g., Samaritan) embrace it as well. Eastern religions teach people to be content as well, including The Ten Disciplines in Hinduism and The Four Nobel Truths in Buddhism. With fourteen experiments that either manipulate or measure participants’ religiosity, we assess the ways that their religiosity is related to the endowment effect. We also analyze two archival datasets on the posted selling prices of used consumer durables and test how they vary with individual religiosity.

First, we manipulated the salience of religion and tested if it strengthens the endowment effect. In Study 1a, we found that although the endowment effects were present in both conditions, it was significantly stronger in the religion condition, compared to the control condition ($p < 0.001, p = 0.05$). Across the two conditions, owners in the religion condition asked for a significantly higher price ($M = 3.94, SD = 1.09; M = 2.23, SD = 1.47; p < 0.001$), but no such differences were found in buyers’ willingness to pay ($M = 1.80, SD = 0.96; M = 1.62, SD = 1.38; ns$). We also ruled out the alternative explanations of intuitive thinking and fairness concerns. We replicated the findings of Study 1a in four other studies (Studies 1b-1e) with different religion primes and items for sale. All these studies consistently show that when religious beliefs are salient, the endowment effect becomes stronger, compared to the control condition. This is because sellers increase their asking prices when they are temporarily exposed to religion.

These findings on the temporary exposure to religion imply that individuals who have stronger religious beliefs will show stronger endowment effects compared to people who have weaker beliefs. In the next group of studies, we measured participants’ religiosity and tested if it was related to asking or buying prices. In study 2a, after the endowment task, the participants indicated their frequency of religious practice by answering “How frequently do you worship or practice religious rituals (e.g., pray, meditate, read scripture)?” on a 6-point scale from “Never” to “Daily” (median, once a week). We found no significant effect of religious practice on buyers’ prices ($β = -0.16, ns$). In contrast, sellers significantly increased their selling price as their religious practice became more frequent at the marginal level ($β = 0.21, p = 0.08$). A Johnson-Neyman analysis (Spiller et al., 2013) shows that only the top 76% of the participants on religious practice frequency (i.e., those that indicate they practice slightly more than rarely) defines the region where selling prices are significantly higher than buying prices. We replicated these results with a different measure for religiosity (Study 2b), real transactions (Study 2c), and broader samples (Studies 2d and 2e).

Next, we examined if these effects were caused by participants’ contentment beliefs. In one study (Study 3a), we activated religion thoughts in two different ways: religion as a source of security or religion as a source of contentment. Any difference in these two conditions would show that not all aspects of religion equally influence the endowment effect. We found that the endowment effect was only present in the “religion as contentment” condition ($β = 0.84, p < 0.001$), but not in the “religion as security” condition ($β = 0.18, p > 0.4$) or the control condition ($β = 0.32, p > 0.11$). In three other studies (Studies 3b-3d), we found that only among participants who
strongly supported the values of the Ten Commandments, when they were primed with religion or characterized by strong religious beliefs, they overvalued what they owned and asked for higher selling prices.

Finally, we used two archival datasets to confirm the external validity of our results (Studies 4a-4b). We collected the religiosity ranking using the county-level number of congregations per 10k people in 2010, and the asking prices for iPhone 5 and for three types of popular cars. In the iPhone 5 dataset, we found that controlling for economic environment, demographics and phone conditions, as our measure of religiosity increased, asking prices increased (β = 1.45, p < 0.01). In the car dataset, we not only collected selling prices by individuals but also dealers’ pricing. We used the latter to control for unobserved spatial factors that were common for both groups. Heightened contentment involving all the cars on their lot should not be a factor in car dealers’ pricing, because their pricing is often determined by financing agreement, refurbishing costs, and the models they are currently promoting. A Johnson-Neyman analysis indicates that dealers’ prices do not significantly change with the number of congregations, whereas individuals’ prices significantly increase as the number of congregations increases (β = 75.21, p < 0.001).

Our findings offer a wide range of implications for both firms and consumers. First, our results complement current marketing strategies that are targeted at increasing people’s purchase likelihood. For example, in highly religious regions, salespeople might want to encourage people to test their products, and thus activate feelings of ownership and increase their likelihood of purchasing. Because consumers with strong religious beliefs may be resistant to trade-in or buy-back programs, managers can frame the message to emphasize how good their used products are and how well they will be taken care of, messages that align with consumers’ contentment with their belongings. Second, our findings provide insights into people’s pricing behaviors. A recent 2015 survey released by the Pew Research Center shows that Americans are becoming more secular and less religious. It would be interesting to see if the endowment effect becomes weaker over these years. If so, people in the secondhand market might change their prices over time.

In God’s Hands: How Religion Dampens the Effectiveness of Fear Appeals

EXTENDED ABSTRACT

For many consumers, the concept of God or another divine being plays a central role in their everyday lives. However, despite the importance of God and religion for many consumers and the extent to which they use such ideology to view the world and make decisions, the implications for marketing are not well-understood. In the current research, we focus on understanding how religion might affect consumer compliance with fear-based advertising.

Fear appeals are persuasive messages that are designed to frighten consumers into compliance with the message’s recommendations and they have been used to promote a broad range of consumer products and services, and to address many important public health and safety issues. Research on fear appeals suggests that many factors, including message features (e.g., Keller 1999) and individual differences (e.g., self-construal, Block 2005; socioeconomic class, Burnett and Oliver, 1979) determine fear appeal effectiveness.

Research on religion suggests that God and religion often serve as resources that aid consumers in coping with threats and negative emotions. For instance, relative to nonreligious individuals, religious individuals report higher overall subjective wellbeing (suggesting that they cope effectively with everyday negativity) (Myers 2000; Ellison 1991) and cope better with chronically negative situations (e.g., Koenig, Larson and Larson, 2001), discrete negative life events (e.g., McIntosh, Silver and Wortman, 1993; Newton and McIntosh, 2010), and states of uncertainty (e.g., Kay et al., 2010).

In the current research, we draw on research on fear appeals, religion and coping to suggest that when God is salient, consumer persuasion and compliance with fear appeals is dampened. Specifically, we suggest that when God is salient, consumers feel that they will be supported during hard times, and that this sense of available support leads them to be less likely to comply with the appeal’s recommendations.

In study 1, we prime individuals with a standard religion prime or with a neutral prime (e.g., Shariff and Norenzayan 2007) before having them evaluate a fear appeal (an ad for an ADT security system). We find that individuals in the religion condition exhibit less persuasion and compliance to the fear appeal relative to individuals in the neutral condition (p = .03).

We replicate this basic finding in study 2. After manipulating the salience of God through an essay writing manipulation, participants evaluated either a high or low fear appeal for flood insurance. Both ads were adapted from a real ad circulated by the National Flood Insurance Program. Consistent with study 1, participants exhibited less compliance in response to a high fear appeal when God was salient than when God was not (p = .0005).

In study 3, we explore whether physical settings might serve as a more naturalistic prime of religion. Participants were randomly assigned to participate in our study in either Sage Chapel (a campus Chapel) or Sage Hall (a campus building). Participants evaluated either a high or low fear appeal about the importance of using BPA-free water bottles. Results show that within the high fear conditions, individuals in the chapel condition exhibited lower compliance and persuasion than those in the neutral building (p = .03). This difference did not exist in the low fear ad conditions.

In study 4, we identify an important boundary condition for when God salience will and will not dampen fear appeal persuasion: different conceptions of God. Prior research suggests that individuals can vary in the extent to which they perceive God as caring and supportive or as vengeful and punishing (e.g., Shariff and Norenzayan 2011; Harrison et al., 2001). In the context of the present research, we expect that God salience will be associated with support only when perceptions of God are positive. Thus, we assigned participants to scrambled sentence conditions that either heightened benevolent, punishing, or no conceptions of God. Participants then saw either a low or high fear ad about the importance of wearing sunscreen. Results show that when God is perceived as benevolent and supportive, individuals exhibit less compliance to a fear appeal than when God is perceived as punishing (p = .05) or when God concepts are not activated (p = .02).

In study 5, we examine whether the dampening effect of God salience on fear appeals might be unique to God, or whether the salience of other supportive entities might lead to the same effect. As pre-testing indicated that family/friends and health care providers can serve as important sources of support in individuals’ lives, we manipulate whether participants are thinking about God, family/friends or health care providers and measure their intentions to comply with a fear appeal. Results reveal that participants reported lower fear appeal compliance intentions when God was salient relative to each of the other conditions where God was not salient (ps < .05). In other words, our effect appears to be unique to the sense of support that is evoked from thinking about God. Together, these studies enhance our understanding of both religion and advertising by revealing how notions of God provide a psychological buffer that
Attachment to God Reduces Conformity to the Choice of the Majority

EXTENDED ABSTRACT

Attachment is a strong disposition for people to seek proximity to and contact with a specific figure (Bowlby 1969). The figures individuals are attached to can be parents, peers, partners, and even pets (Kurdek 2008). In this project, we focus on one particular attachment figure that is understudied in the marketing field: God (e.g., Kirkpatrick 2015).

Previous literature has shown that a close relationship with God has positive effects on individuals’ well-being, self-image, and meaning in life (e.g., Stroope, Draper, and Whitehead 2013), due to enhanced feelings of love, support, and approval. We propose that close attachment to God and the accompanying sense of support may reduce individuals’ need to be affiliated with others (i.e., make them more independent). In marketing contexts, consumers who have acquired an independent self-construal are more likely to make decisions based on their own preferences rather than conforming to the choice of the majority. This effect occurs only when consumption decisions are made for private consumption. When the public consumption context highlights the social pressure to conform, consumers are more susceptible to the choice of the majority.

In all studies, we focused our investigations on consumers who believed in the existence of God. In study 1, participants indicated their chronic attachment to God by rating the extent to which they agreed with three statements (e.g., I know God is there when I need Him/her). They then watched a 30-second commercial on bottled water and rated how much they enjoyed the ad and how interesting the ad was on 11-point scales, and they ranged from 9 to 11 (Janes and Olson 2000). Conformity was measured by assessing a) whether participants’ ratings fell into the range of the bogus ratings, and b) the average ratings of participants. Analyses of both dependent variables indicated that as attachment to God increased, participants’ ratings were less likely to conform to the bogus ratings. This study demonstrates the negative relationship between attachment to God and conformity. In the next step, we manipulated attachment to God to establish causality.

In study 2, we manipulated attachment to God through an essay-writing task. Participants were asked to think and write about a moment when they felt close to God (high-attachment condition) or a moment when they felt distant from God (low-attachment condition). They then indicated how they conducted themselves regarding conformity (e.g., non-conforming, obedient; Duckitt et al. 2002) on 5-point scales. Conformity was measured by averaging the four ratings. Results showed that priming attachment to God reduced participants’ tendency to conform to others. Study 3 replicated the results of study 2 by using a different prime and a different measure of conformity. Specifically, attachment was manipulated through scramble sentence tasks and conformity was measured by the choice between two equally priced artworks – one was endorsed by 80% of previous customers, whereas the other was endorsed by 20%. We found that participants primed with attachment to God were significantly less likely to choose the more popular artwork.

Study 4 further demonstrated the negative influence of attachment to God on choice conformity with behavioral measures. Participants first completed the essay-writing prime, and then were told that they could choose a notecard as a gift. Two different types of notecards, which were pretested to be equally attractive, were presented on a table together with a bogus sign-up sheet. The relative popularity of each type was manipulated by varying the number of cards taken (as indicated on the number of sign-ups on the bogus sheet) and the number of cards still available. Specifically, there were 21 sign-ups for the more popular card and only 5 were still available; whereas there were 6 sign-ups for the less popular card and 15 were still available. The popularity of both cards was counterbalanced. The results show priming attachment to God reduced participants’ likelihood of choosing the more popular card.

Our conjecture of the above effect was that attachment to God could be a substitute for attachment to other people. If so, priming attachment to God should make individuals feel more independent and subsequently less likely to follow the crowd. Study 5 tested this underlying mechanism. Participants first completed the essay-writing task that manipulated attachment to God. They then made choices between two artworks and between two coffee tables. One option in each pair was endorsed by 80% of previous customers, whereas the other was endorsed by only 20%. The likelihood of choosing the more popular options across both product categories served as the main dependent variable. In addition, participants rated four statements (e.g., When I think of myself, I often think of my close friends or family also) assessing their relational interdependence self-construal on 5-point scales. Again, priming attachment to God reduced choice of majority endorsed products, which was mediated by reduced relational interdependence self-construal.

Study 6 tested a boundary condition of the proposed effect. We hypothesized that attachment to God should only reduce conformity when products are consumed privately. The proposed effect should be attenuated when products are consumed in public. We used the same essay-writing priming task and then asked participants to choose between two decoration options either for their bedroom (private context) or for their living room (public context). The results revealed a significant two-way interaction of attachment to God prime and consumption context. Simple effect analyses showed that priming attachment to God reduced conformity only when participants chose a decoration for the bedroom, but had no effect when they chose a decoration for the living room.

In sum, this research demonstrates the negative influence of attachment to God on conforming to the majority choice. It also enhances our knowledge of the role of religion in consumer decision-making and contributes to the social influence literature by uncovering a new antecedent of choice conformity.

REFERENCES


