

# MARKETING MANAGEMENT JOURNAL

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**Market Orientation in Small Businesses: Creative or Lacking?**  
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## FROM THE EDITORS

*Marketing Management Journal*, first published in Fall 1991, is dedicated as a forum for the exchange of ideas and insights into the marketing management discipline. Its purpose was and continues to be the establishment of a platform through which academicians and practitioners in marketing management can reach those publics that exhibit interests in theoretical growth and innovative thinking concerning issues relevant to marketing management.

Submissions to *Marketing Management Journal* are encouraged from those authors who possess interests in the many categories that are included in marketing management. Articles dealing with issues including, but not limited to marketing strategy, ethics, product management, communications, pricing, distribution, sales management, buyer behavior, marketing information, and international marketing will be considered for review and possible inclusion in the journal. In addition, MMJ features a special section in the fall issue each year that focuses on specific topics of interest within the marketing discipline. Empirical and theoretical submissions of high quality are encouraged. The general approach of MMJ will continue to be the publication of articles appealing to a broad range of readership interests.

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# THE USE OF DOMINANCE ANALYSIS TO IDENTIFY KEY FACTORS IN SALESPEOPLE'S AFFECTIVE COMMITMENT TOWARD THE SALES MANAGER AND ORGANIZATIONAL COMMITMENT

STACEY SCHETZSLE, *Ball State University*  
TANYA DROLLINGER, *University of Lethbridge*

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*Selling in the current business environment requires dedication from various members of the organization. It is important for managers and researchers to identify key factors contributing to salesperson commitment within the organization and to the organization in order to achieve sales objectives. The purpose of this study is to identify the relative importance of variables influencing salesperson affective commitment to their sales manager and the commitment to the organization. Using social exchange theory and resource exchange theory, salesperson interaction with their manager is expected to be exchanged for commitment to that manager. On an organizational level, salesperson satisfaction with the organization is expected to be exchanged for commitment to the organization. Dominance is calculated for each of the independent variables examining affective commitment to the manager (trust, integrity, consideration) and organizational commitment (job satisfaction, promotion opportunity, needs fulfillment). Dominance analysis results show relative importance for perceived trustworthiness of the manager on salesperson commitment to the manager and promotion opportunity on salesperson commitment to the organization.*

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## INTRODUCTION

A salesperson's commitment to the relationships in their professional lives are often determined by their attitudes and beliefs regarding management and their company. Because sales managers act as a link between the salesperson and the organization (Brashear, Boles, Bellenger & Brooks, 2003; Hulten, 2007; Lams & Pucetait, 2006; Perry & Mankin, 2004), the quality of the interactions between them influence the development of attitudes and behaviors demonstrated by the salesperson (Ingram & Bellenger, 1983; Kohli, 1985). These evaluations are formed based on the perceived characteristics and behaviors of the manager. Managerial behavior and leadership play critical roles in inspiring perceptions of quality in relationships (Mackenzie, Podsakoff & Rich, 2001), as well as being positively associated with employee attitudes and behaviors at both an individual and organizational level (Bakker, Albrecht & Leiter, 2011).

Salesperson perceptions of the interactions shared with the manager influence their acceptance of organizational strategy, as well as their commitment and willingness to cooperate with the manager to achieve sales objectives (Jones & George, 1998; Lams & Pucetait, 2006). It is important for academics and practitioners to identify key factors within those interactions that influence commitment to the manager and factors impacting a salesperson's commitment to the organization. The likelihood of a successful relationship is related to the relationship quality created through social interactions (Crosby, Evans & Cowles, 1990). Social interactions create value in relationships with coworkers and the development of mutually beneficial orientations in working relationships (Yilmaz & Hunt, 2001).

Commitment is considered a key identifier in the social exchange process, suggesting that commitment leads to perceived future transactions (Morgan & Hunt, 1994). The quality of social interactions and the relationships the salesperson has with their manager leads to commitment within the organization and commitment to the organization. High levels of commitment and

cooperation between an employee and their manager results in efficient operations in which work is conducted smoothly and the vision of the company can be realized (Smith, Carroll & Ashford, 1995; Wong & Tjosvold, 1995). In most organizations, and in research, the sales force has been considered as a key agent in organizational success for two primary reasons. First, the salesperson is the face of the organization, acting as a link between the customer and the firm. As spokespersons, the sales force is expected to convey a message that both the organization and manager have carefully crafted (Ferrin, Bligh & Kohles, 2007). Secondly, the salesperson is the primary source of revenue generation and growth. To meet the company goals of successful salesperson/customer interaction and reaching financial targets, the sales force needs to work in a cooperative manner with the organization and more particularly with their manager.

Social exchange theory (Blau, 1964) maintains that the level of cooperation between the sales manager and salesperson is a result of the relational exchange between both partners. Social exchange theory supports the notion that when the manager acts in ways that are helpful and supportive, the salesperson will reciprocate with higher levels of commitment to the manager and a willingness to implement the selling strategy. Similar to social exchange theory, resource exchange theory (Foa & Foa, 1974) maintains that the nature of the exchange between a manager and employee is more likely to be similar in nature. In this sense it is important to note that trust extended by a sales manager is likely to be reciprocated with positive feelings on the salespersons part, whereas a pay raise by a manager is more likely to result in working longer hours.

The unique focus of the present paper is to examine a salesperson's commitment as an affective component with regards to the feelings that a salesperson has toward their manager. It is proposed that the salesperson will be more likely to exchange higher levels of personal commitment when he/she perceives that the manager is deemed trustworthy, has high levels of integrity and is considerate of them. Commitment to the organization is also explored. Although the relationship is not interpersonal, employees have been found to

express feelings of commitment to an organization. In the present study, organizational commitment is proposed to increase when the salesperson believes there are opportunities for promotion, the job can fulfill personal needs and the overall job is satisfying.

Previous studies on commitment have provided conflicting reports on significant predictors. This paper explores the relative importance of the independent variables in both models when examining the salespersons commitment to their manager and organization. Dominance analysis determines significant predictors in a regression, identifying factors with the most relative importance (Johnson & LeBreton, 2004). This is used as an alternative way to indicate the amount of contribution and relative importance of the independent variables in each model.

## LITERATURE REVIEW

Social exchange theory (Blau, 1964) has been widely used to explain the motivation behind employee cooperative behaviors in the workplace (Bottom, Holloway, Miller, Mislin & Whitford, 2006; Eisenberger, Rhoades & Cameron, 2001; Korsgaard, Brodt & Whitener, 2002; Morgan & Hunt, 1994; Smith & Barclay, 1997). Social exchange theory maintains that exchanges are based on a belief that supportive actions and helpfulness will be reciprocated at some point in the future. The underlying idea is that people will often feel indebted to a source from which they have received positive actions and will be motivated to reciprocate in order to relieve the feeling of indebtedness. The essence of social exchange is that of mutual support from both parties involved in the exchange (Blau, 1964). In a sales context, social exchange theory explores the relationship between the salesperson and their manager, which influence organizational outcomes (e.g., Deconick & Johnson, 2009; Horn, Tsui, Wu, Lee, Yuan Zhang, Fu & Li, 2009; Menguc, 2000; Ramaswami, Srinivasan & Gorton, 1997; Tanner & Castleberry, 1990).

Social exchange has been conceptualized on an interpersonal level between the employee and manager as well as on an employee to organization level (Eisenberger et al., 2001; Setton, Bennett & Linden, 1996). With regards

to the employee and management level, empirical research has shown that when employees are confident in their manager's abilities they are more likely to perform better in their jobs (Deconick et al., 2009; Eisenberger, 1986; Jaramillo, Grisaffe, Chonko & Roberts, 2009; Ingram, LaForge, Locander, MacKenzie & Podsakoff, 2005; MacKenzie, Podsakoff & Rich, 2001). When examining the exchange relationship between the manager and employee, there is also empirical support for the notion that when an employee perceives that the relationship with their manager is high in respect and competence they are more likely to be committed to their manager (Boezeman & Ellemers, 2007; Korsgaard et al., 2002; Morgan & Hunt, 1994; Neves, 2011; Smith & Barclay, 1997). Lastly, research has also established a positive linkage between employee commitment and perceived organizational support (Eisenberger, Fasolo & Davis-LaMastro, 1990; Grant, Dutton & Rosso, 2008; Rhoades & Eisenberger, 2002; Setton, Bennett, Linden, 1996; Shore & Wayne, 1993).

Resource exchange theory (Foa & Foa, 1974, 1980) is similar to social exchange theory in that exchanges are believed to be motivated by feelings of reciprocity and can happen on a personal or professional level. For example, job resources involving support for colleague functions in achieving work goals and facilitate engagement (Bakker, Albrecht & Leiter, 2011; Bakker & Demerouti, 2008; Bakker & Leiter, 2010; Bakker & Demerouti, 2007). Other job resources, such as skill variety and the organizational environment, have been found to increase intrinsic motivation by fulfilling basic human needs (Bakker, Albrecht & Leiter, 2011; Van den Broeck, Vansteenkiste, de Witte & Lens, 2008). Resource exchange theory goes on to postulate that exchanges between persons or even organizations are most rewarding when the exchange categories are similar. Empirical research has supported the notion that people prefer to have similar resources exchanged rather than dissimilar resources (Brinberg & Wood, 1983; Das & Teng, 2000; Parks, Conlon, Ang & Bontempo, 1999).

Foa and Foa (1974, 1980) define a resource as anything transacted in an exchange in their explanation of resource exchange theory. Resource categories included in their original

taxonomy are love, status, information, money, goods and services. The dimensions of concreteness and particularism were formulated in order to demonstrate the differences in the before mentioned types of exchange. Concreteness refers to whether or not the form of exchange is a tangible resource (high in concreteness) or a resource that is less tangible and more symbolic (low in concreteness). Particularism refers to the uniqueness and personal involvement of the giver to the receiver (high in particularism) or the universal and low level of personal involvement in the exchange (low in particularism). The structure of resources is such that various levels of particularism and concreteness exist so resources are not considered to be only particularistic or non particularistic but can be low, moderate or high in particularism as well as concreteness. Work behaviors (cooperation in job duties) are conceived to be high in concreteness due to their very tangible nature and are believed to be more likely exchanged when a manager's work behaviors of competence, ability to communicate and dependability are perceived to be high.

Affective commitment to a sales manager is much higher in particularism and is proposed to be more likely to be exchanged when the salesperson perceives their manager to be trustworthy, considerate and with high levels of integrity. Lastly, affective commitment to an organization is proposed to be high in particularism and is proposed to be more likely exchanged when the salesperson feels high levels of job satisfaction, their professional needs are fulfilled and he/she believe there are opportunities to advance within the organization.

In the present study the theoretical concepts of social exchange (Blau, 1964) and resource exchange theories (Foa & Foa, 1974, 1980) are used as a framework to describe the nature of the exchange between the salesperson, their organization and their manager. Two exchange models are tested. In the first model, salesperson perceptions of the manager's personal traits (trustworthiness, consideration for employees and integrity) are regressed on salesperson affective commitment to the manager. In the second model, salesperson perceptions of organizational support (job

satisfaction, personal need fulfillment and promotion opportunity) are regressed on commitment to the organization. Because the independent variables in both models tend to be moderately correlated, further analysis on the predictor variables will be conducted in order to establish which of the variables is most important when determining the relative importance of commitment to the manager as well as to the organization.

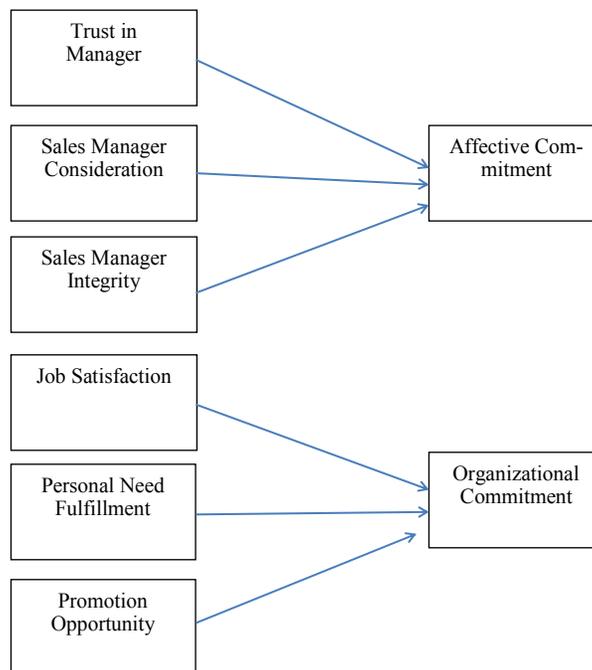
**Commitment Between Salespeople and Sales Managers**

Commitment refers to the desire to continue a relationship and cooperate to ensure the relationship continues. It has been defined as the desire to maintain a valued relationship (Moorman et al., 1992) with an implicit and explicit agreement between exchange partners to bring value and benefit to each partner (Lages et al., 2008). Employees and managers who feel committed to each other enjoy interacting and cooperating with one another to achieve work goals (e.g., Herold, Fedor, Caldwell & Liu, 2008; Neves, 2011; Paglis & Green, 2002).

In the current study, commitment to the manager is defined as an affective form of dedication. Affective commitment is the desire to continue the relationship because of positive affect toward the partner (e.g., Meyer & Allen, 1984). More specifically it is the belief in and acceptance of the manager which evokes a willingness to exert effort on behalf of the manager (e.g., Bakker et al., 2011; Porter, Steers, Mowday & Boulian, 1974). Managers that are considered to be more trustworthy, considerate of the employee and possess higher levels of integrity will be more likely to receive commitment from the salesperson (e.g., Bakker et al., 2011; Herold et al., 2008; Neves, 2011; Stinglhamber & Vandenberght, 2003).

Trust is an important factor for developing working relationships (Korsgaard et al., 2002). Trust is defined as the salesperson’s willingness to rely on the words and actions of the manager. Social exchange theory suggests trust exists when sales manager characteristics are positively perceived by the salesperson, which is developed based upon the interactions between them. Trust in the sales manager reflects the security the salesperson feels in the

**FIGURE 1:**  
**Model: Exchange Relationships between Salespeople and Sales Managers**



relationship. In exchange for this trust, the salesperson will be more committed to the manager.

Sales managers are better able to demonstrate behaviors that generate trust and commitment to obtain desired behavior outcomes from the salesperson when they understand the psychological factors influencing the development of relationship (e.g., Lams & Pucetait, 2006). For example, developing salesperson potential and giving praise to the salesperson displays considerate behaviors of a sales manager. The salesperson is more likely to put forth extra effort when their manager is perceived to be considerate and supportive, and therefore have a stronger desire to continue the relationship with the manager.

Integrity is defined as the degree to which a manager is open and honest in dealing with the salesperson (Brashear et al., 2003). Sales managers are perceived as having integrity when they fulfill their obligations and keep their word (Brashear et al., 2003; Kumar et al., 1995). For example, managers with integrity are straightforward in their communications when confronting important issues and providing positive resolutions (LaFasto & Larson, 2001). The salesperson will exchange the honesty given by their manager with commitment to the manager.

Based on resource exchange theory, highly particularistic resources would be good feelings and trust. When managers show consideration for their employees, resource exchange theory postulates that employees would be more likely to reciprocate with a highly particular resource such as being more affectively committed to their boss (Neves, 2011; Rhoades et al., 2001; Stinglhamber & Vandenberghe, 2003). It is very possible that a salesperson may not believe their manager to be capable in their job so he/she is less responsive in performing job duties but may have more affect toward them because their manager has always been considerate and trustworthy.

**H<sub>1</sub>:** To the extent salespeople perceive their managers to be trustworthy, considerate and possessing integrity they will be more likely to be committed to their sales manager.

## Commitment Between Salespeople and Selling Organizations

Commitment can occur on two different levels within a selling organization. It can happen on an organization level or on a personal level with the sales manager. However, the type of resources that are exchanged are different in both cases as organizations represent a larger whole in which more general attitudes are formed whereas the managers represent a distinct set of personal traits in which the salesperson evaluates the exchange (Setton, Bennett & Lindon, 1996). Empirical evidence supports the notion that employees who perceive organizations to be supportive of their well-being are more likely to be committed to the organization (Babakus, Cravens, Johnston & Moncrief, 1996; Horn et al., 2009; Setton et al., 1996).

Organizational commitment refers to the identification of the salesperson with the organization and the willingness of the salesperson to exert additional effort to meet organizational goals and values (e.g., Perryer & Jordan, 2005). Organizations can show support for their employees by offering them a satisfying work environment that challenges them professionally, is sensitive to their personal needs and provides opportunity to advance within the organization. The salesperson perceives organizational support based on resources available to complete the job effectively and career opportunities within the organization (e.g., Rhoades & Eisenberger, 2002).

Researchers have long examined job satisfaction to understand salesperson work related attitudes and behaviors (Brown & Peterson, 1993, 1994; Behrman & Perreault, 1984; Churchill et al., 1976; Johnston, Parasuraman, Futrell & Black, 1990). Job satisfaction is an individual attribute (Locke, 1976) and reflects upon past and present experiences. Churchill, Ford, and Walker (1974) conceptualize the construct of job satisfaction as a global measure of the salesperson's positive and negative sentiments toward their workplace. Job satisfaction has been related to cooperation within the organization and is positively linked to helpful behaviors (Yilmaz & Hunt, 2001). When the

salesperson is more satisfied with the job, it is believed that he/she will be more committed to the organization.

Job attitudes are positively influenced when an individual's satisfaction of personal needs in their work are fulfilled (Gagne & Deci, 2005). Personal needs fulfillment in the workplace refers to the salesperson's individual need to experience competence-based activities, as well as be provided the opportunity to grow professionally and develop relationships with others (Baard, Deci & Ryan, 2004; Deci, Ryan, Gagne, Leone, Usunov & Kornazheva, 2001; Deci & Ryan, 2000; Gagne & Deci, 2005; Ryan & Deci, 2000). Competence-based needs are the drive to succeed at challenging tasks and applying personal competence to attain a desired outcome (Deci et al., 2001). When sales activities challenge the salesperson to apply skills and develop relationships he/she should be more committed to the organization.

Reward structure is used to influence and motivate the salesperson to achieve organizational objectives. Few studies have addressed the relative importance that the salesperson attaches to various types of reward motivators influencing cooperative behaviors. Chonko et al's (1992) research on sales reward structures found promotion opportunity the preferred reward choice over fringe benefits, incentive awards and recognition. Opportunity for promotion within the organization establishes salesperson perceptions of fairness of the reward (Ganesan, 1993). Promotion opportunity and equity, including the fairness of the rules for making the promotion decisions, must meet the salesperson's expectations to increase the likelihood that effort will induce outcome behaviors (Livingstone, Roberts & Chonko, 1995). When internal promotion opportunities are perceived to be favorable the salesperson should be more likely to be committed to their organization.

In the case of motivation and compensation, it has been found that when the salesperson performs extra role behaviors he/she is more desirous to receive recognition, as well as other intrinsic rewards, rather than a pay raise (Dubinsky, Anderson & Mehta, 2000; Galea, 2005; Lopez, Hopkins & Raymond, 2006). There is evidence to suggest that pay or a bonus

is a disincentive to the commitment to a manager and a motivation to influence behavior. According to Foa and Foa's (1974, 1980) taxonomy resources, bonuses or pay are very high in concreteness, as well as behaviors such as working a 60 hour week or traveling for work purposes. Dissatisfaction of the exchange can put at risk the relationships between the salesperson and sales manager. Major conflict within the exchange has resulted in a lack of trust and commitment (e.g., Beer & Cannon, 2004). For example, a one-time bonus may be considered as a bribe in low commitment relationships (Beer & Cannon, 2004). Research finds that employees are likely to overestimate the importance of pay and in many cases pay is not ranked as a top factor for motivating employee behavior (Morrell, 2011; Towers, 2003). The perceived importance of the reward being exchanged might therefore impact the relationship the salesperson has with their manager and hinder the influence of desired outcome behaviors.

**H<sub>2</sub>:** Salespeople's job satisfaction, professional need fulfillment and opportunity for advancement is positively related to their commitment to their organization.

## METHODOLOGY

The sample frame consists of industrial salespeople conducting business-to-business sales activities working for a global equipment manufacturer. We administered data collection electronically using online questionnaires distributed through the company's intranet, 262 salespeople were invited to participate. The participants were given a hyper-link to the survey, this process allowed them to access and complete the questionnaire anonymously. A total of 126 questionnaires were usable, providing a response rate of 48%. The respondents were 90% male, which is consistent with industry statistics, and had an average of 8.42 years of sales experience with the company. To assess potential influence due to geographical or cultural factors, the means from these groups were compared. No significant mean differences were found. Table 1 provides a summary of sample demographics.

**TABLE 1:**  
**Respondent Demographics**

Demographic	Descriptive Statistics
Age (Years)	
Median	44 years
Range	23-68 years
Gender (Percent)	
Male	90%
Female	10%
Race (Percent)	
White/Non-Hispanic	90%
Other	10%
Education (Percent)	
Some College	31%
Technical/Bachelor's Degree	57%
Master's/MBS	4%
Geographic Location (Percent)	
North America	84%
Europe	7%
Asia/Middle East/Africa	7%
Employment (Number of Years)	
Mean	8.42 years
Range	1-40 years
Number of Years in Current Position	
Mean	5.03 years
Income	
Median Range	\$40,000-60,000
Straight Salary (Percent)	57%
Salary/Commission Mix (Percent)	43%
Sample size n=126	Sample size n=126

### Measurement

The measurement items were adapted from existing scales to examine the relationship and interactions between the salesperson and sales managers. Items were pretested by four business-to-business salespeople to evaluate length, clarity and relevance.

A correlation matrix was reviewed to reduce multi-collinearity in the overall model. Three items were deleted based upon high correlations. Confirmatory factor analyses were conducted to assess the number of factors and strength of item loading with the measure.

Trust in the manager was measured using a ten item scale from Kumar et al (1995). The Likert-type items, ranging from 1 (strongly disagree) to 7 (strongly agree), had an internal consistency of Cronbach's  $\alpha=.91$ . A sample

item from this scale is "Even when my manager gives me a rather unlikely explanation, I am confident that he/she is telling the truth".

Sales manager's consideration was measured by the salesperson's perceptions on a scale used by Johnston et al. (1990). The scale consists of eleven Likert-type items ranging from 1 (strongly disagree) to 7 (strongly agree), developed by Churchill et al. (1976) and subsequently used by Johnston et al. (1990). One example of a sample item is "My sales manager gives us credit and praise for work well done." The internal consistency was Cronbach's  $\alpha=.91$ .

Sales manager's integrity was measured using a scale by Brashear et al. (2003). The scale consists of four Likert-type items ranging from 1 (strongly disagree) to 7 (strongly agree). An example of a sample item would be "My manager is honest". The internal consistency was  $\alpha=.90$ .

Job satisfaction of the salesperson and satisfaction with promotion was measured using a reduced version of INDSALES, as seen in Comer et al (1989). The job satisfaction scale consists of nine Likert-type items and the promotion satisfaction scale consists of 7 Likert-type items, both ranging from 1 (strongly disagree) to 5 (strongly agree). An example of a sample item for job satisfaction would be "My work gives me a sense of accomplishment" and a sample item for promotion satisfaction is "Promotion is based on ability". The internal consistency was  $\alpha=.913$ .

Personal need fulfillment of the salesperson was measured by a scale used in Cook and Wall (1980). The scale consists of 16 Likert-type items ranging from 1 (I have more now than what I really want) to 5 (I would like very much more). A sample item is "the opportunity to meet challenge in the work". The internal consistency was Cronbach's  $\alpha=.90$ .

Sales person commitment to the manager was measured using a three Likert-type items used in Morgan and Hunt (1994). A sample item is "The relationship with my manager is something I am very committed to". The internal consistency was  $\alpha=.895$ .

Organizational commitment was measured 15 item scale with Likert-type items ranging from 1 (strongly disagree) to 7 (strongly agree). A sample item from the Mowday, Steers, Porter (1979) organizational commitment questionnaire is “I am willing to put in a great deal of effort beyond that normally expected to help this organization be successful”. The internal consistency was  $\alpha = .90$ .

Affective commitment was measured scale developed by Kumar et al. (1995). The affective commitment scale consists of five Likert-type items ranging from 1 (strongly disagree) to 7 (strongly agree). An example of a sample item for job satisfaction would be “My work gives me a sense of accomplishment” ( $\alpha=.913$ ).

**RESULTS**

Multivariate regression analyses were used to test the hypotheses. The first hypothesis predicts that salesperson trust in the manager, and the perceived consideration and integrity shown by the manager, will be positively related to affective commitment. All three factors were significant and positively related to commitment ( $R^2 = .713$ ); trust in manager ( $\beta=0.914$ ,  $p<.001$ ), consideration ( $\beta=0.312$ ,  $p<.01$ ), and integrity ( $\beta=.228$ ,  $p<.05$ ).

The second hypothesis suggests that salesperson job satisfaction, personal need

fulfillment and opportunity for advancement will positively impact commitment to the organization ( $R^2 = .340$ ). Job satisfaction ( $\beta=0.242$ ,  $p<.001$ ) and opportunity for advancement ( $\beta=0.412$ ,  $p<.000$ ) were significant. However, personal need fulfillment was not significant ( $\beta=0.000$ ,  $p>.05$ ). A summary of hypotheses results is presented in Table 2.

The independent variables were individually summated and correlated with each other. Consideration was highly correlated with integrity ( $r=.854$ ,  $p<.01$ ) and trust in manager ( $r=.893$ ,  $p<.01$ ). There is also a high correlation between integrity and trust in manager ( $r=.870$ ,  $p<.01$ ). All other variables had a low correlation between corresponding variables. The correlation matrix is presented in Table 3.

**Dominance Analysis**

In order to better determine which of the significant predictors in each of the regression analyses had the most relative importance with regards to salesperson affective commitment to the manager and organization, dominance analyses was performed. Because all of the independent variables were at least moderately correlated in the regression analyses, a clear understanding of the results may be obscured. Relative importance refers to the “proportionate contribution each predictor makes to  $R^2$  considering both its individual effect and its

**TABLE 2:  
Hypotheses Results**

Hypotheses	Regression Results	Dominance Analysis (key predictor)
H <sub>1</sub> : Trust in Manager, Consideration, Integrity → Affective Commitment	Supported	Trust in Manager
H <sub>2</sub> : Job Satisfaction, Personal Need Fulfillment → Promotion Organizational Commitment	Supported	Promotion

**TABLE 3:  
Correlations Between All Independent Variables in the Model**

	1	2	3	4	5	6
Consideration	1					
Integrity	.854**	1				
Trust in Manager	.893**	.870**	1			
Promotion Opportunity	.464**	.395**	.526**	1		
Personal Needs Fulfillment	-.264**	-.175*	-.183*	-.268**	1	
Job Satisfaction	.300**	.162	.257**	.530**	-.321**	1

effect when combined with the other variables in a regression equation” (Budescu, 1993, p.544). Conducting a relative importance analysis supplies the researcher with information about the amount of contribution each independent variable makes to the overall explanatory power of the model.

Several methods for assessing relative importance have been utilized in previous research such as: squared zero order correlations, squared beta weights and standardized regression coefficients. However, these methods are generally deficient either because (1) they are unable to provide estimates when independent variables are moderately correlated or (2) because they rely on inferred measures and not all of the variables effects are taken into consideration (direct, partial and total) (Azjen & Budescu, 2003). According to Johnson and LeBreton (2004), dominance analysis was specifically developed for use when examining relative importance of correlated predictors in a multivariate regression. In sales and marketing, many times independent variables tend to be moderately to highly correlated. Another advantage of dominance analysis is that the estimates are intuitively meaningful and patterns of dominance can be explored.

When employing dominance analysis three steps are followed. The first step in conducting a dominance analysis is to record the amount of variance explained ( $R^2$ ) of simple bivariate regressions for each of the variables of interest (Budescu, 1993). In the present case, salespersons commitment to their manager was regressed singly on their perceptions of the manager’s trustworthiness, consideration and integrity. Lastly, the salespersons commitment to the organization was regressed on job satisfaction, and promotion opportunity.

In the second step independent variables form various combinations of multivariate regressions. The R-square value of each regression model was recorded. Using the previously calculated  $R^2$  values from univariate and multiple regression tests on the dependent measures general dominance was computed using LeBreton’s (2008) calculator. In order to calculate dominance where commitment to the

organization is the dependent variable of interest the univariate  $R^2$  of trust, consideration and integrity (.692, .496, .569) were entered into the calculator. Then the  $R^2$  from the multiple regressions were entered into the model.

Dominance was calculated for each of the significant independent variables of interest when examining affective commitment to the manager (trustworthiness, integrity and consideration) and commitment to the organization (job satisfaction and promotion opportunity). Estimates of relative importance for each variable were calculated that sum to newly estimated  $R^2$ . The resulting values indicate in a straightforward manner which variables are viewed as “outperforming” the others.

When examining the results of the first model, the perceived trustworthiness of the manager was a dominant predictor of the salespersons commitment to the manager and accounted for approximately 47% of the model’s  $R^2$ , whereas, integrity accounted for only 29% and consideration only 17%. In the second model, where commitment to the organization was the dependent variable of interest, salesperson perceptions of job promotion opportunities was the dominant predictor (accounting for 66 % of the  $R^2$ ) and job satisfaction accounted for approximately 33% of the  $R^2$  in the model (See Table 4).

## DISCUSSION, FUTURE RESEARCH AND LIMITATIONS

Successful strategy implementation requires commitment from various members of the organization. Exchange theory explains this connection through the principle of reciprocity, suggesting that the relationship between the salesperson and their manager lead to commitment to the manager and the organization. This is increasingly important with regards to the sales force due to the fact that the salesperson is a key component when communicating with customers to reach financial objectives of the organization. Theoretical contributions from this study support the concept that sales manager characteristics and the interactions with the

**TABLE 4:**  
**Dominance Analyses Results**

<b>Commitment</b>	<b>Trust</b>	<b>Consideration</b>	<b>Integrity</b>
General Dominance	0.3302	0.1747	0.2082
*Rescaled Dominance	46.3067	24.4974	29.1959
R-square = .7130			
<b>Organizational Commitment</b>	<b>Job Satisfaction</b>	<b>Need Fulfillment</b>	<b>Promotion Opportunity</b>
General Dominance	0.1405	Not Significant	0.2775
*Rescaled Dominance	33.6124	Not Significant	66.3876
R-square = .4180			

\*Rescaled dominance was computed by dividing the general dominance estimates by the R-square.

salesperson can impact affective commitment toward the manager and organizational commitment. The findings of this study introduce the method of dominance analysis in marketing research, which has been used in research for other disciplines (e.g., organizational behavior research and finance research) and the study provides further proof of the validity of social exchange and resource exchange theory in a sales context.

From a managerial view, it is important for sales managers to understand the psychological factors that influence the relationship with their sales force. Due to the fact that it takes time to build trusting relationships, the outcome of affective commitment could be determined as a long-term behavioral outcome. Both social exchange theory and resource exchange theory would suggest relationship factors demonstrating mutual support will in exchange lead to trust and commitment. For instance, sales managers develop trust to build long-term relationships with the salesperson and in exchange the salesperson will be committed to maintaining long-term relationships with managers.

Consistent with previous research, this study found sales manager consideration, integrity, and trust to be significant factors leading to commitment. Of these factors, trust is found to be a key predictor for affective commitment to the manager. This result is evident in the regression results but confirmed as being a key driver from the results of the dominance analysis. In the present study the managers perceived level of trustworthiness, integrity and

consideration were all moderately correlated. When examining the beta values from the regression analysis it is not clear which of the three correlated independent variables really accounted for the most variance when predicting manager commitment. However, the dominance analysis made this point clear particularly when trust accounted for approximately 66% of the explained variance in the regression analysis.

Although numerous studies have examined salesperson commitment there are conflicting reports about the variables that impact these outcomes. An important issue with regards to variables that are used to measure commitment is that they are often times correlated and so the true effects often remain distorted. Another finding of this research shows opportunity for advancement as a key predictor for salesperson commitment to the organization. Although job satisfaction is found to be an important factor in organizational commitment, promotional opportunities for the salesperson is of higher importance. The salesperson might be satisfied with the current job situation (job satisfaction) but look forward to advancement within the organization as a goal/reward for successful performance. Personal needs fulfillment may influence this (not examined in current study) due to the fact that the salesperson needs additional challenge and professional activities, which are typically associated with advancement into a new position. Foa and Foa's (1974) resource exchange theory helps explain the relationship in terms of the salesperson being committed to an organization simply because the organization offers

promotion or is committed to the career advancement of the salesperson. Therefore, the salesperson has a long-term commitment to the organization due to the advancement opportunities, therefore the salesperson is more likely to be committed to the success of the organization if the organization is committed to supporting the salesperson throughout their career within the firm. Desiring an opportunity for promotion implies that the salesperson expects to be with the firm long-term. As a result, the salesperson may invest more effort into the job, making it more likely for the salesperson to be committed to organization as a way of being committed to their career within the firm. Furthermore, the salesperson would want the organization to be successful because of future advancement opportunities and there would be stronger association with the firm when more time or effort is invested in the job.

The quality of the relationship between the salesperson and their manager has a direct impact on the organizational success through the sales force. Therefore, organizational activities such as managerial training to improve relationships between sales managers and salespeople within the organization (i.e. how to lead and develop direct reports, communication workshops, etc.) might be used as a way to more effectively achieve organizational objectives. This indicates that organizations should not only work to develop career opportunities for the salesperson to enhance the relationship and commitment to the organization, but also improve the relationship development between the sales manager and salesperson for greater commitment within the organization.

This study was able to identify the key driver behind salesperson affective commitment to their manager. According to the results of the dominance analysis the level of perceived trustworthiness of the manager contributes most to salesperson commitment. Further, salesperson commitment to an organization was fueled primarily by the opportunities to be promoted in the organization. This research provides additional insight into factors that heavily influence a salesperson to commit to their manager and organization. We hope these results will motivate other researcher to see possibilities in using a dominance analysis as a

way to identify key predictors in research models.

### Limitations

There are limitations to this research. First, self-report questionnaires can result in bias. To address this limitation, the model constructs used reverse-coded items and several steps were taken during the data collection process to assure anonymity. Second, due to the high correlation between independent variables, multi-collinearity may have affected regression results. In addition, the small sample size is seen as a limitation to the study. Dominance analysis is used to counterbalance the sample size and correlations, analyzing  $R^2$  versus traditional regression methods.

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## INVESTIGATING CONNECTEDNESS TO BRAND USERS: HOW IMPORTANT IS SOCIAL INTERACTION?

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*While brand-related groups have become a major topic in the marketing literature, the psychological aspects of this phenomenon have yet to be thoroughly explored. In this manuscript, the theoretical groundwork is laid for a construct central to group-minded brand consumption: connectedness to brand users. A framework of connectedness to brand users, a perception of being linked to the users of a brand, is presented and demonstrated to be of importance to firms' branding efforts. Results indicate that the brand-oriented social interaction frequently referred to in the marketing literature may not play as vital a role in consumers' psychological connections to brand users as previously suggested. Discussion of the results is offered, as are limitations and directions for future research.*

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### INTRODUCTION

One of the most common human features is the need to belong, to fit in with some type of group (Atkin, 2004). With any group, there is something that its members hold in common with one another (Tajfel & Turner, 1979), such as a shared language, place of residence, faith, beliefs, or values. One such point of commonality is consumption, which can help consumers to coalesce and fulfill their need for affiliation and belonging with others (Cova, 1997). In recent years, marketing researchers have observed a movement among many consumers toward communal consumption, especially that related to brands (Arnould & Price, 1993; Cova, 1997; Cova & Cova, 2002; Firat & Venkatesh, 1995; Goulding, Shankar, & Elliot, 2002; Kozinets, 1999; Patterson, 1998; Rosenbaum, Ostrom, & Kuntze, 2005). Consumers today often do not purchase brands merely for the utility they offer; rather, consumption of a specific brand is often due to its ability to enable consumers to feel connected with one another (Cova & Cova, 2002).

In light of these findings, interest in the group aspects of branding has been intense in the marketing literature for a number of years. Instances of communal brand consumption studied to date have included brand tribes (Cova & Cova, 2002; Patterson, 1998), brand

cults (Belk & Tumbat, 2005), and brand communities (Bagozzi & Dholakia, 2006; Cova, Pace, & Park, 2007; de Burgh-Woodman & Brace-Govan, 2007; Hollenbeck & Zinkhan, 2006; McAlexander, Koenig, & Schouten, 2004; McAlexander, Schouten, & Koenig, 2002; McWilliam, 2000; Muniz, 1997; Muniz & O'Guinn, 2001; Muniz & Schau, 2005; Schau & Muniz, 2002; Thompson & Sinha, 2008). A central element to these groups is that their members regularly engage in some form of social interaction involving the brand, such as discussing the brand online or attending a brand-related event. However, even in the absence of such social interaction and, consequently, any type of brand oriented group, consumers can still feel a psychological connection with other individuals via their mutual admiration for an object (Turner, Hogg, Oakes, Reicher, & Wetherell, 1987), such as brands (Ashworth, Dacin, & Thomson, 2009; Carlson, Suter, & Brown, 2008; Cova & Pace, 2006). Despite its acknowledged impact on consumers and firms' branding efforts, little is known about the workings of this psychological connection among the admirers of a brand.

Given this dearth of knowledge concerning a potentially vital aspect of brands, the purpose of this research is to examine this perception of being linked to the users of a brand, a construct referred to herein as connectedness to brand users, and to improve understanding of how it fits into the complex web of relationships that consumers have with brands. Within this article, a framework concerning connectedness

to brand users which details its antecedents and consequences, as well as potential moderating variables of specific relationships in the framework, is developed. In the following section, extant literature concerning connectedness to brand users is reviewed, provide the theoretical basis for this construct. Next, a model of connectedness to brand users is proffered in addition to related hypotheses. The methods used and the results of model testing are then provided. Lastly, the contribution of this research to marketing academicians and practitioners is discussed as well as directions for future research.

### CONNECTEDNESS TO BRAND USERS

Research has consistently shown that individuals' consumption decisions frequently stem from a group oriented mindset (e.g., Bagozzi, 2000; Holt, 1997). Consumers regularly make consumption decisions which are reflective of their desire to associate themselves with others (Escalas & Bettman, 2003; 2005). In today's society, consumption among individuals is often reflective of their desired connections and relationships with other consumers (Bagozzi, 2000). Objects such as brands are often used as "signs of one's connection to or differentiation from other members of society" (Wallendorf & Arnould, 1988, p. 532). A major facet of consumers' relationships with brands is reflected by their desire to affiliate themselves with certain others (Kleine, Kleine, & Kernan, 1993).

Much of the marketing literature concerning group related brand consumption has focused on the social aspects of brand-oriented groups, that is, emphasis has been placed on understanding the requisite conditions for such groups to form (McAlexander et al., 2002; McWilliam, 2000; Quinn & Devasagayam, 2005), how these groups operate (Muniz & O'Guinn, 2001; Muniz & Schau, 2005), the effects that these groups have on the brand and vice versa (Cova & Cova, 2002), and what influences consumers to participate in these groups (e.g. Bagozzi & Dholakia, 2006; Dholakia, Bagozzi, & Pearo, 2004). However, research clearly indicates that neither social interaction nor any recognizable brand related group is necessary for consumers to feel an implicit connection with other consumers of a

brand (Ashworth et al., 2009; Carlson et al., 2008; Cova & Pace, 2006).

The theory of sense of community (McMillan & Chavis, 1986) provides insight into the psychological connection that individuals, including the users of a particular brand, may feel toward one another. This theory seeks to explain the underpinnings of individuals' feelings of being connected to others in any type of group, even in groups which are purely psychological and have no social element. According to this theory, a key dimension of sense of community is a sense of belonging or interpersonal relatedness (Peterson, Speer, & McMillan, 2007). Applying this to brand-specific groups, research regarding brand communities has acknowledged that their members tend to feel that they have an implicit psychological connection with other members, that they tend to have a "well-developed sense of vast unmet fellow community members" (Muniz & O'Guinn 2001, p. 413) and "often share no connection other than an interest in a brand and its consumption" (McAlexander et al. 2002, p. 44). Similarly, communities of consumption (Cova 1997) are held together through a collective sense of other group members with similar consumption practices. Many consumers of brands feel implicitly connected to one another, though they are involved in very limited or no social interaction with one another. Researchers have noted that many consumers of brands such as Nutella (Cova & Pace, 2006), Coca-Cola (Pendergrast, 1993), and Uneda (Boorstin, 1974) perceive themselves to be linked together via their mutual esteem for the brand, though they are not involved in any type of social interaction involving the brand. In this study, this perception of being linked to the users of a brand is denoted as connectedness to brand users.

While conceptually similar, connectedness to brand users is notably different from other constructs which have been put forth as representative of a perceived kinship among brand users. Unlike the concepts of 'we-ness' (Muniz & O'Guinn, 2001), 'psychological sense of brand community' (Carlson, Suter, & Brown, 2008), and 'social-adjustive' (Ashworth et al., 2009), connectedness to brand users does not imply

that relational bonds or any type of active social relationship exist among a brand’s admirers. Indeed, self-categorization theory (Turner et al., 1987) affirms that social interaction is not necessary for psychological connections to develop in individuals’ minds. Further, unlike Carlson et al.’s (2008) construct, connectedness to brand users can exist among users and non-users of a brand alike. While it appears probable that feelings of connection with a brand’s users will be strongest among the actual users of a brand, it is quite plausible that those who don’t actively use the brand may still feel a connection to those who do. For instance, an individual may not own a Harley-Davidson motorcycle, but this person may still feel connected to those who own one.

**MODEL AND HYPOTHESES**

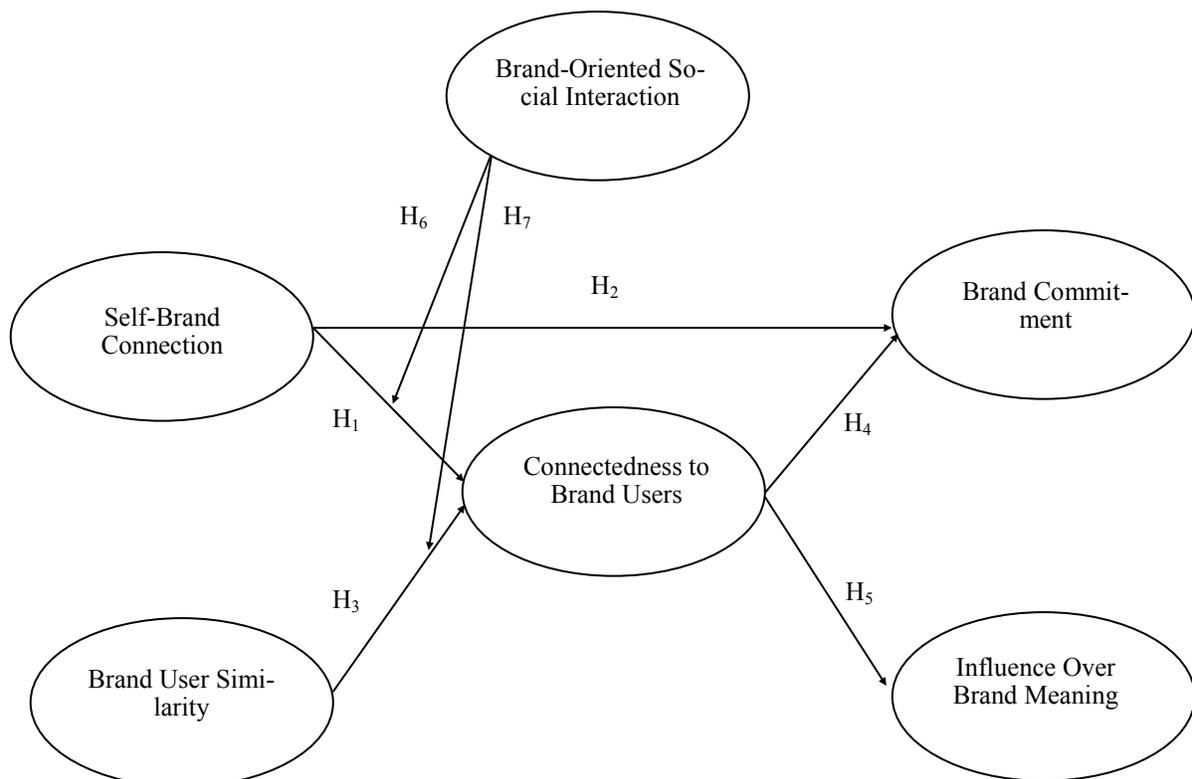
The model shown in Figure 1 is offered in an effort to explicate the constructs most closely associated with connectedness to brand users. In this section, the theoretical foundations of the relationships depicted in this model and

corresponding hypotheses are elaborated upon, beginning with the antecedents of connectedness to brand users.

In a social psychological context, individuals can identify with the entity that binds the group together (e.g. the brand itself), as well as with those associated with that entity (e.g. those who consume the brand) (Turner et al., 1987). As such, it is hypothesized that self-brand connection and brand user similarity are two key antecedents of connectedness to brand users.

Two important, hypothesized consequences of connectedness to brand users are brand commitment and influence over brand meaning. Brand commitment is a key outcome of the entire branding process (Yoo, Donthu, & Lee, 2000); influence over brand meaning refers to the extent of consumers’ perceived degree of control over others’ views of the brand and acknowledges that consumers are co-creators of brand meaning.

**FIGURE 1:  
Model of Connectedness to Brand Users**



While not necessary for connectedness to brand users to exist, brand-oriented social interaction, a hypothesized moderator of selected relationships associated with connectedness to brand users, can play an important role in how consumers' view the communal aspects of branding (e.g. Algesheimer, Dholakia, & Herrmann, 2005). When the focal point of a group is salient to individuals, their perceived connection to that focal point and the group itself is enhanced (Turner et al., 1987). Thus, brand-oriented social interaction is hypothesized to impact the salience of the brand in consumers' minds and, in turn, strengthen the relationships that connectedness to brand users has with other variables. The following sections expound upon these variables and how they fit into the model of connectedness to brand users.

### Self-Brand Connection

Self-concept refers to the cognitive component of individuals' view of themselves and is comprised of their social as well as their personal self (Turner et al., 1987). Social identity theory asserts that people tend to identify with or categorize themselves as members of a group when they perceive similarity between themselves and others (Tajfel & Turner, 1979). When individuals have strongly incorporated an object into their self-concept, they are more likely to consider themselves linked to others who are associated with that object.

In the context of brands, the degree to which individuals feel a connection with the users of a brand is very likely to depend on the extent of their self-brand connection, which refers to the level to which an individual has incorporated a brand into his or her self-concept (Escalas & Bettman, 2000). The level of brand meaning referred to by self-brand connection is "the entire constellation, or gestalt, or the set of brand associations" (Escalas & Bettman, 2003, p. 340) and is considered to be more indicative of brand meaning to the individual than the specific associations that a person may have with a brand. When individuals have strong self-brand connection, they are likely to consider themselves to be similar to other people who also use that brand. Based on social identity theory, it is likely that these

individuals will have a sense of belonging with other people who use the brand. Conversely, it appears unlikely that an individual who has no self-brand connection is likely to sense any type of bond with those who use that brand. Thus, a greater degree of self-brand connection results in greater connectedness to brand users.

**H<sub>1</sub>:** Self-brand connection is positively related to connectedness to brand users.

Apart from its relationship with connectedness to brand users, it is very likely that there is also a direct relationship between self-brand connection and brand commitment, as suggested by Carlson et al. (2008). When an individual has incorporated a brand into his or her self-concept, it is likely that this individual will feel committed to that brand as a result. This relationship may well exist apart from any psychological connection this individual may have to the users of the brand. For instance, if a college student feels that the Nautica brand represents who he feels he is, it appears very likely that this student will be committed to Nautica as a result, regardless of any felt connection with the users of Nautica.

**H<sub>2</sub>:** Self-brand connection is positively related to brand commitment.

### Brand User Similarity

With regard to brands, individuals may perceive similarities not only between themselves and the brand, but also with those who use that brand (Fournier, 1998). Brand-user similarity is herein defined as the degree to which an individual's identity is perceived to overlap with that of the users of a brand. Much of the research involving brand communities has examined similarity with a brand's users only in contexts in which social interaction among members takes place (e.g., Algesheimer et al., 2005; Bagozzi & Dholakia, 2002; 2006; McAlexander et al., 2002; Muniz & O'Guinn, 2001).

However, social identity theory affirms that social interaction is not necessary for individuals to feel that they belong to a group (Brewer, 1991), an empirically supported assertion (e.g., Brown, Barry, Dacin, & Gunst,

2005; Reingen, Foster, Brown, & Seidman, 1984). In addition, social identity theory contends that when individuals perceive similarity between themselves and others, they tend to feel a shared connection with those others.

**H<sub>3</sub>:** Brand user similarity is positively related to connectedness to brand users.

### **Brand Commitment**

Similar to previous definitions of commitment (e.g., Dwyer, Schurr, & Oh, 1987; Fournier, 1998; Moorman, Zaltman, & Deshpande, 1992; Yoo et al., 2000), brand commitment is defined as individual's enduring desire to maintain his or her relationship with the brand. Brand commitment is of great concern to marketers as it is not only associated with variables such as brand preference and word-of-mouth intentions, but that it is the primary building block of relationship marketing (Morgan & Hunt, 1994). Commitment to the brand implies that consumers will continue to purchase the brand, avoid other brands, and say positive things about the brand to others.

According to the theory of sense of community, when individuals perceive themselves to be part of a group, they are generally willing to personally invest themselves in support of the group (McMillan & Chavis, 1986). When consumers feel a connection with the users of a brand, it follows that they will be supportive of the point of commonality which links them to one another, the brand. They are likely to enjoy the psychological kinship with others that the brand is able to bring them and be apt to support it. For such individuals, switching brands may result in perceptions of being disconnected from the users of the brand. Hence, when individuals feel a connection with the users of a brand, they are likely to be committed to that brand.

**H<sub>4</sub>:** Connectedness to brand users is positively related to brand commitment.

### **Influence over Brand Meaning**

Influence over brand meaning refers to an individual's perceived degree of control over the meaning of a brand to others. Though not previously identified as a unique construct, the notion of perceived influence over brand meaning is very much present in prior research (e.g. Patterson, 1998). Modern consumers want to become active contributors in the process of value creation (Firat & Schultz, 1997). Current perspectives in marketing affirm that the marketer is not solely responsible for defining the brand (Atkin, 2004) and call for explicit recognition of the customer as a co-creator of value (Payne, Storbacka, & Frow, 2008; Vargo & Lusch, 2004).

As in other areas, consumers are gaining increasing control over brands and their meaning to others. For instance, after Apple abandoned the Newton, a personal digital assistant, members of the brand community justifiably felt that defining the meaning of the brand was left up to them (Muniz & Schau, 2005). Even when marketers are actively involved in the branding process, however, consumers may literally take control of the brand in a process known as serendipitous brand hijack (Atkin, 2004).

As such, it is hypothesized that the more that an individual perceives a connection with the users of a brand, the greater the influence over what that brand means to other individuals they will perceive themselves to possess. When an individual, even one that is dedicated to a brand, feels that she is consuming the brand as a single individual, it is unlikely that she will perceive herself to have significant influence over what the brand means to other people. However, when an individual feels connected to the users of a brand, she may well feel that the group of which she is a part has considerable influence over the brand, resulting in a personal feeling of influence over the meaning of the brand.

**H<sub>5</sub>:** Connectedness to brand users is positively related to influence over brand meaning.

### Brand-Oriented Social Interaction

Even though individuals may feel self-brand connection and identify with the users of a brand, the degree to which they perceive a connection with the users of that brand is likely to hinge on the salience of that brand and its users in their mind. According to self-categorization theory, an individual does not feel a strong bond with every group of which they are a part at the same moment in time. Rather, the degree to which individuals feel connected to any specific group at any given point in time is dependent on the salience of that group in their mind. To the extent that an individual's self-categorization with a specific group is made salient, that individual becomes cognizant of his or her membership in that group (Oakes, 1987). As such, individuals are more likely to feel that they are part of a group and that they are connected to the members of that group when that group is made salient to them.

While social interaction is not necessary for individuals to perceive themselves to be a part of some type of group (Turner et al., 1987; Cova & Pace, 2006), social interaction regarding the focal point of the group can strengthen the psychological connection that such individuals have toward one another. In this context, brand-oriented social interaction, the extent of an individual's ongoing communication with others involving the brand, can strengthen the salience of the brand and, in turn, those who consume it in consumers' minds. This interaction can occur through such means as attending brandfests (McAlexander et al., 2002), discussing the brand online (Dholakia et al., 2004; Flandez, 2008; Muniz & Schau, 2005), attending meetings (Algesheimer et al., 2005; Bagozzi & Dholakia, 2006), or even just casual conversations involving the brand (Muniz & Schau, 2005). Consumers who are frequently engaged in brand-oriented social interaction are more likely to be cognizant of the brand and those associated with it. The enhanced salience of the brand and its users produced by this interaction is likely to strengthen the relationship between self-brand connection and connectedness to brand users as well as the relationship between brand user similarity and connectedness to brand users.

**H<sub>6</sub>:** Self-brand connection has a stronger relationship with connectedness to brand users when brand-oriented social interaction is high.

**H<sub>7</sub>:** Brand user similarity has a stronger relationship with connectedness to brand users when brand-oriented social interaction is high.

### METHODS

In this section, the methods used in this study are reviewed. Information regarding existing measures used in this research is provided followed by a discussion of the scale-development methods used to create new measures for four constructs. Last, the methods used to test the hypotheses are reviewed.

#### Existing Measures

The measure of self-brand connection used was developed by Escalas and Bettman (2003) and utilizes a Likert-type response category anchored by "Not at All" and "Extremely Well." The seven items comprising this measure were used with no adaptation, with the exception of the sixth item, "I consider Brand X to be 'me' (it reflects who I consider myself to be or the way that I want to present myself to others)." Due to this last statement in parentheses, this item reads as double-barreled and is likely to be confusing to respondents (DeVellis, 2003). As such, the statement in parentheses was eliminated from this item.

Brand commitment was measured using a combination of existing scales developed by Beatty and colleagues (1988) and by Yoo and colleagues (2000). Items from these scales which are negatively worded were either altered or not used as they can degrade a measure's unidimensionality (Herche & Engelland, 1996).

#### Scale Development

Measures were developed for the remaining four constructs. Scale development procedures followed the process recommended by DeVellis (2003). Following the development of forty-four items based on the definition and conceptualization of each respective construct,

each item was evaluated by a panel of six expert judges for face validity, wordiness, and clarity. These judges consisted of four professors of marketing who had expertise in experience in scale development and two doctoral students in marketing who had recently completed a doctoral seminar in scale development. Items deemed by the judges to lack face validity or be otherwise unacceptable were deleted.

The item pools were then administered to a convenience sample in order to purify the measures. The focal brand was that of the football team of a major university in the southeastern U.S. Students enrolled in various marketing courses at this university were offered course credit for participation. To increase the sample size, the student referral method, which has been utilized successfully in prior research (e.g., Babin, Hardesty, & Suter, 2003), was employed. Each student completed a single questionnaire and was asked to recruit up to five other students to complete the questionnaire. This was augmented by additional data gathered from a random sample of alumni of the same university via email invitations. A total of 230 responses were collected. Eighteen responses which appeared to exhibit acquiescence response bias were eliminated, leaving the final sample size at 212. Respondents' mean age was 33; 60% of respondents were male.

A principal components analysis (PCA) of the items was then conducted. As anticipated, six components had an eigenvalue greater than one. After these components were rotated using Promax rotation, which is recommended when components are anticipated to be correlated with one another (DeVellis, 2003), all items loaded above .60 on their respective components with no cross-loadings greater than .40 present except for one item related to brand user similarity which was deleted.

Each measure's reliability was then evaluated. Coefficient alpha was greater than .80 for each measure, indicative of good reliability. However, at this stage in the scale development process, several measures contained items that were quite redundant in that they used similar words or phrasing. Excessive redundancy among the items in a purified measure should

be avoided since such items do not contribute to a measure's construct validity (Boyle, 1991). As such, an effort was made to eliminate items which had highly similar words or wording. After this paring, a PCA and reliability analyses were again conducted. This indicated that each measure still exhibited unidimensionality and high reliability.

Next, a confirmatory factor analysis (CFA) of all six construct measures was then conducted using maximum likelihood estimation of the covariance matrix. The fit of this model was good ( $\chi^2 = 538.58$ ,  $df = 237$ ,  $p < .001$ ;  $RMSEA = .078$ ;  $CFI = .95$ ;  $NNFI = .94$ ). Standardized loading estimates for each item were .70 or greater. Average variance extracted (AVE) was greater than .60 for each measure, and construct reliability was greater than .85 for each measure. For each pair of construct measures, the AVE of both constructs was greater than the squared correlation coefficient between the constructs. Thus, the measures demonstrate unidimensionality, convergent validity, and discriminant validity (Hair et al., 2006).

### Main Test

In the main test, the focal brand studied was iPod, a subsidiary brand of Apple. There are two reasons as to why this is an excellent brand to study in this context. First, there is a broad spectrum of brand-oriented social interaction and involvement involving this brand. Many consumers of the iPod regularly discuss this brand in online forums, for instance, while many others merely own the brand and could name very few, if any, competing brands of MP3 players. This considerable variance in levels of interaction surrounding the brand makes the results of research studying this brand generalizable to a wide array of brands. Second, previous research involving Apple and its subsidiary brands has been shown to be generalizable to many other brand oriented groups. For instance, the results of research involving brand communities oriented around Apple (Muniz & O'Guinn, 2001) has been shown to be applicable to other brands oriented around diverse products, such as sport utility vehicles (McAlexander et al., 2002), hazelnut butter spread (Cova & Pace, 2006), motorcycles (Bagozzi & Dholakia, 2006), and automobiles (Algesheimer et al., 2005).

Data were gathered in two ways so as to make the sample as broad as possible. First, an invitation to complete the questionnaire online was posted in eight online forums oriented around Apple and the iPod. An incentive of entry into a drawing for one of five \$25 iTunes gift certificates was offered to these respondents. Second, students of a major university in the southeastern U.S. were sent an invitation to complete the questionnaire. The incentive offered to these respondents consisted of entry into a drawing for one of five \$25 iTunes gift certificates. In sum, the total number of respondents to the survey was 867. Mean respondent age was 25, and 55% of respondents were female.

Five responses had more than 15% missing data and were deleted, leaving the final usable sample size at 862. Missing data were replaced using regression imputation. A PCA of the seven measures was then conducted. Six components were extracted, and all items loaded above .70 on their respective components with no items having cross-loadings greater than .40. Next, a CFA of all six construct measures was conducted using maximum likelihood estimation of the covariance matrix. This initial CFA revealed that two items had high modification indices and residuals. As such, these items were deleted and another CFA was conducted; all of the measures used are shown in Table 1, along with their standardized loading estimates. In the final CFA, model fit was good ( $\chi^2 = 1158.83$ ,  $df = 237$ ,  $p < .001$ ;  $RMSEA = .067$ ;  $CFI = .97$ ;  $NNFI = .96$ ). The standardized construct correlation matrix for this CFA is shown in Table 2; in this matrix, the diagonal values represent the AVE for each construct; values below the diagonal are correlation estimates with *t*-values shown in italics on the line below; and values above the diagonal are squared correlation estimates. Also, coefficient alpha for each measure is shown at the bottom of this matrix. Standardized loading estimates for each item were .75 or greater, AVE was greater than .75 for each measure, and construct reliability was greater than .90 for each measure. For each pair of construct measures, the AVE of both constructs was greater than the squared correlation coefficient between the constructs. In sum, the measures continue to demonstrate unidimensionality, convergent

validity, discriminant validity, and high reliability.

## Results

To test the hypotheses, the structural model, shown with standardized loading estimates in Figure 2, was analyzed using maximum likelihood estimation of the covariance matrix. The latent variable structural model was analyzed as opposed to path analysis of construct means. This model fit the data well ( $\chi^2 = 914.81$ ,  $df = 161$ ,  $p < .001$ ;  $RMSEA = .074$ ;  $CFI = .97$ ;  $NNFI = .96$ ). The proportion of variance in the endogenous constructs explained by the model for connectedness to brand users, brand commitment, and influence over brand meaning was .65, .38, and .27, respectively. Thus, the model appears to have good explanatory power. All of the relationships are significant and in the hypothesized direction. This provides support for  $H_1$ - $H_5$ . To further examine the impact of self-brand connection and brand user similarity in the model, the indirect effects of each of these constructs on brand commitment and influence over brand meaning were investigated. Self-brand connection has a significant indirect effect on brand commitment (.08,  $p < .05$ ) and influence over brand meaning (.29,  $p < .01$ ), as does brand user similarity (.12 for brand commitment,  $p < .05$ ; .42 for influence over brand meaning,  $p < .01$ ).

To examine the moderating effect of brand-oriented social interaction, multi-group analysis was conducted using structural equation modeling. Two groups were created via a median split. The "high" group had 444 respondents (mean = 4.68), and the "low" group had 418 respondents (mean = 1.95). Results of these analyses are shown in Table 3 and indicate that while both of the relationships hypothesized to be moderated by brand-oriented social interaction appear to be stronger when brand-oriented social interaction was high, only the relationship between brand user similarity and connectedness to brand users is significantly different. The results support  $H_7$  but not  $H_6$ .

**TABLE 1:**  
**CFA Results with Primary Data**

Construct Measure	Standardized Loading Estimate	t-value
Model Fit: $\chi^2=1158.83$ , $df=237$ , $p<.001$ ; RMSEA=.067; CFI=.97; NNFI=.96		
<i>Self-Brand Connection</i>		
This brand reflects who I am.	.86	31.54
I can use this brand to communicate who I am to other people.	.87	31.91
I think that this brand could help me become the type of person I want to be.	.90	33.61
I consider this brand to be "me."	.92	35.35
<i>Brand User Similarity</i>		
Most of the people who use this brand have a nature that is very much like mine.	.86	31.51
The identity of the people who use this brand is almost identical to my own.	.92	34.76
When I think of the people who use this brand, I think of myself.	.85	30.75
My identity is very similar to that of the people who use this brand.	.93	35.96
<i>Connectedness to brand users</i>		
I feel linked to those who use this brand.	.92	35.64
I sense a bond with others who use this brand.	.92	35.60
I sense a connection with those who use this brand.	.95	37.75
When I think about this brand, I feel attached to those who use it.	.95	37.61
<i>Brand Commitment</i>		
I consider myself to be highly committed to this brand.	.96	38.26
I feel strongly devoted to this brand.	.95	37.33
Even if another brand were less expensive, I would always purchase this brand.	.81	28.39
This brand would be my first choice of brands in this product category.	.75	25.76
<i>Influence Over Brand Meaning</i>		
What this brand means to others depends on me.	.87	32.09
My actions influence what others think about this brand.	.91	34.98
What I do has a big impact on what this brand means to others.	.97	39.13
My influence over the meaning of this brand is quite strong.	.94	36.68
<i>Brand-Oriented Social Interaction</i>		
I often mention this brand when speaking with other people.	.87	32.00
My conversations with others frequently involve this brand.	.94	36.67
I regularly talk with other people about this brand.	.94	36.20
I often exchange information about this brand with other people.	.85	30.59

## DISCUSSION

In this section, the results of this research are discussed, along with its implications for researchers and practitioners. First, the results of this research indicate that connectedness to brand users has a positive impact on brand commitment. Consumers who feel linked to a brand's users are more committed to that brand than are other consumers. This is an important finding since the focus of prior research on communal brand consumption has been on its social elements. By demonstrating that only a psychological connection among brand users can lead to greater brand commitment, this research expands understanding of communal

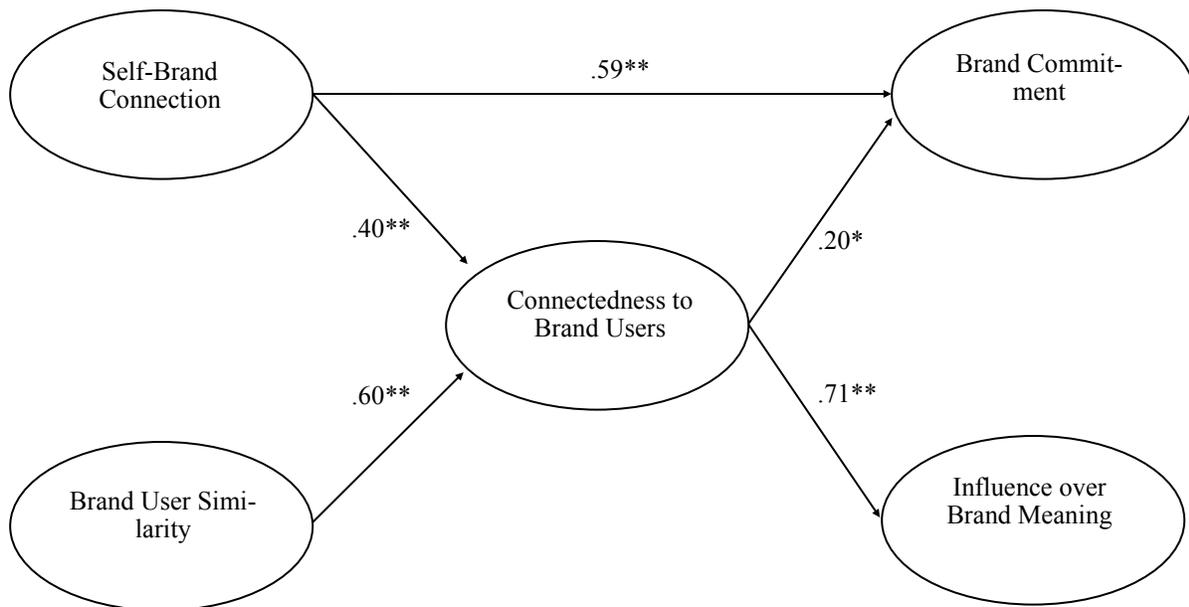
brand consumption to a potentially much wider assortment of brands than has been previously identified. Some brands, for instance, are unlikely to elude substantial brand-oriented social interaction. These brands may still be capable of encouraging connectedness to brand users.

Connectedness to brand users was also found to be positively related to influence over brand meaning. The stronger the connection that consumers feel toward the users of a brand, the more influence they feel that they have over what the brand means to other individuals. This perceived influence may help individuals feel that they truly are a part of the value

**TABLE 2:**  
Standardized Construct Correlation Matrix with Primary Data

	Self-Brand Connection	Brand User Similarity	Connectedness to Brand Users	Brand Commitment	Influence Over Brand Meaning	Brand-Oriented Social Interaction
<b>Self-Brand Connection</b>	<b>.79</b>	.46	.50	.36	.30	.31
<b>Brand User Similarity</b>	.68 32.87	<b>.79</b>	.58	.21	.31	.24
<b>Connectedness to Brand Users</b>	.71 38.38	.76 47.16	<b>.88</b>	.26	.30	.36
<b>Brand Commitment</b>	.60 25.76	.46 15.94	.51 19.56	<b>.76</b>	.12	.22
<b>Influence Over Brand Meaning</b>	.55 21.95	.56 22.61	.55 22.50	.35 11.08	<b>.86</b>	.31
<b>Brand-Oriented Social Interaction</b>	.56 21.86	.49 17.64	.60 25.46	.47 16.99	.56 22.68	<b>.81</b>

**FIGURE 2:**  
Results of Model Testing



\* p-value < .05, \*\* p-value < .01  
Model fit:  $\chi^2 = 914.81$ ,  $df = 161$ ,  $p < .001$ ; RMSEA = .074; CFI = .97; NNFI = .96

**TABLE 3:**  
**Results of Moderation Analyses**

Brand-Oriented Social Interaction	Standardized $\beta$		$\chi^2$ difference
	Low Brand-oriented Social Interaction (N = 418)	High Brand-oriented Social Interaction (N = 444)	
Self-Brand Connection → Connectedness to Brand Users	.31**	.37**	.86
Brand User Similarity → Connectedness to Brand Users	.52**	.61**	3.92*
Connectedness to Brand Users → Influence Over Brand Meaning	.58**	.67**	1.23

\* p-value < .05, \*\* p-value < .01

creation process (Vargo & Lusch, 2004). However, this may be a two-edged sword for marketing practitioners. If consumers feel that they possess strong influence over the meaning of a brand, they may feel that they are part 'owners' of the brand and respond negatively if the firm manages the brand in a manner in which they do not approve. For instance, when Apple dropped the Newton, many customers of this brand were highly critical of Apple and took it upon themselves to convey to others what they deemed the Newton brand to truly mean (Muniz & Schau, 2005).

Self-brand connection was found to have a direct, positive effect on both connectedness to brand users and brand commitment, as well as a significant indirect effect on both brand commitment and influence over brand meaning. When individuals have incorporated a brand into their self-concept, they feel a greater connection to those who use that brand. This finding is consistent with the contention that the psychological basis for group development is individuals' perception that they share something in common with one another (Tajfel, 1970; Turner et al., 1987). Further, the relationship between self-brand connection and brand commitment suggests that when consumers of brand feel that a particular brand represents who they are, they feel committed to that brand, regardless of whether they feel linked to the users of that brand. This provides additional evidence of the strong impact that integrating a brand into one's self-concept has on consumers' attitudes toward that brand.

Brand user similarity had a strong positive effect on connectedness to brand users, accounting for more than twice as much

variance in connectedness to brand users as self-brand connection. This is not an altogether surprising result. The greater one identifies with the members of a group, the more likely one is to feel an implicit connection to those group members.

The key significance of this research to marketing researchers is that it expands understanding of the communal aspects of branding beyond those focused on social interaction to include the social psychological components of this phenomenon. Whereas brand-oriented groups such as brand communities may have limited applicability, marketers of a wide variety of brands can potentially encourage connectedness to brand users amongst their customers and, in so doing, improve these customers' commitment to their brands.

Perhaps the most significant implication of this research for marketing practitioners is the relationship between connectedness to brand users and brand commitment. This means that firms' efforts to build connectedness to brand users among the consumers of their brands may prove beneficial even if these consumers are not engaged in ongoing social interaction focused on the brand. Building connectedness to brand users, rather than social groups such as brand communities, may be a more viable option for brands which are unlikely to serve as the focal point of consumers' social interactions with one another. Another finding of particular relevance to marketing practitioners is that commitment to the brand can be improved by strengthening the level of self-brand connection among consumers. This enhances brand commitment both directly and indirectly via

connectedness to brand users. Brand commitment can be bolstered further by strengthening brand user similarity among a brand's consumers.

### LIMITATIONS AND FUTURE RESEARCH

As is always the case, this research has several limitations. First, the hypothesized model was tested only among the consumers of a single brand and may not be generalizable to other brands. Also, since cross-sectional data were utilized, clear evidence of causation between the constructs investigated cannot be provided. An avenue for potential future research would be to investigate how the conceptual framework of connectedness to brand users is affected by differences in individualistic and collectivistic cultures. Members of individualistic cultures, such as that of the U.S., are more concerned over personal goals than the goals of their in-groups, while the inverse is true of members of collectivistic cultures, such as that of China (Triandis, 1989). While members of individualistic cultures tend to have many in-groups, the ties binding these in-groups to the individual are relatively weak. Conversely, collectivistic cultures tend to have relatively few in-groups, though these in-groups usually have strong bonds with the individual (Triandis, Bontempo, Villareal, Asai, & Lucca, 1988). Given these differences, connectedness to brand users, a type of psychological bond to a group, may be weaker among brand consumers in collectivistic cultures who are not strong admirers of a particular brand than among consumers in individualistic cultures. When such consumers are admirers of a brand, however, their connectedness to brand users may be stronger as well as its effects on their attitudes toward the brand, such as brand commitment. Thus, future research should examine what effect cultural differences have on the conceptual framework of connectedness to brand users.

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## VIVIDNESS EFFECTS ON VALUE AND RISK FOR RADICAL INNOVATIONS

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*This research investigates how consumers' perceptions of value and feelings of risk affect willingness to try a radical innovation upon first exposure to a verbal/visual description of the innovation. Based on ideas from the availability valence and risk as feelings hypotheses, we develop and test a moderated model of vividness (picture/no-picture) effects on perceived value and risk as feelings under both risky and less-risky conditions. Using the hydrogen fuel cell car as the focal product, we find that, in certain conditions, vividness has an effect on cognitive evaluation, as well as the feelings of risk related to the innovation. However, the effect of perceived value on willingness to try the innovation is strong and positive under all conditions. A second study finds that even when the pictorial stimulus is clearly detrimental to the innovation, perceived value still prevails over risk as feelings and continues to be positively and strongly related to willingness to try the innovation.*

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### INTRODUCTION

Information about radical innovations (hydrogen fuel cell cars, for example) is often disseminated to the public by journalists who write articles which are then published in the mass media. In this connection, imagine a consumer reading an article on a hydrogen fuel cell car. Assuming that the verbal description in the article creates at least some interest in the car on the part of the consumer, would adding a picture to the description influence consumers' willingness to buy in a positive manner? Would this willingness change if the consumer saw a clearly negative picture, say of the same car burning (BBC News South Asia, 2010)? We know that the context of vividness (through pictures, etc.) in marketing communications (publicity, public relations etc.) can influence consumers' propensity to try products and services (Kisielius & Sternthal, 1986; Loewenstein et al., 2001; De Gannaro, 2010). This article explores the effect of vivid depictions of innovations and its effects on willingness to try the innovation. Such research is important for businesses in terms of understanding how consumers perceive vivid messages so that marketing and public relations managers can communicate effectively. This becomes even more important when media

reports hinder the success of the innovation by stressing the negative elements of the innovation (safety concerns in an automobile, for instance).

Currently, there are two different perspectives that could shed light on whether such vividness elements in the verbal description (in the form of pictures) of an innovation can enhance or diminish the evaluation of an innovation. According to the *availability valence hypothesis* (Tietje, 2002; Kisielius & Sternthal, 1986), vividly presented information can *increase* cognitive elaboration of the verbal message elements and, thereby, increase overall evaluations, such as perceived value, by making the verbal message elements more readily available. Thus, verbal message elements will be more available for "vividly presented" (visual) descriptions of a radical innovation than for less vivid descriptions. In contrast, the *risk as feelings hypothesis* (Loewenstein et al., 2001) suggests that, in a risky situation, negative feelings of risk, which are *directly* (without cognitive elaboration) generated by vivid message elements, will function to *decrease* favorable evaluations of value and willingness to try the innovation.

If the latter is true, then less vivid depictions, under conditions of risk, may hold an advantage over more vivid descriptions in creating favorable perceptions of value. Conversely, if the availability valence hypothesis is true, then

more vivid depictions may be more advantageous, when risk is less apparent. Thus, it may be that each of these hypotheses is true under different conditions, such as the perceived risk associated with trying the innovation. In this paper, we examine whether the availability valence hypothesis is true under less risky conditions and whether the risk as feelings hypothesis is true under more risky conditions. In a follow up study, we also investigate the extent to which differences in vividness depictions (a different type of picture) result in changes in cognitive and emotional processing leading to changes in the perceived value of the innovation as well as consumers' willingness to try the innovation.

From a practical point of view, a radical innovation presents potential consumers with both uncertainty and opportunity (Simms & Trott, 2010). On the one hand, there is risk for the consumer if the innovation has the potential for loss. On the other hand, there is the potential for gain if the innovation can benefit the consumer. Thus, it behooves marketing practitioners to know when and how perceptions of risk and value can influence consumers' willingness to try a radical innovation. Yet, there is little evidence of the independent effects of these two crucial constructs in the new product literature. Furthermore, there is little research that discusses the effect of media reports of negative vivid images detrimental to the innovation's success.

We contribute to the literature on the diffusion of innovations in several ways. First, in Study 1, we create a conceptual framework that explores the effect of vividness on risk as feelings and perceived value that in turn, affect consumers' willingness to try a radical innovation. Second, extant literature has considered perceived value and risk as feelings as separate constructs (Sweeney, Soutar & Johnson 1999; Agarwal & Teas, 2001; Sweeney & Soutar, 2001). We follow this conceptualization and contribute by considering the role of cognitive elaboration (in the form of total number of thoughts) as an antecedent of perceived value. Third, we consider the moderating role of stated risk (less risk/more risk conditions) across the conceptual framework. Stated risk is different from risk as

feelings; stated risk is the risk described in the communication of the innovation while risk as feelings is the perception of risk felt by the consumer. Fourth, since consumers' willingness to try a product changes based on the type of product, we consider our model in two different scenarios (utilitarian and hedonic product settings) to understand whether the relationships between vividness and willingness to try hold for these different kinds of settings. Lastly, we have found cases where innovative products have been affected by negative media reports (including social media). Therefore, in Study 2, we examine how willingness to try an innovation is affected when consumers see a negative media report that is detrimental to the innovation. Overall, we extend past research by studying the role of vividness on the differential effects of risk as feelings and perceived value on willingness to try an innovation, under the moderating effect of higher and lower stated risk associated with a radical innovation.

## LITERATURE REVIEW, CONCEPTUAL MODEL AND HYPOTHESES

### Vividness

Based on Kardes et al. (2008), we define vivid stimuli as stimuli that are concrete and specific. Concrete stimuli are easy to picture, imagine and visualize. Therefore, a picture is more concrete than a written description alone and adding a picture to the verbal description of an innovation will increase the vividness of the description. We contend that, as per the risk as feelings hypothesis, vividness will have a greater effect on risk as negative feelings when a graphic pictorial representation of the risk elements in a product is included along with the verbal description of the risk than when only a verbal description of risk is presented.

According to Kardes et al. (2008), vivid stimuli can gain consumers' involuntary attention by being concrete, specific, easy to picture, imaginative and easy to visualize. Vivid stimuli are also not context dependent and are vivid regardless of the presence of other stimuli. Further, vivid stimuli are likely to be more effective for a new product because vividness effects have been shown to be weaker when subjects have a strong prior opinion of the product (Herr, Kardes & Kim, 1991). Thus,

vivid stimuli may be especially important for the marketing of new products which have a low level of prior attitudes.

Vivid stimuli (like a picture over only a written description) also have more sensory proximity (Nisbett & Ross, 1980). They are more believable since they appear to be experienced first-hand by the subject, as contrasted with second hand information (like a written description alone) which may be relayed/written by someone else. Thus, in a description of an innovation, a picture along with a verbal description will have greater sensory proximity and generate greater arousal than the verbal description only since it is apparently experienced first-hand. Greater arousal will engender greater attention (Kahneman, 1973) to the risky elements of the innovation depicted in the picture, which in turn will generate negative feelings.

#### **Perceived Value and Risk as Feelings as Mediators**

To understand the effect of vividness on consumers' willingness to try, we need to understand the importance of two mediators: perceived value and risk as feelings. Presently, perceived value is considered to represent an amalgam of both the costs and benefits of an innovation and is comparative and personal in nature (see Moreau, Lehmann & Markman, 2001; Sanchez-Fernandez & Iniesta-Bonillo, 2007). Perceived value is considered to be a ratiocinative outcome of expected utility from an innovation derived from a consideration of the innovation's respective benefits and costs, including psychic costs. Such a conceptualization of perceived value subsumes the concept of risk as feelings under the "costs" of an innovation in the consumer's mind. Thus, in this perspective, risk as feelings is included in the notion of perceived value and is not a separate and independent concept. However, following Sweeney, Soutar and Johnson (1999), Agarwal and Teas (2001) and Sweeney and Soutar (2001), we consider perceived value to be different from risk as feelings. We derive our framework from evidence in the social psychology literature. The cognitive processes which lead to evaluations such as perceived value are not necessarily indicative of the

affective consequences of a risky stimulus (such as a radical innovation, in our case).

The risk as feelings hypothesis (Loewenstein et al., 2001) suggests that risk as feelings, or negative feelings arising from a risky stimulus, may occur directly as a result of a risky stimulus without being mediated by cognitive (cortical) processing. Consequently, perceived value and risk as feelings, although related, may have separate and unique effects on behavior. Finally, while there may be other determinants of negative feelings, the notion of risk as feelings is considered to be directly influenced by the consumer's experience of the level of vividness and immediacy of the risky stimulus.

#### **Conceptual Model**

Based on the conceptualizations of the risk as feelings hypothesis and the availability valence hypothesis, as well as our understanding of vividness, we present an overall framework in Figure 1 that explores the influence of vividness on willingness to try an innovative product. We discuss below how vividness affects risk as feelings or perceived value (via total number of thoughts) under different conditions (less risk/more risk) of stated risk leading ultimately to willingness to try an innovation:

- 1) The risk as feelings hypothesis (Loewenstein et al., 2001) suggests that in a risky situation, negative feelings can directly be generated based on exposure to vivid stimuli. This means that such stimuli can produce negative feelings of risk without cognitive mediation. Moreover, such negative affective reactions to risky stimuli (an innovation, in this case) may diverge from cognitive assessments and be a unique driver of behavioral intention in the form of willingness to try.
- 2) Vivid stimuli can indirectly (via cognitive elaboration in the form of total number of thoughts - TOT) lead to an overall evaluation of perceived value, which, in turn, may be a unique driver of willingness to try. According to the availability valence hypothesis (Kisielius & Sternthal, 1986), greater cognitive elaboration of a message

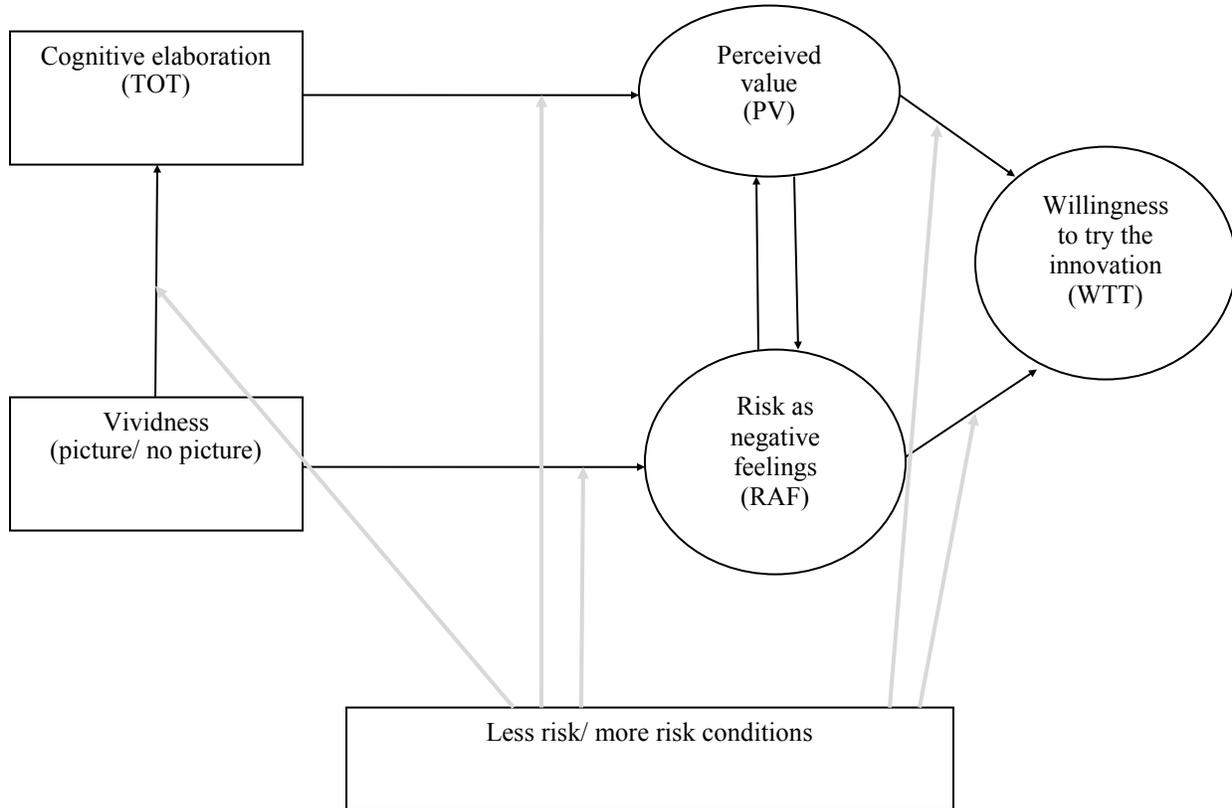
- (represented, in this study, by the extent of total thoughts generated by the description of the innovation) leads to greater attitudinal judgments such as perceived value.
- 3) Perceived value and risk as feelings are reciprocally related to each other. The nature of these relationships is not specified since we do not know as yet how the two perspectives in our study merge together. Cognitive and emotional perspectives may be positively or negatively related depending on the context which may produce a crossfire (negative relationship) or a convergence (Swann, Griffin, Predmore, & Gaines, 1987).
  - 4) The pathways in the model are moderated by the depiction of stated risk in the description of the innovation. For instance, as described in our hypotheses later, the path from vividness to risk as

feelings is expected to be significant only under conditions of stated risk in the description of the innovation. We provide more discussion on the moderating role of stated risk via the depiction of risky attributes in the next section.

**Moderating Role of Stated Risk in a Radical Innovation**

We propose that stated risk in the verbal description of an innovation can increase the feelings of risk perceived by consumers with regard to the innovation. Thus, risk as feelings will be greater in the stated risk condition (more risk) than in the no-stated risk condition (less risk). Consumers will read about the risky attributes in the innovation and feel the sensation of risk (risk as feelings) as well. Additionally, the depiction of risky attributes may play a role in moderating the effects of vividness in willingness to try a radical

**FIGURE 1:**  
**A Moderated Model of Vividness Effects on Value and Risk as Feelings for an Innovation**



Note: Lighter lines indicate moderating effects of risk.

innovation. It has been found that making attributes (such as the risky elements in an innovation) more vivid (by adding a picture with the risky elements, for instance) increases attention to the attribute, which increases the importance of that attribute (Mackenzie, 1986). Thus, participants who view a picture of the risky elements of an innovation, along with a verbal description of the risk, will have a tendency to pay more attention to the risky attributes and to consider these attributes to be more important. Hence, they are also more likely to experience greater negative feelings due directly to the risky attributes shown in the picture. Indeed, in a classic experiment, Schacter and Singer (1962) showed that participants labeled their feelings to be positive or negative according to the situational elements available to them in the immediate environment. Accordingly,

**H<sub>1</sub>:** In the *more risky* condition, the mean of risk as feelings will be higher in the *picture* condition than in the *no-picture* condition.

According to the risk as feelings hypotheses, vividness does not lead to cognitive evaluation in the form of perceived value directly. In fact, this is one of the main tenets of the theory since this isolates the concept of risk as feelings as a separate and different construct from attitudinal judgments such as perceived value. However, according to the availability valence hypothesis (Kisielius & Sternthal, 1986), vividness leads to greater cognitive elaboration (in the form of total number of thoughts), which in turn can lead to attitudinal judgments (such as perceived value). Importantly, according to this latter perspective, both information processing by the individual and the content of the message (favorable or unfavorable) are necessary aspects of persuasion. Since the effect of vividness has been shown to deteriorate in the presence of negative information (Herr et al., 1991), we suggest that the effect of vividness on total number of thoughts will be higher in the less risky condition. Thus, total number of thoughts will be greater in the more vivid (picture) condition, but for the less risky condition only.

**H<sub>2</sub>:** In the *less risky* condition, the mean of total thoughts (TOT) will be higher in the *picture* condition than in the *no-picture* condition.

Perceived value is conceived as an appraisal of the costs and benefits of the innovation (see Moreau et al., 2001) and, hence, the total number of thoughts about the innovation is considered to be a determinant of perceived value. As discussed earlier, the availability valence hypothesis also suggests that greater cognitive elaboration in the form of total number of thoughts (TOT) leads to more information being made available for the formation of attitudinal judgments, such as perceived value. This hypothesis further suggests that, in addition to the extent of information (TOT) that is made accessible in memory, an attitudinal judgment (perceived value in this case) also depends on the favorableness (valence) of such information. Thus, favorable cognitive elaboration produces favorable attitudinal judgments and unfavorable cognitive elaboration produces unfavorable judgments. Accordingly, in a risky situation, total number of thoughts will comprise of a greater number of unfavorable total thoughts (e.g., about the costs of the innovation). However, in a less risky situation, total number of thoughts will comprise of a greater number of favorable total thoughts about the benefits of the innovation, leading to a greater perception of value.

**H<sub>3</sub>:** In the *less risky* condition, total number of thoughts will be positively related to perceived value.

Attitudinal judgments, such as perceived value, are usually considered to lead to behavioral intentions regardless of the context or situation (Fishbein & Ajzen, 1975). Even in a risky situation, when negative feelings may arise, people will consider the value of the innovation as a factor in their future intentions towards the innovation. This is so because rational judgments are always (irrespective of the situation) a strong consideration in the choice of utilitarian products and services. Radical innovations possess a strong utilitarian component and, hence, the perception of value will lead to behavioral intent regardless of risk as feelings. In general, attitudes are hard to change and their effects are likely to be preserved (Assael, 2004).

**H<sub>4</sub>:** Perceived value will be positively related to willingness to try in both less risky and more risky conditions.

According to the risk as feelings hypothesis, risk as feelings reduces behavioral intent only when stated risk is present. In the absence of stated risk, negative feelings are less likely to dominate and influence willingness to try. Emotional responses, in general, are more likely in a certain context or situation. Thus,

**H<sub>5</sub>:** In the *more risky* condition, risk as feelings will be negatively related to willingness to try.

### Hedonic Versus Utilitarian Product Descriptions

The above conceptual model may not be generalized across different types of product descriptions, namely, utilitarian and hedonic based on the notions of immediacy and concreteness (Pham, 1998). Hedonic product descriptions, which describe the pleasurable sensations of using a product, employ sensory cues that are concrete (e.g., “the feel of the warm summer wind on your face” for the description of a convertible car) and offer immediate gratification of pleasure. On the other hand, utilitarian product descriptions describe the functional aspects of a product that are based on abstract cues (e.g., gas mileage) since their promise can only be fulfilled on a future date (e.g., the promise of gas mileage would only be revealed upon actual trial and continued use of the product). Thus, hedonic product descriptions provide concrete cues and immediate gratification, while utilitarian product descriptions promise abstract cues and delayed gratification. Conventionally, we may think of utilitarian products as offering more concrete attributes and hedonic products as offering more abstract attributes. However, we suggest the opposite for *descriptions* of hedonic and utilitarian products based on the verbal communication properties and not the properties of a specific product. Thus, from a marketing communication perspective, it is important to study the conceptual model across utilitarian and hedonic product descriptions.

## STUDY 1

### Experimental Procedure

232 undergraduates (53% female) from a small university in northeastern U.S.A. participated in the study for extra credit. This study involved 2 (more risky versus less risky descriptions) X 2 (picture versus no picture) between-subjects design. Participants were randomly assigned to the experimental conditions and they first read the description of a radical innovation and answered a questionnaire containing the constructs of interest in the study. We considered it important to choose a product that would be perceived as innovative in a product category already familiar to our respondents. Thus, the radical innovation chosen for the study was the hydrogen fuel cell (HFC) car. The HFC is a radical innovation since it uses new technology and is a marked improvement in meeting consumer needs (it produces zero emissions into the environment). It also involves new patterns of behavior for consumers since new hydrogen filling stations (not gasoline) need to be used and consumers have to sacrifice some of the acceleration that they are used to. We developed separate hedonic and utilitarian versions of the verbal descriptions by changing the headline and the blurb in the description to reflect hedonic and utilitarian definitions of pleasure and functionality, respectively (Voss, Spangenberg & Grohmann 2003). Similarly, we changed the beginning and the end of each description.

*Vividness manipulation.* We used various sources (websites, advertisements, news reports) to compile the verbal description of the HFC car. We developed separate less risky and more risky versions of the descriptions by adding a paragraph in the more-risky version which stated that the hydrogen fuel tanks in the car could explode since hydrogen is an extremely explosive gas. The paragraph ended with a statement that the chances of such an explosion were uncertain (see Appendix A).

According to Kardes et al. (2008), a picture is more concrete than a written description and, thus, we used a picture/no picture condition for our vividness manipulation (see Appendix C for the picture used in Study 1). For the picture condition we used a color diagram of the HFC

car which showed the risky elements (hydrogen tanks) of the car along with non-risky, beneficial elements such as how the car was able to produce only water as a emission. An illustration such as this, as opposed to a photograph, was expected to generate a more moderate level of arousal and moderate levels of arousal have been found to create greater attention to stimuli (Kardes, et al., 2008). Directly below the picture we inserted a caption which read, “The car's motor runs on electricity generated by a hydrogen fuel cell located under the seats. High-pressure hydrogen tanks are located in the rear. Water is generated as a byproduct, and some of it is used for humidification.” Hence, both verbal and visual information in the article conveyed the stated risk and value information clearly, yet in an even-handed manner. This was a necessary aspect of our vividness manipulation since vivid stimuli have been found to have weaker effects when a lot of negative information is also available (Herr et al., 1991). Vivid stimuli are also proximate in a sensory way (Nisbett & Ross, 1980) as discussed earlier and, hence, we included the name of a staff reporter as the presumed author of the verbal description.

To ensure that the utilitarian and hedonic stimuli were perceived as intended, we conducted a pretest with 64 undergraduate students. Participants evaluated the descriptions on five 7-point semantic-differential items measuring the utilitarian dimension (e.g., not functional/functional) and five items measuring the hedonic dimension (e.g., not fun/fun) of the products (Voss et al., 2003). Cronbach's  $\alpha$  for the summated hedonic items was .88 and for the summated utilitarian items was .74. A paired samples t-test confirmed that there were significant differences between the hedonic ( $M = 21.28$ ) and utilitarian scores [ $M = 24.86$ ,  $t(63) = -4.76$ ,  $p = .00$ ]. An independent samples t-test also showed that participants who saw the hedonic (versus utilitarian) description rated the car higher in hedonic value [ $M = 22.52$  vs.  $M = 20.12$ ,  $t(62) = -1.8$ ,  $p = .10$ ]. Thus, the two versions were considered to be sufficiently different in terms of hedonic and utilitarian verbal content and were used to test if our study results were impervious to changes in the verbal description of the innovation. Appendix

A shows the utilitarian version and Appendix B shows the hedonic version.

### Manipulation Checks

To examine whether adding the risk dimension to the verbal description actually produced a greater amount of risk, participants stated their agreement with two statements: “The hydrogen fuel cell car could cause me physical pain” and “Overall, the hydrogen fuel cell car is risky” (1 = Strongly disagree; 7 = Strongly agree). We found significant differences across both groups for both these questions. For the first statement, a one-way ANOVA indicated a significant difference between the less risky ( $M = 2.30$ ) and more risky ( $M = 4.32$ ;  $F(1,230) = 101.56$ ,  $p < .01$ ) groups. For the second statement, a one-way ANOVA also indicated a significant difference between the less-risky ( $M = 4.07$ ) and the more-risky [ $M = 4.55$ ;  $F(1,230) = 7.26$ ,  $p = .01$ ] groups. Hence, the risk manipulation did produce more risk in one condition than in the other.

*Measures.* All measured items used a seven-point scale using the end points “strongly disagree” and “strongly agree”. The risk as negative feelings construct was measured using four items (The hydrogen fuel cell car makes me feel nervous/worried/anxious/tense) (Richins, 1997) (Cronbach's  $\alpha = .81$ ). To measure willingness to try, we included three items previously used in studies about innovations (Chaudhuri, Aboulnasr & Ligas, 2010) (i.e., I would be willing to spend time to know the hydrogen fuel cell car better, I would be willing to spend the effort to know the hydrogen fuel cell car better, and, I would be willing to try the hydrogen fuel cell car) (Cronbach's  $\alpha = .89$ ). To measure perceived value, we used three seven-point items (I will gain if I use the hydrogen fuel cell car, the hydrogen fuel cell car is valuable, and, the hydrogen fuel cell car's benefits are greater than its costs for me) (Cronbach's  $\alpha = .80$ ). The items were modified from Zeithaml (1988) and based on our understanding of perceived value.

We measured cognitive elaboration in the form of total number of thoughts by asking respondents to write down facts about the hydrogen fuel cell car without reading the article again. We then asked a paid graduate

**TABLE 1:**  
**Study 1: Measurement Model and Correlations and  $\Phi^2$  amongst Constructs**

Construct/Indicator	SL	SE	t-value	Composite reliability	AVE
<b>Perceived value</b>					
The hydrogen fuel cell car's benefits are greater than its costs for me	0.77 (.78)			0.80 (.83)	0.58 (.63)
I will gain if I use the hydrogen fuel cell car	0.9 (.64)	0.12 (.09)	8.32 (7.06)		
The hydrogen fuel cell car is valuable	0.58 (.93)	0.1 (.11)	5.96 (9.66)		
<b>Risk as Feelings</b>					
The hydrogen fuel cell car makes me nervous	0.68 (.72)			0.81 (.83)	0.54 (.55)
The hydrogen fuel cell car makes me anxious	0.47 (.58)	0.17 (.14)	4.48 (5.90)		
The hydrogen fuel cell car makes me worried	0.88 (.89)	0.18 (.15)	7.48 (8.14)		
The hydrogen fuel cell car makes me tense	0.83 (.74)	0.15 (.12)	7.39 (7.42)		
<b>Willingness to Try</b>					
I would be willing to try the hydrogen fuel cell car	0.85 (.61)			0.93 (.89)	0.83 (.73)
I would be willing to spend time to know the hydrogen fuel cell car better	0.94 (.94)	0.08 (.17)	13.94 (7.93)		
I would be willing to spend the effort to know the hydrogen fuel car better	0.94 (.97)	0.08 (.18)	13.9 (7.97)		

Note: SL = Standardized loading, SE = Standard error, AVE = Average variance extracted; values in parentheses represent the more risky condition

**Correlations and  $\Phi^2$  of constructs**

Constructs	Perceived Value	Risk as Feelings	Willingness to Try
Perceived Value	.80	0.04 (0.07)	0.41 (.44)
Risk as Feelings	-0.21 (-.27)	.81	0.18 (.03)
Willingness to Try	0.64 (.66)	0.43 (.17)	.89

Note: The lower diagonal represents correlation between constructs while the upper diagonal represents  $\Phi^2$ ; values in parentheses represent the more risky condition; values in the diagonal represent Cronbach's alpha.

student to carefully code the total number of positive, negative and neutral thoughts and facts about the hydrogen fuel cell car that each respondent had provided. The total number of these thoughts were then added together to form the total number of thoughts variable. The graduate student was blind to our hypotheses and the conditions in our study. He was properly coached in the coding procedure and his work was carefully supervised.

**Results**

We created a two-group model based on the two versions of the stated risk condition (less risky = 111; more risky = 121) using structural equation modeling. An overall model was run using the pooled data comprising of hedonic and utilitarian datasets. Following this, models were run separately for the hedonic and utilitarian datasets. The results of a confirmatory factor analysis using pooled

**TABLE 2:**  
**Study 1: Structural Model**

	<u>Pooled Dataset</u>		<u>Utilitarian Dataset</u>		<u>Hedonic Dataset</u>	
	<i>Less risky</i>	<i>More risky</i>	<i>Less risky</i>	<i>More risky</i>	<i>Less risky</i>	<i>More risky</i>
<b>H<sub>1</sub></b> : vividàRAF	ns	.18* Support	Ns	.41* Support	ns	ns
<b>H<sub>2</sub></b> : vivid à TOT	ns	-.32***	Ns	-.40***	.30** Support	-.23*
<b>H<sub>3</sub></b> : TOT à PV	.27*** Support	ns	.31** Support	ns	ns	ns
<b>H<sub>4</sub></b> : PV à WTT (Support)	.62*** Support	.66*** Support	.73*** Support	.62*** Support	.54*** Support	.65*** Support
<b>H<sub>5</sub></b> : RAFà WTT (No support)	ns	ns	Ns	ns	ns	ns

Note : « ns » indicates a non-significant ( $p > .10$ ) coefficient ; \*\*\*  $p < .01$  ; \*\*  $p < .05$  ; \*  $p < .10$   
RAF = Risk as feelings ; TOT = Total number of thoughts ; PV = Perceived value ; WTT = Willingness to try

dataset showed that the measurement model for the constructs of theoretical interest was statistically significant [ $\chi^2 (92) = 144.64, p = 0.0$ ]. However, the various indices suggested that the model fit the data well (RMSEA=.05; CFI=.96). All factor loadings were significant and loaded .50 or greater for both groups except for one item. Only the anxious item in the risk as feelings construct loaded .47 in the less-risky group. However, the item was retained since it had an acceptable loading in the more-risky group. The composite reliability values for all constructs were above .80 while the average variance extracted for all the constructs were above .50. This means that at least 50% of the variance of the constructs was explained by their items. Since all items loaded well of the respective constructs, unidimensionality and convergent validity were ensured. Next, we tested for discriminant validity by checking whether the squared correlations amongst constructs were lesser than the average variance extracted for each of the constructs. As seen in Table 1, the squared multiple correlations amongst constructs were lesser than the average variance extracted for each of the constructs, thus ensuring discriminant validity.

The structural model also showed a satisfactory fit with the data [ $\chi^2 (98) = 153.34, p = 0.0$ ; RMSEA=.05; CFI=.96]. Table 2 provides the

results of the multiple group analysis for the paths shown in Figure 1 for both risk groups. Forty two percent of the variance in willingness to try was explained by the other variables in the model for the less-risky group and 44% was explained for the more-risky group. The results support three out of five hypotheses.

H<sub>1</sub> is supported since the path from vividness to risk as feelings was positive and significant ( $p < .10$ ) for the more risky group, but non-significant for the less risky group. This shows that the mean of risk as feelings was greater in the picture condition than in the no-picture condition for the more-risky group only. H<sub>2</sub> is not supported since the path from vividness to total number of thoughts was negative and significant ( $p < .05$ ) for the more risky group, but non-significant for the less risky group. This shows that the mean of total number of thoughts was greater in the no-picture condition than in the picture condition for the more risky group. However, we expected that the mean of risk as feelings would be higher in the picture condition, but for the less risky group. H<sub>3</sub> is supported since the path from total number of thoughts to perceived value was positive and significant ( $p < .05$ ) for the low risk group, but not significant for the high risk group. H<sub>4</sub> is supported since the path from perceived value to willingness to try was positive and

significant ( $p < .05$ ) for both the less risky and more risky groups.  $H_5$  is not supported since the path from risk as feelings to willingness to try was not significant for both the less-risky and more-risky groups. Additionally, in both groups, we found no significant reciprocal relationships between perceived value and risk as feelings.

We tested the utilitarian and hedonic verbal description datasets for the same model and hypotheses (see Table 1). The results of the utilitarian description data ( $N=118$ ) very closely resembled the pooled data set results (see Table 1):  $H_1$ ,  $H_3$  and  $H_4$  are supported, while  $H_2$  and  $H_5$  are not supported. The results for the hedonic data ( $N=114$ ) are different since only  $H_4$  and  $H_2$  are supported.

## Discussion

We find that the mean of risk as feelings is higher in the more vivid, picture condition than the less vivid, no-picture condition for the more-risky condition, but not for the less risky condition. This finding is also reproduced in the utilitarian (but not hedonic) data subset. Thus, our research revealed the moderating nature of risk on the relationship between vividness and risk as feelings. This finding is consistent with the risk as feelings hypothesis (Loewenstein et al. 2001), as well as the “affect as information” literature. The “how-do-I-feel-about-it” (HDIF) heuristic (Adaval 2001; Pham, 1996; Schwarz, 1990; Yeung & Wyer, 2004), for example, proposes that, in the formation of evaluative judgments, consumers mentally form a pictorial representation of the object to be evaluated and then use such a representation to examine their feelings towards the object. These resultant feelings are then used as information in evaluating the object. In the case of new products, however, a pictorial representation of the new product may not be mentally available to consumers during initial exposure to the innovation (e.g., while reading about it for the first time). Hence, making a picture of the innovation readily accessible to consumers should generate more feelings than when a picture is not included in the description of the innovation. This was, indeed, the case in our study in which more feelings were generated in the picture condition. As predicted, these were negative feelings arising from vividness effects

and were prevalent only in the more-risky condition.

Interestingly, this result was found only in the utilitarian data and not in the hedonic data. In this regard, Pham (1998) found that consumers place greater reliance on their feelings as a heuristic for hedonic, consummatory situations than for utilitarian, instrumental situations. This reliance is based on consumers’ perceptions that feelings are more relevant for hedonic situations. Thus, in keeping with Pham (1998), the positive finding for  $H_1$  should have been more prevalent for hedonic descriptions than for utilitarian descriptions. However, our results suggest the opposite: in risky situations, utilitarian stimuli may not be sufficient to counteract the *negative* feelings arising from stated risk. On the other hand, hedonic stimuli may decrease negative feelings of risk, perhaps by raising positive feelings which counteract feelings of anxiety and worry. As described earlier in the paper, stated risk is the risk described in the communication of the innovation, while risk as feelings is the perception of that risk (as feelings) by the consumer. The notion of cognitive dissonance (a negative feelings, such as risk as feelings construct) is also relevant here. Cognitive dissonance arises from the inconsistency between negative and positive elements in a stimulus (Festinger 1957), such as an innovation. Thus, in our case, the consumer desires the innovation (a positive element), but this is inconsistent with the stated risk (a negative element), thereby producing cognitive dissonance. This dissonance, however, can be reduced by the positive feelings produced from a hedonic type of product description, but not by a utilitarian description, which does not contain the concrete cues that create positive feelings.  $H_2$  was not supported in the pooled dataset or the utilitarian data. In fact, the results were exactly the reverse of our expectations. We expected that the more vivid, picture condition should have led to more thoughts in the less risky scenario. Instead, it was in the more risky scenario *and* in the less vivid condition that more thoughts were generated. Note that while this more risky/less vivid group had more thoughts, the more risky/more vivid group (from  $H_1$  above) had more feelings. This is consistent with the affect-as-information literature (Pham 1998) which suggests that

consumers rely more on pictorial representations in consulting their feelings. Thus, our results for  $H_1$  and  $H_2$  in the utilitarian (and pooled) dataset are more consistent with the risk as feelings hypothesis and the HDIF heuristic than with the availability valence hypothesis. For the utilitarian description, the picture may have little value in terms of aiding cognitive elaboration represented here in the form of total number of thoughts. In fact, the picture may hinder such rational information processing by distracting from the verbal content of the description.

However, for the hedonic data, more thoughts were generated in the less-risky, but more vivid condition, *consistent with  $H_2$*  and the availability valence hypothesis. Thus,  $H_1$  is supported for the utilitarian data, while  $H_2$  is supported for the hedonic data. As per the availability valence hypothesis, more thoughts were generated in the more vivid condition, but only when there was little risk and when the verbal description presented the innovation in pleasurable, hedonic terms. Kisielius and Sternthal (1986), in developing the availability valence hypothesis, state that the availability of information for cognitive elaboration depends on the *valence* or favorableness of the information. As stated before, hedonic verbal descriptions use more concrete cues that offer immediate gratification, while utilitarian descriptions use more abstract cues. Hence, hedonic descriptions may be perceived by consumers as more favorable information than utilitarian descriptions, which use delayed cues that do not offer immediate gratification, but instead depend on consumer experiences with the product at a later date. In this way, vividness effects may hinder and distract from the processing of words that are abstract (utilitarian description), but can help with the processing of words that are concrete (hedonic description).

Consistent with the availability valence hypothesis,  $H_3$  is supported, i.e. cognitive elaboration (total number of thoughts) is positively related to perceived value in the less risky situation, but not in the more risky situation. The availability valence hypothesis explains attitudinal judgments in terms of a memory based operation and states that attitudinal judgments, such as perceived value,

depend on the accessibility or availability of information in memory (total number of thoughts in this study). This is supported in our study, but only when the situation is not presented as risky. Presumably, in a risky scenario, negative thoughts about the risk in the innovation neutralize positive thoughts about the innovation and no relationship between cognitive elaboration (total number of thoughts) and attitudinal judgment (perceived value) was found.

$H_4$  is supported for the pooled data and also for both the utilitarian and hedonic subsets in the data. Perceived value was strongly and positively related to willingness to try the innovation in *both* the more risky and less risky scenarios in our study. This finding further confirms the role of value (benefits minus costs) in the literature on innovations. Even in situations of moderate risk, as in this study, consumers tend to emphasize the value in the innovation over the possibility of risk.

We do not find support for  $H_5$  in our data. While our hypothesis about the relationship of vividness and risk as feelings is supported, we do not find evidence that this, in turn, leads to willingness to try the innovation. One explanation for this may be that while emotion was engendered, consumers did not rely on these feelings to arrive at a decision about the innovation. As Pham (1998) points out, when consumers do not consider their feelings to be representative of the target object, they may not rely on such feelings to arrive at a decision. Hence, if consumers in our study did not perceive that their feelings were elicited by the innovation itself, then they may not have relied on these feelings in making their evaluation. Or, it may be that the level of risk was not strong enough to find evidence, in this study, for the risk as feelings linking willingness to try. Hence, we conducted Study 2.

## STUDY 2

Study 1 discussed the effect of vividness on willingness to try when consumers are exposed to reports with or without a picture of an innovation. Now, imagine that the consumer reads and/or sees a photograph of a burning car in a media report. Would the consumer be affected by the vividness of the news and how

would he/she react in terms of willingness to try? Indeed, media reports on burning cars have occurred. For example, newspaper, television and internet based articles have recently been abound with the news of the “Nano” car, manufactured by Tata Motors in India, wrapped in flames after consumers had driven the car from the dealer’s showroom (Autoexpress, 2010). How does such news affect other consumers? How does the company deal with such a public relations nightmare?

*Nonverbal* stimuli, such as pictures, as opposed to verbal stimuli, are non-propositional, that is, the feelings evoked *cannot* be refuted or corrected (Buck, 1988; Chaudhuri, 2006). Thus, in the context of the publicity function in public relations, it is important that marketing practitioners and academics understand the effects of different types of pictures, some of which may result in “bad press” in spite of avowedly neutral or even positive verbal information (“good press”) provided by staff reporters and other journalists. While negative verbal descriptions in the popular press can be corrected by the dissemination of countervailing rational, verbal marketing information, negative pictures in the popular press create negative feelings, *independent* of the rational thoughts resulting from a verbal description (see Zajonc, 1980; Zajonc & Markus, 1982). Thus, in spite of positive verbal descriptions in the media, a strongly negative nonverbal stimulus could cause consumers to derive an overall negative impression of an innovation in spite of positive publicity and marketing and public relations efforts to the contrary. A case in point, cited above, is the burning image carried by BBC News South Asia of a small car (“Nano”) manufactured by the Tata automobile company. Although touted as the “world’s cheapest car”, the Nano has not performed according to expectations (The Economic Times, 2011). Is it possible that the emotional impact of negative pictures in the popular press has negated the rational impact of a very favorable price for the Nano? On the other hand, the Chevrolet Volt has done well in spite of fires started from its lithium-ion batteries (Bunkley, 2011; Vlasic & Bunkley, 2011). Consequently, it is possible that the perceived value of an innovation, such as the electric car, may outweigh the perceived risk in the innovation. In study two, we investigate this

possibility for the hydrogen fuel cell car, as described below.

The purpose of this second study is twofold: first, to understand whether the non-significant relationship between risk as feelings and willingness to try in Study 1 become significant if the pictorial stimulus in Study 2 is clearly and strongly negative (detrimental to the innovation)? Second, since the influence of perceived value on willingness to try was so pervasive in Study 1, what consumer-related variables create perceived value in an innovation other than the processing of thoughts about the innovation? For instance, do individual differences among subjects on certain values lead to a greater perception of overall perceived value in the innovation? Lusch and Vargo (2012) state that consumers are co-creators of value in the value chain of the firm. We submit that consumers’ own personal values, along with marketing stimuli (pictures, copy writing techniques, etc.), may be a crucial determinant of consumer perceptions of value regarding an innovation. Thus, in Study 2 we include a measure of concern for the environment to examine its effects on consumers’ responses to environmentally-friendly innovations, such as the hydrogen fuel car, which has been used as a stimulus in our study. Figure 2 reproduces the model used in Study 2, which replicates and extends the model in Study 1.

In this study, we replicated Study 1 with a different stimulus, which was clearly detrimental to the innovation’s success. Instead of a diagram depicting the various elements in the HFC car, we substituted a picture of a burning car (see Appendix D), which, although detrimental to the innovation’s success, was in line with the potential for an explosion in the HFC car. In Study 2, we used the utilitarian description from Study 1 (Appendix A), since the results from this version were most in line with the overall results in Study 1.

In order to answer the second question, we included two additional questions in the questionnaire to measure the concept of “concern for the environment,” an individual difference variable which should be related to the perceived value of the HFC car. The

**TABLE 3:**  
**Study 2: Measurement Model**

Construct/Indicator	SL	SE	t-value	Composite reliability	AVE
<b>Perceived value</b>					
The hydrogen fuel cell car's benefits are greater than its costs for me	0.64			0.76	0.51
I will gain if I use the hydrogen fuel cell car	0.69	0.18	5.34		
The hydrogen fuel cell car is valuable	0.81	0.19	5.81		
<b>Risk as Feelings</b>					
The hydrogen fuel cell car makes me nervous	0.81			0.86	0.61
The hydrogen fuel cell car makes me anxious	0.64	0.13	6.47		
The hydrogen fuel cell car makes me worried	0.87	0.13	9.07		
The hydrogen fuel cell car makes me tense	0.79	0.14	8.30		
<b>Willingness to Try</b>					
I would be willing to try the hydrogen fuel cell car	0.75			0.90	0.75
I would be willing to spend time to know the hydrogen fuel cell car better	0.90	0.11	9.29		
I would be willing to spend the effort to know the hydrogen fuel car better	0.94	0.11	9.54		
<b>Concern for Environment</b>					
In general, I am concerned about the environment	0.94			0.91	0.69
I think our society can do more to reduce air pollution	0.70	0.12	5.35		

Note: SL = Standardized loading, SE = Standard error, AVE = Average variance extracted

**Correlations and Φ<sup>2</sup> of constructs**

Constructs	Perceived Value	Risk as Feelings	Willingness to Try	Concern for Env.
Perceived Value	.74	0.08	0.23	0.00
Risk as Feelings	-0.28	.86	0.03	0.03
Willingness to Try	0.48	0.17	.85	0.19
Concern for Environment	0.23	0.18	0.44	.67

Notes: The lower diagonal represents correlation between constructs while the upper diagonal represents Φ<sup>2</sup>.

questions were (1) “In general, I am concerned about the environment” and (2) “I think our society can do more to reduce air pollution” Cronbach’s α = .67.

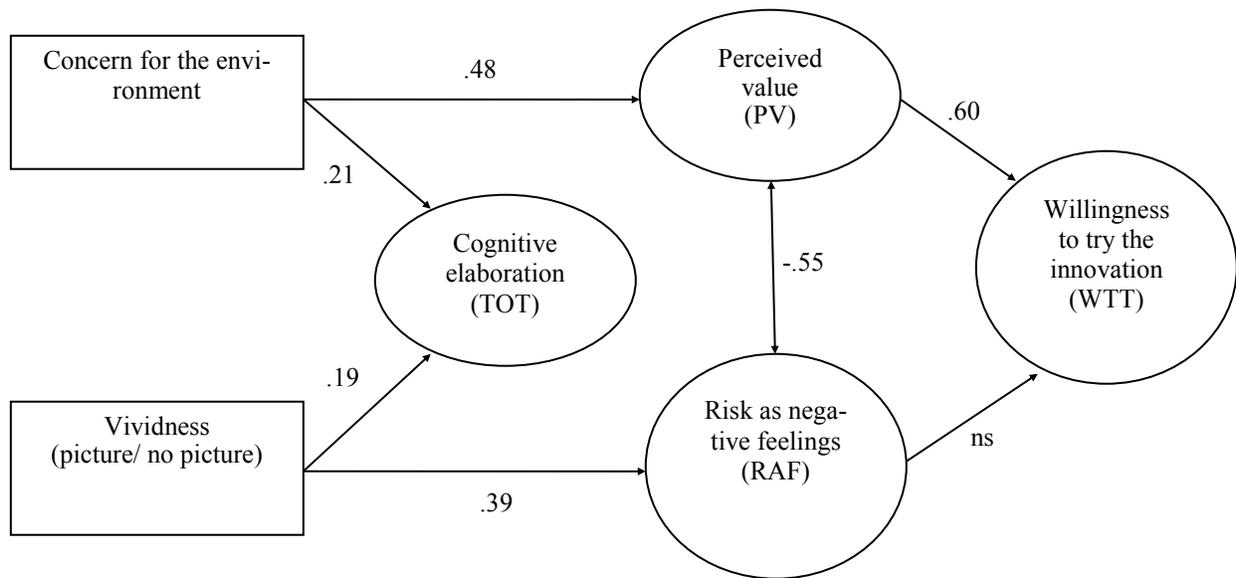
99 undergraduate students (64.6 % females) from a university in northeastern U.S.A. participated in a 2 (picture vs. no picture) X 2 (more risky vs. less risky information) between-subjects design. Participants in the study had been driving a car from a minimum of three years to a maximum of eight years and the

average driving experience was 5.1 years. We used the same procedure and measures in Study 2 as in Study 1, but with the two differences mentioned above: the nature of the pictorial stimuli and the two additional questions measuring people’s concern for the environment.

**Results**

Multi-group analysis of the data in Study 2 showed that the data did not fit the two group

**FIGURE 2:**  
**Study 2: Replication with Extension**



ns = non-significant at  $p > .10$

model adequately:  $\chi^2(140) = 242.6$  ( $p = 0.0$ ) and ( $RMSEA = .085$ ;  $CFI = .847$ ). The strongly negative aspect of the picture of the burning car may have reduced the differences between the less-risky and more-risky groups. Hence, we created a single group model using Amos 19.0. The results of a single group confirmatory factor analysis showed that the measurement model for the constructs of theoretical interest was statistically significant [ $\chi^2(64) = 103.64$ ,  $p = 0.0$ ]. However, the various indices suggested that the model fit the data adequately ( $RMSEA = .079$ ;  $CFI = .936$ ). All factor loadings were significant and .50 or greater. As in Study 1, we checked for convergent and discriminant validities. All composite reliabilities values were above .76 for all constructs and the average variance extracted values for all constructs were above .50. The model showed discriminant validity since the squared correlations amongst the constructs were lesser than the average variance extracted values for each of the constructs (please see Table 3). The structural model (Figure 2) also showed a satisfactory fit with the data:  $\chi^2(69) = 108.9$  ( $p = 0.0$ ) and ( $RMSEA = .06$ ;  $CFI = .94$ ). Thirty five percent of the variance in willingness to try was explained by the other variables in the model.

The path from vividness to risk as feelings was positive and significant ( $Beta = .39$ ;  $p < .01$ ). This shows that the mean of risk as feelings was greater in the picture condition than in the no-picture condition, which is consistent with the risk as feelings hypothesis. The path from vividness to total number of thoughts was positive and significant ( $Beta = .19$ ;  $p < .10$ ). This shows that the mean of total number of thoughts was greater in the picture condition than in the no-picture condition. The path from total number of thoughts to perceived value was not significant ( $p > .10$ ). The path from perceived value to willingness to try was positive and significant ( $Beta = .60$ ;  $p < .01$ ). The path from risk as feelings to willingness to try was not significant ( $p > .10$ ). Finally, the path from concern for the environment to perceived value was strongly positive and significant ( $Beta = .48$ ;  $p < .01$ ) and the path from concern for the environment to total number of thoughts was also positive and significant ( $Beta = .21$ ;  $p < .10$ ). This suggests that perceived value is, directly, a function of personal, ethical values such as an individual's concern for the environment and also, indirectly through TOT, of communication stimuli such as vividness. Hence, perceived value is

stimulated by communication and also directly generated by personal values.

In study two, unlike study one, there is evidence of a negative and significant path from risk as feelings to perceived value (Beta =  $-.55$ ;  $p < .01$ ). We surmise that the presence of the strongly negative stimulus of a burning car functioned to increase negative feelings in study two, leading to a stronger negative relationship with perceived value. For reasons cited earlier, we did not postulate a theoretical relationship between risk as feelings and perceived value in this paper. However, our findings in study 2 indicate that, under certain conditions, this may be a potentially rich area of inquiry for future research.

### Discussion

The results from Study 2 largely corroborate the overall results from Study 1, with additional findings due to the inclusion of the concern for the environment variable. In both studies, we find that adding a picture (vividness effect) to a verbal description of a radical innovation increases consumers' feelings of risk. Further, as expected and consistent with the availability valence hypothesis, adding a picture that is clearly negative (burning car) increases consumers' cognitive elaboration (total number of thoughts). Perhaps the burning car picture increased participants' attention to the description, which helped them better recall the information.

Most importantly, we find in both studies that perceived value is always strongly and positively related to willingness to try the innovation, even when the vividness stimulus is strongly detrimental to the success of the innovation. Despite the fact that feelings of risk were evoked in both studies by the vividness stimuli, perceived value always overwhelmed the effect of risk as feelings on willingness to try.

Finally, the effect of cognitive elaboration (total number of thoughts) on perceived value was not significant in Study 2. Thus, although thoughts about the innovation were generated as a result of vividness effects in both studies, in Study 2 such thoughts did not lead to greater perceived value. Presumably, the strongly

negative vividness stimuli in Study 2 created unfavorable thoughts and such unfavorable thoughts neutralized other favorable thoughts from the verbal description of the innovation, effectively negating any influence of cognitive elaboration on a positive evaluation (value) of the innovation. However, an individual level variable, concern for the environment, proved to be a strong and positive antecedent of perceived value in Study 2. Interestingly, although this variable was also positively related to cognitive elaboration, its effect on perceived value was direct and not mediated by cognitive elaboration.

### GENERAL DISCUSSION

Our research brings together multiple theoretical perspectives (i.e., risk as feelings and availability valence hypotheses) to hypothesize the effects of vividness and risk associated with a radical innovation on consumers' willingness to try the innovation. The two theories provide contrasting perspectives. On one hand, according to the availability valence hypothesis, presenting a vivid, visual depiction of the innovation along with a verbal description of it makes the verbal message more readily available in consumers' minds (due to higher cognitive elaboration), which results in more positive evaluations of the innovation. On the other hand, the risk as feelings hypothesis suggests that including a picture next to the verbal description of an innovation results in more negative evaluations of the product (due to the uncertainty associated with trying a radical innovation).

We found in two studies that, consistent with the risk as feelings hypothesis, a picture generated more negative feelings, but only in certain conditions. Indeed, including a picture of an innovation increased negative feelings, but only when the verbal description accompanying the picture was utilitarian, not hedonic, and only when the verbal description itself included some elements of risk. If the verbal description was hedonic, presenting a picture did not result in more negative feelings, regardless of the level of risk presented in the description. Perhaps the positive feelings raised by the hedonic stimuli counteracted the negative feelings of anxiety and worry. These results were replicated in Study 2, which

examined the effects for the utilitarian description only, across the risk conditions.

Further, we found in Study 1 that a picture did not generate greater thoughts (TOT) than no picture in the less risky condition, although greater thoughts were related to greater perceived value in the same condition. However, in Study 2, when a picture (vs. no picture) was used more thoughts were, indeed, generated. We attribute this to the type of picture used as stimulus in Study 2. The clearly negative and detrimental picture of the burning car in Study 2 may have increased consumers' attention to the message, resulting in higher cognitive elaboration of the message, but not greater perceived value. Interestingly, despite this, perceived value overwhelmed the effect of risk as feelings on willingness to try in both studies.

#### MANAGERIAL IMPLICATIONS

The implications of these findings for managers are encouraging. First, consumers will ignore emotional risks in forming willingness to try, if perceived value is strong. The results of our studies show that although negative feelings of risk were present on learning about the innovation, these perceptions may have been outweighed by perceived value in arriving at willingness to try. Hence, marketers can fulfill their marketing responsibilities to divulge the risk in the product without fear that this may result in a lowering of perceived value and willingness to try the innovation. Also, marketers can deal with negative reports of their products in news media by understanding consumers' perceived value of the product versus the negative feelings of risk. In today's environment, social media plays a very important role in quick dissemination of information. Therefore, managers need to be especially careful in addressing issues arising out of conversations in this medium. However, the implications for public policy are discouraging. When perceived value is high, consumers may suppress emotional risk perceptions and take worse decisions than if they took these emotions and perceptions into account.

Further, in this era of rapid technological advancement, it is critical for companies to

reach out to its consumers who are more prone to adopting an innovation. Our findings reveal that the individual level variable, concern for the environment, is a strong and positive antecedent of perceived value. Specifically, despite any media reports of negative product information, advertisers of the hydrogen fuel cell car can continue to advertise in such magazines as *E: The Environmental Magazine* (which covers environmental issues) to discuss the innovation to help enhance consumer's perceived value for the product. Furthermore, highlighting the environment-related benefits (e.g., no harmful pollutants) should lead to higher preferences than touting the car-related benefits (e.g., performance).

#### LIMITATIONS AND FUTURE RESEARCH

Kisielius and Sternthal (1986) review vividness effects and summarize that vividness effects may be true only under certain conditions. Utilitarian and hedonic verbal descriptions in our study seem to ratify this since we find that these types of descriptions may provide boundary conditions that serve to limit our generalizations about vividness effects in more-risky and less-risky scenarios. As Kisielius and Sternthal (1986) state, vividness can be a "persuasive liability" (p. 419) since it can help or hinder information processing under certain conditions and, accordingly, future research needs to pay close attention to the effects of these and other boundary conditions that may qualify the effects of vividness.

With regard to the visual element, we used a different picture in Study 2 than in Study 1 and found some differences between the results. In Study 1, we used a color diagram with more concrete details, showing the risky elements (hydrogen tanks) of the car along with other non-risky elements. In Study 2, we used a clearly detrimental picture of a burning car to investigate whether the risk generated by the negative picture influences consumers' willingness to try. Perhaps the differences observed were due to the level of emotions/rational processing engendered by the two pictures. Thus, several alternative operationalizations examining the intensity of emotions arisen from exposure to different pictures remain to be tested for a better

understanding of the effects of vividness and risk on consumers' responses to innovations. In this paper, we have tried to gauge the effect of cognitive elaboration on perceived value by using total number of thoughts. However, it is unknown whether it is the total number of thoughts or the impact of such thoughts on consumer attitudes and decisions that affect their willingness to try a radical innovation. Therefore, future research should involve teasing apart these nuances for better understanding of their influences in the diffusion of innovation.

Finally, in this work, we focused on a high involvement innovation. We speculate that our findings should hold for an array of high involvement products; nonetheless, an interesting and important extension would be to examine the vividness effects of visual and verbal elements for low-involvement products, which require different processing than high-involvement products. Past research has shown that, when customers are not highly involved (either with the product or the message), the effects of affective responses on brand attitudes are strong (Batra & Stephens, 1994). Thus, it would be interesting to examine the effect of negative emotions on consumers' responses to innovations in low-involvement contexts as well. It may be that, for low involvement products, the effect of risk as feelings is stronger on willingness to try than the effect of perceived value. For instance, the environmental risk of breakage and spillage in using the new mercury-filled compact florescent light bulbs (CFLs) may outweigh the perceived value of these longer lasting bulbs.

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APPENDIX A:  
Utilitarian Description (Study 1 and Study 2)

## Hydrogen Fuel Cell Car Makes Sense to Drive

By HOWARD W. FRENCH

PASADENA, June.19 –

Imagine that for the last two months, you have been driving a car powered by hydrogen fuel cells. You use the car to commute to work, and your spouse uses it to ferry your daughters to school, soccer and ballet.

The car you have been driving is a hydrogen fuel cell car which does not use gasoline for fuel. Instead, thanks to hydrogen fuel cell technology, it uses only water and emits only water vapor as emissions.

Hydrogen power may be in the distant future for America, but it's making the wheels of Jon Spallino's car zip down California's free-ways right now.

Spallino says that the hydrogen fuel cell car has a practical side yet it presents no sacrifice in utility, efficiency or convenience. However, the hydrogen fuel cell car cruises only up to 80

miles per hour, when traffic permits.

Another potential drawback of these cars is that they carry tanks in which hydrogen has been compressed to around 10,000 psi. It is not well known what happens when a high-pressure tank erupts in an accident and sprays explosive hydrogen.

The passenger cabin looks like any other, except for the large gauge on the dashboard that counts down the miles Spallino can travel until he has to refuel. That's important because while hydrogen is abundant, hydrogen filling stations are not.

When Spallino runs low on fuel, he typically fills up at a hydrogen filling station in Torrance, Calif. It's one of only about two-dozen hydrogen stations around the country.

Building that network is just one of the challenges facing hydrogen fuel-cell

cars. Stephen Ellis, a company spokesperson, says the company producing these cars also has to find ways to make the cars travel more than 190 miles between fill-ups, to extend the life of the fuel cells, and to bring the sticker price down -- way down. The custom-built car is worth about \$1 million, but Spallino leases it for \$500 per month. In exchange for the discount, the automaker gets Spallino's feedback on the vehicle.

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**The car has a practical side and it presents no sacrifice in utility, efficiency, or convenience.**

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But, that's a small price to pay when there is so much useful stuff in the car. Most of all, perhaps, is the knowledge that you are driving a car that is environmentally responsible.

**APPENDIX B:  
Hedonic Description (Study 2)**

## Hydrogen Fuel Cell Car is Fun to Drive

By HOWARD W. FRENCH

PASADENA, June.19 – Imagine yourself cruising down the highway with the top down, feeling the breeze on your face, without the slightest smell of gasoline in the air.

That's because the car you are driving is a hydrogen fuel cell car which does not use gasoline for fuel. Instead, thanks to hydrogen fuel cell technology, it uses only water and emits only water vapor as emissions.

Hydrogen power may be in the distant future for America, but it's making the wheels of Jon Spallino's car zip down California's freeways now.

Spallino says that the hydrogen fuel cell car is thrilling and fun because it presents no sacrifice in handling, acceleration, pleasure or comfort. However, the hydrogen fuel cell car cruises only up to 80 miles per hour, when traffic permits.

Another potential drawback of these cars is that they carry tanks in which hydrogen has been compressed to around 10,000 psi. It is not well known what happens when a high-pressure tank erupts in an accident and sprays explosive hydrogen.

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gauge on the dashboard that counts down the miles Spallino can travel until he has to refuel. That's important because while hydrogen is abundant, hydrogen filling stations are not.

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Building that network is just one of the challenges facing hydrogen fuel-cell cars. Stephen Ellis, a company spokesperson, says the company producing these cars also has to find ways to make the cars travel more than 190 miles between fill-ups, to extend the life of the fuel cells, and to bring the sticker price down – way down. The custom-built car is worth about \$1 million, but Spallino leases it for \$500 per month. In exchange for the discount, the automaker gets Spallino's feedback on the vehicle.

But, that's a small price to pay when there is so much more to enjoy and love about the car.

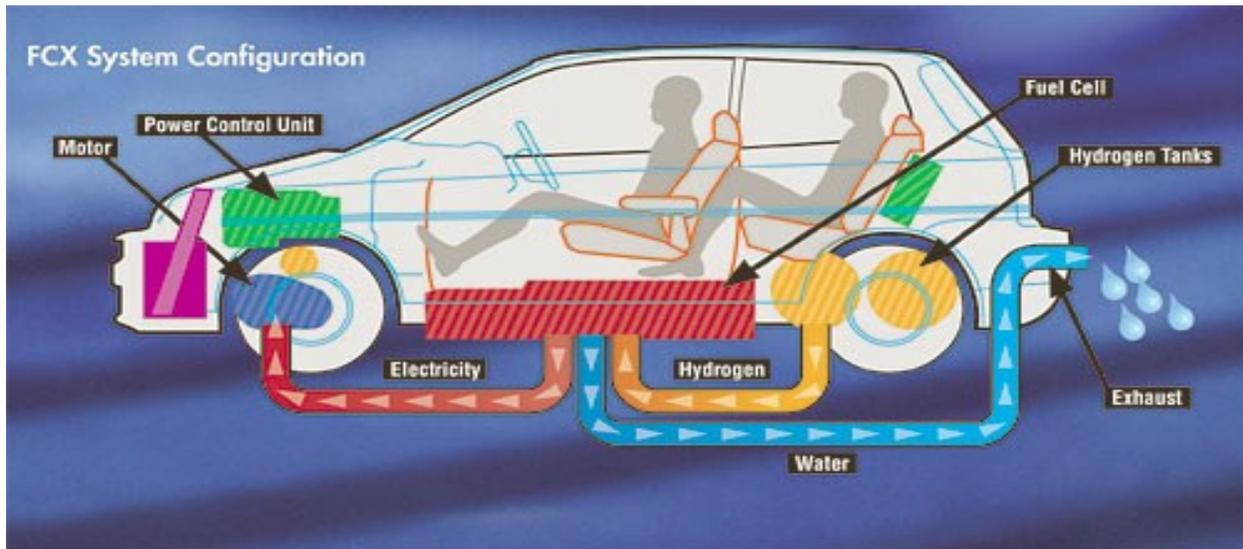
Most of all, perhaps, is the pleasure that comes from driving a car that is environmentally responsible. The company that makes the car gives all its employees a green cap that symbolizes two messages - the fun that their employees have through working at the company and how that fun is embedded in every automobile, motorcycle and power product that the company makes. "Our cars let you feel good about saving the world" says one smiling green-capped employee.

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**The car is thrilling and fun because there's no sacrifice in handling, acceleration, pleasure or comfort.**

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**APPENDIX C:  
Picture Used in Study 1**



The car's motor runs on electricity generated by a hydrogen fuel cell located under the seats. High-pressure hydrogen tanks are located in the rear. Water is generated as a byproduct, and some of it is used for humidification.

**APPENDIX D:  
Picture Used in Study 2**



The car's motor runs on electricity generated by a hydrogen fuel cell located under the seats. High-pressure hydrogen tanks, located in the rear, are a possible fire hazard. Water is generated as a byproduct, and some of it is used for humidification.

APPENDIX E:  
Example of Media Reports on Burning Cars

## Tata Nano bursts into flames



Another Nano spontaneously combusts as safety concerns grow for world's cheapest car. An insurance broker in Mumbai has become the latest in a growing string of Tata Nano customers to see his new car frying at the roadside. Just 45 minutes after purchasing his shiny silver Nano Satish Sawant watched it transform into carbon black as flames engulfed the car. As Sawant cannot drive he was being chauffeured home in the passenger seat when a passing motorcyclist caught his attention.

"I have no idea what happened. A motorcycle rider overtook me and told me that the vehicle was on fire," said Mr Sawant. "The engine was behind me and I did not realise that the car was on fire."

Tata's Nano has been a hot topic for all the wrong reasons since its launch last July with three cases of spontaneous fires breaking out reported last year. Tata has put the problem down to a short circuit in an indicator stalk yet refused to recall the car. The Indian firm is yet to comment on this latest incident.

# THE INFLUENCE OF ROLE AMBIGUITY AND GOAL ACCEPTANCE ON SALESPERSON PERFORMANCE AND COMMITMENT

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*A multi-industry sample of industrial salespeople was studied to construct a model that considers the effects of role ambiguity on goal acceptance, salesperson performance, and organizational commitment. Results indicate that role ambiguity negatively affects organizational commitment. Role ambiguity also negatively influences goal acceptance, where goal acceptance positively affects salesperson performance. Further, role ambiguity has no direct impact on sales performance. Implications suggest that sales managers need to have a better understanding of the acceptance of goals by sales agents for optimal job performance and organizational commitment. Specifically, we contend that managers need to work with the sales agents to set apposite goals that are intrinsically accepted by them.*

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## INTRODUCTION

Scholars of personal selling seek to understand and predict the outcomes of salespeople in their role as boundary spanners. Two important outcome behavioral variables that have received significant attention in the sales literature are salesperson organizational commitment and performance. While these outcomes have been well researched, the functions of role ambiguity and goal acceptance as antecedents to these outcomes have received very little attention in the sales literature. These outcomes and antecedents are important to study among salespeople because of the unique role that they face as intermediaries between customers and the organization and the lack of supervision that industrial salespeople have.

Because industrial salespeople are often physically isolated from their organization (Dubinsky et al., 1986), they tend to receive less formal and informal communication from the company. Also, virtual offices are a growing trend in the work environment and are anticipated to heavily influence the field of personal selling (Marshall, Michaels & Mulki, 2007). Salespeople often work with little or no

direct supervision but work closely with a diverse set of role companions (Singh, Goolsby & Rhoads, 1994). Consequently, with less organizational contact, understanding one's role as a salesperson as well as the communication and acceptance of goals will likely become even more critical for optimal performance outcomes and commitment of salespeople.

Intuitively, salespeople seem susceptible to the strain of role ambiguity because they perform so many varied tasks in isolation. If role ambiguity occurs, an individual may suffer a decrease in job performance and organizational commitment (Brown & Peterson, 1993).

Goal acceptance refers to the extent to which organizational goals are totally accepted by an employee (Erez & Kanfer, 1983). The influence of goal acceptance appears relevant as an antecedent because salespeople are driven by performance goals and attaining them is largely contingent upon the acceptance of those goals (e.g. Erez & Kanfer, 1983; Latham & Steele, 1983; Locke et al., 1968, 1978). Thus, in this study, we explore the influence of role ambiguity and goal acceptance as antecedents of performance and organizational commitment within a sales context.

The following section will discuss the variables in the model and the hypotheses. This is followed by the methods and results section.

Lastly, the conclusions, implications, future research, and limitations are discussed.

## MODEL DEVELOPMENT

### Role Ambiguity and Goal Acceptance

Role ambiguity is defined as a lack of necessary information regarding role expectations for a given organizational position (Rizzo, House & Lirtzman, 1970). Also, role ambiguity refers to an individual's perceptions about the expectations and behaviors associated with his/her role (Kahn et al., 1964). In other words, role ambiguity results when the duties and actions required of an employee are unclear to the employee.

Role ambiguity may occur among salespeople as a result of either the organization or the sales manager not providing sufficient information and training related to the job. In particular, a study by Pettijohn, Pettijohn, and Taylor (2009) revealed that introductory training among salespeople was not adequate (i.e., only 61% of respondents received introductory sales training) and that some minimum level of training should be attained before sales training can have its intended effects such as good sales performance or organizational commitment.

Spreitzer (1996) argued that it is only when individuals understand their roles that those roles can take on personal meaning. Individuals with an understanding of their role can judge the value of their work and therefore experience higher perceptions of meaning. Clear lines of responsibility and authority are related to perceptions of confidence (Conger & Kanungo, 1987). Similarly, clear task requirements and low uncertainty are also positively related to feelings of competence (Gist & Mitchell, 1992). Individuals with clearer role expectations and an understanding of how to work within those roles are likely to feel more competent in selecting and pursuing goals. Those who are uncertain of their role expectations are likely to hesitate or not take the initiative due to feelings of uncertainty (Spreitzer, Kizilos & Nason, 1997).

Specifically, individuals are likely to feel that they have direction in their work environment under low levels of role ambiguity. This

perceived direction creates feelings of being able to plan and take actions to complete tasks, thus increasing self-determination. Therefore, role ambiguity is likely to make individuals feel helpless and consequently reduce their perceptions regarding the impact they have in their work area, thus, reducing their propensity to engage in goal oriented behavior (Spreitzer, Kizilos & Nason, 1997). In contrast, individuals who understand their work roles are more likely to take actions and make decisions that influence results in their work area, thus augmenting their propensity to accept goal oriented behavior (Sawyer, 1992).

*Goal Setting Theory.* To better explain the relationship between role ambiguity and goal acceptance, we examine goal setting Theory (Locke & Latham, 2002). Goal setting theory is rooted in the notion that most human behavior has a purpose and is directed by conscious goals. Prior to a goal being a motivator, one must accept the goal. Goal acceptance is affected by the importance and belief that that the goal can be attained (Locke & Latham, 2002). Therefore, if an individual experiences role ambiguity and has a lack of experience regarding what he/she is supposed to do and why, then it is also very likely that employee will not have a full understanding or appreciation of the importance of any goal(s) nor a full grasp of the likelihood of attaining the goal(s). Therefore, given the potential for role ambiguity to diminish or eliminate goal acceptance, we offer the following hypothesis.

**H<sub>1</sub>:** Role ambiguity negatively influences goal acceptance.

### Role Ambiguity and Organizational Commitment

Past research exploring the relationship between role ambiguity and organizational commitment suggests that role ambiguity indirectly influences organizational commitment (Behrman & Perreault, 1984; Brown & Peterson, 1993; Jackson & Schuler, 1985). However, Singh (1998) contends that there may be a direct relationship between role ambiguity and organizational commitment. Further, Singh (1998) argues that well defined roles can provide guidance to salespeople to evaluate the consequences of staying or severing a relationship. According to role

theory (Katz & Kahn, 1966), salespeople's roles link them to their organization. Also, role theory provides a thorough understanding of the salesperson's response to communication pertaining to his/her role. A salesperson's perception of role clarity may influence his/her behavior, job perception, and perception of the employing organization (Katz & Kahn, 1966; Lopopolo, 2002). In this manner, role ambiguity may negatively influence a salesperson's perception towards his/her organization. Consequently, we hypothesize the following:

**H<sub>2</sub>:** Role ambiguity negatively influences organizational commitment.

### **Role Ambiguity and Salesperson Performance**

Both cognitive and motivational theories suggest that there is a positive association between role clarity and job performance (Kohli, 1985; Singh, 1998). Cognitive theories suggest that role ambiguity may result in ineffectiveness and the misapplication of resources and effort, in turn, reducing job performance (Jackson & Schuler, 1985). In concurrence, motivational theories suggest that an appropriate incentive provides motivation for task performance. According to expectancy theory, the level of effort that individuals apply to accomplish a given task is predicated on their assessment that increased effort will result in increased performance, which in turn will lead to higher incentive (Vroom, 1964). This connection between incentive and effort is augmented by role clarity (MacKenzie, Podsakoff & Rich, 2001). Role clarity aids motivation to apply effort for task performance, thereby enhancing job performance (Jackson & Schuler, 1985). Role ambiguity exists, when a salesperson is unsure of his/her duties and responsibilities (Boles, Wood & Johnson, 2003).

Plausibly, the strain attributable to a lack of clarity of responsibility may lead to sub-optimal performance. This view concurs with I-O psychologists, who have empirically demonstrated a negative association between role ambiguity and performance (Jackson & Schuler, 1985; Tubre & Collins, 2000). This negative association between role ambiguity

and performance is likely to occur in personal selling situations as well.

**H<sub>3</sub>:** Role ambiguity negatively influences salesperson performance. Consequently, there may be a negative relationship between role ambiguity and job performance.

### **Goal Acceptance and Job Performance**

Schwarz (2002) suggests that an effective employee would set clear goals that are consistent with the organization's mission and vision and has the means by which to achieve those goals. Clear goals enable an individual to measure his/her progress toward achieving them. Without clear goals, an individual may have a difficult time solving problems and making decisions, which often leads to conflict. Erez, Earley and Hulin (1985) suggest the specificity with which goals are communicated to the employees significantly increases individual goal acceptance and individual goal acceptance significantly contributes to performance.

Interestingly, goal acceptance may affect both sides of the buyer-seller relationship. O'Donnell, Mallin, and Hu (2008) found that the congruence of goals between the buyer and seller positively affects trust, which in turn directs both parties to find new ways to obtain more positive relational outcomes.

Overall, the extant literature is somewhat mixed regarding the relationship between goal acceptance and job performance. For example, within an industrial selling context, Hart, Moncrief, and Parasuraman (1989) found that increased goal acceptance was an important attribute in the success within the performance of a special situation such as a sales contest. Goal acceptance was also found to be positively associated with job performance based on a meta-analysis (Klein et al. 1999). However, very few of these studies in the meta-analysis involved goal acceptance related to tasks as complex as personal selling. Often, the studies included simple tasks such as adding numbers, reaction time, or card sorting.

In contrast to the findings of Hart, Moncrief, and Parasuraman (1989), Wotruba (1989) found

the opposite relationship between goals and performance. Study findings by Wotruba (1989) revealed that salespeople who set their own goals within the first few months in their job actually had poorer performance ratings. According to Wotruba (1989), a possible explanation for the inconsistency of the goal acceptance-sales performance relationship may be the high complexity of personal selling. Because jobs such business to business selling are complex, sales performance is influenced by more than just accepting a goal. Thus, goal acceptance probably has less of a positive influence on business to business sales performance because of its complex nature.

While the extant sales literature is not consistent regarding the strength of association between goal acceptance and sales performance, we refer to goal setting theory (Locke & Latham, 2002) to explain the relationship. Goal setting theory suggests that a positive association exists between goal acceptance and job performance. Thus, we offer the following hypothesis.

**H<sub>4</sub>:** Goal acceptance positively influences salesperson performance.

### Goal Acceptance and Commitment

The relationship between goal acceptance and organizational commitment has not been sufficiently explored in the extant sales literature (e.g., Amyx & Alford, 2005) who did not find a link between salesperson goal acceptance and organizational commitment) but has been elucidated in other literature (e.g., Klein & Mulvey, 1995; Hollenbeck et al., 1989). For example in the Management and Psychology literature, organizational commitment has been found to be characterized by a strong belief in and the acceptance of the organization's goals and values (Porter et al., 1974; Steers, 1977).

Past researchers suggest that goals are regulators of human behavior (Locke et al., 1981; Oliver & Brief, 1983). In other words, individuals are likely to exhibit more commitment to their goals if they first accept the goals. This notion is based on individual's pursuit of justificatory motive for any course of action.

System justification theory provides support for the power of justificatory motives (Jost & Banaji, 1994). System justification theory avers that individuals have the desire to commit their resources to a course of action that has already been accepted by them. This theory is also the basis for explaining such behaviors as escalation of commitment, where individuals exhibit commitment to a given course of action once they have made the initial acceptance of the merits of pursuit of that course of action (Jost & Banaji, 1994). Thus, an individual's acceptance of organizational goals may be the reflection of his/her commitment to his/her job or organization. This view concurs with Lewin (1951), who contends that the process of influencing people to accept a goal may in turn influence their commitment to the actions implied by acceptance of those goals. Consequently, we anticipate high goal acceptance may lead to higher commitment towards the organization to which the goals are related.

**H<sub>5</sub>:** Goal acceptance positively influences organizational commitment.

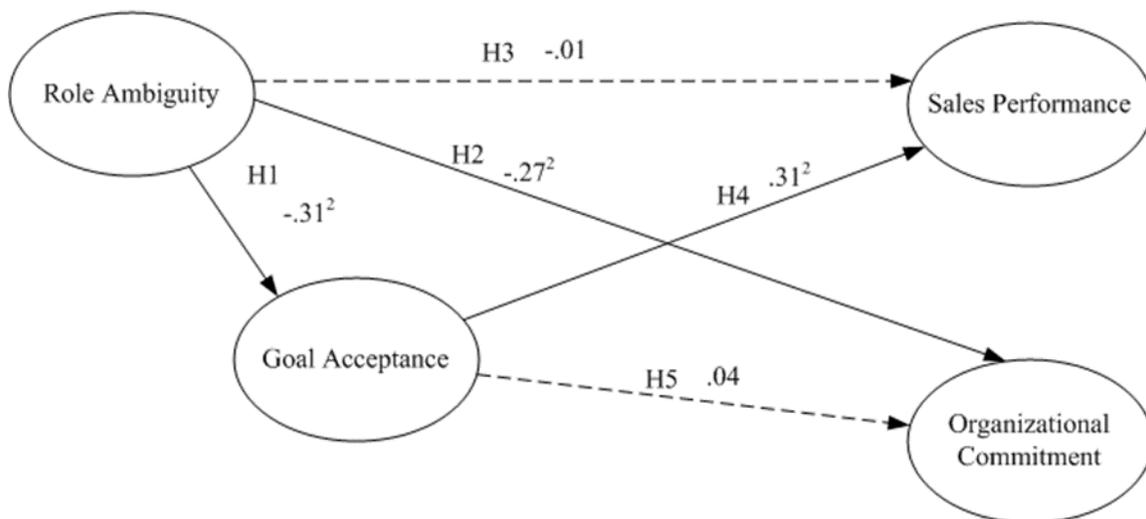
While both organizational commitment and sales performance were included in our model, no hypothesized linkage was made between these constructs. Prior research strongly supports a positive association from organizational commitment to sales performance as revealed in the meta-analysis by Jaramillo, Mulki, and Marshall (2005). Accordingly, we focused on the new relationships in the model. Figure 1 illustrates the study's model.

## METHOD

### Data

The data reported in the study came from a self-reported questionnaire mailed to 1500 industrial sales representatives geographically dispersed throughout the United States. Each salesperson was responsible for building and maintaining market share in distribution channels or selling direct to end users. Of the 1500 sample, 312 usable questionnaires were returned for a response rate of 20.8%. There was no follow up procedure to capture additional respondents. While the response rate compares favorably

**FIGURE 1**  
Structural Model<sup>1</sup>



<sup>1</sup> Un-standardized estimates  
<sup>2</sup> P-value ≤ .05  
 Dashed-line path P-value > .10

with other studies of non-sponsored sales force mail surveys (Patton & King, 1992; Chonko, Tanner & Weeks, 1996), the fact that nearly 80% of the targeted sample did not respond suggests that non-response bias may be a concern.

Non-response bias was tested following procedure developed by Armstrong and Overton (1977). The sample was split in half based on the order received by the researchers to produce an early respondent group (166) and a late respondent group (166). The means of the constructs, organizational commitment and sales performance were compared for early versus late respondents using multivariate analysis of variance. The Box’s M test for homogeneity of variances between the two groups was non-significant (p = .194). The multivariate Wilks lambda test was non-significant (p = .355) and the tests of between subjects effects for both organizational commitment and sales performance were non-significant (p = .556, p = .195). In addition, the Levene’s test of equality of error variances for both variables was also non-significant (p = .588, p = .198). These results suggest that there are no significant differences between

early respondents and late respondents, thus non-response bias is not a concern.

A total of 18 categories of salespeople’s industries were identified based on open ended responses. The advantage of having such a diverse sample of salespeople is to increase generalizability of findings rather than drawing conclusions from a single or unique industry. Overall, the top three industry categories were: manufactured business products (11.9%), technology and electronics (11.2%), and insurance (11.2%).

Regarding demographics, the mean age of the sample was 40.4 years. Most of the respondents were male (74.2%) with an average education of 15.4 years. A majority of the sample (63.8%) ranged in education from 13-16 years. The average number of years employed with their current firm was 7.9 years, with one-third of the sample (33.7%) having been with their current firm between 2-5 years. The size of the firms where the salespeople worked ranged from less than 50 employees (30.2%), 50-999 employees (36.1%), to 1,000 or more employees (33.7%). Finally, the number of the salespeople’s previous employers averaged 3.7 firms, with

nearly one-third (28.5%) having worked for 5 or more firms.

### Measures

As indicated below, the measures utilized in the study were published using multi-item scales with established reliability and validity. Each of the scales below (except performance) used a seven-point Likert response format (strongly disagree=1 and strongly agree=7) that followed each item.

*Role Ambiguity.* Role ambiguity was measured using a scale by Rizzo, House and Lirtzman (1970). This scale identified inputs from the environment that provided a knowledge base and guide for appropriate behavior. Modification indices were used to assess each scale. This scale contained three positively worded items and three negatively worded items. The negative items appeared to perform as a separate factor from the positive items. This result has been discussed by Herche and Engelland (1996). Following the recommendation of Herche and Engelland (1996), the negative items were not retained. Thus role ambiguity is a three-item positively worded scale.

*Goal Acceptance.* Latham and Steele (1983) developed the goal acceptance scale to measure a wide range of issues related to goal setting in the work place. The original five-item scale was reduced to four-items due to one item cross-loading (modification index 22.52) with organizational commitment. The modification indices suggest no changes for the remaining items.

*Organizational Commitment.* Salesperson organizational commitment was measured on a four-item scale developed by Hunt, Chonko and Wood (1985). This scale was designed to measure the degree of loyalty to an organization, given attractive incentives to change companies (Hunt, Chonko & Wood, 1985). Modification indices suggest no changes to this scale.

*Job Performance.* Self-reported items were used to measure job performance, which asked the salesperson to rate him/herself in comparison to other sales personnel on three

dimensions of selling tasks. Two items, "sales volume" and "ability to reach sales quota," were selected from the self-reported salesperson performance measures developed by Chonko, Howell and Bellinger (1986). The third item, "total performance," is similar to the "sales objective," dimension developed by Behrman and Perreault (1982). The response categories for each item were similar to those used by Chonko, Howell and Bellinger (1986) but expanded the range from a four point measure (4=better than 75%, 3=better than 50%, 2=better than 25%, and 1=below 25%) to an eight-point measure. That is, the current response categories were: (8=better than 95%, (7=better than 90%, (6=better than 80%, (5=better than 70%, (4=better than 60%, (3=better than 50%, (2=better than 25%, and (1=below 25%. The job performance items of the current study also match closely with the four dimensions used by Soyer, Rovenpor and Kopelman (1999) who measured sales performance as a function of "overall performance," "average sales quota," "most recent quota," and "earnings from sales." The job performance scale was reversed scored for the analysis. Modification indices did not suggest any changes to the scale.

The distribution of our self-rating sales performance scale was skewed with six of the eight response options being 50% or higher. This scale configuration was based on prior evidence in the sales literature where salespeople frequently rate themselves well above average (Chonko, Howell, & Bellinger, 1986), even when they are actually low performers (Sharma, Rich, & Levy, 2005). Empirical evidence of a halo-effect when salespeople self-assess their performance was also supported in our study. Among 312 respondents, only 2.6% (n=8) of the salespeople rated their sales performance as a '1', '2', or '3' (i.e., below 25%, better than 25%, or better than 50% or lower) from a range of 1 to 8.

## RESULTS

The measurement characteristics were examined using LISREL 8.51. While a significant Chi Square was found, overall, the remaining fit indices indicate a satisfactory fit to the data (Chi Sq<sub>(71)</sub> 101.17, p≤.00; RMSEA

= .039; CFI = .97; IFI = .97; GFI = .95; AGFI = .93; standardized RMR = .058; critical N = 257.91).

Table 1 shows the correlations among the measured items. Table 2 provides descriptive and composite-level statistics. The composite reliability ranged from .63 to .86. Bagozzi and Yi (1988) suggest values greater than about .6 are acceptable. The composite reliability values also indicate acceptable convergent validity, since the values are above .50 (Fornell & Larcker, 1981). Discriminant validity is also supported, since the correlations between constructs are less than one (Bagozzi, 1980) and the confidence intervals of plus or minus two standard errors around the correlations do not include the value one (Anderson & Gerbing, 1988).

The average variance extracted ranged from .31 to .68, which is lower than desired according to Fornell and Larcker (1981). Goal acceptance (.31) and organizational commitment (.43) were adapted from previous research performed in the 1970's and early to mid 1980's. Fornell and Larcker (1981, p. 46) state that "the researcher

may conclude that the convergent validity of the construct is adequate, even though more than 50% of the variance is due to error." The average variance extracted statistic is a more conservative estimate than composite reliability. Although the average variance extracted values are lower than desired, the scales have good face validity and their usage adheres to past conceptualization and measurement of the constructs by previous researchers.

Common method bias was assessed using Harmon's (1976) one factor test. The factor analysis of all measurement items did not produce a one factor solution or a solution in which the first factor explained the majority of the variance in the solution. The first factor accounted for only 21.9% of the variance. These results suggest common method bias is not a problem.

The Chi Square for the structural model indicates an unacceptable model fit (Chi Sq (72) 113.5,  $p \leq .00$ ). Examination of other fit statistics indicates an acceptable model fit (RMSEA = .043, CFI = .96, IFI = .96, GFI = .95, AGFI

**TABLE 1:  
Correlations**

	Ra1	Ra2	Ra3	Ga1	Ga2	Ga3	Ga4	Per-f1	Per-f2	Per-f3	Oc1	Oc2	Oc3	Oc4
Ra1	1													
Ra2	.28*	1												
Ra3	.30*	.70*	1											
Ga1	.10	.07	.08	1										
Ga2	.24*	.19*	.12*	.39*	1									
Ga3	.25*	.19*	.16*	.46*	.40*	1								
Ga4	.18*	.21*	.19*	.21*	.21*	.24*	1							
Perf1	.21*	.04	.06	.06	.16*	.15*	-.04	1						
Perf2	.14*	.03	.05	.09	.10	.15*	.08	.65*	1					
Perf3	.16*	.08	.08	.12	.17*	.23*	.10	.64*	.72*	1				
Oc1	.04	.20*	.13*	.09	.05	.02	.20*	-.04	.01	.06	1			
Oc2	.05	.18*	.13*	.00	.04	.04	.22*	-.05	.03	.01	.43*	1		
Oc3	.08	.15*	.10	.09	.02	.02	.16*	-.08	-.01	-.01	.45*	.46*	1	
Oc4	.07	.20*	.16*	.00	.07	.06	.18*	-.12*	-.01	-.06	.37*	.55*	.36*	1

\*correlation significant at the .05 level

**TABLE 2:**  
**Measurement Model**

Dimension Item	Means (Variances)	Standardized Estimates <sup>a</sup>	Composite Reliability	Variance Extracted
<b>Performance</b>				
Total performance (R)	6.73(1.42)	.76	.86	.68
Sales volume (R)	6.54(2.12)	.86		
Ability to reach sales quotas (R)	6.63(2.04)	.87		
<b>Goal Acceptance</b>				
I am seldom committed to obtaining the goals that are set for me.(R)	5.57 (2.80)	.60	.63	.31
It is important for me to attain the goals that are established.	6.32 (.74)	.57		
I seldom attempt to attain the goals that are set for me. (R)	6.28 (1.17)	.67		
The goals that are set for me are unreasonable. (R)	5.61 (2.11)	.34		
<b>Organizational Commitment</b>				
I would not be willing to change companies even if the new job offered a 25% pay increase. (R)	3.75(3.97)	.57	.75	.43
I would be willing to change companies if the new job offered more creative freedom.	3.79(3.27)	.77		
I would not be willing to change companies even if the new job offered more status. (R)	3.80(3.26)	.59		
I would be willing to change companies if the new job was with people who were more friendly.	4.88(2.21)	.68		
<b>Role Ambiguity</b>				
I know that I have divided my time properly.	4.79(2.09)	.34	.73	.50
I know exactly what is expected of me.	5.73(1.81)	.87		
Explanation is clear of what has to be done.	5.32(2.14)	.79		

<sup>a</sup> All parameters significant  $p \leq .05$   
(R) Indicates reversed scored items.

= .93, standardized RMR = .061, critical N = 275.89). The evidence suggests that the model does fit the data well enough to examine the hypotheses. Figure 1 provides a summary of the structural model results.

### TEST OF HYPOTHESES

The first hypothesis states that role ambiguity negatively influences goal acceptance. This relationship is supported with a significant unstandardized path coefficient of  $-.31$  ( $t = -3.70$ ), thus  $H_1$  is supported. The negative relationship between role ambiguity and organizational commitment is the subject of the second hypothesis. With a path coefficient of  $-.27$  ( $t = -3.38$ ),  $H_2$  is supported. The next hypothesis asserts a negative relationship between role ambiguity and job performance. The insignificant path coefficient of  $-.01$  ( $t = -.07$ ) provides no support for  $H_3$ .

The fourth hypothesis ( $H_4$ ) suggests that goal acceptance positively influences job performance. The significant path coefficient of  $.31$  ( $t = 3.76$ ) supports  $H_4$ . The positive influence of goal acceptance on organizational commitment is the subject of  $H_5$ . With an insignificant path coefficient of  $.04$  ( $t = 0.40$ ),  $H_5$  is not supported.

The squared multiple correlations (Table 1) assess the amount of variation explained in the endogenous constructs. The model explains nine percent of the variance in goal acceptance, nine percent of the variance in job performance, and eight percent of the variance in organizational commitment. While nine percent is not as high as desired, it is not out of range for sales research. MacKenzie, Podsakoff and Rich (2001) had four constructs with similar or lower than desired levels of explained variance, two at the five percent level and two at the nine percent level. Interestingly, MacKenzie,

Podsakoff and Rich (2001) explained nine percent of salesperson performance.

### DISCUSSION AND IMPLICATIONS

The current study offers additional insights into key factors influencing salesperson performance and organizational commitment. First, role ambiguity only has an indirect effect on performance through goal acceptance. Role ambiguity negatively influenced goal acceptance, suggesting that when a salesperson's understanding of his/her role is unclear, that person is less likely to accept goals. Specifically, the setting and ultimate acceptance of goals may not be meaningful or fully appreciated if job tasks, responsibilities, and behaviors are unclear to the salesperson. A heightened sense of role ambiguity thus appears to adversely affect one's motivation to embrace the congruence of personal goals with organizational goals. These results highlight the insidious nature of role ambiguity for a salesperson. That is, as role ambiguity threatens goal acceptance, it jeopardizes the ability of salespeople to effectively act in their role as independent boundary spanners. So if a salesperson does not accept organizational goals, that makes it difficult for him/her to interact with customers in the manner that the organization would prefer and become an effective liaison. Further, our results appear consistent with other research findings that role ambiguity has negative consequences on employee goals and decision making (e.g., Conger & Kanungo, 1987; Gist & Mitchell, 1992; Spreitzer, 1996; Spreitzer, Kizilos & Nason, 1997).

Extending the model's relationship from goal acceptance, we found support for a positive goal acceptance-job performance relationship. This finding is consistent with other research related to goal acceptance and performance (e.g., Mount, Barrick & Strauss, 1999; Klein et al., 1999; Hart, Moncrief & Parasuraman, 1989; Wotruba, 1989). This result further verifies the belief that goal setting and its corresponding acceptance is critical to salesperson performance. That is, the job of a salesperson is one that requires substantial self-motivation as well as a keen understanding of what the organization is seeking to accomplish; thus goals play an important role in preparing one to

make a sale. Further, the sales call goal is the main purpose of a salesperson's contact with a customer (Futrell, 2004) and so its acceptance is vital to the success of any sales call, which ultimately leads to performance. Whether a management by objectives approach is used or goals are handed down by a sales manager, having direction and accepting attainable goals seems essential to successful job performance of salespeople.

Role ambiguity negatively influenced salesperson organizational commitment. This result supports Singh's (1998) contention through role theory that there is a direct negative relationship between a salesperson's role ambiguity and organizational commitment. Role theory (Katz & Kahn, 1966) suggests that through organizational communication, an individual receives information and clarification about job-specific roles and expectations. Thus, when such information is omitted or so non-specific as to create ambiguity, the employee is left with a sense of dissatisfaction or frustration about his/her professional direction and what tasks to perform. Ultimately, role ambiguity has the potential to damage one's relationship with his/her organization. While role ambiguity may be thought of as a factor that harms how an individual perceives his/her roles, responsibilities and duties, the potential damage of role ambiguity extends to one's desire to leave or at least not keep the best interests of the organization in mind.

Role ambiguity may be a particularly problematic concern for salespeople given their roles as highly autonomous, independent boundary spanners between customers and their organization. As the salesperson is the representative of his/her organization, he/she may be the only contact that the customer has with the organization. Therefore, role ambiguity that undermines the salesperson's organizational commitment could not only be damaging to the organization's reputation or long-term relationship, but could also be difficult to determine or immediately resolve given the autonomy of most salesperson's positions. Salespeople may be inclined to act more like independent contractors rather than "loyal" employees who tow the company line. Role ambiguity that is perceived to stem from a

sales manager or the organization may only exacerbate the already heightened predisposition of salespeople to be less than completely committed to their organization. Consequently, a lack of organizational commitment could lead to any number of negative outcomes such as turnover, lack of full effort, or even salesperson deviant behaviors such as interpersonal, organizational, or customer deviance.

It is particularly interesting that while role ambiguity negatively affected goal acceptance, and goal acceptance positively influenced salesperson performance, role ambiguity had no direct impact on salesperson performance. This finding contradicts earlier work by I-O psychologists (Jackson & Schuler, 1985; Tubre & Collins, 2000), who found role ambiguity negatively affecting performance; as well as cognitive and motivational theories that suggest role clarity and job performance are positively related (Kohli 1985; Singh 1998).

Perhaps the best explanation for this result lies in our model. While role ambiguity may translate to affecting goal acceptance and organizational commitment, the unique role of the salesperson may mitigate the effects of role ambiguity on sales performance. In other words, because salespeople must be goal oriented to succeed, goal acceptance may be the critical path to salesperson success.

However, a direct link between role ambiguity and sales performance may not make as much sense given the autonomy and latitude of decisions that salespeople must make. Salespeople must handle high levels of uncertainty. The very nature of their position requires them to be adept at adapting to changing situations, accepting risk and possible rejection, prospecting with imperfect information, following elusive customer leads, and constantly anticipating and responding to nonverbal cues that require imagination and interpretation. Thus, if they are able to deal with a large amount of autonomy because of the nature of their job, they may also be better predisposed to handle ambiguous and constantly shifting roles, negating the significance of the role ambiguity-sales performance relationship in our model.

Contrary to prior sales research (e.g., Locke et al., 1981; Oliver & Brief, 1983), no significant positive path between goal acceptance and organizational commitment was found. While system justification theory (Jost & Banaji, 1994) was not evidenced in this relationship, it is plausible that goal acceptance may not influence salespeople's organizational commitment. For example, Hollenbeck, Williams and Klein (1989) distinguished between goals that were set by the individual and those unilaterally assigned to the individual. If goals are being assigned to salespeople rather than allowing them to set goals using a management by objective approach, then the ultimate impact on one's organizational commitment may be minimal. Unfortunately, no measure of how the goals were derived was taken and this concern is mentioned in the future research and limitations section. Yet, it is both surprising and interesting that the effect of goal acceptance on organizational commitment was negligible among salespeople.

An alternative explanation for the non-significance of the goal acceptance-organizational commitment path is the nature of the sales position. Selling is a position of independence and autonomy. Therefore, it is possible that one may accept organizational goals but still be like a "lone wolf," selling without the organization/sales supervisor looking over his/her back and thus having a feeling of doing things on his/her own. This feeling of being alone could feed a sense of not being supported which would be akin to a lack of organizational commitment.

Overall, this study revealed that role ambiguity, while studied extensively in other disciplines such as management and I-O psychology, needs additional clarification in marketing and specifically among sales force researchers. Specifically, the effects of role ambiguity appear to manifest themselves in a unique and unusual way among salespeople where there is no direct negative link with sales performance, but there is an indirect effect through goal acceptance and a direct negative impact on organizational commitment.

### FUTURE RESEARCH AND LIMITATIONS

Future researchers need to continue to study role ambiguity among salespeople because of the distinctly unique nature of salespeople and the position of selling in comparison to other job categories where role ambiguity has been previously used. Accordingly, other outcomes beyond performance and organizational commitment should be examined. For example, key outcomes for consideration may include organizational citizenship behavior, ethical behavior, turnover, employee satisfaction, or burnout. Each of these could conceivably be linked to the effects of role ambiguity. Conversely, the effects of role clarity could be used in place of role ambiguity, given they are opposite sides of the "same coin."

One may also consider the effects of role ambiguity in different stages of a salesperson's career life cycle. Intuitively, role ambiguity may have less of an effect on a salesperson who is a veteran of the selling profession, and even less on a veteran who has also been with a company for a long time and received more role clarification earlier on in his/her career. Thus, such variables as length of employment with a firm, experience as a salesperson, or even assessment of role ambiguity/clarity in prior positions could be an interesting area of research opportunity. As a side note, over half of the respondents in the current study had been with their respective firm for six years or more. There appeared to be substantial variation in years of experience in our sample with 33% having been with their firm 2-5 years.

Future research may also include the effect of where the goals originated. By examining where goals come from (i.e., either self-developed or assigned by a sales manager), it may provide additional insight for the underlying reasons of a salesperson's acceptance and/or commitment of his/her goal (s), which in turn may affect key job outcomes (e.g., job performance and organizational commitment).

A limitation of the current study is its use of cross-sectional data. One could better understand how role ambiguity manifests itself with time series data. While longitudinal data

would be more difficult to obtain, it would be much more enlightening given the effects of role ambiguity.

Another limitation was that only 20.8% of the sample responded to the survey. However, there was no evidence of non-response bias and this percentage is not unusually low compared to other salesperson-based studies.

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## WHAT MAKES SOCIAL SHOPPERS CLICK? THE ROLE OF SOCIAL REWARDS IN SOCIAL SHOPPING

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*As an evolution of electronic commerce, social shopping leverages the power of social media to transform the online shopping experience in ways that benefit both marketers and consumers. To create social shopping value, marketers have typically relied on economic (extrinsic, monetary) rewards, which enhance utilitarian value and build short-term sales. However, marketers may also wish to consider social (intrinsic, non-monetary) rewards, which hold great potential for creating hedonic value to further enhance the social shopping experience. This research proposes a conceptual model that captures the role of economic as well as social rewards in social shopping. Social shopping rewards are modeled as antecedents to social shopping value (utilitarian and hedonic), which leads to positive attitude toward the retail brand and behavior-related outcomes (purchase intentions and positive word of mouth). Research contributions to both marketing theory and practice, as well as future directions for social shopping research, are discussed.*

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### INTRODUCTION

In traditional offline shopping environments, social shopping has been conceptualized as “the enjoyment of shopping with friends and family, socializing while shopping, and bonding with others while shopping” (Arnold & Reynolds, 2003, p. 80). However, advancements in social media have transformed traditional shopping and e-commerce into a new form of shopping, first referred to as “social commerce” in 2005 (Wang & Zhang, 2012). Social commerce (now synonymous with the term “social shopping”) was born in an era when there was a shift in information sources from marketer-generated content to peer-generated content (also known as user-generated content). The year 2006 saw the emergence of social shopping websites with shoppers who socialized to obtain shopping ideas, giving rise to social shopping as an evolution of e-commerce (Wang & Zhang, 2012).

The marketing potential of social shopping has generated academic inquiry into how social shopping works. One view posits that socializing and peer recommendations may not necessarily be influential in social commerce

(Wang & Zhang, 2012). If so, how can consumers be converted to social shoppers? One plausible strategy is a rewards framework, which moves beyond marketers “incorporating social sharing buttons” toward “encouraging sharing with incentives to boost those sales” (Savitz & Kowal, 2012). Industry research shows that the top reasons consumers chose to “like” a brand were to “receive discounts” and to “show brand support to their friends” (Harris & Dennis, 2011, p. 339). A 2012 Social and Mobile Commerce Study revealed that “good deals” topped the list of reasons for consumers to follow retailers on social media websites (National Retail Federation, 2012). Other incentives for social shopping participation include “monetary discounts and free shipping to Facebook fans as well as exclusive offers” (Andruss, 2011). In sum, consumers have indicated they “must receive rewards, via price or points, in order to expend time” on social shopping (The 2011 Social Shopping Study).

Though deals and coupons may motivate social shopping, research suggests that these types of rewards may be losing their “luster” (National Retail Federation, 2012), with 51% of consumers (down from 58% in the previous year) saying that they follow a retailer for deals and coupons. This spurs further inquiry into the effectiveness of a social shopping rewards framework. Hence, the purpose of this research

is to pursue this level of inquiry by considering a rewards framework that extends beyond economic rewards (that are extrinsic and monetary) to social rewards (that are intrinsic and non-monetary). This research answers Wang & Zhang's (2012) call to closely examine shopping motivations in social shopping research and Yi & Yoo's (2011) call in the sales promotions literature to build research on non-price promotions. By building on theories of shopping motivation, the present research models economic and social shopping rewards as predictors of two types of social shopping value (utilitarian and hedonic value). Shopping value, in turn, is modeled as predicting attitude toward the brand and two types of social shopping behavior-related outcomes: purchase intentions and positive word of mouth.

In the next sections, a definition of social shopping is provided, followed by a presentation of the conceptual model and propositions on the role of social shopping rewards.

### **SOCIAL SHOPPING DEFINED**

Though many definitions of the term exist, social commerce (also synonymous with social shopping) has been defined as "a form of commerce that is mediated by social media and is converging both online and offline environments;" it "involves using social media that support social interactions and user contributions to assist activities in the buying and selling of products and services online and offline" (Wang & Zhang, 2012, p. 106). Thus, social commerce captures the "social aspect of an online shopping experience" (Shen, 2012, p. 198). As an evolution of electronic commerce (Wang & Zhang, 2012), social shopping is centered on word of mouth (Stephen & Toubia, 2010) and "combines shopping and social networking" (Tedeschi, 2006).

Whereas traditional retail websites enable business-to-consumer interactions, social shopping encompasses both consumer-to-consumer interactions and business-to-consumer interactions. Such social shopping activities may entail the swapping of shopping ideas between consumers on social shopping sites such as Kaboodle.com, Wists.com, and

StyleHive.com (Tedeschi, 2006). Social shopping activities may also include consumers endorsing a brand on a social shopping website (e.g., "liking" a marketer on Facebook or "pinning" a liked product on Pinterest), purchasing an item on a marketer's website through a link on a social shopping website, and physically shopping online with others. Consumers use social shopping to share shopping experiences with other consumers and to follow brands. According to a SteelHouse Social Shopping Survey (2012), people share their purchases on Facebook (55% of consumers), Twitter (22% of consumers), and Pinterest (14% of consumers). In the US, consumers follow an average of 9.3 retailers on Pinterest, more than the average of 8.5 retailers on Twitter and 6.9 retailers on Facebook (National Retail Federation, 2012).

Some consumers are doing more than sharing purchase experiences and following brands; they are also purchasing items they see on social media sites. The SteelHouse survey reported that 59% of Pinterest users purchased an item they saw on the site while 33% of Facebook users purchased items featured on news feeds or on friends' walls (SteelHouse Social Shopping Survey, 2012). Therefore, social shopping provides marketers with the ability to incorporate both community and commerce functions into the online shopping experience, thereby creating opportunities for building customer relationships (Stuth & Mancuso, 2010), developing new sales channels (Andruss, 2011), and boosting sales (Savitz & Kowal, 2012).

In this research, the scope of social shopping covers platforms created by the marketer and/or facilitated by social shopping websites. Marketers are assumed to be using social shopping (1) to connect with communities of consumers who actively seek brand and product information and (2) to convert these consumers into shoppers who eventually purchase the brand. Marketer-designed platforms encourage social shopping on the marketer's website. For example, Macy's "Shop Macy's with Friends" allows users to create Facebook polls on product items from the department store's website (Macys.com). Mattel's ShopTogether allows users to shop online for children's toys together in real time (Shop.Mattel.com).

Retailers, such as Nordstrom and Bergdorf Goodman, link their consumers to their products using social shopping sites, such as Pinterest, Polyvore, and Svypply (Griffith, 2011). For example, following the launch of its social shopping strategy, Sephora saw a 60% increase in site traffic from Pinterest and now has about 140,000 followers and 2,500 pins, with the typical Pinterest user spending 15 times more money on Sephora.com than the typical Facebook user (Pinterest.com).

Having followers on social shopping sites may be desirable. However, the challenge that emerges is how to create social shoppers who not only follow a brand, but also make purchases, continue making purchases, generate positive feelings toward the brand, and spread the good word about the brand. The present research proposes that in order to engage social shoppers in a relationship with the marketer, the marketer must first deliver social shopping value to consumers. The creation and delivery of a value proposition makes marketers more appealing to consumers (Overby & Lee, 2006). This research focuses on the role of social shopping rewards (both economic and social rewards) on the creation of social shopping value and outcomes. The proposed conceptual model on the role of social shopping rewards is presented in the next section. Though the model incorporates both economic and social rewards from social shopping, emphasis is placed on social rewards, which are modeled to have a stronger impact on hedonic value than economic rewards. As per past research, the delivery of value is modeled as producing desirable outcomes for marketers.

### CONCEPTUAL MODEL AND PROPOSITIONS

Prior studies on social shopping have addressed social influence effects of shopping; word of mouth and the influence of consumer generated content; social contagion effects in social networks; and consumer interdependence in choice and spatial models (see Stephen & Toubia, 2010). However, “social shopping is a more recent phenomenon and has not been studied as extensively” (Stephen & Toubia, 2010, p. 216). Thus, there has been little work on the role of social shopping rewards and value on social shopping behaviors. To address

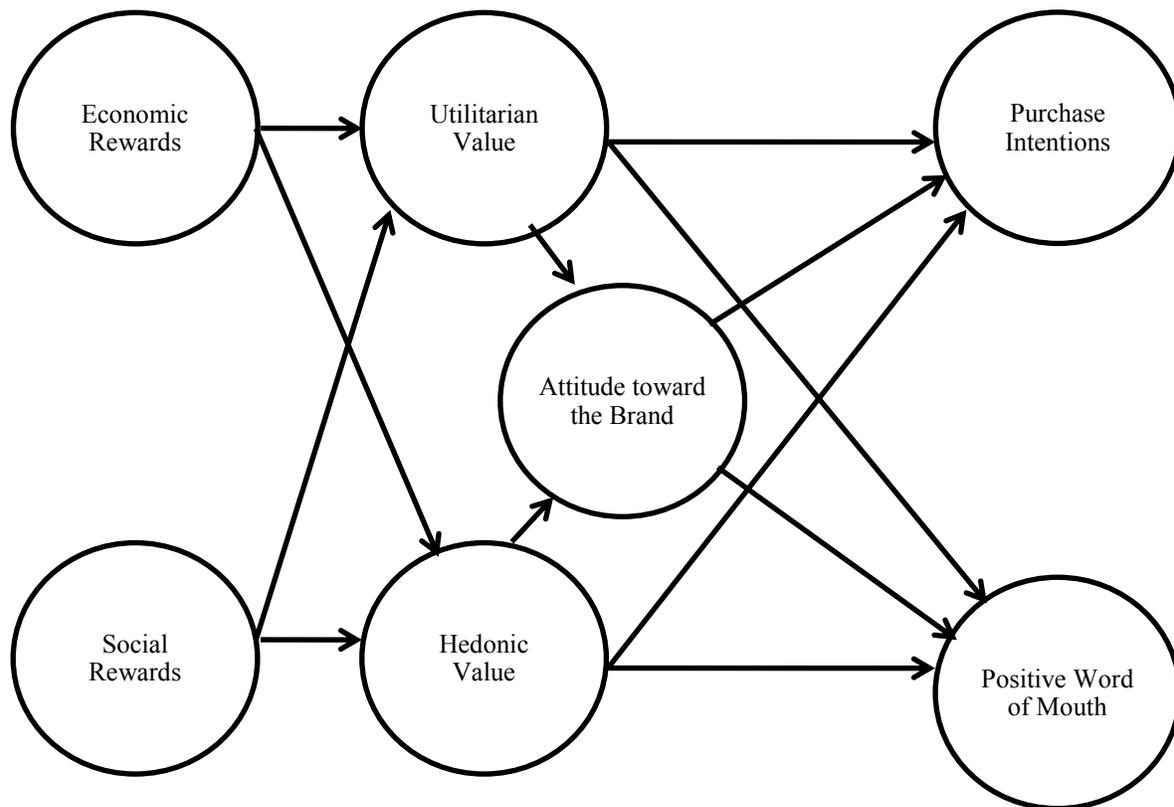
this gap, the proposed conceptual model (see Figure 1) extends the literature on shopping rewards and shopping value to the social shopping literature.

### Social Shopping Value

Shopping value has generally been conceptualized as a duality, comprising utilitarian and hedonic dimensions (Babin, Darden, & Griffin, 1994). On one side of shopping value is utilitarian value, which reflects “a conscious pursuit of an intended consequence” (Babin et al., 1994, p. 645). Such value is derived from the “work/dark side of shopping,” obtained from the completion of shopping as a task, i.e., it “might depend on whether the particular consumption need stimulating the shopping trip was accomplished” (Babin et al., 1994, p. 646). On the other side of shopping value is hedonic value, which is derived from the “fun side” of shopping and is associated with increased involvement and excitement around the act of shopping (Babin et al., 1994, p.644). Combined, utilitarian and hedonic value comprise the shopper’s personal value.

In the online context, research has shown that shoppers derive both utilitarian and hedonic value from online shopping (Bridges & Florsheim, 2008; Overby & Lee, 2006). Though both types of value entail an overall assessment of benefits and sacrifices, utilitarian value contains an overall assessment of “functional” aspects while hedonic value entails an overall assessment of “experiential” aspects of online shopping (Overby & Lee, 2006, p. 1161). Some social shoppers are goal-oriented, rational actors, motivated by cognitive thinking (i.e., economically-driven), making intuitive decisions, and seeking social savings (Wang & Zhang, 2012). Other social shoppers are non-rational actors, motivated by emotions or hedonic reasons for having fun while shopping online (Wang & Zhang, 2012). Given these conceptualizations and research on online shopping value, it is expected that social shoppers would also derive utilitarian and hedonic value from shopping and this value would motivate social shopping behaviors. The question that arises is: what determines the level of utilitarian and hedonic shopping value? To answer this question, the rewards structure

**FIGURE 1:**  
**A Conceptual Model on the Role of Social Shopping Rewards**



associated with the two dimensions of shopping value is examined.

**Social Shopping Rewards**

Babin et al. (1994) proposed that utilitarian and hedonic values are related to shopping rewards. These shopping rewards may be “extrinsic (e.g., monetary rewards, prizes, etc.)” or “intrinsic, personal, and emotional” (Babin et al., 1994, p. 645). Supporting Babin et al.’s (1994) conceptualization of rewards, the relationship marketing literature suggests two types of shopping rewards – extrinsic/external and intrinsic/internal. External rewards are “material rewards offered in exchange for desired behavior” while internal rewards are “not material; they increase internal enjoyment of a behavior and internal reasons for maintaining the behavior” (Melancon, Noble, & Noble, 2011, p. 343). This external/internal rewards structure mirrors the economic/social rewards structure associated with social reinforcers (Buss, 1983) and shopping behavior

(Melancon et al., 2011). Therefore, in this research social shopping rewards are conceptualized as economic (extrinsic) rewards and social (intrinsic) rewards.

*Economic rewards.* Economic rewards are considered to be financial in nature. These financial rewards maintain customer loyalty through pricing incentives (Berry, 1995; Gwinner, Gremler, & Bitner, 1998). As per the sales promotions literature, economic rewards are monetary in nature and include price reductions, coupons, and rebates (Chandon, Wansink, & Laurent, 2000). Applying this concept to the social shopping context, economic rewards can be discounts in price that may be presented in various forms, such as promotional discounts, volume pricing, or other ways in which purchase prices may be reduced due to elements of patronage. These rewards are primarily based on the measurable behavior of consumers. In the conceptual model, economic rewards are defined as financial rewards that consumers receive from

participation in social shopping activities that signify a relationship with a firm. Social shopping economic rewards may be used toward the purchase of the marketer's products. *Social rewards.* Economic rewards seem to be the more common types of rewards used to generate utilitarian value for social shoppers. However, as per past research, there is also a fun side to shopping that creates hedonic value. Shoppers may also derive social rewards from the shopping experience. While economic rewards from social shopping are typically monetary in nature, it is proposed that social rewards are non-monetary and more intrinsic. These rewards have the capability for marketers to enhance relationships with consumers. According to Berry (1995), non-monetary social benefits are part of higher level bonding with customers in relationship marketing. In Berry's (1995) conceptualization, social bonding produced social benefits that exceeded financial benefits used to maintain loyal customers. This social bonding entails "personalization and customization of the relationship" (Berry, 1995, p. 240). Gwinner et al. (1998) added to the discussion, suggesting that relational benefits can be social in nature; e.g., the personal encounter and positive feelings related to interaction in service delivery can be seen as a social reward. In this way, social benefits can be part of a differentiation strategy of companies (Gwinner et al., 1998).

In defining social rewards in the social shopping framework, reference is also made to Buss' (1983) conceptualization of social rewards in the field of social psychology. According to Buss (1983), social rewards can be viewed from two perspectives: process social rewards and content social rewards. Process social rewards increase levels of social stimulation and emanate from the presence of others, attention from others, others' responsiveness, and initiation of social interaction (Buss, 1983). Content social rewards boost social esteem and social status and arise from status deference, praise for accomplishments, sympathy in response to an event, and affection. According to Buss (1983), these content rewards are relationship builders that strengthen the relationship between those involved in social interactions.

In this research, social rewards from social shopping are also viewed as both process and content rewards. Process social rewards are derived from the consumer's pleasurable social interactions with other consumers during social shopping. Such interactions can build a sense of trust that the consumer may see as a sign of reduced risk of purchasing. Content social rewards emanate from the marketer and are obtained through the consumer's pleasant interaction with the firm via social shopping. These content rewards boost the consumer's perceived social status or self-esteem and may include "badges," "virtual titles," "retweets, or a simple "thank you" message to the consumer from the marketer. For example, Fab.com, a social shopping website, offers consumers social status rewards (e.g., "Prime Time Player") for top inviters (Savitz & Kowal, 2012). The popular check-in social networking site, Foursquare, uses a gamification strategy to reward social gamers with badges (foursquare, expertise, city and partner badges), points, and mayorship. Non-monetary promotions such as free gifts, free samples, sweepstakes entries (Chandon et al., 2000) are also considered to be accompanying perks to social rewards.

### **Social Shopping Rewards and Shopping Value**

Value has been viewed as both an "outcome of marketing activity" and a "primary motivation for entering into marketing relationships" (Mathwick, Malhotra, & Rigdon, 2001, p. 40). In the conceptual model, the latter of these views is adopted, i.e., value is conceptualized as a motivator of social shopping behaviors. The positive, direct relationship between rewards and motivations is considered to be fundamental in social reinforcement (Buss, 1983) and is generally accepted in the social sciences (Rummel & Feinberg, 1988). Given the nature of the relationship between rewards and motivations, it is expected that both types of social shopping rewards would positively impact shopping value.

The literature suggests that economic rewards can provide both utilitarian and hedonic value. Babin et al. (1994) found that consumer "bargain" perceptions, associated with price discounts, were linked to both utilitarian value

(efficiency in the product acquisition task) and hedonic value (transactional utility or smart shopper feelings). According to Chandon et al. (2000), value expression benefits are attained by purchases that the consumer sees as proof of their prowess as a shopper and is a good feeling (i.e., hedonic value through the experience) and may be triggered by demonstrating the consumer's frugality (i.e., utilitarian value due to the purchase). Thus, it is expected that economic rewards (which are similar in nature to monetary promotions) would also create both utilitarian and hedonic social shopping value.

Though economic rewards could provide both utilitarian and hedonic social shopping value, research suggests that extrinsic shopping benefits are more closely aligned with utilitarian shopping motivations (Chandon et al., 2000; Mathwick et al., 2001; Rintamäki, Kanto, Kuusela, & Spence, 2006). The sales promotions literature suggests that extrinsic sales promotions are utilitarian to consumers since "they increase the acquisition utility of their purchase and enhance the efficiency of the shopping experience" (Chandon et al., 2000, p. 67). Since economic rewards closely parallel monetary and extrinsic benefits, it is assumed that these rewards would positively impact utilitarian value more than hedonic value from social shopping. In other words, if the social shopper is provided with an economic reward (e.g., in the form of monetary incentive to shop socially), this creates more utilitarian than hedonic value since the consumer could potentially use that monetary incentive to complete the shopping task (Chandon et al., 2000). Therefore, it is proposed that:

**P<sub>1</sub>:** Economic rewards will have a greater influence on utilitarian value than hedonic value from social shopping.

In addition to economic rewards, social rewards may be considered integral to building both utilitarian and hedonic value. Non-monetary promotions produce utilitarian and hedonic shopping value (Chandon et al., 2000). However, the literature suggests that intrinsic benefits are more closely aligned with hedonic shopping motivations (Chandon et al., 2000; Mathwick et al., 2001). As an item on Arnold & Reynolds' (2003) hedonic value scale, hedonic value from "social shopping" referred to the

"enjoyment of shopping with friends and family, socializing while shopping, and bonding with others while shopping" (p. 80). Non-monetary promotions, such as sweepstakes, contests, and free gifts, are also more closely aligned with hedonic value, i.e., entertainment, exploration, and value expression, than utilitarian value (Chandon et al., 2000). Non-monetary rewards are considered to be hedonic rewards, based on entertainment and exploration, with social rewards producing social value through enhanced status and self-esteem (Rintamäki et al., 2006). Since such social value is obtained through experiential rather than functional/utilitarian aspects of shopping, social value is considered to be implicit to hedonic value. Hence:

**P<sub>2</sub>:** Social rewards will have a greater influence on hedonic value than utilitarian value from social shopping.

### Social Shopping Value and Outcomes

The value derived from social interaction remains a robust motivator of shopping behavior, particularly for in-store shoppers (Rohm & Swaminathan, 2004). With the introduction of the social dimensions to online shopping, it is expected that social interaction would also serve as a robust motivator of online social shopping behavior. Based on the literature, two types of social shopping behavior-related outcomes are considered in the conceptual model: purchase intentions and positive word of mouth. Attitude toward the brand is also modeled as an outcome of social shopping value and as a predictor of the two types of social shopping behavior-related outcomes.

*Purchase Intentions.* Both utilitarian and hedonic values positively predict preference for a retailer, leading to purchase intentions (Overby & Lee, 2006). However, in online shopping research, utilitarian value has been shown to be a stronger predictor of repatronage intentions (Jones, Reynolds, & Arnold, 2006), preference for online retailers (Overby & Lee, 2006), and online buying (Bridges & Florsheim, 2008). The explanations for such findings are based on the shopper's sense of accomplishment (Jones et al., 2006), the

Internet's utilitarian value, i.e., price savings and convenience (Overby & Lee, 2006), and the Internet's ability to facilitate transactions (Bridges & Florsheim, 2008). However, these findings should be taken within the context of the research on the Internet and e-commerce activities as they occurred at that time. Internet technologies, and thus Internet usage, surrounding commerce have been changing.

Scholars and practitioners have noted the evolution of e-commerce activities as a shift from Web 1.0 to Web 2.0 (Caravella, Zahay, & Ekachai, 2009; Granitz & Koernig, 2011; O'Reilly, 2005). For example, O'Reilly (2005) discussed at length changes in Internet usage that were created via changes in tools, software, and services. Additionally, Caravella et al. (2009) highlighted the idea that Web 2.0 moved Internet users to both create content and easily share it, which put social networking at the heart of much Internet activity. O'Reilly (2005) suggested that these changes meant that market leaders will find ways to tap into network effects with their sites. In other words, the Internet has become more than just getting information and has evolved toward an emphasis on the sharing of information. This sharing is done for many reasons, which include hedonic motivations. For example, Key, Boostrom, Adjei, & Campbell (2013) discussed how online communities are virtual spaces where information is shared in part to interact with others related to a topic with which consumers have high involvement. They also discuss the collection of information from others as being driven in part by intrinsic motivation to become an expert within a field. These are examples of how social activity provides the basis for receiving hedonic value, as the interaction on the topic, and the gaining of knowledge for intrinsic purposes, suggests value beyond simple utility.

As the Internet has evolved from Web 1.0 to Web 2.0, it is likely to continue to evolve. Garrigos-Simon, Alcamí, & Ribera (2012) discussed a move toward Web 3.0 and described it as a move toward quick integration and use of data. This will likely enhance some of the network effects that have been witnessed from Web 2.0 and lead to further socially motivated activity.

Therefore, while e-commerce has traditionally focused on utilitarian functions, social shopping introduces a social dimension into online shopping. Click With Me Now, a web-based social shopping software company, noted that with traditional online shopping, the "social experience" of shopping may be lost, resulting in negative consequences such as anxiety, shopping cart abandonment, and a poor user experience, which can be detrimental to online sales ([www.clickwithmenow.com](http://www.clickwithmenow.com)). By creating a forum for social interaction that mirrors the in-store experience, social shopping presents an opportunity for traditional online shopping to overcome these issues facing traditional online shopping ([www.clickwithmenow.com](http://www.clickwithmenow.com)). Thus, as an evolution of e-commerce (Wang & Zhang, 2012), the utilitarian as well as the hedonic value from social shopping is expected to predict purchase intentions.

Though utilitarian and hedonic value are expected to predict purchase intentions, it can be argued that each type of value would have a differential effect on purchase intentions over time. Recent research shows that the impact of the sales promotion in the long term depends on the type of sales promotion. In the long term, sales promotions may "increase price sensitivity and destroy brand equity" (Chandon et al., 2000, p. 64). As per Yi & Yoo (2011, p. 882), research generally supports the finding that monetary (price) promotions lead to positive effects on choice in the short term but negative effects on choice in the long term. Non-monetary sales promotions may be more beneficial than monetary sales promotions in the long term (Yi & Yoo, 2011). Given this background, it is expected that in the long term, hedonic value from social rewards would have greater effects on purchase intentions than utilitarian value from economic rewards in social shopping.

The expectation of the long-term effects of hedonic value on purchase intentions seems to fit well with Berry's (1995) conceptualization of non-monetary social benefits as part of higher-level bonding with customers in relationship marketing. With evolving Internet technologies, it is likely that what Berry (1995) described will be an effect more easily facilitated with Web 3.0 technologies and the enhanced networking effects as presented

above (e.g., Garrigos-Simon, et al., 2012). In other words, with the evolution of e-commerce to social shopping, hedonic value is viewed as providing a higher level of bonding with consumers, increasing intentions to continue to purchase in the long run, and this effect is likely to be further facilitated with anticipated changes to the Internet. Thus:

**P<sub>3</sub>:** In the long term, hedonic value will have a greater effect on purchase intentions than utilitarian value from social shopping.

*Positive Word of Mouth.* Word of mouth (WOM) has long been of interest to marketers and is a likely result of the effects in this model. As per Dichter (1966), people engage in sharing consumer-related information through WOM for psychological reasons, suggesting that experiential/hedonic value is derived from WOM. Phelps, Lewis, Mobilio, Perry, & Raman (2004) found that although there were sometimes negative emotions experienced from receiving email WOM, there were also a variety of positive emotions from the social interaction surrounding the shared message. Jones et al. (2006) found that hedonic value positively predicted positive WOM, a relationship explained by the nature of hedonic value based on the “emotional worth of the shopping experience” (p. 979). Though Jones et al. (2006) did not find support for utilitarian value leading to the same result, the idea that any value received could increase the likelihood of positive WOM still seems to have face validity and so a relationship between utilitarian value and positive WOM is also suggested in the conceptual model. For instance, it seems reasonable that WOM could be used between consumers to share information about good deals and thus be motivated by utilitarian value from social shopping. Given the social nature of social shopping, it is expected that the typical social shopper would derive more experiential shopping value than functional shopping value, and that this hedonic value would have a greater impact on positive WOM than utilitarian value. Thus:

**P<sub>4</sub>:** Hedonic value would have a greater effect on positive word of mouth about the brand than utilitarian value from social shopping.

*Attitude toward the brand.* Hedonic and utilitarian values result from consumers being able to solve problems through consumption and to enjoy the experience of their consumption. Batra & Ahtola (1990) showed that attitude toward brands can be clearly traced to hedonic and utilitarian values of the attitude objects. Attitudes stem from beliefs related to the attitude object (Mitchell & Olson, 1981). Based on the experiences of the consumer thus far, beliefs are conceptualized as being generated related to brands and consequently brands as being the beneficiary of positive attitudes. As per Voss, Sprangenberg, & Grohmann (2003), attitudes can be seen as two-dimensional based on consumer assessments of hedonic and utilitarian value. Thus, it has been found that attaining hedonic and utilitarian value leads to attitude development (e.g., Childers, Carr, Peck, & Carson, 2001).

In the context of online shopping, both utilitarian and hedonic values have been shown to positively predict preference for a retailer, which is defined as “a disposition of the Internet shopper to favor a specific retailer” (Overby & Lee, 2006, p. 1161). Extending past research, the conceptual model equates preference for a retailer to a positive attitude toward the brand. In this way, attitude toward the brand is viewed as an outcome of both utilitarian and hedonic value. If the marketer offers a coupon on the social shopping site, then the consumers’ utilitarian value from social shopping should be enhanced. To the extent that social shopping facilitates the task of shopping (utilitarian), consumers should display a positive attitude toward the brand. Similarly, if the marketer rewards the social shopper with social rewards (badges and social esteem/status boosting rewards), this makes shopping fun, thereby increasing hedonic value. When the consumer receives hedonic value from the social shopping experience that the brand helped to create, the consumer should also have a positive attitude toward the brand.

Due to the utilitarian nature of the Internet (price savings and convenience), utilitarian value in particular has been shown to be a stronger predictor of preference than hedonic value (Overby & Lee, 2006). However, as per the previous discussion, the Internet and e-commerce have evolved to incorporate more

social dimensions. Thus, the conceptual model proposes a switch in the effect of shopping value in the long term, i.e., due to the social and “fun” nature of social shopping, hedonic value is expected to produce greater effects on attitude toward the brand than utilitarian value. The sales promotion literature lends some credence to this expectation. Research on sales promotions has shown that in the short term either monetary or non-monetary promotions can produce positive effects on attitudes but in the long term monetary promotions hurt the brand more than no promotions at all (Yi & Yoo, 2011). Repeated monetary promotions eventually lower the consumer’s reference price, thereby cheapening the brand by reducing consumer perceptions of brand quality (Yi & Yoo, 2011). Non-monetary promotions have been found to produce more favorable effects on attitudes toward the brand in the long run (Yi & Yoo, 2011). Applying this finding to the social shopping rewards framework, it is expected that hedonic value from social rewards would produce greater effects on attitude toward the brand than purely economic rewards in the long term. Therefore:

**P<sub>5</sub>:** In the long term, hedonic value will have a greater effect on attitude toward the brand than utilitarian value from social shopping.

The construct “attitude” has often been modeled as a shopping outcome, and can be useful because attitude helps predict behavioral intent. Thus, attitudes can be viewed as a partially or fully mediating variable, between social shopping value and behavior-related outcomes. The support for linking attitudes toward behavior-related outcomes, and specifically behavioral intentions, is strong. As an example, Britt (1966) suggests a link between attitudes and behavioral intentions. More specifically, attitude is seen as a predictor of purchase intent. In one study, two measures of attitude toward the site predicted purchase intent (see Boostrom, Balasubramanian, & Summey, 2013). In another study, brand attitude predicted purchase intent of green brands (see Hartmann & Apaolaza-Ibañez, 2012). More generally, Lafferty, Goldsmith, & Newell (2002) noted that the attitude to purchase intention link has been shown to be robust. In the context of the conceptual model,

attitude toward the brand can also be viewed as predicting purchase intentions. Therefore:

**P<sub>6a</sub>:** Attitude toward the brand will partially mediate the relationship between utilitarian value from social shopping and purchase intentions.

**P<sub>6b</sub>:** Attitude toward the brand will partially mediate the relationship between hedonic value from social shopping and purchase intentions.

Research on WOM has shown that customer satisfaction with a retailer positively predicts positive WOM (Jones et al., 2006). Research has also shown that attitude toward the brand can be predicted in part from customer satisfaction and shopping enjoyment (Leischnig, Schwertfeger, & Geigenmüller, 2011). Given the conceptual similarity between attitude toward the brand and customer satisfaction, it can be expected that if social shoppers show a positive attitude toward the brand, then they would also share the good word with other consumers by means of swapping ideas and product/brand information in social shopping. Thus:

**P<sub>7a</sub>:** Attitude toward the brand will partially mediate the relationship between utilitarian value from social shopping and positive WOM.

**P<sub>7b</sub>:** Attitude toward the brand will partially mediate the relationship between hedonic value from social shopping and positive WOM.

## CONTRIBUTIONS

The proposed conceptual model is the first to incorporate a social shopping rewards framework in the assessment of social shopping value. The model places emphasis on both types of social shopping rewards – economic and social. However, the model identifies the value of social rewards in enhancing hedonic value and resulting longer-lasting social shopping outcomes. In the following sections, the practical and theoretical contributions of the conceptual model are discussed.

### Contributions to Marketing Management

As Wang & Zhang (2012) noted, social commerce has brought about an evolution of four dimensions in online shopping: people (social shoppers), management, technology, and information. Management of a social shopping strategy is integral to its success. Marketing managers wishing to incorporate a social shopping rewards strategy may benefit from understanding the role of the rewards in generating shopping value and in shaping consumer behavior. Social shopping rewards may be integrated into several aspects of the strategic retail plan, including the pricing strategy (more closely associated with utilitarian value) and the building of the brand (more closely associated with hedonic value). Location decisions are also affected as social shopping can be considered part of a multi-channel strategy (Wang & Zhang, 2012), incorporating social as well as mobile applications that transform online shopping into a more social experience.

The conceptual model also brings about a critical realization to marketing managers: a social shopping strategy may transcend economic rewards. Based on existing theory, the conceptual model proposes that economic rewards would have a greater influence on utilitarian than hedonic value. However, overdependence on economic rewards may be harmful to the marketer's brand in the long run. As per industry reports, such economic rewards are losing their "luster" (National Retail Federation, 2012). Thus, social rewards may be a strategic addition to the marketer's social shopping strategy. Unlike economic rewards, these social rewards may strengthen rather than cheapen the brand, thereby increasing brand equity. As part of a social shopping rewards framework, social rewards may hold greater potential for more desirable social shopping outcomes than economic rewards. Following the advice given by Yi & Yoo (2011) on the advantages of non-monetary promotions, marketing managers are advised to consider expanding the rewards framework beyond economic rewards to include social rewards.

Though the creation of hedonic value (as opposed to purely utilitarian value) through social shopping may be challenging to

implement, marketers may benefit from investing in the tracking of social interactions. Marketers capable of both interacting with customers and building brand image through social rewards stand to gain a sustainable competitive advantage. It is recommended that marketers explore the services of emerging social shopping platforms to enhance a marketing strategy incorporating social rewards. For example, ShopSocially seamlessly integrates social commerce into the marketer's website (ShopSocially.com) and SocialRewards offers social shopping tracking and analytics of "brand mentions via Twitter, Foursquare check-ins and Facebook fan activity" (SocialRewards.com).

Finally, the conceptual model has implications for marketing practitioners wishing to invest in the social shopping channel. The evolution of e-commerce enables more social interactions during the shopping experience through new mobile applications that transform online shopping into a virtual game-like experience (e.g., Tip or Skip) and website add-ons that allow consumers to share their digital screen with other people prior to making purchase decisions (e.g., [www.clickwithmenow.com](http://www.clickwithmenow.com)). As the industry moves to adopt these new technologies, marketers have a responsibility to understand how consumer behavior adapts. In fact, many firms creating opportunities for consumer behavior adaptations may seek out venture capital investment to make their technologies a reality. Venture capitalists may want to know what motivates customers to use these applications and add-ons prior to investing. Therefore, the conceptual model is applicable in the innovation process for technology start-up companies in the social shopping arena.

### Contributions to the Literature

Many of the aforementioned contributions to marketing managers can only be fully realized with empirical testing of the conceptual model. However, since the model is grounded in theory on shopping motivation in both the online and offline worlds, it provides great potential for contributions to the literature on social shopping. The model answers calls in the marketing literature for further exploration of social shopping motivations (Wang & Zhang,

2012) and to build research on non-price promotions (Yi & Yoo, 2011). Grounded in multi-disciplinary research, the model proposes a duality of shopping rewards (economic and social), which create utilitarian and hedonic shopping value in social shopping. This value is modeled to affect attitude toward the brand and two behavior-related social shopping outcomes (purchase intentions and positive WOM). Thus, the major theoretical contribution of this research can be found in its ability to add to the emerging body of knowledge on how social shopping works.

The conceptual model also makes a contribution to the literature on types of social shopping rewards. While the construct of economic rewards has been clearly defined in the marketing literature, the model expands on an emerging type of reward in online social shopping, i.e., social rewards. In this regard, the construct of social rewards in social shopping is defined and the model identifies social rewards as instrumental in creating hedonic value. Given the nature of social shopping, the model proposes that hedonic value may produce greater and longer-lasting effects on social shopping outcomes than utilitarian value from social shopping. This proposition seems to fit conceptually with the finding in the sales promotion literature on the value of non-monetary rewards in building the brand in the long term (Yi & Yoo, 2011).

### FUTURE DIRECTIONS

The conceptual model represents the start of a research program aimed at understanding how rewards motivate the new-age shopper to engage in social shopping through the creation of shopping value. The next logical step is to test this model using existing social software or simulations and experimental models with customers from online goods and/or service e-commerce websites. Another avenue for future research is to consider moderators to the conceptual model. As suggested by Shen (2012), one such moderator could be the strength of ties between social shoppers. Existing research suggests that the nature of the relationship between co-participants may impact consumer behavior. In a recent product placement study, Coker, Altobello, & Balasubramanian (2013) found that attitudes

toward high-intensity plot placements were more favorable when consumers viewed with friends than with strangers. Similarly, the impact of social shopping rewards may depend on the type of social shopping site – i.e., whether it is populated more by stronger ties (friends) or weaker ties (acquaintances and strangers). Social rewards in a social shopping network of friends may be more impactful on hedonic value than one comprised of other consumers whom the individual may not know.

Another moderator to consider in future research is deal proneness in social shopping. In the sales promotion literature, this individual-difference factor has been shown to impact consumer behavior following sales promotions (e.g., Chandon et al., 2000; Yi & Yoo, 2011). Chandon et al. (2000) suggested that the typical categorization of deal proneness (i.e., coupon proneness and value consciousness) may be re-categorized based on motivational antecedents into utilitarian deal proneness and hedonic deal proneness. In the context of the proposed conceptual model, this re-categorization may warrant future research on the role of deal proneness in impacting the relationship between social shopping rewards and social shopping value.

Another consideration is the type of product. Some products seem to invite more social interaction than others. As per Overby & Lee (2006, p. 1164), “certain types of products are simply more experiential and thus more likely to invoke hedonic value.” One might call this the sociability of the product. For instance, friends may shop together for beer that they intend to share, but they will rarely shop as a group to select milk or juice. Product sociability would be a general likelihood to interact socially and includes mentioning the product in these interactions. It would entail one’s interest in sharing elements of experiences with a product. Product sociability is likely to be particularly compelling and may sway consumer activity. As a consumer, one may be excited about being associated with a product high on sociability, such as electric guitars and may wish to be seen as the King or Queen of the Fender Stratocaster electric guitar customers. However, it seems less likely that a consumer may want to be titled based on a product low on sociability, such as the King or

Queen of the Preparation H hemorrhoid cream. Thus, some form of product sociability may act in this model as a moderator of the impact of social rewards on shopping value, or perhaps instead work as an enhancement or impediment to experiencing social shopping.

Finally, this research can be viewed as potentially intersecting with the large and growing body of work on online consumer communities. Most of these online consumer community studies have dealt with consumers interacting with products as fans and exchanging knowledge while expressing interest in a brand or product category. As companies find ways to leverage these communities and develop new tools for social interaction in online purchasing, one could envision community involvement leading to more community-based social shopping experiences. This type of community social interactions could leverage the value-creating practices identified previously in the literature (Schau, Muñiz, & Arnould, 2009). For instance, group members might shop together through a tool online so that one user might explain to another user how particular products should be used and pass on skills associated with the online community and the product category.

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## A MULTI-DIMENSIONAL MODEL OF PERCEIVED RISK IN SPECTATOR SPORT

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*Risk perception influences consumer decision-making, and despite research on what motivates people to attend sport events, little research exists on barriers (e.g. constraints) to attendance. The purpose of this research was to identify items measuring perceived risk associated with attending collegiate football games. Perceived risk items were identified and subjected to an exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). College students (N = 711) from two universities in the southeastern US participated in the study. Results of the EFA yielded a five-factor, 28-item model. The model was submitted to a CFA, and a five-factor, 21-item model emerged. Results indicated that while Performance Risk and Time Risk were the highest among the various dimensions, consumers perceived little risk with attendance at a collegiate football game. Overall, the findings support the multi-dimensional nature of perceived risk and highlight its importance as a potential constraint for sport spectators.*

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### INTRODUCTION

The sport industry has experienced impressive growth over the past decade and is estimated to be a \$470 billion annual industry within the United States (Plunkett Research, 2013). One of the most visible parts of this wide-reaching industry is spectator sport. Live sport events represent a major source of revenue for sport organizations through the sale of tickets, concessions, parking and licensed merchandise. Despite the immense popularity of professional and collegiate sport in the U.S., however, several challenges exist for sport organizations. The global recession has significantly affected consumer spending on sport and recreation, (Plunkett Research, 2009), and the reality of collegiate sport in particular is that a majority of athletic departments operate at a deficit and require institutional support in order to remain financially solvent (Fulks, 2010; Sargeant & Berkowitz, 2014).

Increased competition for sport consumers' time and dollars has led to a crowded sport marketplace. According to Trail and Kim (2010), the total number of U.S. professional teams at all levels competing for sport

spectators' dollars has grown to over 600. Furthermore, economic concerns have affected the amount of discretionary income at a consumer's disposal. These concerns highlight the importance of gaining a better understanding of the factors affecting a person's decision to purchase a ticket and attend a sport event.

Literature on why people attend sport events is mostly centered on motivation (e.g., Trail & James, 2001; Wann, 1995). Research shows that attendance is significantly predicted by fan motivation (Kim & Chalip, 2004), but Zhang et al. (2001) suggested that examining factors in addition to motivation was important in understanding attendance at sport events. Furthermore, Trail and Kim (2010) noted the importance of examining constraints or barriers to attendance due to the effect they may have on potential sport consumers' decision-making process. Given that consumer behavior research has shown that consumers tend to weigh negative information more heavily than positive information when assessing the attributes of a potential purchase (Kanouse, 1984), understanding barriers to attendance may be just as important as understanding factors positively affecting attendance.

Perceived risk has been investigated as an important construct affecting consumer

decision-making in other fields such as consumer behavior (Lim, 2003) and tourism (Reisinger & Mavondo, 2005), but has received little attention within the field of sport management. Research in sport tourism has examined the perceived risks associated with attendance at such international events as the 2004 Athens Olympic Games (Taylor & Toohey, 2007; Toohey & Taylor, 2008), 2008 Beijing Olympic Games (Boo & Gu, 2010; Qi, Gibson, & Zhang, 2009), FIFA World Cup (Kim & Chalip, 2004; Toohey, Taylor, & Lee, 2003), and the 2003 Rugby World Cup (Taylor & Toohey, 2006). Given the scarcity of research examining constraints as barriers to attendance within sport management, a better understanding of perceived risk in the sport attendance context would be beneficial to sport organizations. The purpose of this study was to identify and validate items measuring perceived risk as affecting spectator decision making regarding attendance at collegiate football games. Results of this study could be used by marketers to identify and address areas of risk for potential spectators that may negatively influence attendance intentions.

### LITERATURE REVIEW

Consumer behavior focuses on why and how consumers choose to spend their money on products and services. The amount of risk a consumer perceives when purchasing a product or service can affect their purchasing behavior (Bettman, 1973). Although perceived risk has garnered attention in other fields of study, it has not been fully investigated as a constraint within the context of sport spectator attendance. Furthermore, the limited number of empirical studies that have examined risk in the context of spectators have done so from a sport tourism viewpoint and either taken a simple measure of risk as one potential constraint to attendance (Kim & Chalip, 2004) or focused solely on risk associated with terrorism at mega-events (e.g., Taylor & Toohey, 2006; 2007).

Within the spectator sport industry, the primary product sold to consumers is the sport event (i.e., competition) itself, along with a variety of services (Shank, 2005). The unique characteristics of a sport event (e.g., intangibility, heterogeneity, unpredictability, perishability) are similar to those of services.

Compared to other consumer-based products, services have been shown to entail higher levels of perceived risk (McDougall & Snetsinger, 1990; Mitchell & Greatorex, 1993; Murray & Schlacter, 1990). A better understanding of perceived risk as a constraint to spectator sport consumption would enable sport marketers to better allocate their resources toward reducing perceived risk and the potential negative influence it may have on future attendance.

### PERCEIVED RISK

Although studied extensively for the past 50 years, the concept of risk has been difficult to define and/or operationalize (Boo & Gu, 2010; Roehl & Fesenmaier, 1992; Slovic & Weber, 2002). Reisinger and Mavondo (2005) define risk as “exposure to the chance of injury or loss, a hazard or dangerous chance or the potential to lose something of value” (p. 212). Roehl and Fesenmaier (1992) state that “a choice involves risk when the consequences associated with the decision are uncertain and some outcomes are more desirable than others” (p. 17). In the consumer behavior literature, no widely utilized definition of perceived risk exists and definitions often vary depending on the context of the study. According to Haddock (1993), perceived risk is formed within a specific context and from an individual standpoint. As noted by Boo and Gu (2010), the characteristics of perceived risk differ “across individuals, across hazards, and across settings/situations” (p.139). Due to the context-specific nature of perceived risk, we have adapted Reisinger and Mavondo’s (2005) definition to fit the context of spectator sport. Thus, we define perceived risk as a person’s perceptions of the uncertainty and negative consequences derived from attending a sporting event.

Many studies have investigated motivations behind sport event attendance; however, few studies have examined potential constraints and/or perceptions of constraints to attendance at sport events. Most prior research has focused on sport mega-events and perceptions regarding risk associated with terrorism. For example, Toohey et al. (2003) investigated perceptions of safety and responses to security measures of 2002 FIFA World Cup spectators. Specifically, subjects were asked how the September 11, 2001 terrorist attacks on the United States

influenced their motivations to attend the event, how safe they felt in South Korea during the World Cup, and how the various risk management and security measures undertaken by the event organizers affected their level of enjoyment. Results suggested that almost 85% of respondents were not concerned with security issues during their attendance at the World Cup, and only 10% had considered not attending the event due to security-related concerns. Only 1% of respondents indicated an extremely high level of concern regarding security issues. Additionally, only 6% of respondents reported that the security measures employed by event organizers detracted from their level of enjoyment.

Additionally, Taylor and Toohey (2007) investigated the effect of perceptions of terrorism at the 2004 Athens Olympics on attendees' enjoyment of the event. Similar to the findings of Toohey et al. (2003), respondents reported that safety was not a major concern to them in Athens during the Olympics and did not view the threat of terrorism as a deterrent to attending the Olympic Games. Kim and Chalip (2004) investigated the effect of fan motives, travel motives, event interest, travel constraints, and attendance intentions on travel to the FIFA World Cup among soccer fans. Both desire to attend and ability to attend were measured. Three constraints consisting of three items apiece were measured and included risk constraints, financial constraints, and interpersonal constraints. The risk constraint items measured the extent to which respondents would be worried about their health and safety when traveling to the FIFA World Cup. Generally, respondents were not concerned about attending the World Cup in South Korea. Respondents who reported a higher perception of risk also reported less desire, but a higher ability, to attend the event (Kim & Chalip, 2004). In their studies, Toohey and Taylor (2007) note that risk perception is typically mild when attending the Olympic Games but much higher prior to attendance or by those not attending. Furthermore, the authors noted that attendees' primary reason for attending the 2004 Olympic Games was to have a once-in-a-lifetime experience. Considering the small number of studies undertaken in this research area and the noted limitations (i.e., focus on

mega-events), additional research is needed to clarify the concept of perceived risk within the context of sport spectatorship.

### Dimensions of Perceived Risk

Perceived risk has been measured in the consumer behavior, tourism, and leisure/recreation fields of study and has most often been conceptualized as a multi-dimensional construct. Five perceived risk dimensions have been consistently identified within the consumer behavior literature: (a) performance, (b) financial, (c) social, (d) psychological, and (e) physical (Jacoby & Kaplan, 1972; Kaplan, Syzbillo, & Jacoby, 1974). Roselius (1971) introduced a sixth dimension, time risk. Based on previous research, the proposed conceptual model hypothesizes perceived risk as comprised of six dimensions: (a) performance, (b) financial, (c) social, (d) psychological, (e) physical; and (f) time. A brief description of each dimension follows.

*Performance risk.* The outcomes of sport events are by nature uncontrollable and unpredictable. Viewing attendance at a sport event as a service purchase, and taking into consideration the heterogeneity of services, the performance dimension of perceived risk becomes particularly salient. The spectator pays a set amount to attend a game, but the benefits they receive vary depending upon the performance of the athletes involved. The game may constitute a close victory for the spectator's favored team, leading to a memorable and enjoyable experience and a feeling that the purchase delivered expected benefits (e.g., high level of competition, an exciting game atmosphere, etc.). Alternatively, the game may be a blowout loss for the spectator's favored team, with fans leaving in droves during halftime, in which the spectator may feel that he or she did not receive a performance worth what was spent in order to attend the game. It is this uncertainty regarding the performance at a sport event that contributes to perceived risk.

*Financial risk.* Within the consumer behavior literature, the desired outcome of a product purchase decision is need satisfaction, in which positive outcomes are hoped for despite uncertainty regarding the actual purchase itself (Stone & Grønhaug, 1993). Research

investigating the financial risk dimension within this field focuses on perceptions by a consumer that the purchase of a product will not give the desired benefits or fulfill needs satisfactorily, leading to a waste of money or a need to replace the product (Mitchell & Grottel, 1993). The purchase of a game ticket for a sport event necessarily involves financial risk, insofar as the spectator may feel that he or she may not get their money's worth from attending the event. The sport product (i.e., event) is an experience service that is simultaneously produced and consumed. As such, the consumer cannot make judgments regarding the quality and/or value of the service until consumption occurs. After a spectator has purchased a ticket and experienced the event they are left with nothing tangible. All of these factors serve to heighten the nature of financial risk in regards to sport spectating.

*Social risk.* Within consumer behavior research, this dimension has been most often conceptualized as potential feelings of embarrassment or a loss of self-esteem as a result of a purchase of a product or failure of a product after purchase (Jacoby & Kaplan, 1972). According to Murray and Schlacter (1990), most service environments entail a certain degree of human involvement as integral to the product itself. As such, potential contact between the service provider and the consumer, as well as contact between the consumer and others within the environment, increases the chance of sensitive or potentially embarrassing situations with others, thus heightening the social risk involved with a purchase. In their study, Murray and Schlacter (1990) found that services were associated with greater levels of social risk than products. Several authors have noted the importance of social identification or affiliation in the decision to attend a sport event (e.g., Trail & James, 2001; Wann, 1995). In the context of a sport event, spectators typically find themselves in an environment with thousands of other people, oftentimes in extremely close proximity to others who may be strangers.

*Psychological risk.* The psychological dimension of risk is perhaps the least understood of the six common dimensions utilized in consumer behavior research. By definition, the purchase of a product or service

entails a certain amount of uncertainty and the potential for negative consequences (Stone & Grønhaug, 1993). When a person assesses a purchase containing risk, either consciously or subconsciously, it creates internal tension leading to psychological discomfort (1993). The psychological dimension of risk has been shown to be important in explaining the variance in overall perceived risk in consumer behavior, but it has been conceptualized in different ways. Murray and Schlacter (1990) found that services are associated with greater perceived psychological risk as compared to consumer products. The authors speculated that this may be because services frequently entail a greater level of human interaction, whereas the purchase of a product can be completed without such interaction.

*Physical risk.* The physical risk dimension includes multitude of concerns spectators may face when attending a collegiate football game. Spectators are often subjected to extremely crowded situations, which can result in discomfort and in some situations and physical injury, especially when tensions rise due to a heated victory or loss. The link between sport attendance and violence has been studied extensively in the context of football "hooliganism" in Europe (Spaaij, 2007). Fans may become more likely to commit an aggressive or violent act following a loss than a victory, as fan aggression following a loss by a favorite team can be viewed as an attempt to recoup the self-esteem loss experienced by the fan due to their team's defeat. As such, heated rivalry games can heighten this already present danger. Too many or too frequent interactions with unruly fans can decrease attendance at sport events (Hunt, Bristol, & Bashaw, 1999). Also included within the physical risk dimension is risk of injury due to a terrorist attack, which has been examined briefly within the context of sport event attendance (Taylor & Toohey, 2007; Toohey et al., 2003). The current study conceptualizes terrorism-related risk as one component within physical risk. Finally, the physical risk dimension also includes risk of injury due to environmental issues (e.g., heat).

*Time risk.* With an average length exceeding three hours in length, spectators attending collegiate football games give up a significant

portion of time in order to attend. This is in addition to the time spent traveling to and from the game itself. In one of the few studies that examined perceived risk involving sport centers, Mitchell and Greator (1993) found that when asked to rate the time loss associated with six different services, sport centers were rated as the second highest. Furthermore, of all of the dimensions of perceived risk related to services at sport centers, the time loss dimension was rated the highest. In their study investigating intentions to attend a sport event, Cunningham and Kwon (2003) distributed questionnaires to college students investigating factors that contributed to their control over decisions to attend a collegiate hockey game. Respondents reported that a lack of time and/or money were the largest constraints to attendance.

## METHOD

### Participants

The aim of the current study was to identify and validate dimensions and items measuring spectators' perceived risk associated with attendance at collegiate football games. This study used a convenience sampling method, utilizing a student sample from two universities located in the southeastern region of the United States. Participation in this survey was voluntary, and a participant had to be 18-years-old or older to participate. A total of 761 questionnaires were collected resulting in 711 useable questionnaires used for data analyses. Of the sample, 38.0% were male and 61.6% female. Roughly half of the respondents were between 18 and 20 years-old, and nearly 92% were between 18 and 23-years-old. A majority of respondents were Caucasian (61.3%). The other respondents were Hispanic (12.7%), African American (11.7%), Asian/Pacific Islander (9.3%), Mixed Race (3.1%), and Other (1.5%).

### Measures

A preliminary questionnaire was formed through a comprehensive literature review of perceived risk research in the fields of consumer behavior, tourism, and marketing, interviews with industry practitioners, and a focus group consisting of a sample of the

intended survey population. The perceived risk factors and items were identified primarily based on existing scales and research findings discussed below. In particular, all adoptions and modifications took into consideration the unique environmental features of collegiate football games.

A modified version of Laroche, McDougall, Bergeron, and Yang's (2004) Perceived Risk Scale was used. The scale measured five dimensions of perceived risk, using three items for each dimension except for the social risk dimension which was comprised of two items. The scale consisted of the following five dimensions and demonstrated good psychometric properties: financial risk ( $\alpha = .90$ ), time risk ( $\alpha = .91$ ), performance risk ( $\alpha = .88$ ), social risk ( $\alpha = .92$ ), and psychological risk ( $\alpha = .95$ ). However, two limitations regarding Laroche et al.'s scale were identified: (a) the scale did not include the physical risk dimension, and (b) some dimensions were measured with only two items. To address the limitations, the current study used a total of 37 items assessing six perceived risk dimensions, including financial risk (6 items), time risk (6 items), performance risk (6 items), social risk (6 items), psychological risk (6 items), and physical risk (7 items). The response format for perceived risk items was a 7-point Likert-type scale (1 = *strongly disagree* and 7 = *strongly agree*). To avoid response bias from order effect, the items were randomly placed in the questionnaire (Hair, Black, Babin, Anderson, & Tatham, 2005).

### Procedures

Following initial identification of the items, the questionnaire was submitted to a panel of experts for content validity purposes. The panel of experts included four university professors and two practitioners. Of the university professors, two specialize in sport marketing and measurement, and the other two specialize in sport law and risk management. Of the practitioners, one is an Operations and Facility Coordinator and the other is a Director of Marketing within a college athletic department. Each panel member was asked to examine the relevance, representativeness, clarity, test format, item content of the questionnaire, and its associated sections. Based on feedback from

the panel, the preliminary questionnaire was slightly modified mainly focusing on word clarity. After the questionnaire was modified and Institutional Review Board (IRB) approval was received, a pilot study was conducted on a student sample ( $N = 57$ ). The purpose of the pilot study was to further examine the content validity of the items from the perspective of the targeted population and to examine the reliability of the items (Hair et al., 2005). Following the pilot study, a survey packet was developed consisting of the revised items and an Informed Consent form explaining the purpose of the study and requesting cooperation from the participant. Results of the pilot study indicated high internal consistency among the factors ( $\alpha = .825 - .992$ ) and thus, all items were retained for the main study.

In terms of sample size required to complete the Exploratory Factor Analyses (EFA) and Confirmatory Factor Analyses (CFA), the current study adopted the recommendation of Hair et al. (2005), who suggested 10 respondents per each observed variable. The initial items consisted of 37 observed variables and thus, a minimum number of 370 questionnaires were required. This threshold was exceeded as a total of 711 usable questionnaires were used for subsequent data analyses.

### Data Analyses

After data collection, the sample was randomly split into two halves. The first half of the data ( $n = 355$ ) was used to conduct an EFA with the second set used to conduct a CFA. To examine if the data were appropriate for a factor analysis, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy value and Bartlett's Test of Sphericity (BTS) value were calculated by SPSS 15.0 (Kaiser, 1974). Once the data were found to be usable for factor analysis, a principal component extraction (PCA) method with varimax rotation of identified items was conducted in order to identify factors. Per Hair et al. (2005), the following criteria were used to retain factors and items: (a) a factor had to have an eigenvalue greater than or equal to 1, (b) an item had to have a factor loading equal to or greater than .50, (c) a factor had to consist of at least three items, (d) no double-loading was

permitted, (e) the resulting curve in the scree plot test was used to determine the factors (Cattell, 1966), and (f) the identified factors and items had to be interpretable. Following the EFA, reliability was examined by using SPSS 15.0 to calculate Cronbach's alpha coefficients for identified factors (Cronbach, 1951).

The second half of the data was used to conduct a confirmatory factor analysis (CFA) of the data. AMOS version 7.0 (Arbuckle, 2006) was used to conduct the CFA on the second data set, using the factor structure determined from the EFA. Following the suggestions of Hair et al. (2005), several goodness of fit indexes were utilized, including the chi-square statistic ( $\chi^2$ ), normed chi-square ( $\chi^2/df$ ), root mean square error of approximation (RMSEA), standardized root mean residual (SRMR), comparative fit index (CFI), and expected cross validation index (ECVI) (Bentler, 1990; Bollen, 1989; Hu and Bentler, 1999; Steiger, 1990).

In order to assess convergent validity, the researchers of the current study evaluated indicator loadings, statistically significant z-values, and average variance extracted (AVE) values. Generally, an item loading value equal to or greater than .707 (i.e.,  $R^2$  value  $\geq .50$ ) is considered an acceptable loading for good convergent validity (Anderson and Gerbing, 1988). According to Bagozzi and Yi (1988), a factor with an AVE value greater than .50 indicates good convergent validity. Discriminant validity was examined through (a) analysis of the interfactor correlations, and (b) comparison of the AVE values with squared correlation of any of two latent constructs (Fornell and Larcker, 1981). According to Kline (2005), interfactor correlations should be less than .85 to establish discriminant validity. A more conservative indicator of discriminant validity is if the squared correlation between two constructs is lower than the AVE for each construct (Fornell and Larcker, 1981). Reliability for the perceived risk items was assessed by three tests: Cronbach's alpha ( $\alpha$ ) values, Construct Reliability (CR), and AVE scores. For determining internal consistency ( $\alpha$ ) and CR, the .70 cut-off value recommended by Hair et al. (2005) was used. The suggested .50 benchmark AVE value as suggested by Bagozzi and Yi (1988) was chosen for this study.

## RESULTS

### Descriptive Statistics

Descriptive statistics including mean and standard deviation for the perceived risk variables are presented in Table 1. Of the 37 items, no items had a mean score above 4.00 (i.e., midpoint on the 7-point Likert scale), indicating that, overall, respondents perceived low risk with attending a collegiate football game. The average mean score across all 37 perceived risk items was 2.33. Of the perceived risk dimensions, the highest average mean score was Performance Risk ( $M = 3.08$ ;  $SD = 1.67$ ), followed by Time Risk ( $M = 2.62$ ;  $SD = 1.72$ ). The lowest average mean score was Psychological Risk ( $M = 1.81$ ;  $SD = 1.18$ ) followed by Social Risk ( $M = 1.88$ ;  $SD = 1.18$ ). All skewness values were well within the acceptable range while kurtosis values for five variables (S1, S5, S6, PSY2, and PSY4) were slightly above the threshold. After careful consideration of other criteria, including skewness value and item relevance to the respective dimensions, the decision was made to retain the five items (Table 2).

### Exploratory Factor Analysis

Utilizing the first data set ( $n = 355$ ), an EFA of the perceived risk variables was conducted in order to identify the simple factor structure and reduce data (Stevens, 1996). The KMO measure of sampling adequacy value (Kaiser, 1974) was .94, verifying sampling adequacy and BTS was 9432.37 ( $p < .001$ ). Therefore, a factor analysis was deemed appropriate. As a result of PCA, followed by varimax rotation, five factors with 28 items emerged, explaining 70.1% of the total variance. The scree plot test also supported the five-factor model. The results of the rotated pattern matrix utilizing varimax rotation are reported in Table 2. Nine items were deleted, including one item (T2) that was discarded due to double loading, seven items (i.e., S4, PSY6, P3, PH5, PH6, PH7, PH3) that were removed for failing to meet the pre-determined minimum factor loading criteria of .50, and one item (P1) that was deleted due to its loading onto a factor absent theoretical justification. The five factors were labeled Psychosocial Risk (8 items), Time Risk (5 items), Financial Risk (6 items), Physical Risk

(4 items), and Performance Risk (5 items). The resolved factor structure was overall consistent with the conceptual model for the perceived risk construct in this study, although two dimensions, Psychological Risk and Social Risk, loaded onto the same factor and were combined. This will be addressed within the discussion section. All five factors showed high reliability scores: Psychosocial Risk ( $\alpha = .91$ ), Time Risk ( $\alpha = .91$ ), Financial Risk ( $\alpha = .91$ ), Physical Risk ( $\alpha = .83$ ), and Performance Risk ( $\alpha = .86$ ) (See Table 2). The 28-item, 5-factor model was retained for subsequent CFA.

### Confirmatory Factor Analysis

The second half of the data set ( $n = 356$ ) for the perceived risk variables, containing 28 items under five factors, was submitted to a CFA using ML estimation (Hair et al., 2005). Goodness of fit indexes revealed that the five-factor, 28-item measurement model did not fit the data well (Table 3). The chi-square statistic was significant ( $\chi^2 = 1378.40$ ,  $p < .001$ ), which is known to be sensitive to sample size. The normed chi-square value ( $\chi^2/df = 4.05$ ) was above the recommended 3.0 value specified by Bollen (1989), but Kline (2005) notes that values as high as 5.0 have been recommended as a reasonable fit of the data, and that the normed chi-square does not completely correct for the influence of a large sample size. The RMSEA value indicated that the five-factor showed a mediocre fit (RMSEA = .09, 90% CI [.09, .10]; Hu and Bentler, 1999). The SRMR value (.09) was within the range of acceptable fit ( $\leq .10$ ; Kline). The CFI value (.87) was below the cut-off ( $> .90$ ) recommended by Hu and Bentler (1999). Although no specific criteria exist for the ECVI value, smaller values are preferable. The ECVI for the five-factor model was 4.26. In totality, the model fit tests suggested the need for a re-specification of the model. Prior to a model respecification, factor loadings failing to meet the pre-determined criterion of .707 were also removed, resulting in a five-factor model with 21 items: Psychosocial Risk (5 items), Time Risk (5 items), Financial Risk (5 items), Physical Risk (3 items), and Performance Risk (3 items). The re-specified five-factor, 21-item model was submitted to a CFA. Overall goodness of fit indicated that the re-specified model fit the data reasonably well and was much better than the

**TABLE 1:**  
**Descriptive statistics for perceived risk variables (N =711)**

	Variable	<i>M</i>	<i>SD</i>	Skewness	Kurtosis
1	... I worry that the financial investment I would make may not be wise (F1)	2.25	1.54	1.22	.67
2	... it could involve potential financial loss (F2)	2.29	1.53	1.09	.24
3	... I would be concerned that I would not get my money's worth (F3)	2.42	1.60	1.01	.06
4	... it could prove to be a waste of money (F4)	2.32	1.61	1.13	.32
5	... I would worry that the financial cost may outweigh the benefits (F5)	2.19	1.49	1.26	.77
6	... it could lead to an inefficient use of my money (F6)	2.43	1.65	1.03	-.02
		<b>2.32</b>			
7	... it could take too much of my time (T1)	2.48	1.67	.94	-.21
8	... it could prove to be a waste of time (T2)	2.53	1.66	.86	-.31
9	... it may lead to an inefficient use of my time (T3)	2.70	1.73	.78	-.53
10	... it may take up too much of my time (T4)	2.60	1.73	.86	-.43
11	... it could involve important time losses (T5)	2.57	1.71	.93	-.17
12	... it could create time pressures on me (T6)	2.84	1.83	.59	-.94
		<b>2.62</b>			
13	... the game may not provide the level of benefits that I would be expecting (P1)	2.47	1.54	.97	.15
14	... the performance of the team(s) may not meet my expectations (P2)	3.63	1.68	.05	-.93
15	... I may be concerned about how good the experience will be (P3)	2.78	1.65	.58	-.72
16	... I would be concerned that the team(s) may not perform well (P4)	3.17	1.65	.29	-.99
17	... it could lead to disappointment because of the performance of the team(s) (P5)	3.32	1.73	.27	-1.00
18	... it could be boring due to a poor performance by the team(s) (P6)	3.08	1.77	.46	-.86
		<b>3.08</b>			
19	... it could negatively affect others' opinion of me (S1)	1.55	1.03	2.35	6.07
20	... I would be concerned about being surrounded by a lot of strangers (S2)	2.00	1.33	1.50	1.75
21	... it could lead to embarrassment from others if my team loses (S3)	2.73	1.67	0.75	-0.41
22	... it could lead to embarrassing situations with other spectators (S4)	2.06	1.26	1.15	0.57
23	... I may be held in lower esteem by my friends (S5)	1.53	0.95	2.11	4.44
24	... I worry that I may be held in lower esteem by my family (S6)	1.41	0.81	2.20	4.52
		<b>1.88</b>			
25	... I may have a feeling of unwanted anxiety (PSY1)	1.95	1.33	1.46	1.35
26	... I would be concerned that it could reflect poorly on my personality (PSY2)	1.59	1.01	1.91	3.16
27	... I may feel psychologically uncomfortable (PSY3)	1.80	1.21	1.70	2.37
28	... I could damage my self-image (PSY4)	1.50	.91	2.26	5.70
29	... it could lead to internal tension due to the risks involved (PSY5)	1.90	1.19	1.38	1.34
30	... it could cause me to experience unnecessary tension (PSY6)	2.12	1.43	1.22	.60
		<b>1.81</b>			
31	... I could be injured due to rowdy fans (PH1)	2.29	1.38	1.00	.36
32	... I would be concerned about my safety due to intoxicated spectators (PH2)	2.57	1.60	.86	-.19
33	... I would be concerned about the threat of terrorism (PH3)	1.68	1.15	1.84	2.91
34	... I worry about being injured due to the crowd (PH4)	2.15	1.36	1.21	.83
35	... it could lead to uncomfortable physical side-effects such as headaches and back-aches (PH5)	2.95	1.64	.46	-.83
36	... I would be concerned about potential harm from lightning (PH6)	1.67	1.15	2.02	3.81
37	... I would be concerned about potential harm from excessive heat (PH7)	2.69	1.65	.69	-.59
		<b>2.22</b>			
	<i>Note.</i> F = Financial Risk; T = Time Risk; P = Performance Risk, S = Social Risk. PSY = Psychological Risk; PH = Physical Risk				

**TABLE 2:**  
**Factor pattern matrix for perceived risk variables: varimax rotation using first half of data (n = 355)**

	F1	F2	F3	F4	F5
<i>Psychosocial Risk (8 items)</i>					
... I could damage my self-image (PSY4)	.81	.13	.16	.17	.11
... I may be held in lower esteem by my friends (S5)	.80	.12	.24	.16	.12
... I worry that I may be held in lower esteem by my family (S6)	.76	.10	.24	.12	.09
... I would be concerned that it could reflect poorly on my personality (PSY2)	.76	.16	.30	.25	.07
... it could negatively affect others' opinion of me (S1)	.71	.11	.23	.02	.05
... I may feel psychologically uncomfortable (PSY3)	.64	.27	.17	.39	.08
... it could lead to internal tension due to the risks involved (PSY5)	.60	.19	-.05	.42	.27
... I may have a feeling of unwanted anxiety (PSY1)	.52	.16	.08	.39	.17
<i>Time Risk (5 items)</i>					
... it could involve important time losses (T5)	.13	.84	.30	.16	.09
... it may take up too much of my time (T4)	.15	.82	.34	.16	.08
... it could take too much of my time (T1)	.22	.77	.28	.08	-.06
... it may lead to an inefficient use of my time (T3)	.11	.77	.34	.19	.01
... it could create time pressures on me (T6)	.24	.70	.08	.14	.28
<i>Financial Risk (6 items)</i>					
... I would worry that the financial cost may outweigh the benefits (F5)	.24	.34	.78	.14	.11
... it could prove to be a waste of money (F4)	.21	.38	.74	.11	.19
... I would be concerned that I would not get my money's worth (F3)	.18	.17	.74	.19	.26
... it could lead to an inefficient use of my money (F6)	.20	.45	.70	.16	.11
... I worry that the financial investment I would make may not be wise (F1)	.32	.27	.65	-.01	.00
... it could involve potential financial loss (F2)	.32	.15	.60	.18	.16
<i>Physical Risk (4 items)</i>					
... I worry about being injured due to the crowd (PH4)	.18	.18	.11	.85	.08
... I would be concerned about my safety due to intoxicated spectators (PH2)	.17	.12	.19	.85	.13
... I could be injured due to rowdy fans (PH1)	.20	.13	.07	.82	.09
... I would be concerned about being surrounded by a lot of strangers (S2)	.33	.12	.19	.65	.17
<i>Performance Risk (5 items)</i>					
... it could lead to disappointment because of the performance of the team(s) (P5)	.05	.05	.02	.03	.90
... I would be concerned that the team(s) may not perform well (P4)	.14	.04	.05	.13	.83
... the performance of the team(s) may not meet my expectations (P2)	.06	.08	.26	.12	.75
... it could lead to embarrassment from others if my team loses (S3)	.22	-.03	.05	.09	.68
... it could be boring due to a poor performance by the team(s) (P6)	.03	.27	.32	.14	.64

*Note.* F1 = Psychosocial Risk; F2 = Time Risk; F3 = Financial Risk; F4 = Physical Risk; F5 = Performance Risk

**TABLE 3:**  
**Model fit for perceived risk variables using second half of data (n = 356)**

Model	$\chi^2$	df	$\chi^2/df$	RMSEA	RMSEA CI	SRMR	CFI	ECVI
Five-Factor Model (28 items)	1378.40	340	4.05	.09	(.08 - .10)	.09	.87	4.26
Five-Factor Model (21 items)	601.04	179	3.36	.08	(.07 - .09)	.07	.93	1.99

CI = Confidence Interval

original five-factor, 28-item model ( $\chi^2 = 601.04$ ,  $p < .001$ ;  $\chi^2/df = 3.36$ ; RMSEA = .08, 90% CI [.07, .09]; SRMR = .07; CFI = .93; and ECVI = 1.99). The Cronbach's alpha values for all of the perceived risk factors were above the recommended .70 threshold, ranging from .79 to .93. The CR values for all of the perceived risk factors were also above the recommended .70 threshold (Fornell & Larcker, 1981), ranging from .79 to .94. Finally, the AVE values for the perceived risk factors were all above the recommended .50 threshold (Bagozzi & Yi, 1988), ranging from .56 to .75 (see Table 4). These values indicate that the items were internally consistent within the dimensions.

Convergent validity of the perceived risk items was assessed through examining the indicator loadings and critical ratio values (Table 4). All indicator loadings were above the recommended .707 threshold (Hair et al., 2005), except for one item on Psychosocial Risk (PSY3 - *I may feel psychologically uncomfortable*). A decision was made to retain the item due to its theoretical relevance to the factor as well as the fact that it was only slightly lower (.705) than the recommended cut-off threshold of .707. Critical ratio values ranged from 11.89 (P4 - *I would be concerned that the team(s) may not perform well*) to 32.04 (T4 - *it may take up too much of my time*), indicating that all values were statistically significant ( $p < .001$ ). Based upon these tests, the five-factor perceived risk model showed good convergent validity.

Discriminant validity of the perceived risk factors was assessed through examination of interfactor correlations and AVE values. Interfactor correlations ranged from .42 to .82, all below the recommended .85 threshold (Kline, 2005) for establishing discriminant validity (Table 5). Additionally, all squared correlations were below the corresponding AVE values, indicating discriminant validity (Fornell & Larcker, 1981).

## DISCUSSION

Growing competition among sport providers and decreased discretionary income for sport consumers highlight the importance of investigating and understanding the factors that

may influence spectator decision-making regarding future attendance. Previous studies investigating spectator attendance and sport consumption have focused primarily on motivation and market demand variables (Trail & James, 2001; Wann, 1995). Research into perceived risk as a constraint represents a tool for not only understanding sport consumers' decision-making but also a means for targeting areas in need of improvement for sport marketers and organizations. Due to its use within a number of scholarly fields, measurement of the perceived risk construct has been inconsistent and has varied greatly. The identification and validation of these items of perceived risk holds great potential for sport managers interested in identifying areas of perceived risk held by potential consumers that may be negatively influencing their decision to attend (or not attend) an event.

In investigating perceptions of risk and travel intentions, Qi, Gibson, and Zhang (2009) recommend integrating risk perception dimensions into classic travel decision-making models in order to better understand the role of constraints and facilitators on destination decisions. We would argue that these items could be used by sport managers to effectively do the same thing, namely by identifying areas that serve as constraints to attendance. Kim and Chalip (2004) demonstrated the value of this endeavor but did not conceptualize perceived risk as multi-dimensional in nature. Being able to effectively evaluate these constraints enables sport managers to "more effectively serve existing fans, as well as attract new ones" (Kim & Trail, 2010, p.207). Knowledge regarding perceived risk could be particularly significant for sport teams experiencing low attendance by allowing sport managers to focus resources on areas in need of improvement.

Overall, respondents did not perceive much risk in attending a collegiate football game, with an average mean of 2.33 across the perceived risk dimensions on a 7-point Likert scale. This is consistent with previous research that examined perceptions regarding safety and security in regards to terrorism at attendance at mega sport events (Taylor & Toohey, 2007; Toohey et al., 2003). Of the perceived risk dimensions, respondents reported the highest amount of risk within the Performance Risk dimension. Within

**TABLE 4:  
Indicator loadings, critical ratios, Cronbach's alpha, construct reliability, and average variance extracted for the perceived risk variables using second half of data (n = 356)**

Variable	Indicator Loading	Critical Ratio	$\alpha$	CR	AVE
<i>Psychosocial Risk (5 items)</i>					
... I could damage my self-image (PSY4)	.87		.89	.91	.66
... I may be held in lower esteem by my friends (S5)	.85	20.64			
... I worry that I may be held in lower esteem by my family (S6)	.83	19.72			
... I would be concerned that it could reflect poorly on my personality (PSY2)	.80	18.64			
... I may feel psychologically uncomfortable (PSY3)	.71	15.33			
<i>Time Risk (5 items)</i>					
... it could involve important time losses (T5)	.92		.93	.94	.75
... it may take up too much of my time (T4)	.94	32.04			
... it could take too much of my time (T1)	.75	18.74			
... it may lead to an inefficient use of my time (T3)	.90	27.65			
... it could create time pressures on me (T6)	.79	20.83			
<i>Financial Risk (5 items)</i>					
... I would worry that the financial cost may outweigh the benefits (F5)	.89		.93	.93	.72
... it could prove to be a waste of money (F4)	.93	28.33			
... I would be concerned that I would not get my money's worth (F3)	.81	20.61			
... it could lead to an inefficient use of my money (F6)	.89	25.14			
... it could involve potential financial loss (F2)	.71	16.39			
<i>Physical Risk (3 items)</i>					
... I worry about being injured due to the crowd (PH4)	.93		.88	.88	.71
... I would be concerned about my safety due to intoxicated spectators (PH2)	.85	20.98			
... I could be injured due to rowdy fans (PH1)	.74	16.88			
<i>Performance Risk (3 items)</i>					
... it could lead to disappointment because of the performance of the team(s) (P5)	.77		.79	.79	.56
... I would be concerned that the team(s) may not perform well (P4)	.71	11.89			
... it could be boring due to a poor performance by the team(s) (P6)	.77	12.55			

**TABLE 5:  
Interfactor correlations from the CFA of perceived risk variables using second half of data (n = 356)**

	PSY	F	PH	PER	T
PSY	1.00***				
F	.56***	1.00			
PH	.56***	.42***	1.00		
PER	.38***	.53***	.47***	1.00	
T	.46***	.82***	.45***	.48***	1.00

Note. PSY= Psychosocial Risk; F = Financial Risk; PH = Physical Risk; PER = Performance Risk; T = Time Risk  
 \*\*\*  $p < .001$

the Performance Risk dimension ( $M = 3.08$ ;  $SD = 1.57$ ), one item, “*performance of the team(s) may not meet my expectations*,” was above the midpoint with a mean score of 3.63. This result may imply that respondents were concerned, albeit slightly, that the game could prove to be boring or unexciting due to the performance of one or both teams. As mentioned previously, attendance at a collegiate football game requires a substantial amount of time. Even in the event of a blowout victory for the spectator’s favored team, the spectator may feel that he or she wasted time particularly if the game was not exciting. This could be especially pertinent in the case of a highly talented and successful team that often produces such lopsided victories.

Alternatively, the results may be very different in the case of a team that is not very successful and struggles against most opponents. The second highest dimension of perceived risk according to the data analysis was Time Risk, consistent with previous studies in which the time loss dimension was rated the highest among perceived risk related to services at sport centers (Mitchell & Greator, 1993). Additionally, Cunningham and Kwon (2003) distributed questionnaires to college students asking about factors that contributed to their decisions to attend a hockey game. Respondents reported that lack of time was one of the largest constraints to attendance.

Respondents did not report perceiving much Physical Risk associated with attendance at collegiate football games. This dimension included physical risks occurring from weather, large crowds, terrorism, and other spectators. As previously mentioned, the small amount of research investigating perceived risk and attendance at sport events has generally focused on the physical risk dimension, most notably physical risk arising due to the threat of terrorism (Taylor & Toohey, 2007; Toohey et al., 2003). In the current study, respondents did not report much perceived risk regarding terrorism. This may be due to two reasons. First, the events of September 11, 2001 occurred over ten years ago, and the threat of terrorism may have subsided in the minds of respondents. Second, the sport industry has enacted a number of security measures to protect spectators against the threat of

terrorism, including pat-down searches, increased security, and biometrics including facial-recognition software used in sport venues. These measures have been widely publicized and may have served to somewhat alleviate spectators fears regarding terrorism.

The review of literature yielded a six-factor model of perceived risk, yet during data analysis, the derived factors for the EFA saw the Psychological Risk and Social Risk items loaded onto the same factor. Due to statistical and theoretical reasoning, the two factors were combined and named Psychosocial Risk. Despite the hypothesized distinction between the two dimensions, previous research does support the notion of a psychosocial dimension of risk, combining the Psychological and Social risk dimensions. Cheron and Ritchie (1982) reported in their study regarding perceived risk and leisure activities, the Psychological and Social dimensions of risk were highly correlated ( $r = .98$ ), leading to a combination of the two dimensions into the Psychosocial Risk dimension. Likewise, Kaplan et al. (1974) found a high correlation ( $r = .79$ ) between the two dimensions.

These results led Mitchell and Greator (1993) to combine both dimensions into one factor labeled Psychosocial Risk. The Psychological dimension of risk is perhaps the least understood of the six common dimensions utilized in consumer behavior research. The Psychological Risk dimension attempts to tap into perceived risks regarding self-image and self-esteem; it is an inward-focused dimension. The Social Risk dimension, on the other hand, attempts to tap into perceived risks stemming from others’ view of the respondent; it is an outward-focused dimension. Respondents may not have fully understood the item, and/or respondent fatigue may have led respondents to simply view the items as measuring the same thing or to just put the same response as preceding questions. Theoretically, it may be that the two factors are distinct. Thus, it is suggested that future research use a priori models such as a combined model (i.e., Psychosocial Risk) alongside a separate distinct model (Psychological Risk and Social Risk) and use a CFA procedure to determine which conceptualization is preferred.

### MANAGERIAL IMPLICATIONS

Perceived risk is important for sport marketers to take into consideration when thinking about marketing strategies and event planning. Its impact on consumer decision-making is well-documented within the consumer behavior literature yet less so within the sport industry. The results of this study suggest that consumers, by and large, did not report much risk with sport event attendance. At the same time, Performance and Time Risk were both the highest reported of the dimensions measured. As a way to lessen the impact of those risks, sport marketers could do a number of things. Performance Risk is directly tied to the performance of the teams and is thus outside of the control of the marketer. However, this could potentially be lessened through the augmentation of things ancillary to the contest itself. For example, a less than exciting contest between two teams can nonetheless be made enjoyable by focusing efforts on creating a fun and exciting atmosphere, thus taking some of the focus off of the event itself. Promotions that focus on having a great time at the stadium/ ballpark or ones that focus on the sport experience as a family event can perhaps override the worry that the event itself will be uninspiring or a blowout victory for one team over the other.

As for Time Risk, marketers should monitor issues at the sport venue that impact the time spent there. For example, analyzing traffic flow, both outside the venue as well as inside, can give a marketer a good idea as to where problematic congestion occurs and how those areas may be dealt with effectively. Although Physical Risk did not rate high in this study, it may be more of a constraint with venues in certain sections of the US, especially in areas that have extremes in temperature. Marketers may wish to lessen the chance that prospective consumers will stay home rather than attend a sport event in the middle of a hot and humid day by letting fans know of the abundance of water fountains, misting stations, etc. in the stadium or other devices used to help spectators cope with extreme heat. Likewise, marketing an event as family friendly may better persuade parents that their children will be safe from harm in a stadium surrounded by thousands of other spectators. Clearly stating an alcohol

policy and standing by it can cut down on the sort of crowd violence that can ensue with sport events and intoxication. These risks may fluctuate depending upon such variables as location, venue size, and type of event, and sport marketers are encouraged to assess their particular event and venue to identify areas in which potential spectators may experience these risks.

The current study contributes to the literature by identifying and validating items measuring perceived risk in a sport spectator-specific context and providing the groundwork for perceived risk research within the sport management domain. Nonetheless, more work regarding these items measuring the specific dimensions of perceived risk is needed in future studies.

### LIMITATIONS AND SUGGESTIONS FOR FUTURE STUDIES

The current study contains a number of limitations. Due to the use of a convenience sample, caution should be used with generalizing the results of the current study to other sport events or populations. To overcome this limitation, future research should replicate the current study using different contexts (e.g., professional sport events) and a non-student sample. Differences in age, socioeconomic status, and sport should be examined in future research regarding perceived risk and sport consumption. Second, team identification was not measured in the current study. It may be assumed that spectators with different levels of identification would behave differently in various consumption settings (e.g., Wann & Branscombe, 1993). This concept has been shown to play a moderating role (e.g., Theodorakis, Koustelios, Robinson, & Barlas, 2009). It would be more meaningful to measure perceived risk based on the level of team identification, thus allowing sport managers to better understand different spectator groups. Furthermore, MacCallum, Roznowski, and Necowitz (1992) argue that model respecification should be accompanied with an additional independent sample for cross-validation of the respecified model in order to avoid capitalizing on chance. Therefore, interpretation of the results requires caution until a further validation with an independent

sample is conducted. Despite the aforementioned limitations, the current study serves as a first and exploratory step toward incorporating perceived risk into the sport management domain.

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## MARKET ORIENTATION IN SMALL BUSINESSES: CREATIVE OR LACKING?

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*Market Orientation has been reasonably established as relevant to overall business performance. A considerable portion of market orientation focuses on the processes of gathering and analyzing information on competitors and customers (market intelligence). What is less clear is how small businesses in consumer markets enact these market orientation behaviors given typical resource constraints. The research focused on developing a clearer understanding of what, when and how small restaurant retailers gather and utilize market intelligence, and secondarily how it was used in marketing decision-making. In an effort to begin detailing the practice of market orientation by small businesses, we conducted and analyzed personal interviews with small restaurant retailers engaged in a variety of marketing activities, including social media. The results suggest some important distinctions and differences in small businesses' approaches to gathering and using customer and competitor information for marketing decision-making*

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### INTRODUCTION

The changing and challenging environment in which marketing decisions are made presents potential problems and potential opportunities for businesses, regardless of size. Large businesses may respond to these challenges by dedicating significant financial and human resources to acquire information about markets, both customers and competitors. Similarly, large business may have resources at their disposal to dedicate to develop and implement marketing strategies and/or tactics to address the challenges. Small businesses, especially those early in their lifecycle, face considerable resource-constraints across financial, temporal and human dimensions. Resource constraints may hinder or handicap both the acquisition of and response to market information.

Relative to large organizations, small businesses in the *consumer* sector remain a relatively under-researched yet important context for understanding market orientation. Elg (2003) noted there was a focus on large manufacturing companies in the market orientation literature. Elg (2003) explained how market orientation by retailers might differ from manufacturers, primarily through a case study of a large retailer.

Small businesses represent almost one-third of the gross domestic product in Canada (Hunter, 2011). The sheer number of small and medium sized enterprises (SMEs) in the U.S. and elsewhere, combined with the relatively high failure rate of 48% - 54% as reported by Perry (2002) illustrate the importance of continued research on small businesses. While many factors may contribute to successes, marketing is often cited as a pivotal factor. Market intelligence as a partial basis for marketing decisions can play a critical role in the processes a business uses to acquire and keep customers. A small business' ability and willingness to collect, disseminate and analyze customer and competitor information forms a crucial basis for establishing and maintaining relationships with customers. Digital marketing communications, such as websites, email, mobile communications and social media in particular, have seemingly become increasingly important to remain competitive and as a potential cornerstone to stronger customer relationships.

How do small businesses facing considerable resource constraints respond to the ever increasing proliferation of digital media channels and vehicles? The information and knowledge processes small businesses use to gather market information are likely to differ from their counterparts in larger businesses. Similarly, how such information is analyzed and used in the marketing decision-making process may differ. The primary goal of this research is to uncover small business' tradeoffs,

methods and perspectives on the role of market orientation, with a particular emphasis on processes used to gather and analyze customer and competitor information (market intelligence).

A second and related goal is to develop insights as to how and why small businesses use the information in making marketing decisions. The results should help illustrate and understand in greater detail how small businesses enact market orientation in the specific realm of marketing decision-making. The practical tradeoffs small business owners make in the processes of market orientation are likely to suggest potential missed opportunities and pitfalls in those processes, while creative perspectives may provide relevant market intelligence. A deeper understanding of how small businesses effectively gather, analyze and use customer and competitor knowledge for marketing decision-making should be relevant as digital marketing communication channels and vehicles continue to increase in popularity and relevance. Through our qualitative study of small restaurant retailers we begin to identify the degree to which the elements of market orientation exist and the extent used in marketing decisions.

The restaurant retailers in this study face typical financial constraints for small businesses. Differences in digital marketing decisions are more likely a function of market orientation than financial constraints. A number of broad studies of Internet adoption and Ecommerce in the SME context indicated that financial constraints played a limited role, and moreover that financial constraints, per se, have no significant relationship to SMEs' Internet use for online marketing support (e.g. Karakaya & Khalil, 2004). In the context of traditional marketing communications planning and implementation, Gabrielli and Balboni (2010) found that SMEs engaged in some but not all standard practices typical of larger companies for marketing communications.

The next section presents a brief review of the literature on market orientation with a particular emphasis on those aspects likely to relate to small businesses. Then, market orientation is related to digital marketing communications for small businesses. Given the qualitative nature

of the study, the personal interview method is discussed, followed by the themes identified related to the market orientation process as practiced by these small businesses.

### **MARKET ORIENTATION AND SMALL BUSINESSES**

Market orientation has a significant body of work which has reasonably established its importance. The majority of the research on market orientation has focused on companies operating in business markets, rather than consumer markets. The early research on market orientation was focused primarily on large businesses, but progressed to address empirical studies of market orientation in small businesses as well. Small businesses' market orientation and its various components have been at the core of some investigations addressing businesses' performance (e.g., Baker & Sinkula 2009; Frans & Meulenbergh, 2004). In addition, Ali, Spillan, & DeShields' (2005) investigation of small retailers found a significant connection between market orientation and performance for small retailers. As a result, the market orientation concept is likely to be relevant to small as well as large businesses.

At a sufficiently high level of abstraction, there exists a common thread between small and larger businesses. The goal of effectively acquiring, maintaining and growing relationships with customers is central to generate the revenue necessary for continued existence of a business. The management of customer relationships being in large part connected to the business' ability to design and deliver superior customer value (Slater & Narver, 1994). The implication of "superior" is that of creating greater customer value relative to the competition.

The two key entities of customers and competitors correspond to two of three key aspects of Narver and Slater's (1990) definition of market orientation - customer orientation and competitor orientation. The third aspect of market orientation is inter-functional coordination. Jaworski and Kohli's (1993) definition of market orientation is similar, but distinct. Customers and competitors are acknowledged as crucial with the focus on

generating and disseminating intelligence about those entities. As with inter-functional coordination, the third component of Jaworski and Kohli's (1993) concept of market orientation addresses how the business behaves (responsiveness) given the market intelligence. Inter-functional coordination is clearly not limited to the marketing function, and explicitly includes behavior across all functional areas to acknowledge that the delivery of superior value is likely to cut across the organization. Although not explicitly noted, responsiveness is defined broadly and thus conceptually parallels inter-functional coordination. As the focus of the current study is small businesses, we focus the majority of our attention on generating and disseminating intelligence about customers and competitors.

While resource constraints have been identified as problematic for small businesses, they may have some potential advantages with respect to their larger counterparts with respect to market orientation. Howard (2008) notes that small business owners are better positioned to develop individualized knowledge of employees, as well as utilize applicable and relevant non-monetary motivators for these employees to enhance their involvement to the benefit of the small business' goals. Howard's (2008) work was not specific to market orientation, however the applicability seems relevant. In a small business the owner and employees would have a greater opportunity to develop interpersonal relationships that can potentially contribute to greater coordination and responsiveness. Under these conditions, a small business owner that considers customer and competitor intelligence relevant to marketing decision-making could potentially find a greater degree of customer and competitive intelligence than might otherwise be available.

Efficient utilization of employees as resources may not be central if the resource constraints are overwhelming from an operational standpoint. As such, another way to supplement customer and/or competitor intelligence is identification or creative adaption of other resources available to the small business. In the course of normal operations of the business, the small business has to develop relationships with other organizations in the value chain. As with

employees, the immediate demands of the small business may preclude gathering information from these other organizations given small business time demands.

### **MARKET ORIENTATION AND DIGITAL MARKETING COMMUNICATIONS**

One would expect selective use of digital marketing communications by small businesses. The selective use, and the information that leads to that selective use, heightens the need for deeper insights into the approaches used by small businesses to acquire and retain customers. Models contextualized to small businesses in the online context have begun to highlight the significance of online communications, such as social networks, for SMEs in attracting new customers (Beloff & Pandya, 2010). However, in the context of small businesses, the literature with a focus on marketing communications is not particularly advanced and is further limited when online marketing communications is included. Qualitative information on small businesses utilizing digital marketing communications and the link to market orientation could provide useful insights. The probing of small business owners through personal interviews is likely to yield insights where they may differ from their large business counterparts (e.g. Dandridge & Levenburg, 2000).

The importance of online marketing communication in general has been established (Shuk, 2006; Smith, 2005; Vesanen, 2007; Wind & Rangaswamy, 2001) and separately small businesses selective use of strategic processes, such as marketing orientation, has also been established (Fisher, Craig & Bentley, 2007; Golann, 2006; Martin & Martin, 2005). Combining the two streams of literature may yield potential insights as to potential tradeoffs by small businesses in choosing whether or not and how to engage via online marketing communication channels. To a considerable extent, digital marketing communications have become critical to customer relationship management. The plethora of digital communications channels and vehicles presents potentially overwhelming choices for a resource-constrained small business.

Market orientation is a responsibility that may be shared across the organization, however, in large organizations it is likely that marketing planning and decision-making is the primary responsibility of those designated in marketing departments or with marketing titles. In large organizations, jobs are typically formalized with explicit codified rules (Jaworski & Kohli, 1993). However as Frans and Meulenberg (2004) point out, a small business rarely has the ability or resources for highly specialized employees, much less an entire department. Thus, the marketing function is unlikely to be formalized or the sole domain of one person in the business, other than perhaps the owner. The lack of marketing specialization in a small business may mean generating customer and competitor intelligence is everyone's responsibility or, perhaps conversely, no one's responsibility.

### METHOD

In line with the original research on market orientation by Kohli and Jaworski's (1990), in-depth interviews were conducted with the intent of providing insights from the perspective of small retail restaurant businesses in the age of digital marketing. With respect to private industry, the restaurant industry is second only to healthcare in the U.S. (Maltby, 2011) with industry sales consistently greater than \$600B (Miller & Washington, 2013). Restaurant retailers were chosen as they have considerable potential for regular and repeat customers and online consumer reviews on third party sites are common (e.g. Yelp). The interest was in a deeper understanding of market orientation processes and for marketing decision making.

Given the focus of the study on small businesses, a random sample of 300 independent restaurant retailers was drawn from Hoover's database according to several criteria. Independent restaurants represent more than half of the restaurants in the United States (GE Capital Franchise Finance, 2011). The criteria for the sample was NAICS 7221 (restaurant retailers), privately held, with 50 or fewer employees. The initial sampling frame was then culled to include only those restaurant retailers with an online presence - a website and one or more of the two dominant social media vehicles (Facebook, Twitter) – and resulted in a

final sampling frame of 279 restaurant retailers. The owners were identified and emailed a request to participate.

A semi-structured interview protocol was developed based on the key aspects of market orientation in the context of marketing decision-making. The first open-ended question was purposefully general, asking the business owner to describe current marketing activities. The interview then proceeded to a set of related open-ended questions on the market orientation process. The respondents were asked a series of parallel open-ended questions where one set addressed customer information and the other competitive information. Each set directed the respondents to describe what information they gathered and how, whether and how they shared the information in their organization and lastly what marketing decisions were made based on the information. The last set of questions asked respondents to describe their online marketing communications activities and the customer or competitor information that they used to make those decisions. A total of 57 complete interviews were conducted by phone for a 20.4% response rate. The interviews were collected, transcribed, and analyzed for common themes.

While the results of the interviews were the primary focus of the study, we were also interested in verifying and describing social media activity related to the businesses. Subsequent to the interviews, one month (30 days) of social media activity on Facebook and Twitter was collected for each of the 57 restaurants and content analyzed for frequency of the restaurant retailer's activity, engagement characteristics and publicly accessible customer activity.

The restaurant retailer's activity was a count of individual posts or tweets. Engagement classified the restaurants' activity as real-time or not and as containing a question or statement. Real-time post activity included daily specials and evocative posts connecting current conditions, such as cold weather, to well-suited menu items, such as hot chocolate. Publicly accessible customer activity included frequency of visible customer comments on the restaurants' Facebook or Twitter page. One to one messaging from customers directly to a

restaurant’s inbox would not be available for inclusion. Customer comments included unsolicited comments as well as those in response to the restaurant retailers’ posts and tweets.

**RESULTS AND DISCUSSION**

The restaurants ranged in operation from two to seven years, with the average being approximately three years. The results that describe the marketing activities of the restaurant retailers are presented first, followed by results on market intelligence generation, dissemination and marketing response patterns for what emerged as two relatively distinct groups. The two groups represented differing overall perspectives towards market orientation. Differences within each group are also presented. Major themes suggestive of other orientation concepts and theories associated with market orientation research were also identified and discussed.

**Marketing Activities**

All except one of the restaurant retailers engaged in some form of offline marketing, including marketing communications. A small number (7) offered loyalty/frequent buyer cards only in physical form. Given the relatively localized nature of the restaurants’ offerings it was not surprising to find that the offline marketing communications focused on local print media, such as local newspapers, and occasional advertising or coupons as part of localized coupon packets or printed promotional booklets. As with many larger companies, these small restaurants seemed to be in the process of shifting an increasing proportion of their marketing communications efforts from offline to online channels.

Online marketing channels included email, websites, and social media. Twenty three engaged in some form of email marketing. The primary focus of the email marketing was on existing customers through collection of email addresses at the retail location. Along with the email address and name, additional data typically collected included birthdate, zip code and cell phone number. Three of the restaurants provided customers with ordering via text messaging, and seventeen provided opt-in text

message promotions. Two restaurants had a mobile app for their loyalty program. The app itself had been developed and managed by third party firms, expressly for use by small businesses.

With respect to other online marketing communications, there was an acknowledgement by the owners as to the importance of an online presence with both a website and social media. Facebook was used by all but one restaurant and Twitter by one-third (19) of the restaurants. Marketing activities are summarized in Table 1.

**TABLE 1:  
Restaurant Marketing Activities**

Marketing Activity	Frequency	%
Loyalty Cards	56	98%
Event Sponsorships/Donations	39	68%
Email Marketing	23	40%
Text Message Promotions	17	30%
Text Message Ordering	3	5%
Restaurant Mobile App	2	4%
Facebook Page	56	98%
Twitter Account	19	33%

Note: n = 57 restaurant owners

Over half of the restaurants (39) engaged in occasional sponsorship of or donations to local non-profit organizations and their events. The sponsorships or donations were often in response to a direct request, but specific opportunities were also sought. These activities were perceived as relevant in primarily establishing overall goodwill in the local community, and secondarily as opportunities to maintain relationships with existing customers or generate exposure of their businesses to potential customers. Social media was unilaterally used to announce or communicate these activities in advance of and after the events. Four used social media sporadically during the event to post updates and encourage attendance.

**Market Orientation Processes**

Not surprisingly, all of the business owners acknowledged the importance of customers and customer information in a general sense, and competitors to a slightly lesser degree. When

asked to describe what and how information was collected and shared, two broadly distinct groups emerged from the responses. The two groups are designated as reactive and proactive and are summarized in Table 2. While both the reactive and proactive business owners were commonly involved in the day-to-day operations of the business each group assigned different values to market orientation processes. The two groups exhibited contrasting perspectives on the value of collecting, analyzing and using customer information on an ongoing basis. The first perspective was from those that took a relatively reactive approach to market orientation processes. Intuition, direct experiences or knowledge were primarily relied upon and in a few instances, relied upon exclusively. These reactives (18) considered these aspects sufficient for decision-making, and rarely sought ways to generate customer or competitive intelligence. The reactive group appeared to find little or no reason to dedicate time, money or effort on an ongoing basis to collect information that merely confirmed what was considered already “known” about customers. Comments from the reactive group included explanations such as: “My tables are almost always full, and pretty much have been since I opened. What more do I need to know about them <customers>?”, “customers sometimes complain to me about this or that thing on the menu, but usually there’s no real change in sales to back ‘em up, so I just chalk it up to personal taste.” and “When I was looking for a bank loan to expand, I did get data on possible customers near my restaurant- how many adults, their incomes, education. Can’t say I do anything special to collect customer data now other than what I get from the frequent buyer program.”

**TABLE 2:**  
**Market Orientation Perspective**

Restaurant Owner Category	Frequency	%
Reactive (Sporadic)	18	32%
Proactive (Systematic)	39	68%
Total	57	100%

Two owners within the reactive group expressed considerable skepticism towards any customer information that they themselves had not collected or observed, and were particularly dismissive of unsolicited customer comments

from online review sites, such as Yelp. A subgroup (11) within the reactive group, were highly unlikely to collect specific customer information unless there was a sudden or significant decline in sales that they could not easily explain. In other words, they were motivated to generate customer intelligence only to address a specific problem or deficiency. This perspective parallels Hunter (2011) with respect to reactive small business owners.

The contrasting perspective was exhibited by those indicating a relatively proactive approach to market orientation processes. The proactive group did not dismiss their own experiences, knowledge or intuitions, and thus in that respect they were similar to the reactive group. However, what distinguished the proactives from the reactives was a relatively conditional acceptance of their own experiences, knowledge and intuitions. The conditionality was expressed somewhat differently along two dimensions, one for customers and the other for competitors. Along the first dimension, there was the belief that while valuable, their own experiences did not necessarily capture all that might be relevant to understanding and serving customers. In other words, they were candid in expressing concern that they might miss or overlook customer information germane to creating greater value for customers. The second dimension relating to competitors, addressed the need to keep information on direct competitors as current and forward-looking as possible.

The distinctions between the reactive and proactive perspectives of business owners were also present with respect to competitor information, although they manifested in slightly different ways. Reactive business owners believed they had conducted relatively due diligence in establishing their competitive position at the inception of the business and were essentially confident in their ongoing positioning. One owner typified the reactives when he commented that “I don’t really have any competition. Started this restaurant after looking around and seeing there weren’t any good places for a home-cooked meal... so that’s what I offer. Not much’s changed since then.” As opposed to customer information, none of the reactives indicated a trigger, such as

declining sales, which might have initiated the process of collecting competitive information. The proactive business owners had similarly conducted some competitive analysis in establishing their business, but considered the competitive landscape as relatively fluid rather than static. As a result, they found it relevant and important to generate competitive intelligence on an on-going or periodic basis. Key aspects of proactives' market orientation process are presented in Table 3. Within the proactive group, two broad themes

**TABLE 3:**  
**Proactive Owners' Market Orientation**

Elements of Process	Frequency	%
Emergent Process	28	72%
Employees as Information Sources	19	49%
Novel Marketing Tactics	4	10%
Employee Managed Social Media	6	15%

Note: n = 39 proactive restaurant owners

emerged related to the intelligence generating process of market orientation: frugal attentiveness and an emergent process. The first theme can be characterized as a frugal attentiveness to the market with a particular emphasis on collecting information on customers and competitors. The frugal attentiveness was a reflection that combining tasks, where possible, was an efficient use of scarce resources. While limited financial resources were noted by some, almost all identified limited time as an equally important constraint. The proactives identified personal sources as a major avenue through which they acquired customer and competitive information during the normal course of operating their restaurants. Each owner was involved in daily operations, although to slightly varying degrees. As a result, they had regular interactions with or were able to directly observe customers, employees and suppliers. What constituted frugality was the relatively explicit consideration that these direct interactions or observations might also be potential sources of relevant intelligence about competitors and customers on an ongoing basis. For example, proactive owners that delivered or catered meals, attended or hosted local business meetings or events consistently used those interactions to gather competitive information. Typical comments from the proactive group included "asking the organizer what other

restaurants they buy from", "when I want to know what places are on their radar, I ask", "sometimes it surprises me how willingly people tell me about their experiences - good and bad" and "in part I go to Chamber breakfast meetings to 'spy' on my competitors". Collecting market intelligence while engaged in other activities characterized the "frugal attentiveness" theme of the proactive group.

The second broad theme for the majority of the proactive group, characterizes the emergent process for systematically collecting market intelligence. While some in the proactive group (11) indicated that they had explicitly planned on personal sources from the inception of their restaurant, it was an emergent process for the remaining majority (28). The additional planned systematic use of existing interactions and observations embedded in normal operations was most often prompted by unsolicited and unanticipated information. One owner described his moment of discovery as follows:

*I get daily delivery of local, organic produce for a lot of dishes on my menu... the deliveries come about the same time every day. One day the delivery was over an hour late so I asked the driver if there was an accident. His response? He apologized because a new customer on his route had just opened a restaurant and it was his first day delivering to them.*

The business owner had considered "local, organic" as critical and a point of differentiation. Subsequent to the unsolicited competitive information, he engaged in a purposeful and focused process to identify the new competitor. Once he felt reasonable certain as to the new competitor, he preceded further through personal sources and the competitor's own social media activities to gather information to assess the magnitude of the potential threat. As a result of a positive and productive experience the owner established a reduced version of this process to engage in regularly. Competitive intelligence was generated through online searches, local government listings for new businesses and licenses, as well as from questioning front-line employees. His experience was indicative of the emergent nature of market orientation

behaviors by this subset of restaurant owners. Similar instances of unanticipated discovery included relatively spontaneous and unsolicited comments from front-line employees and customers. The majority (19) of the business owners indicated that their moment of discovery motivated them to establish at least semi-formal and regular processes to encourage, reinforce or solicit customer and competitor information from front-line employees. Relying heavily on personal sources may appear obvious and unrelated to frugal attentiveness. The proactives operated in a specific geographic area, and as previously mentioned, extended existing personal interactions in the process of generating relevant market intelligence. However, the reactives would typically have the same opportunity to utilize personal sources for market intelligence, yet seemingly chose not to regularly utilize them.

What also distinguished the proactives was that they regularly supplemented personal sources with online sources of both customer and competitor information, and occasionally vice versa.

When asked directly about how market intelligence was generated, all of the proactive owners mentioned the regular use of both online and personal sources, while only five reactive restaurant owners mentioned personal or online sources. The omission of these sources by many reactives is likely indicative of the limited role of personal and online sources in systematically generating market intelligence. Moreover, the reactive owners that did mention these sources appeared to use them relatively sporadically and exhibited considerable skepticism as to the value of the information gained from these sources. One reactive owner noted that he “started out networking with other local owners....thought I might learn a thing or two about who I might be up against, but found it a colossal waste of time... so I stopped going.” Another reactive owner expressed a similar mindset with online sources: “My gut instincts tell me what will sell and how to serve my customers better than the other guys. I’ve looked at Yelp now and again, but who knows if all the comments are true?” Both online and personal sources would be available to reactives and proactives, yet the

reactives chose to not systematically take advantage of these opportunities.

What existing orientation concepts might explain the differences between proactives and reactives? Aspects of learning orientation have been connected with market orientation, and the results of this study seem to suggest its relevance to small businesses. In particular, the emergent proactives engaged in a significant shift from no or haphazard to a semi-formal market orientation process. Baker and Sinkula (2002) establish an important connection between learning orientation and market orientation. Two aspects of a learning orientation that appear relevant to the results of the current study are generative learning and mental models (Grunert, Trondsen, Emilio, & Young, 2010). While a thorough treatment of Baker and Sinkula’s (2002) organizational learning hierarchy is beyond the scope of the current study, generative learning is defined as a relatively high level of learning. Generative learning represents a fundamental shift in behavior, from one way of behaving to a very different way. The emergent proactives in our study engaged in the shift from ad hoc or no definable market orientation behaviors to a systematic purposeful one, at least with respect to market intelligence gathering. The emergent proactives likely held a particular mental model as to the limited value of a systematic market intelligence process, but readily discarded that model when faced with new, unsolicited market information. The reactives’ disinterest in an ongoing market intelligence process suggests a relatively rigid mental model. Thus, although the current study did not set out to investigate learning orientation, the results strongly suggest the importance of some elements of a learning orientation to some elements of a market orientation in the small business context. The results in the current study are consistent with the connection between marketing orientation and learning orientation identified by Tien-Shang & Hsin-Ju (2005).

The proactives generally had established procedures for ongoing collection of market intelligence. Where significant and viable, customer intelligence was incorporated to make changes to tactical marketing decisions. In a few cases (4), customer intelligence led to novel unanticipated marketing communication

tactics. For example, one restaurant owner offered customers lists of songs played in the restaurant after front-line employees mentioned that customers commented favorably about the restaurant’s music. The owner shared the song playlists with customers via Facebook and email. A small, inexpensive communication provided an opportunity to reinforce and extend relationships with customers beyond the walls of the restaurant.

The dissemination of market intelligence within the organization was less well-defined or even sporadic. Even when sporadic, sharing of marketing intelligence typically occurred during meetings or contact with front-line employees simultaneously with collecting information. An owner indicated that when she has bi-weekly employee meetings “I try to remember to mention recent customer comments I’ve heard about the food, service or even other restaurants. Then I see if they <employees> have anything to add.” Similarly, another owner noted that “I meet with new hires in their first month mainly to check on training and scheduling, but also talk about what makes this restaurant unique... and of course ask what they know about other restaurants.” Developing potential marketing choices in response to market intelligence was primarily conducted by the business owner, with only some instances of developing them in conjunction with front-line employees.

What was particularly revealing were six instances where the business owner went beyond having employees provide information to participate in the development and implementation of marketing choices. As previously described, all the participants engaged in social media marketing. Six

business owners delegated responsibility for the content on the business’ Facebook page to a front-line employee. One owner expressed his initial decision as an “experiment with no real down-side. She spends far more time on Facebook than I do....knows the business and the customers.” A limited non-statistical comparison of Facebook page activity between the six employee-delegated pages and the non-employee pages within the proactive group indicated two differences as presented in Table 4. The employee-delegated pages exhibited proportionately more frequent real-time post activity. The second difference was proportionately more frequent use of questions than statements. While statistical significance was not possible with the limited sample, the comparison suggests potential value to involvement by front-line employees in social media marketing development.

**IMPLICATIONS AND CONCLUSIONS**

The distinctively different behaviors, and presumably underlying attitudes, between the reactive and proactive restaurant owners suggests a number of relevant issues for small business owners as well as those seeking to understand and serve small businesses. Consider the three related sets of behaviors involved in market orientation (generation, analysis and responsiveness). The reactive small business’ process may be significantly flawed and likely problematic. Limited or no effort to engage in generating new customer or competitor information may result in a narrow or no basis for either analysis or response. While our study did not explicitly identify performance issues, the link between market orientation as a strategic approach to decision-making and subsequent performance is

**TABLE 4:  
Facebook Comparison - Employee vs Owner Managed**

Facebook Activity	Employee		Owner	
	Frequency	% of total posts	Frequency	% of total posts
Total Posts (30 days)	42		297	
Real-Time Activity Posts	27	64%	88	30%
Statement Posts	30	71%	229	77%
Question Posts	12	29%	68	23%

relatively well-established. Reactive small businesses may, at best, be sub-optimizing by failing to acquire new information about competitors and customers. New, and perhaps novel opportunities for efficiently acquiring new customers as well as expanding sales to existing customers are unlikely to be discovered or identified. At worst, the reactive business is highly susceptible to potential failure. Market changes, such as changes in customer preferences, or new similar competitors likely go unnoticed. As a result strategic and tactical marketing choices may result in a competitive disadvantage, leading ultimately to failure.

Future research intended to provide guidance to the reactive small business may add value by 1) expanding the industries in which small business are sampled to address the single industry limitation of the current study, and 2) clearly addressing significant causes for the underlying rigidity of the mental models that contribute to the perceived low value of actively and regularly acquiring customer and competitor information. Identify causes for rigid mental models across multiple industries is an important step towards improving small businesses directly, as well as potentially indirectly through practical guidance offered by those assisting small businesses' growth, including government agencies, such as the Small Business Administration in the U.S.

The current study did not explicitly measure specific resource constraints, thus specific conclusions cannot be drawn regarding the role of resource differences on market orientation for reactive versus proactive owners. However, we can conclude that the proactive small businesses did take a consistently frugal approach to market orientation. The absence of personnel dedicated to customer or competitive intelligence seemed to have motivated, rather than discouraged, market orientation. The frugal approach was characterized by the businesses taking advantage of what resources were available, especially with respect to personal sources of information, such as meetings with front-line employees, and observing customers. In that respect, small businesses may have a unique opportunity relative to large organizations. For the small businesses what seemed to distinguish them from their larger business counterparts was the

nature of the information, which typically included non-quantitative nature of the information from these personal sources.

In all the businesses engaged in this study of market orientation, the interpretation of the body of information (analysis) rested primarily with the business owner. Small business owners may not readily express or recognize the drawing of conclusions from the information as systematic or analytical. Yet, in this study, gentle probing seemed to reveal a relatively systematic, and sometimes iterative, analytical approach to both analysis and its use in decision-making (responsiveness) by the proactive business owners and confirmed a lack of the same by the reactive business owners. The implications for marketing research with small businesses are two-fold. Measures of processes may need to be developed after exploring how small businesses articulate the processes in their own words. Secondly, rich descriptions by small business owners may be valuable in establishing relevant marketing variations within the population of small business owners.

The current study also identified variations in the use of front-line employees in the market orientation process. The participants did not identify the specific approaches used in attempts to encourage front-line employees, and as a result specific guidance on how to encourage market orientation behaviors by front-line employees cannot be made. Nevertheless, future research exploring how financially-constrained small businesses might encourage market orientation behaviors by front-line employees seems worthwhile. Jaworski and Kohli's (1993) findings that reward systems affect employees' market orientation could be applied in the small business context by incorporating Howard's (2008) delineation of non-monetary motivators for small businesses. Such contextualization would provide useful guidance to financially-constrained small businesses seeking to engage in market orientation.

Variations within the population of small business owners were also indicated by differences in the development of potential responses to market intelligence. What these results suggest is the potential relevance of variations in small business owners' leadership

or management styles on market orientation in the small business context. The relatively flat hierarchy of a small business increases the impact of the small business owner on marketing planning and decision-making. Beneficial future research with small businesses may explicitly address the absence or presence of participative decision-making with their influence on or participation in the development of marketing responses, as well as in generating innovative or creative marketing responses. Even without extensive participation, small businesses that proactively generate market intelligence may find the process self-reinforcing, via the potentially creative marketing responses that develop.

The willingness to be inclusive of an array of potential sources of customer and competitive information could be particularly advantageous to a resource constrained business. While the current study was limited to restaurant retailers, future research focused on a cross-section of retailers would be beneficial in identifying other sources of information that help small businesses identify environmental factors that signify impending changes in customer needs or preferences. Purposeful broadening of the market orientation process to include environmental factors, such as localized economic data relevant to a retailer's served market, may be possible as well as valuable. Similarly, weak signals of impending trends in the customer or competitive environment are also valuable to the small business. Utilizing an array of potential sources may provide the small business with additional time to develop creative marketing strategies and tactics to take advantage of positive trends, or experiment with alternative strategies and tactics to identify better or optimal marketing approaches. The need for collecting relevant information on these factors was also critical to the small business owners' use of the information, as was adjusting broad information to local market conditions. As technology continues to provide new sources and types of information on competitors and customers, a strong market orientation is likely to aid small businesses in developing more effective marketing decisions.

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