

Consumer Responses to Sales Promotion from the
Perspective of Gift-giving:
The Case of Unexpected Promotion

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A Thesis in John Molson School of Business

Presented in Partial Fulfillment of the Requirements
for the Degree of Master of Science in Administration (Marketing)
at Concordia University
Montreal, Quebec, Canada

August 2017

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CONCORDIA UNIVERSITY
School of Graduate Studies

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Titled: *Consumer Responses to Sales Promotion from the Perspective of Gift-giving: The Case of Unexpected Promotion*

And submitted in partial fulfillment of the requirement for the degree of

Master of Science in Administration (Marketing)

Complied with the regulation of the University and meets the accepted standard with respect to originality and quality.

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ABSTRACT

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Sales promotion is a widely-used tool in marketing, and billions of dollars are spent every year to promote both products and services. Much research has been done on the effectiveness of different types of promotions. However, there is limited research on how consumers reciprocate when they are given deep discounts or unexpected promotional rewards. Consequently, this paper explored the effectiveness of promotional offers in a retail setting through the lens of reciprocity norm, appreciation, and indebtedness borrowed from the gift-giving literature in social psychology. The findings of three studies reveal that consumer appreciation and indebtedness facilitate different reciprocal responses (additional purchase likelihood, word of mouth, loyalty, and attitude towards store) in the context of discounts and rewards. Results also showed that situational factors such as staff helpfulness, purchase expectation, social presence, and promotion depth of certain promotion format significantly influence the likelihood of consumer purchase. Additionally, there are cultural differences in how consumers react towards certain promotion format.

ACKNOWLEDGEMENT

I would like to thank my family and friends for their support in my pursuit of my master degree in Marketing at Concordia University. I would also like to thank Professor Thakor for all his helpful and constructive advice in throughout the whole thesis process. It has been challenging, but rewarding.

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1. Introduction

Sales promotions are a key marketing tool for businesses, and a wide variety of promotional tools are commonly employed by companies and marketers to achieve short-term goals, such as increasing sales volumes (Huff, Alden, & Tietje, 1999; Montaner, de Chernatony, & Buil, 2011). In a report quoted by Palazon and Delgado - Ballester (2009) sales promotions as a part of marketing strategy had grown from 55% in 2004 to 64% in 2005 (2006 PROMO Industry Trends Report), and price discounts are the most common form among promotional tools (Darke & Chung, 2005). Meanwhile, the use of premiums/gifts/free offers had grown by 12.5% since 2001 (PROMO Magazine, 2006), and there had been a growth of annual trade shows such as the Premium Incentive Show and the Motivation Show. In 2009 PROMO Industry Trends Report, spending was projected to grow for sales promotions, including coupons, loyalty programs, and sampling. In 2012, local business alone spent 81% more on promotions than on advertising, like coupons, discounts, and promotional products; and spending on local promotions was forecasted to reach \$176 billion in 2013, up 33% from \$130 billion in 2007 (Garibian, 2013).

Businesses are not investing heavily in promotions for no reasons. In fact, promotions are important determinants in consumer behaviors, including brand-switching. According to Customer Loyalty Statistics, 80% of shoppers claim to switch stores or brands for compelling promotions (Market Track); 26% of consumers shop more frequently at stores where rewards are available, and 17% plan ahead to take advantage of rewards and promotions (Excentus). Along with the compelling power of promotions and rewards, service quality also plays a critical role in influencing consumers. 60% of consumers did not complete intended purchases due to poor customer service experiences, and it takes 12 positive customer experiences to make up for one unresolved, bad experience.

Sales promotions are benefits given by business to consumers, and they could be offered through various means, one of which is called preferential treatment, a common phenomenon in consumption contexts, defined as when certain people receive extra benefits but not others (Jiang, Hoegg, & Dahl, 2013). Preferential treatments can be identified as earned or unearned, where earned preferential treatment refers to benefits offered to reward consumer effort or loyalty (e.g. a frequent flyer gets to bypass the check-in line at airport); while under unearned preferential

treatment, consumers are singled out to receive extra benefits by chance or spontaneously with or without explanation (e.g. a lucky draw) (Jiang et al., 2013). As previous literature has identified the positive benefits of earned preferential treatment leading to more satisfaction, less price sensitivity, more positive word-of-mouth, and stronger loyalty among consumers (Drèze & Nunes, 2008; Henderson, Beck, & Palmatier, 2011; Homburg, Droll, & Totzek, 2008; Kumar & Shah, 2004; Lacey, Suh, & Morgan, 2007), little research examined the effect of unearned preferential treatment on consumers while it is a common practice in the marketplace (Jiang et al., 2013; Kalra & Shi, 2010).

Our research interest is to examine the effectiveness of promotional offers through framing them as gifts from business to consumers as gifts can come in any form as “virtually any resource, whether tangible or intangible, can be transformed into a gift,” and “frequently context-bound” (Sherry Jr, 1983). Such promotional offers can be viewed as a form of gift-giving, a reciprocal exchange and universal behavior that serves as a form of social communication which bonds people and integrates societies (Sherry Jr, 1983). Social scientists have always been fascinated by gift-giving practice and try to explore and interpret it from various perspectives as it takes place under various circumstances and between parties of different types of relationships. We intend to explore how effective unexpected businesses offerings are under the impact of different determining factors, measured by important dependent variables (attitude towards store and behaviors) under a retail context.

We contribute to the literature on unearned preferential treatment and sales promotion through borrowing from recent work in social psychology on gift-giving to look at the effectiveness of unexpected promotions and make predictions accordingly in a business-to-consumer commercial setting through the lens of reciprocity norm, appreciation, and indebtedness. In the context of interpersonal gift-giving, recent research particularly investigates the reciprocity norm, the roles of appreciation and indebtedness, and their behavioral impacts on people (Shen, Wan, & Wyer Jr, 2011). The assumption behind gift promotions for businesses is that upon receiving benefit, consumers would reciprocate through purchases or further patronage. However, there has not been many empirical support for such reasoning. Given the special relationship between businesses and consumers (the exchange of money for goods and services), we are interested in finding out if unexpected promotions would impact consumers’ feelings of appreciation and indebtedness in a

commercial retail context rather than an interpersonal one, and subsequently influence attitude towards store and behaviors.

Our study then assesses how these feelings (appreciation and indebtedness) affect other attitudinal responses such as likelihood of reciprocation under unstudied scenarios in retail setting. Research in the domain of business-to-consumer gift-giving remains scarce (Bodur & Grohmann, 2005; d'Astous & Landreville, 2003; Montaner et al., 2011). Different from prior studies which explore consumer responses in situations where gifts are offered prior to purchase decisions (Bodur & Grohmann, 2005; Dewani, Sinha, & Mathur, 2016), we focus on real life situations such as when consumers receive unexpected promotional offers after they have made their purchase decisions. Under such circumstances, we estimate the effects of several independent variables relevant to a retail context such as depth of promotion, staff helpfulness, and social presence on the criterion variables listed earlier, with our results providing some interesting insights into the interactions between these variables.

We also responses to the necessity of examining additional outcome variables including positive word of mouth and business evaluation addressed by previous research (Bodur & Grohmann, 2005). Studies that investigate the impact of gratitude and obligation under commercial settings primarily focus on consumer reciprocation likelihood in terms of future purchase intention and loyalty (Bodur & Grohmann, 2005; Dewani et al., 2016). Our study brings in more new dependent variables including immediate reciprocation likelihood (additional purchase likelihood), word of mouth, and attitude towards store (evaluation of business) to explore the effect of appreciation and indebtedness.

To sum up, we attempt to investigate the effectiveness of unexpected promotional offers, and the roles of appreciation and indebtedness and reciprocal norms in a retail setting and their impact on consumer responses (additional purchase likelihood, word of mouth, loyalty, and attitude towards store), taking into consideration different situational factors (e.g. staff helpfulness, promotion depth, purchase expectation, and social presence). We believe our study is of theoretical and managerial relevance in this area.

2. Literature Review & Research Propositions

2.1. Sales Promotions: Unexpected Promotion

Sales promotions are widely-used tools in marketing, and billions of dollars are spent every year to promote both products and services. They are a key marketing tool for businesses, and a wide variety of promotional tools are commonly employed by companies to achieve short-term goals, with these tools often classified into monetary and non-monetary promotions. Sales promotions offer consumers many benefits, one of which the most obvious is monetary savings. Both monetary and non-monetary sales promotions are used widely as they provide different rewards and incentives for consumer (Kwok & Uncles, 2005; Tellis, 1998).

Monetary discounts typically include price discounts and coupons. Even though there are also criticisms regarding price promotions, particularly when applied at high frequency, such as discounts can decrease consumer reference prices, lead to negative quality inferences, and negatively impact future purchases and brand equity (Darke & Chung, 2005; Hardesty & Bearden, 2003; Mela, Gupta, & Lehmann, 1997; Palazon & Delgado - Ballester, 2009; Yoo, Donthu, & Lee, 2000); they are still the most adopted sales promotions on the market and have been proven effective as they increase consumer value perception of the deal (Darke & Dahl, 2003; Darke & Chung, 2005; Inman, Peter, & Raghurir, 1997; Montaner et al., 2011; Urbany, Bearden, & Weilbaker, 1988).

Non-monetary promotions refer to free gifts (premiums), free samples, sweepstakes and contests (Montaner et al., 2011). Non-monetary promotions have started to gain popularity as they do not reduce consumer internal reference prices or lead to inferior quality inferences, while they can increase brand distinction (Montaner et al., 2011; Palazon & Delgado - Ballester, 2009). Gifts or premiums are becoming important substitutes for price promotions, and they are defined as products or services offered for free or at relatively low prices, in return of more purchases of products or services (d'Astous & Jacob, 2002). Commonly gifts as a promotional tool are classified as non-monetary promotion (Montaner et al., 2011), which is different from monetary promotion where the offer manipulates the price-quantity relationship like price discounts (Peattie, 1998). However, such categorization is too constrained. Gifts can come in any form as "virtually any

resource, whether tangible or intangible, can be transformed into a gift,” and “frequently context-bound” (Sherry Jr, 1983). Similarly, gift promotions should not exclude discounts or other monetary offers. For example in practice, businesses offer customers tangible goods, services, special discounts, or cash coupons as gifts on special occasions (e.g. birthday).

Gifts are a form of reward usually given with purposes to establish, maintain, or improve relationships; and business gifts are widely used to show appreciation or create an obligation for the purpose of building sustainable and profitable consumer relationship (D’Souza, 2003). Nowadays, business-to-consumer gift-giving has become a common method for businesses to attract customers and promote consumer loyalty. For example, Sephora members are entitled to a birthday gift set available for redemption online or in-store; McDonald’s offers walk-in customers free coffee for a few days; Starbucks club members receive a free drink or treat for birthday; Chez Cora offers \$5 coupon to newsletter subscribers; and Pharmaprix gives 8000 points (worth of \$10) to members on birthday, etc. However, research in the domain of business-to-consumer gift-giving remains scarce.

Gifts or rewards from businesses to customers are employed to influence attitude towards stores and purchasing behaviors, and to show business appreciation and gratitude (Beltramini, 1992; Bodur & Grohmann, 2005; Beltramin, 2000). Chandon, Wansink, and Laurent (2000) limit free gift to conditional offers tied to another purchase, while Bodur & Grohmann (2005) extend the term free gift to cover unconditional gifts, which is the focus of this study, though we disagree about excluding sales promotions specific to the monetary value of the current transaction (e.g. price cuts, coupons, rebates, additional free amount of the same product) from the term business gift based on rationality stated earlier. Hence the conceptualization of free gift/promotion/offer in this paper is rewards (tangible goods, services, discounts, monetary offers, etc.) from business to customer that does not require the consumer to make another purchase or bear any other cost in order to obtain the benefit.

The type of promotional offer particularly of interest to this study is the unexpected promotions such as chance-based (i.e., draws or giveaways) or spontaneous (i.e., randomly with or without explanation). These unexpected promotions have been identified as unearned preferential

treatment. Unearned preferential treatment is fairly common in everyday life. It can occur as regular promotional means employed by business to reward consumers, such as Sears or Hudson's Bay Company's scratch-and save discount promotions, and Ryanair's one-millionth customer promotions; or as inconsistent or unpredicted spontaneous benefits offered to consumers without explicit explanation like a free upgrade to business class seat (Jiang et al., 2013). There is limited research on consumer reactions to unearned preferential treatment. Jiang, Hoegg, and Dahl, (2013) report that unearned preferential treatment (whether "fair" with justification like a discount drawn depending on personal luck, or "unfair" without any explanation) is usually appreciated, but it could have negative impact on consumers and subsequent behaviors as in consumer satisfaction is attenuated by the feeling of social discomfort from concerns about being judged negatively by others. They also found that such negative impact of unearned preferential treatment is moderated by the characteristics and reactions of those observers. Specifically for the recipient of the unearned preferential treatment, positive reactions from others could alleviate social discomfort and restore satisfaction; while when the witness is of superior status, the recipient becomes more satisfied with the offer.

2.2. Reciprocity Norm

Reciprocity is a social norm defined as the behavioral response to perceived kindness and unkindness (Falk & Fischbacher, 2006). The norm of reciprocity creates motives for returning benefits, and it is believed to be a fundamental principal of moral behavior that is crucial to all societies in maintaining social relationships and stabilizing social orders (Cialdini, 2001; Gouldner, 1960; Kolyesnikova & Dodd, 2009). Reciprocal responses may not always arise depending on the recipient's perceptions of benefit received (Gouldner, 1960; Sherry, 1983). There is ample empirical support to reciprocity theory: receiving small favors can lead people to comply with requests from the benefactor (Berkowitz, 1972; Boster, Rodriguez, Cruz, & Marshall, 1995; Burger, Horita, Kinoshita, Roberts, & Vera, 1997; Regan, 1971; Schopler & Thompson, 1968), even when people dislike the benefactor (Cialdini, 2001; Goei, Lindsey, Boster, Skalski, & Bowman, 2003; Regan, 1971), and even when the favor is unrequested and unexpected (Cialdini, 2001; Regan, 1971). However, Whatley, Webster, Smith, and Rhodes (1999) found that public conditions create greater compliance than private conditions when receiving a favor, and Burger, Horita, Kinoshita, Roberts,

and Vera (1997) found that the perceived need to reciprocate diminishes as the opportunity to reciprocate is prolonged.

Reciprocity norm is so important that it is promoted and internalized through different aspects in societies, be it education, tradition, or religion (Kelman, 1958; Whatley, Webster, Smith, & Rhodes, 1999). When we are little, we learn from parents, peers, and teachers about the importance of returning a kindness. Later we are exposed to different moral tales or literature which tell us to be nice and help those who have helped us. Religions and traditions also tell us to live by the norm of reciprocation: Jesus - "As you would that men should do to you, do ye also to them likewise;" Confucius - "What you do not want done to yourself, do not do to others." (Singer, 2011; Whatley et al., 1999).

Specifically to gift-giving context, reciprocity means the mutual and equal exchange between two parties (Qian, Abdur Razzaque, & Ah Keng, 2007). A gift offer can evoke both positive feelings like appreciation, and negative ones like indebtedness (M. S. Greenberg & Westcott, 1983; M. S. Greenberg & Shapiro, 1971; Shen et al., 2011). Besides appreciating the gift-giving, people try to maintain equity with others in social relationships (Cialdini, 2001), and that's why when an individual is offered a gift, he or she might try to return a gift in the future. When people fail to conform to reciprocity norm (e.g. when people receive a gift of greater value than they gifted before, but without an opportunity to reciprocate), they are most likely to experience the negative feeling of indebtedness and react differently, though the degree might vary by individuals (Shen et al., 2011).

2.3. Appreciation & Indebtedness

Gratitude and obligation are two predictors of reciprocal behavior (Gouldner, 1960), and both of them can facilitate reciprocation (Bartlett & DeSteno, 2006; Greenberg, 1980; Schaumberg & Flynn, 2009). In this paper, appreciation and gratitude are interchangeable terms, and obligation and indebtedness are conceptually the same, as commonly used gratitude terms include appreciative, thankful or grateful; and obligation terms occur frequently as onus, indebted, or beholden (Goei & Boster, 2005).

Gratitude is the “emotional appreciation of the benefits received, accompanied by a desire to reciprocate” (Dewani et al., 2016; Emmons & McCullough, 2004; Kolyesnikova, Dodd, & Wilcox, 2009). People generally feel grateful when they receive benefit from others, and the feeling becomes stronger as the benefactor is more sincere and altruistic, the higher the cost incurred by the benefactor to provide the help, and the higher value of the benefit perceived by the recipient (Kolyesnikova et al., 2009; McCullough, Kilpatrick, Emmons, & Larson, 2001; Tesser, Gatewood, & Driver, 1968). Gratitude motivates people to reciprocate even when there is no external pressure or when reciprocation might be costly (Bartlett & DeSteno, 2006).

“Obligation is a feeling of indebtedness resulting in a negative, uncomfortable state, determined by normative demand and is perceived to be aversive” (Dewani et al., 2016; M. S. Greenberg & Bar-Tel, 1976; Kolyesnikova et al., 2009). Indebtedness is a duty to reciprocate (Godelier, 1999), which emphasizes the connotation that gifts are given with purposes to obtain favor or benefit or to influence behavior, especially under commercial setting (Davies, Whelan, Foley, & Walsh, 2010). It is suggested that indebtedness pressures people to repay and place people in an emotional state of discomfort, and people are motivated to reciprocate in order to reduce the unpleasant state (Dewani et al., 2016; Schaumberg & Flynn, 2009).

Certain studies and scholars equate gratitude and obligation, claiming that they are the same emotional state and together determine behavioral outcomes. As Marcel Mauss (2000) argue that reciprocity is essential to pre-capitalist societies, that expressions of gratitude are viewed as an obligation of benefit exchange in accordance with reciprocity norm (Watkins, Scheer, Ovnicek, & Kolts, 2006). His work was so influential in psychology, that Greenberg treated gratitude and indebtedness as synonymous (Greenberg, 1980), and Tesser, Gatewood, and Driver (1968) combined gratitude and indebtedness into a composite dependent variable as they were significantly correlated (Watkins et al., 2006). Komter (2004) also defines gratitude as a combination of warm and nice feelings and an imperative force compelling people to return a gift/favor/benefit towards benefactors.

However, other studies argue otherwise. Gratitude and obligation are considered conceptually different, and evidence shows that gratitude and obligations are two independent variables leading to different behavioral outcomes (Dewani et al., 2016). Gouldner (1960) proposed that gratitude and obligations are two predictors of reciprocal behavior and they operate independently. Gratitude is the desirable and pleasant state of responding positively and affectively towards benefactors (Emmons & Crumpler, 2000; Fitzgerald, 1998), while obligation is the negative and uneasy state that pressures beneficiary to reciprocate (Goei & Boster, 2005; McCullough et al., 2001). In practice, Greenberg, Bar-Tal, Mowrey, and Steinberg (1982) found that a majority of research participants claimed that “indebtedness” was an unpleasant state, while Gallup survey (1998) indicated that most people felt that gratitude was a happy sensation. Hence, as gratitude and indebtedness are experienced differently, this shows evidence that the two should be different constructs.

Research by Goei and Boster (2005) also shows that gratitude and obligation can be empirically distinguished with statistical support in terms of face validity of the two sets of items, two-factor solutions, and testes of divergent validity. They also found that favor had different effects on gratitude and obligation, as in favors and favor cost increase gratitude but not obligation. Other papers also show empirical evidences. Following Heider’s (2013) argument that external forces and expectations that compel beneficiary to repay would decrease the amount of gratitude felt and increase sense of indebtedness, Watkins, Scheer, Ovnicek, and Kolts (2006) found support that increasing expectation of return communicated with a gift by a benefactor increased indebtedness but decreased gratitude. Gratitude had positive affect while indebtedness had mixed affective association, and the two emotional states associated with distinct response tendencies. Similarly, Bodur, and Grohmann (2005) found that gifts associated with an implicit request to reciprocate (not stating what the expected type of reciprocation is, meaning less expressed expectation of return) were more favorable and resulted in a higher degree of reciprocation likelihood compared to explicit requests (e.g. “asking customers to consider the business for future transactions, to consider the business’s offerings for a wider range of needs, or to recruit new customers”).

2.4. Effect of Appreciation & Indebtedness under Commercial Settings

Numerous studies have found that gratitude and obligation play an important role in motivating consumer behaviors. Research by Morales (2005) indicates that consumers' rewarding (e.g. increased willingness to pay, store choice, and positive evaluations) of firms for extra effort in making or displaying products is mediated by gratitude. Dahl, Honea, and Manchanda (2005) found that customer indebtedness could lead to reparative actions such as future purchase.

Bodur and Grohmann's (2005) study addresses business-to-consumer gift-giving from extensive issues, including characteristics of gifts, recipients, and gift-givers, and their respective influences on gift evaluation and reciprocation likelihood from the perspective of customers. They found that business gifts which carry implicit requests for reciprocation increase consumer appreciation, and are more likely to elicit positive responses from customers who have strong relationship with the business. Whereas the study indicates that both gift value and recipient gender do not impact gift evaluation and reciprocation likelihood for free gifts in the business-to-consumer context.

Kolyesnikova and Dodd (2009) showed support that both appreciation and obligation can occur under commercial setting and lead to reciprocation. They found that complimentary wine tasting, compared to paid wine tasting, can cause visitors to spend significantly more money, because visitors felt significantly more appreciative and obligated to make purchases.

Shen, Wan and Wyer (2011) suggest that people are more likely to accept gifts when they consider having an opportunity to reciprocate the benefactor in near future; otherwise, they might experience the aversive feeling of indebtedness, and thus to reduce indebtedness, they will decline gifts. They reported that in a supermarket free soup tasting scenario, participants who showed less willingness to taste the soup experienced feeling more indebted and less appreciative.

Loyal customers are highly valued by marketers that they invest heavily in customer relationship building, through financial, social, and structural investments (Dewani et al., 2016; Zeithaml, Lemon, & Rust, 2001). "Financial investments are any tangible or intangible rewards provided by donor which can be perceived in terms of monetary investments by receiver" (Berry, 1995), and intended

for increasing patronage (Dewani et al., 2016). Social investments are “investments provided with the intent to create personal ties,” which provides interaction opportunities between sellers and consumers under friendly atmosphere, including “providing entertainment, special treatment and sharing personalized information” (Berry, 1995; Dewani et al., 2016; Wulf, Odekerken-Schröder, & Iacobucci, 2001). Structural investments are “investments provided for offering customized and personalized products and services” (Berry, 1995; Wulf et al., 2001), which “offer value-adding benefits to target customers” (Dewani et al., 2016). Dewani, Sinha, and Mathur (2016) reported that social and structural investments can initiate gratitude among customers, which sequentially promote short-term purchase intention and customer loyalty. Whereas, financial investments lead to obligation, which reduces customer loyalty.

2.5. Research Propositions

Through the lens of gift-giving, the underlying assumption about un expected promotional offers is that rewards or discounts given to customers under commercial settings are likely to arouse consumer’s feeling of appreciation or indebtedness, hence, activate the reciprocation norm and impact subsequent consumer behaviors. As reciprocation norm commonly exists among interpersonal interaction and preferential treatment is often conferred in public settings (Jiang et al., 2013), the focus of our study is to investigate how consumers react to unexpected promotions in a service setting, where we posit that different situational factors cause consumers to experience different levels of appreciation and indebtedness, and impact consumer reaction towards promotional offers.

Purchase expectation is operationalized in the form of posing an add-item inquiry from staff, which is a specific question inviting customers to add other items to their current order before check-out. For example, the two types of check-out inquiry we employ in our studies would be “Is that all for today?” (not signifying any purchase expectation) vs. “Would you like to add a cookie to your order?” (signifying an expectation for consumers to add unplanned purchase). Such question serves as a reminder or expectation that is likely to lead to additional purchase:

H1: Purchase expectation from staff can increase consumer's additional purchase likelihood.

As mentioned earlier that service quality also plays a critical role in influencing consumers, we would like to see how staff helpfulness in terms of granting promotional offers can impact consumer responses. We would like to contrast the effectiveness of promotional offers between discretionary benefit and policy-defined benefit. Promotional offers are mostly given following store policies. However, certain staff (e.g. managers) have the authority to give consumers special offers. Such offers are discretionary and usually less expected compared to offers obtained through policy and carry a surprise effect that they might lead to more positive consumer reaction. Therefore, staff helpfulness could lead to increase in consumer appreciation, additional purchase likelihood, word of mouth, loyalty, and attitude towards store. Meanwhile, the extra help/kindness offered through staff could evoke the feeling of indebtedness:

H2a: Staff helpfulness (discretionary benefit) increases additional purchase likelihood;

H2b: Staff helpfulness (discretionary benefit) increases positive word of mouth;

H2c: Staff helpfulness (discretionary benefit) increases consumer loyalty;

H2d: Staff helpfulness (discretionary benefit) leads to positive attitude towards store;

H2e: Staff helpfulness (discretionary benefit) increases consumer appreciation;

H2f: Staff helpfulness (discretionary benefit) increases consumer indebtedness.

As we believe that staff helpfulness has an impact on consumer additional purchase likelihood, we also postulate that the add-item inquiry from staff expresses the expectation of the staff, and consumers are more likely to respond to such expectation when they receive benefit through staff discretion:

H3: There is an interaction effect between purchase expectation and staff helpfulness on additional purchase likelihood.

Facing unearned preferential treatment, social audience could influence the recipient's satisfaction with the experience (Jiang et al., 2013). Social Impact Theory also suggests that "people are

impacted by the real, implied, or imagined presence or action of a social presence (i.e., another person or group of people)” (Argo, Dahl, & Manchanda, 2005; Latane, 1981). Social presence engages consumers in impression management behaviors, meaning that consumers will strategically adjust their behaviors to establish or maintain a desirable social image (Argo et al., 2005; Ashworth, Darke, & Schaller, 2005), for example to purchase certain products (Leigh & Gabel, 1992). As reciprocal norm is promoted in our society, and public conditions create greater compliance than private conditions when receiving a favor (Whatley et al., 1999). Hence, we predict that social presence would increase additional purchase likelihood in a service context as making additional purchase can be seen as a reciprocation of the promotional offer:

H4: Social presence leads to higher likelihood of additional purchase.

According to gift literature, gift value is an important determinant in consumer responses. Gifts of higher value in general are evaluated more favorably (Larsen & Watson, 2001), and led to higher reciprocation likelihood as the amount of gratitude felt toward the gift giver increased (Gouldner, 1960; Tesser et al., 1968); and reasonably expensive gifts, compared to less costly gifts, resulted in more positive attitudes and customer satisfaction, higher purchase likelihood, and actual sales in business-to-business gift-giving setting (Beltramin, 2000). Meanwhile gifts of higher values can also increase reciprocation likelihood through creating greater felt obligation towards gift-givers (Gouldner, 1960; Tesser et al., 1968). Therefore, we reasonably assume that larger promotion depth can lead to more positive consumer responses, and stronger feeling of appreciation and indebtedness. Promotion depth will be operationalized through two formats in our study: discount level and additional rewards:

H5a: Higher discount level results in a higher likelihood of additional purchase;

H5b: Higher discount level leads to more positive word of mouth;

H5c: Higher discount level increases consumer loyalty;

H5d: Higher discount level increases positive attitude towards store;

H5e: Higher discount level increases consumer appreciation;

H5f: Higher discount level increases consumer indebtedness.

- H6a: Additional rewards leads to increase in additional purchase;***
- H6b: Additional rewards leads to increase in positive word of mouth;***
- H6c: Additional rewards leads to increase in consumer loyalty;***
- H6d: Additional rewards leads to increase in positive attitude towards store;***
- H6e: Additional rewards leads to increase in consumer appreciation;***
- H6f: Additional rewards leads to increase in consumer indebtedness.***

Reciprocity norm is generalized over cultures, but people from different cultural backgrounds are likely to experience various magnitudes of feeling of appreciation and indebtedness, and reciprocate accordingly (Shen et al., 2011). Many studies have compared gift-giving practices between Asian countries and North American countries (Beatty, Kahle, Utsey, & Keown 1993; Park, 1998; Shen et al., 2011). While North Americans treat reciprocity as a personal choice, Asians invoke the reciprocity norm spontaneously and feel obligated to comply with it. Studies found that in Asian cultures, people tend to relate the motive of a person's behavior to situational factors, while in individualist cultures, people perceive others' behaviors originate from their internal dispositions (Morris & Peng, 1994; Hong, Morris, Chiu, & Benet-Martinez, 2000; Shen et al., 2011). As North Americans' gift-giving intends to please the receivers and to show their affection, and Asians' gift-giving tends to be more self-serving or externally-motivated – to enhance the giver's image in the eyes of others or for seeking benefit; Asians feel less appreciative when offered a gift compared to North Americans, and may be more likely to feel pressured considering the obligation to reciprocate (Fong, 2006; Shen et al., 2011). Therefore, we postulate that faced with unexpected promotion, both North Americans and Asians will reciprocate through increased additional purchase likelihood with no big difference. However, North Americans will experience strong feeling of appreciation and reward the store with more positive word of mouth, loyalty, and positive attitude towards store compared to Asian, while Asians will experience greater feeling of indebtedness.

- H7a: Unexpected promotion (additional rewards) increases positive word of mouth more among North Americans than Asians;***
- H7b: Unexpected promotion (additional rewards) increases loyalty more among North Americans than Asians;***

H7c: Unexpected promotion (additional rewards) increases positive attitude towards store more among North Americans than Asians;

H7d: North Americans experiences more appreciation with unexpected promotion (additional rewards) compared to Asians;

H7e: Asians experiences more indebtedness with unexpected promotion (additional rewards) compared to North Americans.

According to studies, gratitude/appreciation is a positive feeling that facilitates reciprocal exchange. People tend to return benefits regardless of the presence of external forces (Bartlett & DeSteno, 2006). Hence, we posit that feeling of appreciation will result in reciprocation actions in various forms:

H8a: Appreciation leads to increase in additional purchase likelihood;

H8b: Appreciation leads to increase in positive word of mouth;

H8c: Appreciation leads to increase consumer loyalty.

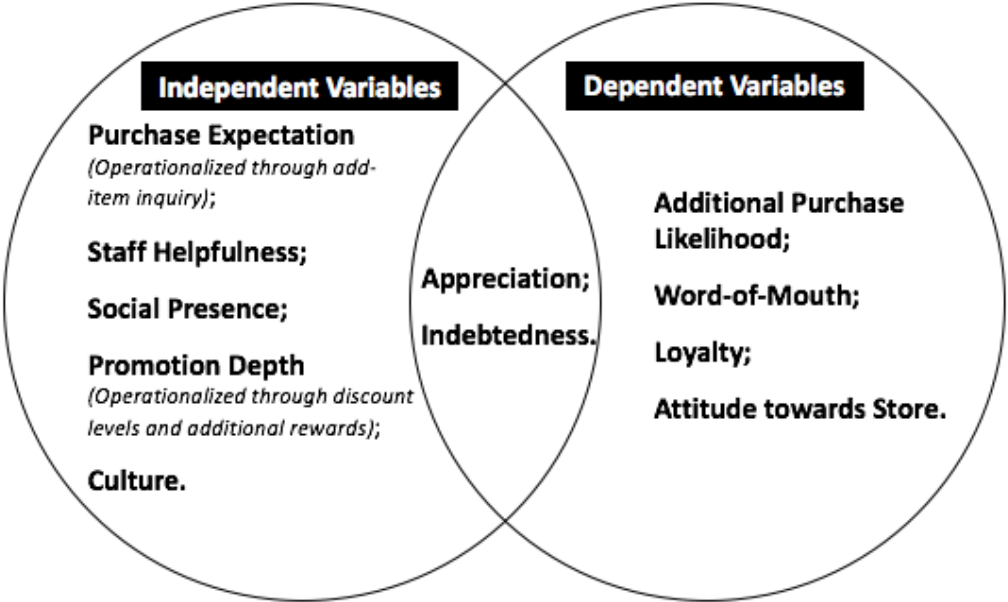
H8d: Appreciation leads to positive attitude towards store.

Indebtedness is more of an obligation, and when people are obliged to repay, they frequently experience negative feelings, even hatred, towards the benefactor, that they are less likely to appreciate the benefit given (Schaumberg & Flynn, 2009). In order to reduce such negative feeling of being obligated to repay, individuals are also motivated to reciprocate (Schaumberg & Flynn, 2009). Compared to appreciation, indebtedness is more likely to drive reciprocal action only up till the point where the “debt” has been repaid (Schaumberg & Flynn, 2009). For example, Kolyesnikova, Dodd, and Laverie (2007) reported that obligation/indebtedness was a primary factor driving up amount of money consumers spent at wineries during wine tasting events; and Dewani, Sinha, and Mathur (2016) found that customer obligation/indebtedness only resulted in short-term purchase intention. Hence, we posit that indebtedness will only impact additional purchase likelihood:

H9: Indebtedness leads to increase in additional purchase.

To sum up, we are particularly interested in consumer reaction measured by the following attitudinal variables identified in literature: additional purchase likelihood, word of mouth, loyalty, and attitude towards store towards the gift-giver (Bodur & Grohmann, 2005; Jiang et al., 2013; Kolyesnikova & Dodd, 2009). Based on review of prior research, we identify several situational factors to be important independent variables for our study: purchase expectation from staff, staff helpfulness, promotion depth, and social presence (see Figure 1 for summary of variables).

Figure 1. Summary of Variables



3. Methodology

3.1. Study 1

Study 1 was to test the effect of purchase expectation, promotion depth, and social presence on consumer behaviors.

3.1.1. Method

This study employed a 2 (Purchase expectation: Yes, No) x 2 (Promotion depth: 20% off, 50% off) x 2 (Social presence: Yes, No) between-subjects design. Participants were recruited through web-based survey panel (CrowdFlower.com) to fill out an online survey and compensated with cash rewards. They were randomly assigned to one of the experimental groups and asked to consider themselves as the promotional offer receiver in the following scenario: “While walking around your neighborhood, you run into a colleague from work and decide to visit a café together. You have noticed that a café nearby is offering new seasonal specialty drinks (e.g. some new flavor latte, etc.). You decide to visit this café, and try one of the drinks. While you are in line to order, *your colleague is just behind you* [your colleague goes to find a table]. You see the café offers a variety of cookies, muffins, and pretzels. When you order your drink, the cashier gives you a scratch card which is a promotion with any specialty drink purchase. You scratch the card and find out that it gives you 20% [50%] off your drink. *Your colleague sees and says: ‘Nice!’* [~~Your colleague sees and says: ‘Nice!’~~] The cashier applies the discount to your drink and asks: *‘Would you like to add anything to your order [Is that all for you today]?’*” Participants were then invited to complete dependent measures, manipulation check, gender, and public self-consciousness measures.

3.1.2. Measures.

Our dependent variables are consumer behavior (additional purchase likelihood, word of mouth, loyalty) and attitude towards store. Consumer behavior was measured by asking respondents to rate their likelihood of given statements on a 5-point Likert-type scale ranging from 1 (*extremely unlikely*) to 5 (*extremely likely*). Additional purchase likelihood is measured by a single item [e.g. “I will add other items (e.g. cookie) to my order before I pay”]. Word of mouth scale contains three adapted items (Cronbach’s $\alpha=.68$) [“I will mention to others about my experience with the restaurant,” “I will speak positively of the restaurant to others,” “I will recommend the restaurant

to others”] (Brown, Barry, Dacin, & Gunst, 2005). A measure of loyalty was created from adaptation of two items ($r=.421$) [“I will visit this restaurant again,” “I will be very committed to this restaurant”] (Bodur & Grohmann, 2005; Dewani et al., 2016; Dorsch & Kelley, 1994; Heitmann, Lehmann, & Herrmann, 2007; Reynolds & Beatty, 1999). Consumer attitude towards store was measured by two items ($r=.654$) [“What is your overall attitude towards the restaurant? (Good/Bad)” “I think the restaurant is ... (Favorable/Unfavorable)”] (Kareklas, Carlson, & Muehling, 2014). We also measured appreciation and indebtedness with two scales where respondents indicated how much they agreed with statements provided on a 5-point scale ranging from 1(*strongly disagree*) to 5 (*strongly agree*). The appreciation measure (Cronbach’s $\alpha=.76$) consisted four adapted items [“I feel thankful to the restaurant,” “I appreciate what the restaurant offered,” “I am grateful for what the staff did” “I think the staff is nice”] (Dewani et al., 2016; Kolyesnikova & Dodd, 2009; Shen et al., 2011). The indebtedness measure consisted of three items (Cronbach’s $\alpha=.80$) [“I am obliged to buy more from the restaurant,” “I feel like I owe the restaurant something,” “I feel the pressure to make additional purchase”] (Shen et al., 2011).

3.1.3. Results.

As known, participants do not always follow instructions and are not always diligent in completing experiments as experimenters wish them would be. Particularly for online unsupervised participants, many tend pay few attention to survey instructions and questions and put little effort in completing the survey (Oppenheimer, Meyvis, & Davidenko, 2009; Trump & Trump, 2016). In order to increase statistical power and accuracy of results, such participants are suggested to remove from data analysis (Baskin, Wakslak, Trope, & Novemsky, 2014; Nelson & Simmons, 2009). We screened participants based on a few common practices. We first screened out participants who failed the attention check, and then removed responses of less serious participants based on the time they took to complete the survey – those who either took substantially less time than most as they potentially clicked through the survey or took substantially longer than most as they could be distracted from the task. Responses from participants outside one standard deviation (4 minute and 7 seconds) of the mean amount of time taken to complete the survey (6 minutes and 3 seconds) were removed from analysis, resulting in usable responses from 400 participants – those

who took between 1 minute and 56 seconds and 10 minutes and 10 seconds to complete the survey (Puccinelli, Wilcox, & Grewal, 2015; Trump & Trump, 2016).

We conducted one-way ANOVA to see if add-item inquiry casted pressure on consumers, and if 20% off versus 50% off made a significant difference on consumers' perception of the deal attractiveness, and the answers were both negative (purchase expectation as pressure: $p=.124$; deal attractiveness perception depending on discount level: $p=.104$). Our manipulation for social presence was successful ($p<.05$).

Respondents who received the add-item inquiry (purchase expectation) treatment shown higher likelihood to add additional purchase ($M=3.87$, $SD=.97$) than respondents who did not receive the add-item inquiry ($M=3.66$, $SD=1.02$), $F(1, 400)=4.314$, $p<.05$. **Hence, H1 was supported** that purchase expectation increases additional purchase likelihood. We did not detect that social presence had any impact on additional purchase likelihood, so **H4 was not supported**. **There was also no support for H8, H5a, H5b, H5c, H5d, H5e, and H5f**, that discount depth has an effect on any of the targeted consumer reaction, or indebtedness has impact on additional purchase likelihood.

In terms of the effect of appreciation on consumer reciprocal responses upon receiving the promotional offer, we observed positive increase in additional purchase likelihood ($p<.01$), positive word of mouth ($p<.01$), loyalty ($p<.01$), and positive attitude towards store ($p<.01$). **H8a, H8b, H8c, and H8d were thus supported**, meaning consumer appreciation can lead to all positive consumer responses. Again analysis indicated a significant positive effect of indebtedness on consumer loyalty ($F(1,400)=3.605$, $p<.01$). and attitude towards store ($F(1,400)=3.060$, $p<.01$).

3.1.4. Discussion.

Study 1 shows that appreciation led to increase in additional purchase likelihood, positive word of mouth, loyalty, and positive attitude towards store in relation to appreciation. While there was no evidence that indebtedness could lead to increase in additional purchase likelihood, we found that indebtedness could positively impact consumer loyalty and attitude towards store. These findings

suggest that both consumer appreciation and indebtedness could promote reciprocal responses of various forms.

Results showed that purchase expectation can increase consumer's likelihood of making additional purchases. Even though research suggests that gift value has critical impact on reciprocal responses (Beltramin, 2000; Bodur & Grohmann, 2005; Cialdini, 2001; Gouldner, 1960; Kolyesnikova & Dodd, 2009; Tesser et al., 1968; McCullough et al., 2001), our study is counter to such findings, just as Bodur and Grohmann (2005) also did not find support for high value gifts being more appreciated and leading to higher degree of reciprocation likelihood. We found that there was no difference between participants who received 20% off and those who received 50% off on perceiving the promotional offer as a good deal. Hence, offering a bigger monetary saving would not necessarily increase reciprocation likelihood.

Even though the scratch-and save discount promotion as a chance-based unexpected promotion is suggested as a common unearned preferential treatment and it could induce social discomfort with presence of social audience, we did not find the expected significant effect of social presence on additional purchase likelihood (Jiang et al., 2013). The possible explanation could be that receiving such chance-based unexpected promotion does not pose threat on consumer self-esteem, or as the witness of the unearned preferential treatment in the scenario reacted positively (saying "nice") mitigated the fear of negative judgment and alleviate feeling of social discomfort (Jiang et al., 2013), that they do no need to resort to impression management. To test the effect of social presence, we will make adjustments in following studies.

3.2. Study 2

As Shen, Wan, and Wyer Jr's (2011) study regarding the roles of appreciation and indebtedness in gift-giving was conducted among North American and Asian participants, we would like to restrict respondents for study 2 to North American and Asian sample as well.

3.2.1 Method

This study employed a 2 (Purchase expectation: Yes, No) x 2 (Staff helpfulness: discretionary benefit vs. policy-defined benefit) x 2 (Cultural group: North American vs. Asian) between-subjects design, with a control group where there are no additional rewards of free stamps. Participants were recruited through web-based survey panel (CrowdFlower.com) to fill out an online survey and compensated with cash rewards. North American sample was restricted to people residing in North America, and Asian sample was restricted to people who spoke Chinese and residing in China, Hong Kong, Taiwan, or Macao. They were randomly assigned to one of the scenarios/conditions and asked to consider themselves as the promotional offer receiver: “You sometimes buy lunch at a nearby sandwich restaurant, which has a loyalty card that allows you to get a sandwich for free after you buy 6 sandwiches at regular price. You have already bought 4 sandwiches in the past, and you are going to order your 5th sandwich at the restaurant. As you order your sandwich and drink, and present your loyalty card to the manager to be stamped, a friend comes up to you and says: ‘Hey! I saw it’s your birthday today on Facebook! Happy birthday! I need to go now, we’ll catch up later!’ You say thanks and your friend leaves. *The manager hears this and says to you: ‘It’s your birthday today? Happy birthday! I will give you 2 free stamps, so your sandwich today is free. Just pay for your drink. Enjoy!’* [Then you notice a sign saying ‘Receive two free loyalty card stamps on your birthday – just show ID!’ You present your ID and get two stamps, which means your sandwich is free and you only need pay for your drink.] At the counter, there are also some cookies, desserts, and chips on display. The manager gives you two stamps and asks: ‘*Would you like to add any cookie, chips or dessert to your order? [Is that all for you today]?’*” Then participants were invited to complete dependent measures, manipulation check, gender, and personality measures (e.g. self-construal, and public self-consciousness.)

(In the control group, participants saw the following scenario: “You sometimes buy lunch at a nearby sandwich restaurant, which has a loyalty card that allows you to get a sandwich for free after you buy 6 sandwiches at regular price. You have already bought 4 sandwiches in the past, and you are going to order your 5th sandwich at the restaurant. As you order your sandwich and drink, and present your loyalty card to the cashier to be stamped, a friend comes up to you and says: ‘Hey! I saw it’s your birthday today on Facebook! Happy birthday! I need to go now, we’ll catch up

later! You say thanks and your friend leaves. At the counter, there are also some cookies, desserts, and chips on display. The manager gives you one stamp and asks: 'Is that all for you today?')

3.2.2. Measures

Our dependent variables remain consumer behavior (additional purchase likelihood, word of mouth (3 items, Cronbach's $\alpha=.80$), loyalty (2 items, $r=.541$) and attitude towards store (2 items, $r=.780$) as in study 1. The appreciation scale contains the original 4 items (Cronbach's $\alpha=.90$), and the indebtedness measures were adapted based on data analysis of study 1, consisted of three items (Cronbach's $\alpha=.80$) ["I am obliged to buy more," "I feel indebted," "I feel like I owe the restaurant something"] (Shen et al., 2011). Public self-consciousness (7 items, Cronbach's $\alpha=.81$) were also measured ["I am concerned about my style of doing things," "I am concerned about the way I present myself," "I'm self-conscious about the way I look," "I usually worry about making a good impression," "One of the last things I do before I leave my house is look in the mirror," "I'm concerned about what other people think of me," "I am usually aware of my appearance."] (Fenigstein, Scheier, & Buss, 1975).

3.2.3. Results

Participants who failed the attention checks or manipulation checks were excluded from data analysis (Newman & Dhar, 2014). Based on the time participants used to complete the survey, we removed two cases which were identified as extreme outliers – participants who took significantly more time to complete the survey (18 minutes 22 seconds, and 12 minutes and 53 seconds) by SPSS using box plot, remaining 184 usable responses from North American participants; and we retained 128 usable responses from Asian participants after screening. Manipulation check questions indicated that our manipulation of staff helpfulness ($p=.000$) and purchase expectation ($p=.001$) were both successful.

We found a main effect for culture on word-of-mouth, consumer loyalty, consumer attitude towards store, appreciation, and indebtedness (see Table 1). **H7a, H7b, H7c, H7d, H7e were supported** that North Americans scored significantly higher on word of mouth, loyalty, attitude

towards score, and appreciation; while Asians scored significantly higher on indebtedness (see Table 2).

Table 1. Tests of Between-Subjects Effects (Culture as a Factor)

Source	Dependent Variable	df	Mean Square	F	Sig.
Cultural Group	Additional Purchase Likelihood	1	1.264	.854	.356
	WOM	1	158.950	30.371	.000
	Loyalty	1	53.870	28.640	.000
	Attitude towards store	1	94.962	55.297	.000
	Appreciation	1	227.337	26.212	.000
	Indebtedness	1	40.711	5.174	.024

Table 2. Study 2: Comparing North American Sample with Asian Sample (T-test Results)

Response	Means (and Standard Deviations)		t	Significance (p-value)
	North American	Asian		
Additional Purchase Likelihood	3.21 (1.28)	3.34 (1.12)	.924	.356
WOM	12.83 (2.21)	11.38 (2.39)	-5.511	.000
Loyalty	8.59 (1.15)	7.74 (1.64)	-5.352	.000
Attitude towards store	8.79 (1.32)	7.67 (1.30)	-7.436	.000
Appreciation	17.21 (2.92)	15.48 (2.97)	-5.120	.000
Indebtedness	6.50 (3.08)	7.23 (2.35)	2.275	.024
Public Self-consciousness	23.20 (6.10)	25.30 (4.27)	3.378	.001

Table 3. Study 2: Culture as a factor _ Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	Additional purchase	1.264 ^a	1	1.264	.854	.356
	Word-of-mouth	158.950 ^b	1	158.950	30.371	.000
	Loyalty	53.870 ^c	1	53.870	28.640	.000
	Attitude towards store	94.962 ^d	1	94.962	55.297	.000
	Appreciation	227.337 ^e	1	227.337	26.212	.000
	Indebtedness	40.711 ^f	1	40.711	5.174	.024
Intercept	Additional purchase	3231.136	1	3231.136	2183.643	.000
	Word-of-mouth	44212.283	1	44212.283	8447.679	.000
	Loyalty	20127.973	1	20127.973	10700.844	.000
	Attitude towards store	20465.168	1	20465.168	11916.883	.000
	Appreciation	80661.016	1	80661.016	9300.129	.000
	Indebtedness	14239.377	1	14239.377	1809.866	.000
Cultural_group	Additional purchase	1.264	1	1.264	.854	.356
	Word-of-mouth	158.950	1	158.950	30.371	.000
	Loyalty	53.870	1	53.870	28.640	.000
	Attitude towards store	94.962	1	94.962	55.297	.000
	Appreciation	227.337	1	227.337	26.212	.000
	Indebtedness	40.711	1	40.711	5.174	.024
Error	Additional purchase	458.707	310	1.480		
	Word-of-mouth	1622.435	310	5.234		
	Loyalty	583.101	310	1.881		
	Attitude towards store	532.371	310	1.717		
	Appreciation	2688.663	310	8.673		
	Indebtedness	2438.969	310	7.868		
Total	Additional purchase	3775.000	312			
	Word-of-mouth	48454.000	312			
	Loyalty	21823.000	312			
	Attitude towards store	22294.000	312			
	Appreciation	87858.000	312			
	Indebtedness	16912.000	312			
Corrected Total	Additional purchase	459.971	311			
	Word-of-mouth	1781.385	311			
	Loyalty	636.971	311			
	Attitude towards store	627.333	311			
	Appreciation	2916.000	311			
	Indebtedness	2479.679	311			

- a. R Squared = .003 (Adjusted R Squared = .000)
- b. R Squared = .089 (Adjusted R Squared = .086)
- c. R Squared = .085 (Adjusted R Squared = .082)
- d. R Squared = .151 (Adjusted R Squared = .149)
- e. R Squared = .078 (Adjusted R Squared = .075)
- f. R Squared = .016 (Adjusted R Squared = .013)
- g. R Squared = .036 (Adjusted R Squared = .032)

While we did not detect main effect of purchase expectation (add-item inquiry) on any of the dependent variable, we found support that staff helpfulness had a significant positive effect on additional purchase likelihood ($F(1, 258)= 9.031, p<.01$), word of mouth ($F(1, 258)= 14.546, p<.01$), loyalty ($F(1, 258)= 8.852, p<.01$), attitude towards store ($F(1, 258)= 14.774, p<.01$), consumer appreciation ($F(1, 258)= 29.361, p<.01$), and consumer indebtedness ($F(1, 258)= 5.369, p<.05$). **H2a, H2b, H2c, H2d, H2e, and H2f were supported, staff helpfulness (discretionary benefit) could lead to increase in additional purchase likelihood, positive word of mouth, consumer loyalty, positive attitude towards store, and consumer appreciation and indebtedness.** Table 4 contains descriptive statistics for consumer responses in each of the conditions.

Table 4. Study 2: Means (and Standard Deviations) for Consumer Responses Across All Conditions

Response	Add-item inquiry x Discretionary benefit <i>n=60</i>	Add-item inquiry x Policy-defined benefit <i>n=67</i>	No add-item inquiry x Discretionary benefit <i>n=69</i>	No add-item inquiry x Policy-defined benefit <i>n=62</i>	Control Group <i>n=48</i>
Additional Purchase Likelihood	3.85 (1.02)	3.10 (1.32)	3.33 (1.11)	3.21 (1.17)	2.75 (1.30)
WOM	13.15 (2.10)	12.06 (2.59)	13.07 (1.89)	12.03 (2.33)	10.69 (1.23)
Loyalty	8.58 (1.24)	8.03 (1.61)	8.57 (1.40)	8.05 (1.48)	7.98 (1.31)
Attitude towards store	8.77 (1.23)	8.15 (1.73)	8.81 (1.25)	8.15 (1.01)	7.71 (1.56)
Appreciation	18.10 (2.24)	16.03 (3.41)	17.77 (2.49)	16.16 (2.55)	14.06 (2.96)
Indebtedness	7.62 (2.91)	6.12 (2.39)	7.22 (3.11)	7.13 (2.49)	5.75 (2.95)

We also detected an interaction effect between staff helpfulness and purchase expectation on additional purchase ($F(1,258)=4.623, p<.05$, see Figure 2), and on consumer indebtedness ($F(1,258)=4.239, p<.05$), see Figure 3). **H3 was supported.**

Figure 2: Additional Purchase Likelihood as a Function of Staff Helpfulness and Purchase Expectation

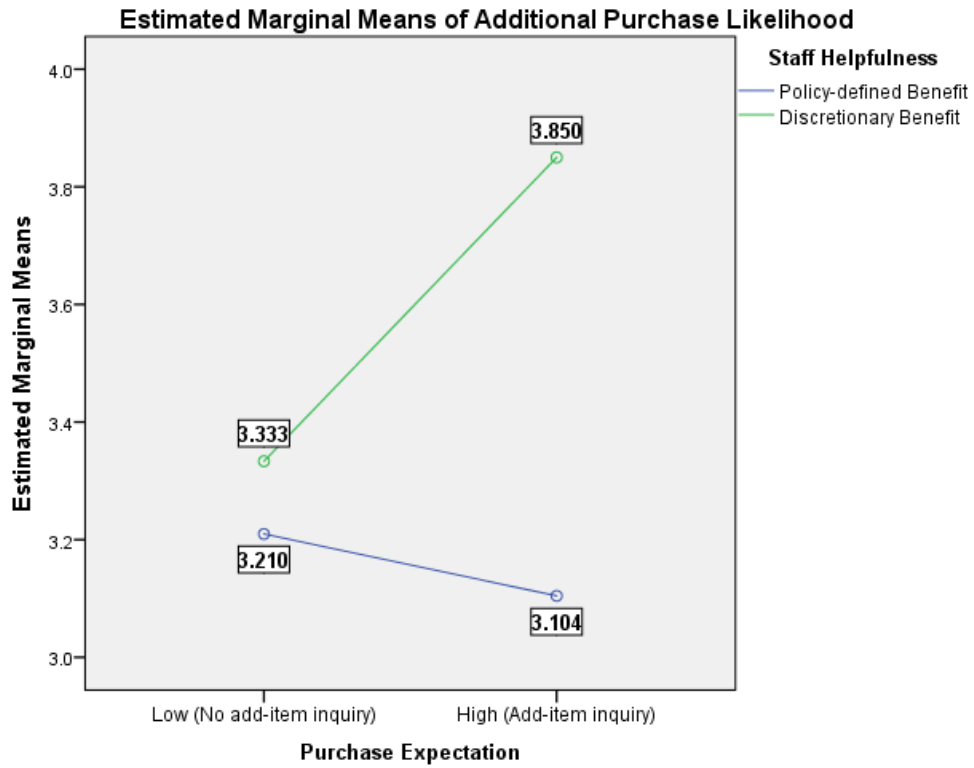


Figure 3: Consumer Indebtedness as a Function of Staff Helpfulness and Purchase Expectation

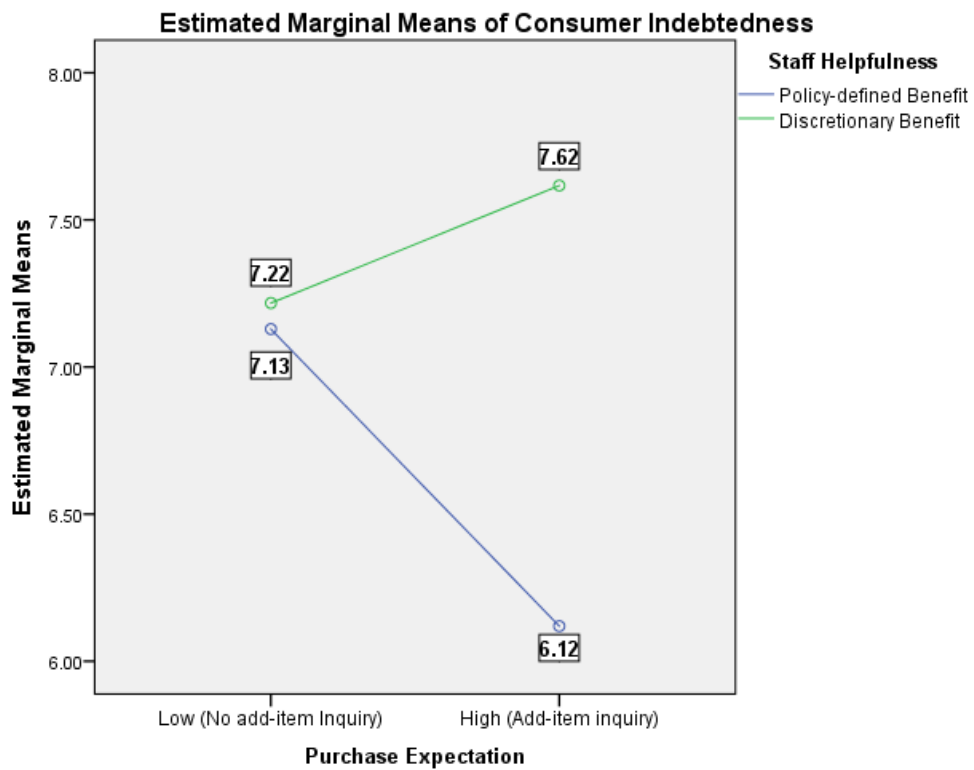


Table 5. Study 2: Purchase expectation * Staff Helpfulness _ Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	Additional purchase	20.226 ^a	3	6.742	5.014	.002
	Word-of-mouth	72.965 ^b	3	24.322	4.849	.003
	Loyalty	18.475 ^c	3	6.158	2.961	.033
	Attitude towards store	26.767 ^d	3	8.922	4.975	.002
	Appreciation	219.967 ^e	3	73.322	9.906	.000
	Indebtedness	79.061 ^f	3	26.354	3.501	.016
Intercept	Additional purchase	2928.323	1	2928.323	2177.854	.000
	Word-of-mouth	40690.975	1	40690.975	8112.743	.000
	Loyalty	17745.565	1	17745.565	8531.279	.000
	Attitude towards store	18442.174	1	18442.174	10284.228	.000
	Appreciation	74453.908	1	74453.908	10059.106	.000
	Indebtedness	12676.064	1	12676.064	1684.011	.000
Purchase Expectation	Additional purchase	2.721	1	2.721	2.024	.156
	Word-of-mouth	.177	1	.177	.035	.851
	Loyalty	2.841E-6	1	2.841E-6	.000	.999
	Attitude towards store	.027	1	.027	.015	.903
	Appreciation	.646	1	.646	.087	.768
	Indebtedness	5.988	1	5.988	.795	.373
Staff Helpfulness	Additional purchase	12.143	1	12.143	9.031	.003
	Word-of-mouth	72.959	1	72.959	14.546	.000
	Loyalty	18.413	1	18.413	8.852	.003
	Attitude towards store	26.493	1	26.493	14.774	.000
	Appreciation	217.317	1	217.317	29.361	.000
	Indebtedness	40.412	1	40.412	5.369	.021
Purchase Expectation * Staff Helpfulness	Additional purchase	6.216	1	6.216	4.623	.032
	Word-of-mouth	.040	1	.040	.008	.929
	Loyalty	.022	1	.022	.010	.919
	Attitude towards store	.039	1	.039	.022	.883
	Appreciation	3.450	1	3.450	.466	.495
	Indebtedness	31.906	1	31.906	4.239	.041
Error	Additional purchase	341.526	254	1.345		
	Word-of-mouth	1273.984	254	5.016		
	Loyalty	528.335	254	2.080		
	Attitude towards store	455.485	254	1.793		
	Appreciation	1880.017	254	7.402		
	Indebtedness	1911.935	254	7.527		
Total	Additional purchase	3282.000	258			
	Word-of-mouth	42161.000	258			
	Loyalty	18347.000	258			
	Attitude towards store	18987.000	258			
	Appreciation	76730.000	258			
	Indebtedness	14647.000	258			
Corrected Total	Additional purchase	361.752	257			
	Word-of-mouth	1346.950	257			
	Loyalty	546.810	257			
	Attitude towards store	482.252	257			
	Appreciation	2099.984	257			
	Indebtedness	1990.996	257			

- a. R Squared = .056 (Adjusted R Squared = .045)
- b. R Squared = .054 (Adjusted R Squared = .043)
- c. R Squared = .034 (Adjusted R Squared = .022)
- d. R Squared = .056 (Adjusted R Squared = .044)
- e. R Squared = .105 (Adjusted R Squared = .094)
- f. R Squared = .040 (Adjusted R Squared = .028)
- g. R Squared = .013 (Adjusted R Squared = .001)

In terms of the effect of appreciation on consumer reciprocal responses upon receiving the promotional offer, we observed positive increase in additional purchase likelihood ($p < .01$), positive word of mouth ($p < .01$), loyalty ($p < .01$), and positive attitude towards store ($p < .01$). **H8a, H8b, H8c, and H8d were thus supported:** consumer appreciation can increase positive word of mouth, consumer loyalty, and positive attitude towards store.

Analysis returned that indebtedness had a significant impact on additional purchase likelihood ($p < .01$) and attitude towards store ($p < .05$), that **H9 was supported: indebtedness can lead to increase in additional purchase.**

A planned comparison was conducted in SPSS to test whether the dependent variables were different between the control group where there was no additional rewards (no free stamps) and the experimental groups who received two free stamps (be it discretionary or policy-defined). Result indicated that receiving the additional rewards significantly increased additional purchase likelihood ($p = .016$), positive word-of-mouth ($p = .000$), positive attitude towards store ($p = .003$), feeling of appreciation ($p = .000$), and feeling of indebtedness ($p = .003$), but not consumer loyalty ($p = .173$). **H6a, H6b, H6d, H6e, and H6f were supported: Additional rewards has positive effect on all consumer responses, and consumer appreciation and indebtedness.** No support was found for H1, or H6c.

3.2.4. Discussion

Through study 2, we found support that Staff helpfulness (discretionary benefit) could positively affect consumer appreciation and lead to increase in additional purchase likelihood, positive word of mouth, loyalty, and positive attitude towards store. Meanwhile, Staff helpfulness (discretionary benefit) could also increase consumer indebtedness. Even though there was no main effect of purchase expectation and Staff helpfulness (discretionary benefit) on additional purchase likelihood,

we found support for interaction between Staff helpfulness (discretionary benefit) and purchase expectation, signifying that when consumers receive pleasant experience, they are more likely to respond positively to service requests. Interestingly we also detected such interaction effect on consumer indebtedness, indicating that when faced with policy-defined additional rewards, the purchase expectation could significantly lessen consumer indebtedness.

Both increasing discount depth and offering additional rewards are increasing promotion depth, while the two promotion formats receive different responses: a greater discount makes no difference to consumers, but offering additional rewards could encourage more reciprocation responses and arouse stronger consumer appreciation and indebtedness.

The analysis also indicated that consumer appreciation could improve positive word of mouth, consumer loyalty, and positive consumer attitude towards store; and both appreciation and indebtedness had significant effect on additional purchase likelihood. These findings agree with previous studies that both appreciation and indebtedness could both facilitate reciprocal responses (Bartlett & DeSteno, 2006; Schaumberg & Flynn, 2009).

After comparing the results between North American and Asian samples, we found that North American sample responded in a more positive way, scoring significantly higher on word of mouth consumer loyalty, positive attitude towards store, and appreciation, while Asian sample scored significantly higher in feeling of indebtedness. This could mean that Asians are more likely to attribute manipulative intent (businesses using promotional offers only for the purpose to increase sales) to the promotions they receive. They would perceive the business's gift-giving to be more self-serving or externally-motivated – to enhance the giver's image in the eyes of others or for seeking benefit. Hence, Asians felt less appreciative to respond positively, and more likely to feel pressured to reciprocate (Fong, 2006; Shen et al., 2011). Our result can be viewed as consistent with Jiang, Hoegg, and Dahl's (2013) finding that feeling of social discomfort that derives from concerns about others' negative judgment could attenuate positive consumer feelings including satisfaction and appreciation. Our result indicated that Asian sample showed higher public self-consciousness which might be the cause of increased negative feeling (indebtedness) and decreased positive consumer reactions (WOM, loyalty, attitude towards store, and appreciation).

3.3. Study 3

We assumed that social presence would have an impact on consumer behavior under retail setting in relation to appreciation and indebtedness. However, we did not detect any effect in study 1. The potential reason as we stated earlier could be that a scratch card promotion did not affect consumer appreciation or indebtedness, and did not pose threat on consumer self-esteem that they did not need to resort to impression management. To retest the effect of social presence, we created scenarios for study 3 where consumers received promotions through help of staff. In order to receive a stronger effect of social presence, we decided to alter the presence of a colleague to the presence of acquaintances from work, as by referring to colleague, respondents could relate to someone they were very close and familiar with.

3.3.1. Method

This study employed a 2 (Purchase expectation: Yes, No) x 2 (Social presence: Yes, No) between-subjects design. Respondents were restricted to those resided in North America. They were randomly assigned to different groups and were asked to consider themselves as the promotional offer receiver in the following scenario: “You have a restaurant coupon that gives you 70% off on purchase of any one of their four new wraps (chicken, beef, shrimp, and tofu). As you wait in line to order, you see that the restaurant also offers a nice selection of cookies, desserts, and chips; *and you also notice that two acquaintances (someone you are not very close to, but you say hi to each other) from work are just behind you* [~~and you also notice that two acquaintances (someone you are not very close to, but you say hi to each other) from work are just behind you~~]. You order your wrap and drink, and present the coupon, but the discount somehow can’t be applied. The manager looks closely and tells you that the coupon expired last week. You are disappointed. The manager says: ‘No problem. We’ll still give you 70% off, enjoy your lunch!’ After applying the discount, the manager asks you: ‘*Would you like to add something to your order? Cookies, desserts, or some chips?* [Is that all for you today?]’” Then participants were invited to complete dependent measures, manipulation check, gender, and personality measures (e.g. public self-consciousness.)

(In the control group, participants saw the following scenario: “You have a restaurant coupon that gives you 70% off on purchase of any one of their four new wraps (chicken, beef, shrimp, and tofu). As you wait in line to order, you see that the restaurant also offers a nice selection of cookies, desserts, and chips. You order your wrap and drink, and present the coupon. After applying the discount, the manager asks you: ‘Is that all for you today?’”)

3.3.2. Measures

We kept survey questions consistent with questions in *Study 2*, with manipulation checks for social presence added. Our dependent variables remain consumer behavior (additional purchase likelihood, word of mouth (3 items, Cronbach’s $\alpha=.90$), loyalty (2 items)) and attitude towards store (2 items) as in previous studies. The appreciation scale contains 4 items (Cronbach’s $\alpha=.91$), and the indebtedness consisted three items (Cronbach’s $\alpha=.88$). Public self-consciousness (9 items, Cronbach’s $\alpha=.86$) were measured.

3.3.3. Results

Following the screening process, we removed responses from participants who failed the attention check or manipulation check of social presence as feeling of social discomfort from concerns about negative judgment should only occur when recipient of unearned preferential rewards is aware of being observed (Jiang et al., 2013; Schneider & Bowen, 1999). We also excluded responses from participants identified as extreme outliers by SPSS based on the time used to complete survey, that participants who took significantly more time to complete the survey were removed, resulting in 224 usable responses. Table 6 contains descriptive statistics for consumer responses in all conditions.

The analysis indicated that respondents who were asked about adding more items to order showed a higher likelihood additional purchase ($M=3.64$, $SD=1.31$) than respondents who saw the scenarios with no add-item inquiry ($M=2.93$, $SD=1.34$), $F(1, 150)=10.813$, $p<.01$. **H1 was supported that purchase expectation increases additional purchase likelihood.**

We also observed that social presence had significant effect on additional purchase likelihood ($p<.05$), consumer loyalty ($p<.05$), attitude towards store ($p<.05$), consumer appreciation ($p<.05$) and indebtedness ($p<.05$). **H4 was supported: social presence has a positive effect on additional purchase likelihood.**

Both appreciation and indebtedness were found to have significant positive effect on consumer reciprocal responses upon receiving the promotional offer: additional purchase likelihood ($p<.01$), positive word of mouth ($p<.05$), loyalty ($p<.01$), and positive attitude towards store ($p<.05$). **H8a, H8b, H8c, H8d and H9 were thus supported: consumer appreciation increases all consumer responses, and indebtedness can lead to increase in additional purchase likelihood.**

Additionally, we conducted a correlation analysis between consumer appreciation and indebtedness in our setting, and found that they had a significant positive correlation ($r=.293$, $p<.01$). According to t-test, discount levels did not impact consumer responses.

Table 6. Study 3: Means (and Standard Deviations) for Consumer Responses Across All Conditions

Response	Add-item inquiry x Social presence <i>n=39</i>	Add-item inquiry x No social presence <i>n=36</i>	No add-item inquiry x Social presence <i>n=42</i>	No add-item inquiry x No social presence <i>n=33</i>	Control Group <i>n=46</i>
Additional Purchase Likelihood	4.05 (1.03)	3.19 (1.45)	3.02 (1.35)	2.82 (1.36)	3.04 (1.10)
WOM	13.97 (1.35)	13.08 (2.52)	13.43 (1.58)	13.18 (2.20)	11.07 (2.51)
Loyalty	8.72 (1.19)	7.89 (1.62)	8.36 (1.12)	8.06 (1.75)	7.22 (1.33)
Attitude towards store	9.44 (.82)	8.89 (1.41)	9.40 (.89)	9.24 (1.15)	7.89 (1.34)
Appreciation	19.21 (1.36)	18.08 (2.43)	18.93 (1.61)	18.39 (2.29)	14.50 (2.65)
Indebtedness	8.92 (3.38)	6.67 (3.09)	7.69 (3.69)	7.33 (2.99)	5.80 (2.60)

Table 7. Study 3: Purchase expectation * Staff Helpfulness _ Tests of Between-Subjects Effects

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	Additional purchase	33.252 ^a	3	11.084	6.540	.000
	Word-of-mouth	17.914 ^b	3	5.971	1.588	.195
	Loyalty	14.819 ^c	3	4.940	2.445	.066
	Attitude towards store	7.048 ^d	3	2.349	2.026	.113
	Appreciation	28.867 ^e	3	9.622	2.546	.058
	Indebtedness	101.195 ^f	3	33.732	3.053	.030
Intercept	Additional purchase	1592.915	1	1592.915	939.957	.000
	Word-of-mouth	26785.331	1	26785.331	7124.288	.000
	Loyalty	10142.375	1	10142.375	5020.048	.000
	Attitude towards store	12711.890	1	12711.890	10960.794	.000
	Appreciation	51769.059	1	51769.059	13698.162	.000
	Indebtedness	8715.501	1	8715.501	788.841	.000
Social Presence	Additional purchase	10.498	1	10.498	6.195	.014
	Word-of-mouth	12.039	1	12.039	3.202	.076
	Loyalty	11.782	1	11.782	5.832	.017
	Attitude towards store	4.679	1	4.679	4.035	.046
	Appreciation	25.516	1	25.516	6.752	.010
	Indebtedness	63.522	1	63.522	5.749	.018
Purchase Expectation	Additional purchase	18.325	1	18.325	10.813	.001
	Word-of-mouth	1.861	1	1.861	.495	.483
	Loyalty	.333	1	.333	.165	.686
	Attitude towards store	.967	1	.967	.833	.363
	Appreciation	.011	1	.011	.003	.957
	Indebtedness	2.978	1	2.978	.270	.604
Social Presence * Purchase Expectation	Additional purchase	3.944	1	3.944	2.327	.129
	Word-of-mouth	3.860	1	3.860	1.027	.313
	Loyalty	2.637	1	2.637	1.305	.255
	Attitude towards store	1.376	1	1.376	1.187	.278
	Appreciation	3.206	1	3.206	.848	.359
	Indebtedness	33.546	1	33.546	3.036	.084
Error	Additional purchase	247.422	146	1.695		
	Word-of-mouth	548.919	146	3.760		
	Loyalty	294.975	146	2.020		
	Attitude towards store	169.325	146	1.160		
	Appreciation	551.773	146	3.779		
	Indebtedness	1613.079	146	11.048		
Total	Additional purchase	1901.000	150			
	Word-of-mouth	27635.000	150			
	Loyalty	10577.000	150			
	Attitude towards store	13020.000	150			
	Appreciation	52922.000	150			
	Indebtedness	10577.000	150			
Corrected Total	Additional purchase	280.673	149			
	Word-of-mouth	566.833	149			
	Loyalty	309.793	149			
	Attitude towards store	176.373	149			
	Appreciation	580.640	149			
	Indebtedness	1714.273	149			

- a. R Squared = .118 (Adjusted R Squared = .100)
- b. R Squared = .032 (Adjusted R Squared = .012)
- c. R Squared = .048 (Adjusted R Squared = .028)
- d. R Squared = .040 (Adjusted R Squared = .020)
- e. R Squared = .050 (Adjusted R Squared = .030)
- f. R Squared = .059 (Adjusted R Squared = .040)

3.3.4. Discussion

Results from study 3 again provided support that consumers responded to purchase expectation through increased additional purchase likelihood. Meanwhile, consumer appreciation can positively facilitate all positive responses, and feeling indebted could increase additional purchase likelihood. Most importantly, our assumption that social presence has an effect on consumer behavior and can increase additional purchase likelihood has been confirmed in study 3.

Additionally, through comparing correlations of feelings of appreciation and indebtedness, we detected positive correlations between the two across all studies (see Table 8). Different from Shen et al. (2011), who pointed out that appreciation and indebtedness were negatively correlated in the context of interpersonal small gift-giving; we found that appreciation and indebtedness were more often positively correlated in the retail commercial setting.

Table 8. Correlations between Appreciation & Indebtedness across All Studies

	Study 1 <i>n=400</i>	Study 2 (North American) <i>n=184</i>	Study 2 (Asian) <i>n=128</i>	Study 3 <i>n=224</i>
Correlation	.204**	.325**	.195*	.293**
Significance	.000	.000	.028	.000

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

4. General Discussion and Theoretical Implication

Through a series of studies (a summary of results is provided in Table 9), we found support that purchase expectation and social presence have a direct positive effect on additional purchase likelihood, and staff helpfulness, but not promotion depth, could impact consumer reciprocal responses and feeling of appreciation and indebtedness in a retail environment. Our results confirmed that feeling of appreciation and indebtedness play important roles in affecting effectiveness of unexpected promotions and various consumer attitudinal responses in a business-to-consumer commercial setting.

Former research investigated the role of gratitude/appreciation and obligation/indebtedness in the context of interpersonal communication and relationships (e.g. Shen, Wan, & Wyer Jr, 2011). Our study is the first to explore the effect of appreciation and indebtedness and reciprocity norm on consumer responses towards unexpected promotions in a business-to-consumer commercial setting.

Research in consumer responses in the domain of business-to-consumer gift-giving and unearned preferential treatment remains scarce. Studies about commercial gift-giving primarily focused on consumer reciprocation likelihood in terms of future purchase intention and loyalty (Bodur & Grohmann, 2005; Dewani et al., 2016). Those studies explore consumer responses in situations where gifts are offered prior to any purchase decision. However, it is also common that consumers receive unexpected promotional offers after they have made their purchase decisions. Our study provides evidence of how appreciation and indebtedness operate under unstudied scenarios of unexpected promotions and measures more new variables identified by prior research, including immediate reciprocation likelihood (additional purchase likelihood), word of mouth, and consumer attitude towards business.

Bodur and Grohmann (2005) found that gifts associated with an implicit request to reciprocate are more favorable and result in a higher degree of reciprocation, and the indication of the existence of an obligation or the increasing expectation of return communicated with a gift will initiate and enhance the feeling of indebtedness and decrease appreciation and alter subsequent behavioral

responses (Goei & Boster, 2005; Watkins et al., 2006). Explicit request could constrain consumers' reciprocation options and lead consumers to ascribe stronger manipulative intent to businesses, and hence decrease gift evaluation and reciprocation likelihood (Brehm, 1966; Brehm & Cole, 1966; Organ, 1974). Whereas, we found that in a retail setting, an explicit inquiry of adding additional items to orders (expressing purchase expectation) could lead to increased additional purchase likelihood especially when the staff provide help to consumers, without imposing pressure or negative feeling on consumers or jeopardizing positive reciprocal responses.

We further support Whatley, Webster, Smith, and Rhodes's (1999) finding that public conditions create greater compliance than private conditions by supplying with the social presence condition. Initially we did not see the effect from study 1 results, while in study 3, after adjusted the reward type to be associated with help from staff, we proved that social presence does have an impact on promotion effectiveness. The implication behind this is that not all unearned promotional types can lead to increased sales through social impact. More research on the type of promotional offer is necessary.

Dewani et al. (2016) reported that obligation increased customer's immediate purchase intentions, but it was negatively related to loyalty where customers received gifts prior to any purchase decision. While we observed that when promotional offers came after a purchase decision had been made, not only could consumer indebtedness increase immediate purchase likelihood, it could also entail other positive consumer attitudinal responses. This means that indebtedness in a commercial setting could facilitate different reciprocal responses, not constrained to immediate action to reduce the feeling of indebtedness. Our study also draws attention to the relationship and differences between appreciation and indebtedness, and provided further support that gratitude and obligation are two independent variables leading to different behavioral responses. Different from Shen et al. (2011), who pointed out that appreciation and indebtedness were negatively correlated in the context of interpersonal small gift-giving; we found that appreciation and indebtedness were positively correlated in retail commercial setting, meaning consumers could experience simultaneously both appreciation and indebtedness with promotional offers due to the inherent exchange nature of the consumer-business relationship.

Lastly we found culture has a main effect on consumer responses with regards to unexpected promotion that it could initiate more positive emotion and responses from North Americans than Asians.

Table 9. Summary of Results				
Hypotheses		Study 1	Study 2	Study 3
H1	Purchase expectation from staff can increase consumer's additional purchase likelihood.	√	ns	√
H2	a: Staff helpfulness (discretionary benefit) increases additional purchase likelihood;	-	√	-
	b: Staff helpfulness (discretionary benefit) increases positive word of mouth;	-	√	-
	c: Staff helpfulness (discretionary benefit) increases consumer loyalty;	-	√	-
	d: Staff helpfulness (discretionary benefit) leads to positive attitude towards store;	-	√	-
	e: Staff helpfulness (discretionary benefit) increases consumer appreciation;	-	√	-
	f: Staff helpfulness (discretionary benefit) increases consumer indebtedness.	-	√	-
H3	There is an interaction effect between purchase expectation and staff helpfulness on additional purchase likelihood.	-	√	-
H4	Social presence leads to higher likelihood of additional purchase.	ns	-	√
H5	a: Higher discount level results in a higher likelihood of additional purchase;	ns	-	-
	b: Higher discount level leads to more positive word of mouth;	ns	-	-
	c: Higher discount level increases consumer loyalty;	ns	-	-
	d: Higher discount level increases positive attitude towards store;	ns	-	-
	e: Higher discount level increases consumer appreciation;	ns	-	-
	f: Higher discount level increases consumer indebtedness.	ns	-	-
H6	a: Additional rewards leads to increase in additional purchase;	-	√	-
	b: Additional rewards leads to increase in positive word of mouth;	-	√	-
	c: Additional rewards leads to increase in consumer loyalty;	-	ns	-
	d: Additional rewards leads to increase in positive attitude towards store;	-	√	-
	e: Additional rewards leads to increase in consumer appreciation;	-	√	-
	f: Additional rewards leads to increase in consumer indebtedness.	-	√	-
H7	a: Unexpected promotion (additional rewards) increases positive word of mouth more among North Americans than Asians;	-	√	-
	b: Unexpected promotion (additional rewards) increases loyalty more among North Americans than Asians;	-	√	-
	c: Unexpected promotion (additional rewards) increases positive attitude towards store more among North Americans than Asians;	-	√	-
	d: North Americans experiences more appreciation with unexpected promotion (additional rewards) compared to Asians;	-	√	-
	e: Asians experiences more indebtedness with unexpected promotion (additional rewards) compared to North Americans.	-	√	-
H8	a: Appreciation leads to increase in additional purchase likelihood;	√	√	√
	b: Appreciation leads to increase in positive word of mouth;	√	√	√
	c: Appreciation leads to increase consumer loyalty;	√	√	√
	d: Appreciation leads to positive attitude towards store.	√	√	√
H9	Indebtedness leads to increase in additional purchase.	ns	√	√

Note: √ indicates a significant effect at $p < .05$.

5. Managerial Implication

Our study is of managerial relevance to real world practices, and we can derive a few managerial implications for businesses. First, under retail setting, staff posting an explicit inquiry of adding additional items to orders that expresses purchase expectation could have immediate impact on additional sales without causing consumers discomfort. This implies that for businesses when there are promotions running, with the potential benefit in increasing short term sale without negative consequences, businesses should encourage their staff to use more specific inquiry at check-out to invite consumers to consider the option of adding other items. Such technique is particularly effective under conditions where staff helpfulness is salient to consumers.

Second, short-term profit is not the only goal of businesses, and most companies are focusing more on improving business equity and maintaining long-term profitable consumer relationship, where consumer appreciation and indebtedness play critical roles. Studies found that appreciation and indebtedness changed consumer purchase behavior and resulted in the amount consumer spent in B2C context (Dahl et al., 2005; Dewani et al., 2016; Kolyesnikova & Dodd, 2009; Palmatier, Jarvis, Bechkoff, & Kardes, 2009), and Dewani et al. (2016) reported that obligation increased customer's immediate purchase intentions, but negatively related to loyalty. While we found support that both appreciation and indebtedness could have significant positive effect on various consumer attitudinal responses, including additional purchase likelihood. This suggest that it is very important for practitioners to be aware of changes in consumer appreciation and consumer indebtedness as appreciation and indebtedness could both facilitate reciprocal responses (Bartlett & DeSteno, 2006; Schaumberg & Flynn, 2009).

Third, even though research suggests that gift value and cost are important determinants in consumer responses, our study is counter to such findings. According to prior findings, greater the gift value is or the higher the cost is, the more appreciation and indebtedness felt by receiver, and the higher likelihood of reciprocal responses from receiver towards the benefactor (Beltramin, 2000; Bodur & Grohmann, 2005; Cialdini, 2001; Gouldner, 1960; Kolyesnikova & Dodd, 2009; Tesser et al., 1968; McCullough et al., 2001). Our results suggest interesting implications about promotion depth operationalized in different promotional formats. Even though discount levels made no

difference to consumers, offering additional rewards could significantly encourage more reciprocation responses (additional purchase likelihood, word of mouth, attitude towards store, and consumer appreciation and indebtedness). The managerial implication is that it is not always optimal for practitioners to offer huge discounts for chance-based unexpected promotion. By offering a smaller discount, they can achieve their goals and desired promotional effects as consumers receive the similar hedonic benefits.

Fourth, as consumers are affected by social presence to respond differently to unexpected promotions, sales people under retail setting should be particularly observant and sensitive to consumer reactions and respond accordingly. For example, discretionary promotion could be applied more frequently when consumers are accompanied by other people.

Fifth, since cultural factors can impact consumer responses to unexpected promotions, marketers could use culture as a segmentation factor in designing promotions, such that unexpected promotion is more effective with North American audience, while practitioners should explore other promotion format to target Asian market.

6. Limitation and Directions for Future Research

This research explains the effectiveness of unexpected promotions in relation to various situational factors in a service context from the perspective of gift-giving regarding reciprocity norm and feeling of appreciation and indebtedness. Although we tried to deliver scenarios as close as possible to real life situations, our findings may still lack external validity. It would be of great value to conduct field experiment to measure actual behavioral responses (e.g., actual purchase behaviors) in future studies.

The immediate effect of social presence on additional purchase likelihood was supported. We tested the effect of social presence twice, while only found support in our study 3 after adaptation. Note that though the promotion types changed in two studies, social presence was also presented differently. This could serve as the preliminary study for researchers to further investigate how various types of social presence could alter consumer reciprocal responses to different forms of unexpected promotions (e.g. viewing non-monetary promotions as value-added and monetary promotions as cost-reduced with the price cuts (Palazon & Delgado - Ballester, 2009).

As we found that North Americans and Asians responded differently towards unexpected promotions, future research could extend the current study to other cultural groups. We also found that the two cultural groups scored significantly different on public self-consciousness, researchers could examine if other factors like public self-consciousness could be mediating cultural differences.

Furthermore, given that the focus of our studies was on the service setting, it would be of great value for researchers to test our findings under a non-service setting in the future, for example, in an online environment as e-commerce has been blooming.

7. Conclusion

In sum, the present research is one of the very few to examine unexpected promotion as gift promotion in a retail context through introducing the concept of appreciation and indebtedness and reciprocity norm from interpersonal gift-giving literature in social psychology. In the service context, staff helpfulness plays an important role in improving promotion effectiveness. Situational factors like purchase expectation and social presence could have immediate impact on additional purchase likelihood. Even though promotion depth might not heavily impact consumer reciprocal responses and feeling of appreciation and indebtedness, it is important to be aware that promotion format has different effects. Above all, feeling of appreciation and indebtedness are critical factors in affecting effectiveness of unexpected promotions and various consumer attitudinal responses in a business-to-consumer commercial setting, and their influence could vary across different cultural groups.

8. References

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