CONSUMER’S PREDICTED AND ACTUAL REACTIONS TOWARDS PREFERENTIAL TREATMENT

by

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ABSTRACT

This research presents five studies, a mix of field experiments and scenario simulations, to demonstrate people’s intuition about as well as their actual response towards preferential treatment. I show that while people assume that only positive feelings would arise from receiving a preferential treatment, negative concerns do emerge when the treatment is actually experienced in a social environment, reducing the overall satisfaction and affecting purchase behaviors. I argue and find that impression concern and empathy underlies the negative influences of the social environment. In addition, I show that the failure to recognize these negative emotions when imagining the effects of preferential treatment is due to a tendency to overlook contextual information, i.e., the social environment, when people make predictions in a hypothetical scenario. Implications for theory and managerial practice are also discussed.
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INTRODUCTION

Preferential treatment, where some people but not others are offered extra benefits, is a common phenomenon in consumption contexts, such as shopping in a store or dining in a restaurant. For instance, picture yourself scratching off the best deal at the checkout counter in a store’s scratch and save promotion, or waiting in line outside a nightclub, and shortly the bouncer approaches you and offers to let you right in, or being offered a free upgrade when checking in at a hotel because you are a loyal guest. These experiences seem to differ greatly from each other, but all involve benefits being offered to some but not all customers. If you were the beneficiary in these contexts, how would you feel about receiving such preferential treatment in front of all the other people? Conventional wisdom and management practice would suggest you should be more satisfied. Previous research also points to preferential treatment as a positive thing (Lacey, Suh and Morgan 2007; Homburg, Droll and Totzek 2008; Dreze and Nunes 2009). However, the contexts of preferential treatment differ in terms of their social environment and the basis of selection. I investigate how these differences may lead to different responses towards preferential treatment. More specifically, I seek to investigate if there is a negative side to these types of situations.

Preferential treatment is comparative and social in nature. Prior literature has documented many positive consequences of this practice, such as increased satisfaction, more favorable word of mouth, and feelings of superiority. What has been lacking, however, is an examination of the social influences on customers’ experience of such treatments. As many of the preferential treatments are given in public settings, such as retail stores, restaurants, and airports, the social context may play a role. As shown in prior research, social presence can dramatically alter
consumption experiences (Dahl, Manchanda and Argo 2001; Luo 2005; Ramanathan and McGill 2007), and even non-interactive social situations can impact consumers’ emotions and behaviors (Argo, Dahl and Manchanda 2005; McFerran, Dahl, Fitzsimons and Morales 2009).

The goal of the current research is to examine how the presence of others affects customers’ feelings and behaviors when they are treated preferentially. Would they feel more or less satisfied? Spend more or less? Would there be any concerns accompanying the positive reactions previously studied? Further, I investigate whether these reactions to preferential treatment can be accurately anticipated or must be experienced directly in the social environment.

Across five studies, my research makes three important contributions. First, I show that while people assume that only positive feelings would arise from receiving preferential treatment, negative concerns can emerge when the treatment is actually experienced in a social environment, reducing overall satisfaction and affecting purchase behaviors. Second, I identify two drivers underlying the negative influence of the social environment: impression concern and empathy, and elucidate conditions under which they emerge. Third, I show that consumers do not consider the impact of the social environment if asked to imagine receiving preferential treatment and how they would react to it, unless they adopt a particular mindset.

I start by reviewing the extant literature on preferential treatment. I then discuss the theory of social influence, focusing on the two specific influences that are relevant to the context of preferential treatment, i.e., impression concern and empathy. Drawing from this theory, I develop my hypotheses regarding potential negative effects of receiving preferential treatment in a social environment. I also review some work on focalism biases that suggests people tend to overlook contextual factors when making predictions in hypothetical scenarios. This literature
provides insight into why people’s intuition towards preferential treatment could be biased and how it might be improved. Next I report five studies to test my hypotheses. I conclude with a discussion of the theoretical and managerial implications of my work and provide several avenues for future research.
CONCEPTUAL BACKGROUND

Preferential Treatment

Preferential treatment is a marketing practice that involves giving select customers additional or enhanced products and services beyond standard practices (Gwinner, Gremler, and Bitner 1998). A key feature of preferential treatment is that it involves benefits being offered to some but not all customers. It has been common practice for companies to offer preferential treatment to select customers in the forms of complimentary products, discounts, or service upgrades. Preferential treatments sometimes are offered in public venues, such as retail stores, restaurants, and trade fairs. In other cases, they are offered in more private settings such as one-on-one services or online shopping. The selected customers could be chosen through a formalized program, such as a customer loyalty program. They could also be identified in a random manner, such as through a scratch and save draw, or even chosen spontaneously without any explanation or justification.

Conventional wisdom would suggest that consumers would appreciate and feel positive towards preferential treatment. As social comparison theory suggests, receiving a preferential treatment creates a downward comparison and people feel better when they perceive themselves to be superior to others (Giordano, Wood, and Michela 2000; Locke and Nekich 2000). Dreze and Nunes (2009) built on this notion and showed that the number and size of tiers in loyalty programs could affect consumers’ perceptions of status with a series of scenario studies. They found that increasing the number of people in the top tier dilutes perceptions of status while adding a subordinate tier enhances status. In the relationship and service marketing literature,
preferential treatment has been reported to be an influential driver in attracting, developing, and retaining successful marketing relationships (Gwinner, Gremler, and Bitner 1998). For example, Berry (1995) suggested that customers’ perceptions of preferential treatment can significantly influence stronger customer relationships. Lacey, Suh and Morgan (2007) assessed how levels of preferential treatment affect the respective relational outcomes. Using a large-scale mail survey with a high-end department store chain, they found that higher levels of preferential treatment positively influence relationship commitment, and increase purchases, customer market share, word of mouth, and customer feedback.

Literature has also documented that the preferential treatment of selective customers can be a controversial strategy. Some critics of preferential treatment argue that firms should strive to improve the quality of service for all customers. Others argue that for non-benefited customers it can lead to customer dissent toward practicing firms (Fournier, Dobscha, and Mick 1998). In the study by Fournier, Dobscha, and Mick (1998), a long-time loyal customer who was not receiving special treatments complained, “The company is making me feel like chopped liver. It really made me mad.” (p. 46). Business Week (2000) made charges that preferential treatment is the “new customer apartheid,” bearing potentially negative consequences.

However, an overlooked area has been the potential negative effects on those benefitted customers. This seems to be counter-intuitive at first glance, but as a practice that involves multiple and conflicting elements, the negative influences on the under-benefitted customers could be carried over to the beneficiaries, in one way or another. Indeed, in their conceptual paper on customer prioritization, Xia, Monroe and Cox (2004) mentioned the possibility that customers who receive an advantaged inequality could encounter some negative outcomes.
Analogous research from organizational theory is supportive of this notion. Austin and Walster (1974) demonstrated that participants who were engaged in a game to earn rewards were less content when they were under or over rewarded than when reward was equitable. While negative inequity is thought to result in distress, resentment, and vindication (Austin and Walster 1974; Walster et al. 1978), positive inequity is thought to result in embarrassment and guilt (Anderson et al. 1969). Peters, Van den Bos, and Karremans (2008) examined people’s reactions toward being better paid than comparable other persons. They found that people needed more time to make satisfaction judgments about being overpaid, compared to being underpaid or equally paid, suggesting a conflict state. Although they did not directly test the source of the negative concern, the finding that this conflict increased if the other person was a friend versus an unknown other suggests that the negative concern is socially relevant. Building on these areas of research, I propose that in a marketing environment, where preferential treatment is often provided publicly, negativity can arise due to the presence of the under-benefitted customers.

Social Influences in Preferential Treatment

There is abundant research showing that the presence of other people exerts an influence on an individual’s experience, making consuming with others different from consuming alone. Research has shown that an interactive social presence can lead to emotional contagion, mood transfer, and evaluation convergence between people (Hatfield et al. 1994; Neumann and Strack 2000; Ramanathan and McGill 2007). Even the mere presence of another person has been shown to influence consumers’ emotions, purchase behaviors and brand selections (Argo, Dahl and Manchanda 2005).
Impression concern. Preferential treatments are often given in public settings; thus, social influence may play an important role. In a social environment, when only one or a small fraction of customers receive a superior treatment, their behaviors may be witnessed by those customers not receiving the treatment. People have an ongoing interest in how others perceive and evaluate them, because impressions that other people form of them have important implications for how they are evaluated and treated (Leary 1995). Awareness of this potential social judgment heightens the motivation to present a desirable image of self. On the positive side, preferential treatment communicates an image of enhanced social status, as suggested by Dreze and Nunes (2009) and hence presents a desirable self image. However, simultaneously, people receiving preferential treatment bear the risk of negative evaluations from others who do not receive the comparable benefits. Concerns about being evaluated unfavorably by others have been shown to have influences on a variety of social outcomes, such as conformity, pro-social behavior and attitude change (Schlenker 1980). These concerns would affect the overall experiences of an event and lower the satisfaction.

Accepting preferential treatment in view of other customers has the risk of portraying an undesirable image. This is particularly likely in situations in which the treatment does not appear to have a justified explanation. For example, in a restaurant when some customers are offered seats faster than others without a justified reason, these customers may incur negative judgments or even hatred if the others arrived earlier. Thus, preferential treatment could generate concern for negative impressions others may form, leading to feelings of awkwardness and embarrassment (Edelmann 1987; Miller and Leary 1992; Dahl, Manchanda and Argo 2001), and lower overall satisfaction. Of course, this effect is likely contingent on the belief that one is being
observed. If other individuals are in the environment but do not witness the special treatment, this concern should be mitigated. Therefore, I argue that consumers will experience feelings of impression concern when they receive a preferential treatment that lacks sufficient justification and is offered in a setting with an evaluating social audience.

Empathy. Social influence could happen without mutual attention. The simple presence of another person, even if that person is not actively observing the situation, can be enough to exert influences on people’s emotions and behaviors. It has been shown that the mere presence of another person can increase the feeling of connectedness (Argo, Dahl and Manchanda 2005). Researchers also show that even when not being observed, consumers’ choice of food can be influenced by the choices of other people (McFerran, Dahl, Fitzsimons and Morales 2009). These effects have been shown to be driven by a number of factors, such as a need to belong and anchoring on the behavior of the other person. The interpersonal feeling of empathy, an other-oriented emotional response elicited by the perceived welfare of another person, is one such influence I will investigate in the context of preferential treatment.

Empathy is an emotional response that stems from another’s condition and reflects the situation the other individual is experiencing (Eisenberg and Strayer 1987). When high empathizers perceive others who are lower in welfare, it is likely that they will generate an affective response more appropriate to the others’ situation than their own (Hoffman 1987). The two antecedents for this to happen are 1) seeing the other individual as lower in welfare and 2) having a tendency to adopt the other’s perspective (Batson 1987, 1991).

Empathic emotions include feelings of sympathy, compassion, tenderness, and the like (Batson, 1987, 1991). Empathy has also shown to be related with feelings of guilt (Ishikawa
Indeed, Hoffman (1982, p. 304) suggested that guilt develops out of empathy and has its roots in a distress response to the suffering of others.

In a public situation where preferential treatment is offered, the presence of those who do not receive the benefit constitutes these influences. Seeing other people not getting the benefits may generate a concern for their lowered welfare, and this sensitivity towards others’ state would result in negative feelings such as sympathy or guilt (Batson, 1987, 1991; Ishikawa 2001, 2002). This is especially likely to happen in a high-empathy situation where people tend to think more for others, such as a gift shopping scenario or during the holiday season, or for people chronically high in empathy. These feelings would also make people feel uncomfortable and lower overall satisfaction with their own advantaged shopping experience.

Considering both the potential influence from other people’s evaluation of an individual and the individual’s own feeling towards the other under benefitted customers, I propose that customers’ feelings and behaviors when they are treated preferentially in a public environment would be different from the outcomes in a private environment. More specifically, the influence from other people’s evaluation could lead to feelings of impression concern, and one’s own feeling towards the other under benefitted customers could lead to feelings of empathy. Both feelings would result in a concurrence of discomfort, beyond the previously studied positive consequences, lowering customer satisfaction and altering consumption behavior. However, these influences and the negative consequences would fade away in a private environment. Formally stated,

H1: In a social environment, feelings of discomfort could arise as a result of preferential treatment. In the absence of social presence, these negative feelings are mitigated.
H2: In a social environment, preferential treatment that is witnessed could lead to feelings of impression concern, resulting in a more uncomfortable and less satisfying consumption experience.

H3: In a social environment, preferential treatment could lead to feelings of empathy towards customers who do not receive the benefits, resulting in a more uncomfortable and less satisfying consumption experience.

Focalism: Predicting Social Influences

When considering the concept of preferential treatment, people tend to associate it with positive characteristics. Customers report that they like receiving rewards; hence, managers engage in the practice. However, when merely hypothesizing about how they would feel about receiving preferential treatment, customers tend not to consider the potential for the above-mentioned negative emotions and the role that the presence of others can play in their satisfaction with the treatment experience. This neglect of the potential negative influences stems from focalism (Wilson, Wheatley, Meyers, Gilbert and Axsom 2000). When imagining a situation, people focus on the central event and do not pick up on the contextual elements. Rather the background distractions or ancillary events are filtered out as “noise”.

For example, it has been shown that when predicting the enjoyment of a bicycle trip, the cyclists focused on the central aspects, i.e., the opportunities to bike and make friends, while giving little thought to potential distractions (e.g., bee stings and flat tires). However, these distractions did influence their actual enjoyment (Mitchell, Thompson, Peterson, and Cronk 1997). People also tend to overlook an event’s temporal context. Gilbert, Gill, and Wilson (2002)
asked participants to predict their enjoyment of eating spaghetti with meat sauce either the next morning or the next evening. They found that participants focused on the food itself, isolated from the temporal context, and concluded that they would enjoy the pasta as breakfast or dinner equally. In contrast, their actual enjoyment was indeed affected by mealtime, e.g., the unpalatable experience of eating spaghetti with meat sauce first thing in the morning. Extending this literature, I argue that people also may not consider social elements that are part of, but not central to, an event. For example, in the context of preferential treatment, people may not consider the complexity of the socially rich environment and its potential for negative outcomes.

Study Overview

I report five studies, a mix of both scenario tasks and field experiments that test my hypotheses. Study 1 is a package of two studies (1A and 1B) that utilize the same design and measures; with the difference being that 1A is a scenario task while 1B is a field experiment involving real shopping behaviors. I contrast these two studies to validate the conventional belief that preferential treatment is only positive and to show the negative emotions that can arise from the social context in the actual experience (H1). Study 2 uses the same field setting and tests empathy as a source of the negative emotions (H3). Study 3 broadens the context and identifies the role of impression concern in the negative outcomes (H2). Study 4 addresses the contrast shown between Study 1A and 1B, and explains why people’s intuition fails to anticipate the negative emotions when imagining a scenario involving social elements.
STUDY 1A AND 1B

Study 1A and 1B test the idea that although people believe that they will experience only positive emotions after receiving a preferential treatment regardless of the context, the real experience involves a mix of both positive and negative emotions when the preferential treatment is offered in the presence of others. As a result, customer satisfaction from the preferential treatment is lowered and actual purchase decreases (H1). These two studies utilize the same 2 (treatment: preferential vs. common) x 2 (environment: social presence vs. no social presence) between-subjects design and measures.

Method and Procedure

Sixty university students participated in Study 1A. The study took place in a marketing laboratory. Upon arrival, participants were given a booklet containing the shopping scenario and survey questions. They were instructed to imagine the shopping scenario described in the booklet and answer the subsequent questions as if they were in the scenario. Four different versions of the story were randomly distributed to the participants in different conditions. In the two no social presence conditions, the description of the store included the line, “no one is in the store,” while in the two social presence conditions it said “there are other customers in the store” and “this person just finished their purchase.” Participants were asked to imagine that they were shopping in the store by themselves. After selecting some items, they were heading to the checkout counter. The sales associate greeted them and informed them about a “draw and save”
promotion with a range of different price discounts up to 25% off the entire purchase, and then let them draw a card. In the scenario, participants picked a card and it showed “25% off entire purchase,” the highest possible discount.

The treatment factor was manipulated by altering the sales associate’s comments about the discount. In the two preferential conditions, the description read, “And then you hear the sales associate say ‘You scored 25% off! Wow, you are the only customer I have seen today get this deal!’” In the common conditions, the line was, “And then you hear the sales associate say ‘You scored 25% off! Wow, every single customer I have seen today has gotten this deal!’”

Starting on a separate page, the booklet contained questions about the shopping experience.

Study 1B utilized the same script and turned it into a field experiment. The study was conducted in a student lounge, where I set up a real functioning store. Participants were run individually and were told that the purpose of the study was to get their opinions about a shopping experience. To minimize the suspicions about the purpose of the store, an extra task was added that was not included in study 1A. Participants randomly picked an envelope, which ostensibly contained a randomly selected store on campus that would be evaluated in the study. Unknown to participants, the only store that could be picked was the store I set up. Then they were provided $5 and asked to visit the store and make a real product purchase. They were told that they could keep the products they purchased and any remaining change as well. In the two social presence conditions, a confederate was situated in the store pretending to be a previous shopper who had just finished shopping but had not yet left the store. In the two no social presence conditions, no confederate was in the store. The study was run during off-peak hours to minimize the likelihood that additional shoppers would be present in the store at the same time as the participants.
The procedure and manipulation followed the description in Study 1A. In the “draw and save” promotion, participants had to draw a card from a box. To ensure that everybody received the highest offer, all the cards made had “25% off entire purchase” printed on them, also unknown to participants. The nature of the offer (i.e., the treatment factor) was manipulated through the sales associate’s comments towards the discount, as in Study 1A. The cashier also reminded the participants that they could purchase more items if they like and the discount applied to the entire purchase. After participants finished shopping, they returned to the lab and completed the same questionnaire utilized in study 1A.

Study 1B participants consisted of 82 students who received course credit.

Measures

The same measures were used in both studies. Participants were asked to rate their overall reactions to the purchase experience on two items that gauged how satisfied and pleased they would feel/felt (-4 = not at all, 4 = very much). These two items were aggregated to form the satisfaction index ($\alpha = .93$ in Study 1A, .91 in Study 1B). I then measured the positive and negative responses separately. I asked participants to rate how appreciative, thankful, lucky and fortunate they would feel/felt in this purchase experience on a 9-point scale (1 = not at all, 9 = very much). The first two items were averaged to form the gratitude index ($\alpha = .90$ in Study 1A, .88 in Study 1B) and the latter two items were averaged to form the luckiness index ($\alpha = .87$ in Study 1A, .89 in Study 1B). I also asked how uncomfortable and uneasy they would feel/felt and these two items formed the discomfort index ($\alpha = .91$ in Study 1A, .87 in Study 1B). Finally, in
the field experiment (Study 1B) I recorded the total amount each participant spent in the store. In the scenario study (Study 1A), I asked their intention to purchase more items if the discount applied to the entire purchase (1 = very unlikely, 7 = very likely).

To assess the environment manipulation, participants were asked whether there were other shoppers in the store when they made the purchase. I also included a seven-point scale item at the end of the survey: “What is the likelihood of getting the deal” (1 = very unlikely, 7 = very likely) to test the efficacy of the preferential treatment manipulations. Participants also indicated their gender, age, and ethnicity, and responded to a suspicion probe (only in the field experiment). ANOCOVA with gender, age, and ethnicity as the covariates showed no main effects or interactions with the treatment or social presence manipulation in this or subsequent studies. In the suspicion probe, 10 participants mentioned their suspicion regarding to the preferential treatment or the set-up store. These participants were excluded from the sample in the subsequent data analysis. Separate analyses with these participants included were also run, and the pattern of results remained consistent.

Study 1A Results and Discussion

**Manipulation Check.** A 2 (treatment: preferential vs. common) x 2 (environment: social presence vs. no social presence) Chi-Square test on the awareness of other shoppers revealed a main effect of the environment manipulation ($\chi^2 = 27.78, p < .001$). More participants in the social presence condition reported that there was another shopper in the store than those in the no presence condition ($M_{\text{presence}} = 93.33\%$ vs. $M_{\text{absence}} = 16.67\%$). The ANOVA on the treatment
manipulation check item also indicated only a main effect for the preferential treatment ($F(1, 56) = 8.83, p < .005$). Participants who heard the comment about being the only customer getting the promotion offer reported a lower likelihood to get the discount ($M_{\text{preferential}} = 3.53$ vs. $M_{\text{common}} = 4.90$).

**Results.** An ANOVA performed on the satisfaction index, intention to increase purchase, gratitude and luckiness all revealed only a main effect of treatment. Consistent with the general belief and the previous literature, participants in the preferential treatment condition indicated that they would feel more satisfied ($F(1,56) = 11.17, p = .001; M_{\text{preferential}} = 3.57$ vs. $M_{\text{common}} = 2.31$), and they would increase purchase with the price discount ($F(1,56) = 3.62, p = .06; M_{\text{preferential}} = 5.53$ vs. $M_{\text{common}} = 4.66$), regardless whether there were other customers in the store or not. Participants in the preferential treatment condition also predicted a higher feeling of gratitude and luckiness (gratitude: $F(1,56) = 4.65, p = .035; M_{\text{preferential}} = 6.37$ vs. $M_{\text{common}} = 5.53$; luckiness: $F(1,56) = 13.11, p = .001; M_{\text{preferential}} = 7.83$ vs. $M_{\text{common}} = 5.92$). Their reported feeling of discomfort was very low and did not differ across conditions ($Fs < 1; M_{\text{preferential}} = 1.15$ vs. $M_{\text{common}} = 1.67$).

**Discussion.** The results of Study 1A confirmed that people assume a preferential treatment, in public or private situation, will increase their satisfaction. They believed that they would take advantage of the benefit to a greater extent when it was offered in a preferential manner. When inquired about the negative side, participants did not think they would feel uncomfortable or uneasy, in either the social presence or no social presence condition. These findings echo the suggestions by recent research as well as practitioners’ beliefs about offering
preferential treatments. In these hypothetical scenarios, although participants were aware of the social environment, their responses did not differ across the presence and no presence condition. However, I believe that preferential treatment, as a social concept, is subject to the influences of the social environment. The fact that these differences did not arise in this scenario study could be due to a failure to integrate the social presence information into their assessment when imagining the effects of the preferential treatment.

I now turn to the results of the field experiment, where participants actually went to the store, shopped, and received the price discount from the “draw and save” promotion, to see whether their responses are affected by the social presence.

Study 1B Results and Discussion

**Manipulation Check.** A 2 (treatment: preferential vs. common) x 2 (environment: social presence vs. no social presence) Chi-Square test on the presence check revealed a main effect of the environment manipulation ($\chi^2 = 28.46, p < .001$). More participants in the social presence condition reported that there was another shopper in the store than those in the no presence condition ($M_{\text{presence}} = 65.85\%$ vs. $M_{\text{absence}} = 5.72\%$). The ANOVA on the treatment manipulation check item also indicated only a main effect for the preferential treatment ($F(1, 66) = 30.55, p < .001$). Participants who heard the comment about being the only customer getting the promotion offer reported a lower likelihood to get the discount ($M_{\text{preferential}} = 3.11$ vs. $M_{\text{common}} = 5.25$).
Satisfaction and Spending: I then examined participants’ responses on the overall satisfaction towards the shopping experience and the actual money they spent in the store. An ANOVA performed on the total spending revealed a two-way interaction of treatment and social environment ($F(1,66) = 4.35, p = .04$; refer to Figure 1). Planned comparisons revealed that when there was no social presence, receiving the preferential treatment increased total spending ($F(1,66) = 5.23, p = .03; M_{\text{preferential}} = 3.53$ vs. $M_{\text{common}} = 2.74$). That is, participants who were told that they were the only customer getting the discount were taking better advantage of this offer than those who were told that everybody got the discount. In the social presence condition, this boost in sales disappeared ($F < 1; M_{\text{preferential}} = 2.84$ vs. $M_{\text{common}} = 2.89$). An ANOVA performed on the satisfaction index followed the same pattern, i.e. a marginally significant two-way interaction of treatment and social environment ($F(1,66) = 3.33, p = .07$; refer to Figure 2). Only in the case of no social presence, receiving the preferential treatment made their purchase experience more satisfying ($F(1,66) = 8.95, p = .004; M_{\text{preferential}} = 3.56$ vs. $M_{\text{common}} = 2.25$).

Gratitude and Luckiness: Analysis of participants’ positive responses towards the shopping experience, i.e. gratitude and luckiness, only revealed a main effect of preferential treatment (gratitude: $F(1,65) = 4.94, p = .03$; luckiness: $F(1,65) = 11.68 , p < .01$). Participants reported feeling more grateful and lucky when they received the price discount as a preferential treatment, than as a common offer (gratitude: $M_{\text{preferential}} = 5.87$ vs. $M_{\text{common}} = 5.16$; luckiness: $M_{\text{preferential}} = 5.95$ vs. $M_{\text{common}} = 4.67$).

Discomfort: An ANOVA performed on the discomfort index showed a two-way interaction of treatment and social environment ($F(1,65) = 6.05, p = .02$; refer to Figure 3), as
well as a main effect of environment ($F(1, 65) = 4.26, p = .04, M_{\text{presence}} = 2.06$ vs. $M_{\text{absence}} = 1.42$). Planned comparisons revealed that when there was social presence, receiving the preferential treatment also made the participants feel more uncomfortable ($F(1, 65) = 7.89, p < .01, M_{\text{preferential}} = 2.67$ vs. $M_{\text{common}} = 1.44$). However, in the no presence condition, a preferential treatment did not lead to more feelings of discomfort ($F < 1; M_{\text{preferential}} = 1.28$ vs. $M_{\text{common}} = 1.56$). Mediation analysis was conducted to test whether discomfort mediated the link between the treatment by environment, and satisfaction. Following Baron and Kenny (1986), I found the interactive effects on both discomfort and satisfaction. In addition, discomfort is a significant predictor of satisfaction, ($t(67) = -3.99, p < .001$). When preferential treatment, social environment and discomfort are all included in the regression model for satisfaction, the interactive effect of treatment and environment drops to non-significant level, ($t(64) = .63, ns$), while discomfort remains significant, ($t(64) = -3.92, p < .001$). A Sobel test of mediation (Sobel 1982) confirmed the mediating role of discomfort ($Z = 2.08, p < .05$). Appendix 1 presents the path diagram for the mediation analysis.

Discussion. The findings revealed that although people do not anticipate negative feelings as a result of experiencing preferential treatment, they do feel uncomfortable and uneasy getting the highest discount in the presence of another shopper. Consistent with their belief, a preferential treatment makes them feel more grateful and lucky, but at the same time, generates feelings of discomfort when actually experienced. It seems that the mix of positive and negative feelings may offset each other so that overall satisfaction towards the shopping experience does not increase. More importantly, I found that participants did not increase their spending after
receiving the preferential treatment in public as they thought they would. This may suggest that there could be cases where preferential treatment would not help boost sales.

The fact that participants in the no social presence condition did not report feelings of discomfort confirms the hypothesis that the negative feelings arise as a result of social influence, instead of general beliefs about the fairness of the practice. Indeed, participants believed that it was fair to receive this deal. Our next two studies delve deeper to investigate how the presence of another person affects the overall experience of preferential treatment. Study 2 tests the hypothesis that the negative emotion might arise from feelings of concern for the under-benefitted bystanders. Study 3 examines whether worrying about negative evaluations from those bystanders would also contribute to customer discomfort.
STUDY 2

Method

Study 2 considers the possibility that the negative feelings experienced when receiving preferential treatment stem from feelings of empathy toward the individuals who do not receive the treatment. Specifically, the study investigates whether individuals differing in emotional empathy would respond differently to preferential treatment. The measure I adopt is the Emotional Empathy Scale (Mehrabian and Epstein 1972), which focuses on the vicarious emotional aspect of empathy. In addition to the inclusion of empathy in the model, another change in this study is that I focus solely on the social presence conditions. Study 2 employs a 2 (treatment: preferential vs. common) x (empathy) mixed design. The procedure and measures follow Study 1B.

Thirty-three 9-point scale items (1 = very strong disagreement, 9 = very strong agreement, \( \alpha = .92 \)) comprised the empathy index. Representative items included: “It makes me sad to see a lonely stranger in a group” and “I tend to get emotionally involved with a friend's problem.” See Appendix 9 for the full scale. Factor analysis shows the existence of three factors in this scale. Following the previous research on empathy (Miller and Eisenberg 1988), I combined these subscales and used the summary scale in the analysis.
Results and Discussion

*Satisfaction and Spending.* I used multiple regression to examine the interactions between preferential treatment and the centered individual empathy score on spending and satisfaction (Aiken and West 1991). The coefficient for the treatment by empathy interaction, as predicted, was significant for both spending ($t (40) = 5.10; p < .001, \beta = 1.20$) and satisfaction ($t (40) = 2.73; p < .01, \beta = .61$). High or low empathizers were identified via scores one standard deviation below / above average to facilitate understanding of this interaction. Preferential treatment only led to increased satisfaction ($t (40) = 1.11; p < .05, \beta = 1.90$) and spending ($t (40) = 1.99; p < .05, \beta = 0.21$) for low empathizers, not those high in empathy ($ps > .3$). The pattern of effects suggests that the same benefit, when offered as a preferential versus common treatment, increases the actual spending and satisfaction only for individuals low in empathy. For high empathizers, this boost in sales disappeared. Figure 4 and Figure 5 show the effect of preferential treatment for people high/low in empathy.

*Discomfort.* I examined participants’ ratings on the discomfort index using the same regression model. Results again revealed an interaction between treatment and empathy ($t (40) = 4.58; p < .001, \beta = 1.13$). Only high empathizers reported feeling uncomfortable receiving the price discount as a preferential treatment ($t (40) = 2.90; p < .01, \beta = 2.26$; refer to Figure 6). I also replicated the findings in Study 1B showing the main effect of treatment ($t (40) = 2.55; p = .02, \beta = .37$), i.e., receiving the preferential treatment made the participants on average feel more uncomfortable.
Gratitude and Luckiness. Consistent with Study 1B, analysis of participants’ positive responses towards the shopping experience, i.e. gratitude and luckiness, only revealed a main effect of preferential treatment (gratitude: $t(40) = 2.33; p < .05, \beta = .81$; luckiness: $t(40) = 2.28; p < .05, \beta = .77$). Participants reported feeling more grateful and lucky when they received the price discount as a preferential treatment, than as a common offer (gratitude: $M_{\text{preferential}} = 7.04$ vs. $M_{\text{common}} = 4.52$; luckiness: $M_{\text{preferential}} = 8.09$ vs. $M_{\text{common}} = 4.24$).

Discussion. The results demonstrated that indeed high versus low empathizers respond differently to the experience of receiving a preferential treatment. The more empathetic an individual is, the more likely that he/she would experience the feeling of discomfort, and the less satisfaction he/she will get from such treatments. This study provides some insight that empathetic concern towards under-benefitted individuals could be one of the underlying causes for the discomfort associated with receiving preferential treatment. The ability to empathize makes a person not only care about their own welfare, but also others’. The comparative nature of preferential treatment implies that one person’s privilege reflects another’s lower benefit. Therefore, the presence of another person and an empathetic mind jointly lead to the feeling of discomfort, mitigating the elevated satisfaction and spending brought on by a preferential treatment.

It is a little surprising that I did not find any gender effect, since women typically report more empathy than men (Batson et al., 1996, 2007; for a review, see Eisenberg and Lennon, 1983). However, my research is consistent with previous findings that show no differences in
empathy between women and men with physiological instruments and third-person ratings, rather than self assessments (Eisenberg and Lennon, 1983). I did not explicitly ask questions about empathy reactions to the situation; therefore an unconscious feeling of empathy is more likely to be the case. Undoubtedly, empathy, like many other traits, is malleable, and can be activated situationally. I can infer from the results that in a situation that prompts empathy, e.g., gift purchase scenario, a preferential treatment might be less effective than in situations that activate the opposite, such as competition.
STUDY 3

So far, I have shown that a feeling of discomfort could be generated by preferential treatment when it is offered in a public setting, and have examined empathy as one source of the social influence. The main goal for Study 3 is to test the role of a second factor that I propose can lead to feelings of discomfort: impression concern. In addition, Study 3 will broaden the context in a few directions. First, the basis for the preferential treatment extends beyond a random draw. In this study I will examine preferential treatment based on customer loyalty, as well as an unexplained preferential treatment. These two types of preferential treatment are chosen because 1) they are two of the more common situations in which preferential treatment is offered (Gwinner, Gremler, and Bitner 1998; Zeithaml, Rust, and Lemon 2001); and 2) they differ in terms of their justification level, such that a loyalty-based preferential treatment is more justified than an unexplained one. With the prevalence of the customer loyalty programs and the practice of relationship marketing, people can better understand and explain the situation when a loyal customer receives a special treatment benefit. On the other hand, a spontaneous price break or special service lacks a cause that people need to understand the differential outcomes. Secondly, to increase generalizability, the preferential treatment will be offered in the form of bonus gifts in a sample giveaway context.

As reasoned earlier, people have a concern that being treated preferentially may incur others’ unfavorable evaluation when witnessed. This concern has some merit, particularly in situations that are hard to justify. A pretest examined whether people would indeed find those receiving unjustified preferential treatment more undesirable than those receiving justified preferential treatment. I asked forty participants to read a list of scenarios and rate how
desirable/undesirable (1 = undesirable, 6 = desirable) they found the people in each scenario. Consistent with my expectation, participants rated people receiving better products or services (e.g., extra free gifts, refund after deadline, express lane service) without reason or explanation as more undesirable than people receiving these preferential treatments with justified reasons (e.g., being a frequent flyer, paying extra for the service) \(t(39) = 3.36, p < .005; M_{\text{justified}} = 4.51, M_{\text{unjustified}} = 3.67\). Thus, an explanation for the preferential treatment could help justify such inequality and alleviate the negative evaluations and the concerns. Therefore, varying the level of the justification can be used to test impression concern as an underlying driver of the negative feelings.

So far I have shown that negative feelings appear in the social presence versus no social presence condition, but these concerns are likely to arise in the presence of others and diminish under private conditions. A remaining question is how to disentangle impression concern from empathy and test them separately. This is the goal for Study 3. In this study, I distinguish two types of social presence, witness and non-witness. The difference is that in the witness condition, the audience takes a more active role and watches the preferential treatment, while in the non-witness condition the audience is present, but ignorant of the individual’s treatment. Empathy does not require witness, but impression concern is largely contingent upon others being an active observer (Schlenker and Leary 1982).

In sum, Study 3 adopts a 2 (social presence: witness vs. non-witness) x 2 (justification: high vs. low) design. I expect that the impression related concern would be a function of both factors, so that whether the preferential treatment is justified would matter more in the witness than non-witness condition. On the other hand, empathy related concerns should not be affected by the type of presence.
Method and Procedure

Study 3 is again an experiment in a field setting. Under the cover story of a sample giveaway event, participants were instructed to visit a booth, where a local retailer was conducting short marketing surveys and giving away three personal care product samples. The study was individually run to avoid the interpersonal influences among participants and maintain the believability of the preferential treatment offered during the procedure.

Eighty-four undergraduate students from a large west coast university participated in the study, in exchange for course credit. They arrived at the lab and learned about the purpose and procedure of the study. Then they were sent to visit the booth, located in the lounge of the same building.

A large display table was placed at the event booth showcasing a variety of different product samples, including perfumes, shaving creams, hand lotions, moisturizers, soaps, face cleanser, body wash, etc. The samples were in deluxe size and cost about a dollar on average. Upon arrival, participants were greeted by a confederate posing as a salesperson. They were given a two-page short “brand preference survey” to fill out. This survey listed the major brand names for different personal care product categories and asked the participants to circle the ones that they use most frequently. When participants completed the survey, they started browsing the samples.

While the participants were picking their three free samples, the salesperson offered to give them two extra ones, for a total of five. Participants then collected their five samples, signed
a form acknowledging receipt of the samples, and left. On the receipt form, participants wrote
down how many samples they received and the names of the samples. Names and sample
information of fictitious prior customers were written on the form above where the participants
put their information. The goal of this form was to emphasize that five samples was not the norm
and that the customer had received special treatment. All previous entries on the form indicated
only three samples (refer to Appendix 2 for an example of the receipt form, before and after each
participant had filled it out), so the participant could compare what they received to what prior
customers apparently received.

Justification was manipulated through the salesperson’s comment when offering the extra
samples. In the high justification condition, the comment was that “I see from your brand
preference survey that you have been a loyal customer of [brand name the participants circled as
their most frequently used one]. Since we have a partnership with that brand, we would like to
offer you two extra samples as an acknowledgement.” In the low justification condition, the extra
samples were offered without any explanation.

In all conditions, I had a confederate pose as another customer. Whether he/she was
perceived to be witnessing the preferential treatment was manipulated by the timing of when
he/she was at the booth. In the witness-presence condition, the confederate entered the lounge
and approached the booth immediately after the participant, making it obvious that the
participant’s actions, and consequently any preferential treatment they received, would be
witnessed. In the non-witness condition, the confederate was already in the lounge when the
participant arrived, and appeared to have just finished taking his/her samples. The confederate
then left right before the extra samples were offered to the participant so that any preferential
treatment received was not witnessed. The timing was accurately calibrated and the confederate
was well trained, to ensure tight experimental control. When participants returned to the lab, they were given the main survey to fill out. The survey was presented under the title of “evaluating your sampling experience.”

Measures

The key measures included the negative emotion items related to impression concern and empathy, as well as discomfort, and satisfaction. I had the salesperson record the time when the preferential treatment was offered and the time the participants left the store, as a downstream behavioral measure. I expect that the impression concern would motivate the participants to avoid the situation (Leary 1996), so that the duration of stay would be shortened.

Impression concern was operationalized as a combination of feelings of embarrassment and feelings of awkwardness. The index was created by averaging the 9-point scale items “embarrassed” and “awkward” ($\alpha = .89$). These two emotions have been shown to be associated with events that increase the threat of unwanted evaluation from others (Miller and Leary 1992; Argo, Dahl and Manchanda 2005). I used sympathy and guilt to probe the empathetic concern separately (Mehrabian and Epstein 1972; Tangney 1991). The measure for discomfort followed the previous studies. Factor analysis shows that these emotions fit into four dimensions, with embarrassed and awkward loading on the same factor, uneasy and uncomfortable loading on a second factor, and sympathy and guilt loading separately. The measure of satisfaction consisted of four 9-point scale items: satisfied, happy, pleasant and good ($\alpha = .91$). Participants also indicated their gender, age, and ethnicity, and responded to a suspicion probe. In the suspicion
probe, 11 participants mentioned their suspicion regarding the booth or the confederate. These participants were excluded from the sample in the subsequent data analysis. Separate analyses with these participants included were also run, and the pattern of results remained consistent.

Results and Discussion

*Impression Concern.* A 2 (social presence) x 2 (justification) ANOVA revealed an interactive effect on participants’ feeling of embarrassment and awkwardness ($F(1,69) = 4.11, p < .05$; refer to Figure 7). In the witness conditions, participants reported feeling more of these emotions when the preferential treatment was offered without any explanation than when there was justification ($F(1,69) = 6.87, p < .05$; $M_{\text{high}} = 2.89$ vs. $M_{\text{low}} = 4.71$). In contrast, in the non-witness presence conditions, the justification did not impact such feelings ($F<1$; $M_{\text{high}} = 3.36$ vs. $M_{\text{low}} = 3.20$).

*Duration.* On average participants spent five minutes in the lounge selecting the samples and filling in the receipt form. An ANOVA performed on the duration revealed a two-way interaction of social presence and justification ($F(1,68) = 3.72, p = .06$; refer to Figure 8). Following a similar pattern, the results showed that in the non-witness conditions, the time participants spent in the lounge did not differ as a function of justification ($F<1$; $M_{\text{high}} = 5.36$ vs. $M_{\text{low}} = 5.44$). However, in the witness conditions, those who received the unjustified extra samples stayed a shorter time than those who were offered the extras because of their brand loyalty ($F(1,68) = 6.32, p < .05$; $M_{\text{high}} = 5.46$ vs. $M_{\text{low}} = 4.32$).
Empathy. The 2 (social presence) x 2 (justification) ANOVA on the measure of sympathy and guilt only revealed a main effect of justification (sympathy: $F(1,69) = 4.99, p < .05$, $M_{high} = 1.46$ vs. $M_{low} = 2.22$; guilt: $F(1,69) = 4.45, p < .05$, $M_{high} = 1.50$ vs. $M_{low} = 2.25$), where participants reported feeling more sympathetic and guilty when the extra samples were offered without any justification.

Discomfort. The 2 (social presence) x 2 (justification) ANOVA on the measure of discomfort, again, revealed an interactive effect of presence and justification ($F(1, 69) = 4.61, p < .05$; refer to Figure 9). Follow-up contrasts showed that in the witness conditions, participants experienced more discomfort when the extra samples were unjustified ($F(1, 69) = 14.74, p < .001$, $M_{high} = 2.14$ vs. $M_{low} = 4.41$). In the non-witness conditions, whether the preferential treatment was justified or not did not make a difference ($F < 1$; $M_{high} = 2.71$ vs. $M_{low} = 3.20$).

Mediation Analysis. I have shown the interactive effects of presence and justification on both impression concern as well as the general feeling of discomfort. Following Baron and Kenny (1986), I found that impression concern was a significant predictor of discomfort, ($t(71) = 8.44, p < .001$). When presence, justification, and the interactive term were added into the regression, the impression concern remained significant ($t(68) = 7.45, p < .001$), while the effect of presence and justification dropped to non-significance ($t(68) = 1.02, ns$). A Sobel test of mediation (Sobel 1982) confirmed the mediating role of impression concern ($Z = 1.96, p = .05$). Appendix 3 presents the path diagram for the mediation analysis.
**Satisfaction.** The 2 (social presence) x 2 (justification) ANOVA revealed an interactive effect on participants’ overall satisfaction towards the sampling experience \( (F(1,69) = 4.48, p < .05; \text{refer to Figure 10}) \). In the witness conditions, participants reported feeling less satisfied when the preferential treatment was offered without any explanation than when it was justified \( (F(1,69) = 4.55, p < .05; M_{\text{high}} = 7.29 \text{ vs. } M_{\text{low}} = 6.28) \). In contrast, in the non-witness presence conditions, the justification did not affect the satisfaction \( (F< 1; M_{\text{high}} = 6.79 \text{ vs. } M_{\text{low}} = 7.19) \).

**Mediation Analysis.** In addition to the above-shown effects of presence and justification and presence on discomfort and satisfaction, I found that discomfort is a significant predictor of satisfaction, \( (t(71) = -5.98, p < .001) \). When presence, justification, and the interactive term were added into the regression, the discomfort item remained significant \( (t(68) = -5.39, p < .001) \), while the effect of presence and justification dropped to non-significance \( (t(58) = 1.08, \text{NS}) \). A Sobel test of mediation (Sobel 1982) confirmed the mediating role of impression concern \( (Z = 1.99, p < .05) \). Appendix 4 presents the path diagram for the mediation analysis.

**Discussion.** The results from Study 3 indicate that impression concern does play a role in addition to, and beyond empathy. An individual who accepts a preferential treatment bears the risk of appearing undesirable, and when being witnessed by people who do not receive the same benefits, embarrassment and awkwardness ensue. However, these two emotions diminish when there is no witness, even though there may still be other people present. The story is different for the empathy related emotions, where an unjustified preferential treatment increases the feeling of
guilt and sympathy as long as there is social presence, regardless of whether the behaviors are witnessed or not.

The difference between these two influences is that the concern for impression requires that the social presence be perceived to be reacting to and/or judging the individual, while empathy can be felt towards an unresponsive or unaware target. By manipulating the perceived involvement of the social presence i.e., whether the person witnesses the preferential treatment or not, I am able to distinguish these two different social influences and show that they both operate to drive the feeling of discomfort.

The finding that people feel sympathetic and guilty seeing others in lower welfare situations more so when the preferential treatment was unjustified than justified indicates that empathy is affected not only by observing lowered welfare but also by awareness of what caused it. Research has suggested that empathy is stronger when the target is more similar to the self (Krebs 1975; Hoffman 2000). When there is no reason to explain the differences in welfare, people assume that the other person is in a similar situation to them and thus feel more empathetic towards the other person. On the other hand, when a reason is provided to distinguish the situations for those who receive or do not receive the preferential treatment, the dissimilarity mitigates the empathy process.
STUDY 4

I have established the occurrence of negative emotions alongside experienced positive emotions when people receive preferential treatment in a public context. Studies 2 and 3 investigate the social influences from both the perspective of impression concern and empathy. Both the motive to avoid undesirable evaluation and the ability to empathize are fairly common human tendencies (Leary, 1995; Langfeld 1967). Interestingly, despite the common nature of these feelings, my first study suggested that people do not expect to feel these emotions in this type of public context. Rather they seem to see only the benefits from a preferential treatment and not the potential negative influences from the social presence. Thus, the remaining question is why people cannot anticipate the influence of social presence when imagining the consequences of preferential treatment. The final study revisits the discrepancy between Studies 1A and 1B, and explores its cause.

Literature has suggested that unlike an actual experience, when people imagine a scenario and make predictions about their feeling or behaviors, they rely to a large extent on conscious appraisals of events (Epstein 1998a). This rational mindset processes information in an analytical manner, and tends to isolate the focal event from the background elements and analyze it in a context-independent manner. Since actual experience is a more holistic process, in which the focal event is not independent from the setting, this focalism tendency (Wilson, Wheatley, Meyers, Gilbert and Axsom 2000) can lead to errors in predicting feelings or behaviors in the actual event. Indeed previous research has documented that when people make predictions, they tend to overlook concurring events and distractions (Wilson et al 2000; Mitchell et al. 1997). Surprisingly, however, none of the studies has empirically tested these two modes of processing.
rational versus holistic mindsets - as the construct underlying the prediction-experience discrepancy.

I propose that social environment is one such background element that can be neglected in imagination and prediction tasks. Thus, when asked to imagine preferential treatment in a social context, people ignore the potential influence of the presence of other individuals and focus only on the treatment. Hence they predict only positive reactions. As shown by the studies, when the preferential treatment is actually experienced in a social context, the presence of others is impactful and can lead to negative feelings brought about by empathy and impression concern.

In the current study I test the mode of processing account by manipulating people’s mindsets. If indeed it is the different processing modes underlying the two systems that lead to the discrepancy, we should see that prompting holistic thinking facilitates people’s recognition of the social influences even in a hypothetical scenario.

Study 4 adopts the method of scenario imagination and prediction. The purpose is to see whether priming a holistic mindset would make participants picture both the negative and positive emotions accompanying a preferential treatment, which cannot be picked up utilizing the default analytical mindset. The study uses a 2 (treatment: preferential vs. common) x 3 (mindset: holistic vs. analytical vs. control) between-subject design. I also expect that participants in the control condition would think similar to those primed with an analytical mindset in this scenario task, as suggested in the literature (Dunn, Forrin and Ashton-James 2008).
Method and Procedure

This study was comprised of two parts, described as two unrelated tasks. The first recall task was used to manipulate the mode of processing. Participants were instructed to write a paragraph about a memorable event. In the analytical condition, further instructions were added to encourage the participants to pay attention to the key theme and highlight of the event. In the holistic condition, they were asked to recall the people, music and food besides the key theme and write down how these elements altogether made the event memorable. In the control condition, there were no further instructions.

The second task was the main study. Participants read a scenario about a giveaway event at a local bookstore, to echo the sample giveaway field experiment. The scenario indicated that the store was running a promotion at the beginning of a new semester, and customers could get two free gifts with any purchase. However, they were offered two extra gifts in the end. In the preferential condition, the description was “everybody leaves happily with their two free gifts” and “so, in front of the whole line of people behind, you end up getting four free gifts.” In the common condition, the scenario was that “the store associate working there kindly offers the shoppers more gifts, and everybody leaves happily with about four free gifts.” In both conditions, the description highlighted the presence of other shoppers in the store.

The key measures followed those used in Study 3, including both impression and empathy related emotion items, discomfort, and satisfaction. A manipulation check was placed after the main variables of interest. This is a categorization task developed by Norenzayarn, Smith, Kim and Nisbett (2002). Participants were presented with a target object and two groups of four objects, and were asked to judge which group the target object was most similar to.
objects in one of the groups share a large number of features with the target, but no one feature is shared by all the members. In the other group, all the objects share one feature as the target. In summary, the objects in the first group are holistically more similar to the target, but the second group is more similar based on the uni-dimensional (analytic) rule. See Appendix 5 for the pictures.

Results and Discussion

Manipulation check. A chi-square test of the participants’ choices in the categorization task indicated that participants in the holistic prime condition were more likely to select the holistically similar group than the participants in the analytical and control conditions ($\chi^2 = 5.89, p < .05$; see Table 1 for the frequency table). I did not find a difference between the selections in the latter two groups ($p > .60$).

Impression concern. A 2 (treatment) x 3 (mindset) ANOVA revealed an interactive effect on participants’ feeling of embarrassment and awkwardness ($F (2,138) = 4.82, p < .01$; refer to Figure 11). In the control and analytical conditions, participants did not predict a higher feeling of impression related concern when receiving the extra gifts as a preferential versus common treatment (control: $F < 1$, $M_{\text{preferential}} = 4.25$ vs. $M_{\text{common}} = 4.42$; analytical: $F < 1$, $M_{\text{preferential}} = 3.91$ vs. $M_{\text{common}} = 3.81$). In contrast, when prompted to think holistically, participants thought they would feel more embarrassed and awkward in the preferential condition than in the common condition ($F (1, 138) = 14.14, p < .001$, $M_{\text{preferential}} = 5.33$ vs. $M_{\text{common}} = 3.13$).
Empathy. The ANOVA performed on sympathy and guilt followed the same pattern. Treatment type and mode of processing interactively affected participants’ reported feeling of sympathy ($F (2, 138) = 5.03, p < .01$), and guilt ($F (2, 138) = 4.56, p < .05$; refer to Figure 12 and Figure 13). Only with a holistic mindset could they predict an increased feeling of sympathy when the extra gifts were offered in a preferential manner ($F (1, 138) = 9.54, p = .002, M_{preferential} = 3.88$ vs. $M_{common} = 2.21$). In a similar pattern, participants predicted that they would feel guilty receiving the preferential treatment only when primed with a holistic mindset ($F (1, 138) = 13.42, p < .001, M_{preferential} = 5.00$ vs. $M_{common} = 2.67$).

Discomfort. The 2 x 3 ANOVA on the measure of discomfort, again, revealed an interactive effect of treatment and mindset ($F (2, 138) = 5.01, p < .01$, refer to Figure 14). In both the control and analytical condition, participants did not predict feeling more discomfort receiving the extra gifts as preferential versus common treatment. However, when primed with a holistic mindset, participants were able to predict the higher discomfort associated with receiving preferential treatment ($F (1, 138) = 9.96, p < .005, M_{preferential} = 4.65$ vs. $M_{common} = 2.85$).

Satisfaction. The 2 (treatment) x 3 (mindset) ANOVA revealed a marginal interactive effect on participants’ predicted overall satisfaction towards the gift giveaway experience ($F (2, 138) = 3.23, p < .05$, refer to Figure 15). In both the control and analytical condition, participants predicted that they would feel more satisfied receiving the bonus gifts as a preferential treatment, consistent with the findings in Study 1A and the extant research (control: $F(1, 138) = 8.84, p <$
.005, $M_{\text{preferential}} = 7.71$ vs. $M_{\text{common}} = 6.79$; analytical: $F(1, 138) = 8.23$, $p < .01$, $M_{\text{preferential}} = 7.85$ vs. $M_{\text{common}} = 6.95$). In contrast, when thinking holistically, a preferential treatment did not seem to generate more satisfaction ($F < 1$, $M_{\text{preferential}} = 7.22$ vs. $M_{\text{common}} = 7.26$), which is consistent with what the participants would report after actually having such experiences.

**Mediation Analysis.** In addition to the above-shown effects of treatment and mindset on discomfort and the satisfaction, I showed that discomfort is a significant predictor of satisfaction, ($t(142) = -3.36$, $p = .001$). When both the treatment, mindset and their interactive term were added into the regression, the discomfort item remained significant ($t(139) = -3.36$, $p = .001$), while the effect of presence and justification dropped to non-significance ($t(139) = 1.42$, ns). A Sobel test of mediation (Sobel 1982) confirmed the mediating role of impression concern ($Z = 2.25$, $p = .02$). Appendix 6 presents the path diagram for the mediation analysis.

**Discussion.** The final study answered a question-mark from the first study: why would people overlook the potential negative influences from the social environment when they imagine a scenario of receiving preferential treatment. Based on the focalism literature, I proposed and tested mode of processing as the factor that lies under this mismatch between people’s intuition and actual experience. Results showed that indeed when people imagine a scenario and offer a hypothetical appraisal, their responses resemble the case when prompted to adopt an analytical mindset. They focus on the central event, i.e., the preferential treatment and overlook the potential negative emotions one could experience. As a result, they expect preferential treatment would lead to more satisfaction. On the other hand, when promoted to adopt a holistic mindset, where participants were encouraged to integrate the background
information into the judgment, their appraisal of the situation is close to the real experienced responses. They recognize that various negative emotions could arise and the overall satisfaction would be mitigated.

An additional examination of participants’ recall of the store indicated that in all three conditions, they attended to the information about the social environment. That is, they rated the store equally crowded and large ($F < 1, M_{control} = 6.54$ vs. $M_{analytical} = 6.27$ vs. $M_{holistic} = 6.44$). I also asked for their level of involvement while imagine the scenario, and again the results indicated no differences across conditions ($F < 1, M_{control} = 5.48$ vs. $M_{analytical} = 5.44$ vs. $M_{holistic} = 5.56$). Thus it was not a difference in attention or involvement that led to the prediction error. Rather, the difference lies in the way this background piece of information is integrated into the subsequent judgment. A holistic mindset does not alter awareness of the background information or increase involvement, but does facilitate the inclusion of the information in the evaluation.
This paper presented five studies, including both field experiments and scenario simulations, to demonstrate people’s intuition about as well as their actual response towards receiving preferential treatment. The findings showed that although people’s intuition was that receiving preferential treatment would be an entirely positive experience, i.e., only create positive emotions, increase satisfaction, and increase purchase, in a real shopping situation involving a rich social environment participants reported both negative and positive emotions. The negative emotions were caused by both impression concern and empathy. Participants indicated that the presence of other people who were not being treated preferentially made them feel sympathetic and guilty. Moreover, they also reported feeling embarrassed and awkward when they felt those other individuals were witnessing and evaluating them. These negative emotions led to a feeling of discomfort, mitigated their overall satisfaction, and more importantly, reduced their actual purchase. To examine why people ignore these negative emotions when asked to imagine the experience and predict their reaction, the final study drew from the focalism literature to show that the failure to recognize these negative emotions is due to a processing mindset that leads to a tendency to overlook background or contextual information when making predictions about an event.
Theoretical Contribution

From a theoretical perspective, the results of this research contribute to literature on preferential treatment, social influence, and focalism bias. Preferential treatment has been an increasingly popular marketing practice and has received a great deal of scholarly attention (Lacey, Suh and Morgan 2007; Homburg, Droll and Totzek 2008). However, almost all the research adopts the method of hypothetical scenarios, and none has examined people’s real-life experiences of such treatments. This is an important omission, because preferential treatment occurs often in a socially rich environment, where the influences from other people could play an impactful role. Indeed, I showed that the influences from social presence include a concern about others’ unfavorable judgment, as well as empathetic feelings towards others. These influences can cause discomfort and mitigate the positive outcomes. However, hypothetical scenarios naturally induce a more analytic mode of processing; thus, when evaluating such scenarios people tend to focus on the central element only, i.e., the treatment, and overlook potential social influences. I tested this premise by showing that prompting a holistic mindset helps people capture the social elements and predict more accurate responses.

This raises a broader question with regard to the study of social influence, especially when the social presence is not the central element of a scenario. Previous research has studied interactive social influence (e.g., Childers and Rao1992), which involves consumers interacting with another social entity. In this case, it is less of an issue to analyze the scenario hypothetically since the social other is playing a central role in the event. However, when it comes to a non-interactive social situation (Argo, Dahl and Manchanda 2005), where the other social entity merely presents as a background element, it becomes more difficult to integrate this information.
and recognize its role in a mental imagination task. Both the impression concern and empathy studied in the context of preferential treatment can be triggered with such non-interactive social presence. I provide one solution, i.e., adopting a holistic mindset, to facilitate better prediction of these social influences. Alternatively, the social information can be presented in an integrated manner that makes it hard to be separated from the central element.

Future Research

Preferential treatment can be offered in a variety of different forms. The scope of this work ranges from price discounts to bonus gifts, and from preferential treatment without any explanation to fully justified loyalty-based treatment. Across all contexts studied, preferential treatment increases the benefits for the targeted customers without actually lowering the welfare of those non-targeted customers. However, there are cases in which customers’ welfare is interdependent, and an increase in one’s welfare implies a decrease in another’s. For example, when some customers are invited to go to the front of the line, others then have to wait for a longer time. Research is needed to examine whether these benefitted people would react differently if preferential treatment involves other people being worse off than they originally were. Based on the two social influences investigated, i.e., impression concern and empathy, we can infer that preferential treatment that harms others would incur more resentment and negative judgment, thus a more heightened impression concern. At the same time, the worsened situation for those non-targeted customers might also evoke higher empathy (Batson et al., 1996; Håkansson Eklund, 2006).
There are also many cases in which customers would expect to get preferential treatment, such as when people pay extra to purchase priority services. As argued earlier, people have a difficult time incorporating the social information into their mental picture; therefore, prior expectations about how they will feel may not inhibit negative emotions from arising in the actual experience. However, when people expect a preferential treatment, there is generally a reason for their expectation, whether explicit or implicit. In this case, the justification could alleviate the impression concern. A related issue with regard to expectations is the long-term effect of preferential treatment. In this study, the emotions, satisfaction and purchase examined are all instantaneous. Once people have been treated preferentially, they may come to expect the treatment, which could alter their emotions and satisfaction in future interactions. Additional research is needed to uncover whether people would learn to anticipate and hence find ways to cope with the negative emotions that arise.

Affect regulation literature suggests that negative emotions motivate coping behaviors (Tice, Bratslavsky, and Baumeister 2001; Shen and Wyer 2008). In the shopping study, I showed that participants who received the price discount in front of another shopper refrained from purchasing more items. In the sample giveaway study, I observed that there were several participants that did not sign their name after writing down the samples they took on the receipt form, and most of these participants were in the unjustified and witness condition. I also noticed a few participants in this condition only wrote down three or four samples instead of five. These preliminary pieces of evidence suggest that people may seek ways to manage their empathetic or impression concern. Future studies can delve further to discover whether these negative emotions also prompt an effort to justify the preferential treatment or to adopt a different strategy, such as rejection of such preferential treatments in contexts that explicitly provide this option.
There is no question that multiple self-presentation goals coexist. People want to avoid the possible undesirable image associated with receiving preferential treatment, but at the same time some people seek the image of high social status communicated by preferential treatment. Which self-presentation goal dominates comes down to individual differences and the specific situation. In cases where the consumption purpose is to enhance how one is viewed by others, e.g., purchasing designer handbags as status symbol, the goal to exhibit status could outweigh other considerations. The situation adopted in my studies, and the nature of the student participants, seem to support the negative self presentation concerns identified. The nature of the social presence, e.g., the psychological distance with the other person, is another factor that could affect people’s tendency to empathize, as well as their motive to impress, and consequently their overall reactions towards preferential treatment. Peters et al. (2008) showed that when people were overpaid in reference to a friend versus an unknown other, they experienced an increased concern for the other’s needs. In the context of preferential treatment, a close relationship increases the relevance of one’s impression (Schneider 1969), and facilitates empathic responses (Krebs 1975), thus I expect that the negative emotions would be exacerbated.

Managerial/Substantive Contributions

From a managerial perspective, this work highlights social influence as a critical issue that must be considered by managers who are contemplating a preferential treatment program. It is a costly practice in terms of both the resource investments and the potential negative effects on firms’ relationships with the customers who do not benefit from the practice (Oliver and Swan 1989; Fournier, Dobscha, and Mick 1998). Thus, it is important for practitioners to have a fine-
tuned understanding of customers’ reactions towards such treatments, optimize the use of such practices and maximize the return from providing these special services. This research identifies factors that could reduce the value of preferential treatment, i.e., benefitted customers’ impression concerns and empathy towards those non-benefitted others, and also explains why managers and customers often cannot predict these potential negative consequences.

This work seems to suggest that in a public situation, a structured preferential treatment based on certain rules is a safer choice. However, in practice, how to decide the structure and set the selection criteria is another issue. While the common practice is to give priority and preferential treatments to the company’s loyal customers (Barnes 1997; Gronroos and Ojasalo 2004), some companies treat the newcomers preferentially, e.g. introductory price, free shipping on the first order. Regardless of the specific rules, the principle is to treat the customers who would potentially bring the highest value with the highest priority. Problems arise when customers and companies have different perspectives defining valued customers, and this gap could leave those non-benefitted customers dissatisfied or even outraged (Schneider and Bowen 1999) and in turn influence the experience of those benefitted customers.

Companies can take advantage of the more private communication channels to reach customers and offer preferential treatment, to avoid the potential impression and empathy concern in a social environment. For example, Alaska Airlines send out their “insider newsletter” every week with exclusive insider promotion code offers. Although anyone who registered to receive email marketing communications from the company can get these “insider information”, this extra step of registration does create some exclusivity. I note, however, that exclusivity has to be somewhat genuine to create the perception of preferential treatment, instead of a simple claim of “exclusive offer”. A private setting, in this instance, is more convenient and believable
to create such perception. Consumers also differ in their sense of entitlement (Soster and Bearden 2009). While some people perceive themselves to deserve more and/or be entitled to more than others in the marketplace, others believe more in equality. Boyd and Helms (2005) speculated that consumer entitlement is closely tied to their previous interactions with service providers. Therefore, we can infer that the elite members of various reward programs are more prone to the offers with labels like “exclusive” or “insider”.
TABLE 1 – STUDY 4 MANIPULATION CHECK FREQUENCY TABLE

**Mindset * Group Choice Crosstabulation**

<table>
<thead>
<tr>
<th>Mindset</th>
<th>Group Choice</th>
<th>Holistic</th>
<th>Analytical</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td></td>
<td>31</td>
<td>17</td>
<td>48</td>
</tr>
<tr>
<td>Analytical</td>
<td></td>
<td>27</td>
<td>18</td>
<td>45</td>
</tr>
<tr>
<td>Holistic</td>
<td></td>
<td>41</td>
<td>9</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>99</td>
<td>44</td>
<td>143</td>
</tr>
</tbody>
</table>
FIGURE 1 – STUDY 1B SPENDING BY CONDITION

Spending

$2.89  $2.84
$2.74
$3.53
$2.00 $2.50 $3.00 $3.50 $4.00

Presence No Presence

FIGURE 2 – STUDY 1B SATISFACTION BY CONDITION

Satisfaction

2.43  2.47
2.25  3.56

Presence No Presence

Common
Preferential

Common
Preferential
FIGURE 3 – STUDY 1B DISCOMFORT BY CONDITION

Discomfort

![Bar chart showing discomfort by condition.](chart.png)
FIGURE 4 – STUDY 2 SPENDING BY CONDITION AND EMPATHY

Spending

Low High

$2.00 $2.50 $3.00 $3.50 $4.00 $4.50

$2.70 $2.77 $3.33 $4.13

Empathy

Common Preferential

FIGURE 5 – STUDY 2 SATISFACTION BY CONDITION AND EMPATHY

Satisfaction

Low High

0.50 1.00 1.50 2.00 2.50 3.00 3.50

0.98 2.30 2.47 3.09

Empathy

Common Preferential
FIGURE 6 – STUDY 2 DISCOMFORT BY CONDITION AND EMPATHY

Discomfort

Low  High

Empathy

Discomfort

- Common
- Preferential

2.16
2.47
1.56
4.73
1.00
5.00
4.50
4.00
3.50
3.00
2.50
2.00
1.50
1.00
FIGURE 7 – STUDY 3 IMPRESSION CONCERN BY CONDITION

Impression Concern

![Bar chart showing impression concern by condition. The x-axis represents Justification with Low and High categories. The y-axis represents the scale of concern from 0 to 5. The chart includes bars for Witness and No Witness conditions with values 4.71, 3.20, 2.89, and 3.36.]

FIGURE 8 – STUDY 3 DURATION BY CONDITION

Duration

![Bar chart showing duration by condition. The x-axis represents Justification with Low and High categories. The y-axis represents the scale of duration from 3.00 to 6.00. The chart includes bars for Witness and No Witness conditions with values 4.32, 5.44, 5.46, and 5.36.]

FIGURE 9 – STUDY 3 DISCOMFORT BY CONDITION

Discomfort

![Discomfort Chart]

FIGURE 10 – STUDY 3 SATISFACTION BY CONDITION

Satisfaction

![Satisfaction Chart]
FIGURE 11 – STUDY 4 IMPRESSION CONCERN BY CONDITION

Impression Concern

Control
Analytical
Holistic

Mindset

Common
Preferential

4.42 4.25
3.81 3.91
3.13 5.33

1.00
2.00
3.00
4.00
5.00
6.00
FIGURE 12 – STUDY 4 SYMPATHY BY CONDITION

Sympathy

<table>
<thead>
<tr>
<th>Mindset</th>
<th>Common</th>
<th>Preferential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>2.83</td>
<td>2.13</td>
</tr>
<tr>
<td>Analytical</td>
<td>2.75</td>
<td>2.73</td>
</tr>
<tr>
<td>Holistic</td>
<td>2.21</td>
<td>3.88</td>
</tr>
</tbody>
</table>

FIGURE 13 – STUDY 4 GUILT BY CONDITION

Guilt

<table>
<thead>
<tr>
<th>Mindset</th>
<th>Common</th>
<th>Preferential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control</td>
<td>3.63</td>
<td>3.25</td>
</tr>
<tr>
<td>Analytical</td>
<td>3.17</td>
<td>3.77</td>
</tr>
<tr>
<td>Holistic</td>
<td>2.67</td>
<td>5.00</td>
</tr>
</tbody>
</table>
FIGURE 14 – STUDY 4 DISCOMFORT BY CONDITION

Discomfort

![Discomfort Chart]

FIGURE 15 – STUDY 4 SATISFACTION BY CONDITION

Satisfaction

![Satisfaction Chart]
REFERENCES


Batson, Daniel C., Susie C. Sympson, Jennifer L. Hindman, Peter Decruz, R. Matthew Todd, Joy L. Weeks, Geoffrey Jennings, and Christopher T. Burns (1996), “‘I’ve Been there,


NOTE — Values in parentheses indicate the effects of treatment by environment or discomfort on satisfaction when the mediator is included in the model; * indicates significant relationships ($p < .10$) and ** indicates significant relationships ($p < .01$).
APPENDIX 2: RECEIPT FORMS FOR SAMPLES

### Product Sample Inventory Form

<table>
<thead>
<tr>
<th>Date</th>
<th>Customer #</th>
<th>Quantity</th>
<th>Product</th>
<th>Signature</th>
</tr>
</thead>
</table>
| September 30, 2009 | 1          | 3        | 1. perfume  
2. Make-up cream  
3. Lip gloss | Morphin   |
| 2            | 2          | 3        | 1. Cologne  
2. Body wash  
3. Perfume | John Doe   |
| Sept 30, 2004 | 3          | 3        | 1. Aftershave  
2. Cologne  
3. Cologne | J. Smith   |
| Sept 30, 2004 | 4          | 3        | 1. Moisturizer  
2. Perfume  
3. Body wash | Mary Green |

### Product Sample Inventory Form

<table>
<thead>
<tr>
<th>Date</th>
<th>Customer #</th>
<th>Quantity</th>
<th>Product</th>
<th>Signature</th>
</tr>
</thead>
</table>
| September 30, 2009 | 1          | 3        | 1. perfume  
2. Make-up cream  
3. Lip gloss | Morphin   |
| 2            | 2          | 3        | 1. Cologne  
2. Body wash  
3. Perfume | John Doe   |
| Sept 30, 2004 | 3          | 3        | 1. Aftershave  
2. Cologne  
3. Cologne | J. Smith   |
| Sept 30, 2004 | 4          | 3        | 1. Moisturizer  
2. Perfume  
3. Body wash | Mary Green |
| Sept 30, 2004 | 5          | 5        | 1. Bath  
2. Shaving cream  
3. After shave  
4. Hand cream | E. Evans   |
**APPENDIX 3: PATH DIAGRAMS FOR THE MEDIATION ANALYSES IN STUDY 3**

NOTE — Values in parentheses indicate the effects of presence by justification, or impression concern on discomfort when the mediator is included in the model; * indicates significant relationships (p < .05) and ** indicates significant relationships (p < .001).
APPENDIX 4: PATH DIAGRAMS FOR THE MEDIATION ANALYSES IN STUDY 3

NOTE — Values in parentheses indicate the effects of presence by justification, or discomfort on satisfaction when the mediator is included in the model; * indicates significant relationships ($p < .05$) and ** indicates significant relationships ($p < .001$).
APPENDIX 5: MANIPULATION CHECK FOR HOLISTIC VS. ANALYTICAL PROCESSING (STUDY 4)
NOTE —Values in parentheses indicate the effects of treatment by mindset or discomfort on satisfaction when the mediator is included in the model; * indicates significant relationships ($p < .05$) and ** indicates significant relationships ($p < .01$).
Shopping Scenario Study

In this study you will be asked to imagine a shopping scenario and then answer some questions about your experience.

Please try your best to imagine the situation described on the following page. The experimenter will tell you when to turn the page.
Please take 5 minutes to picture this scenario, and then you will be given a survey to fill out.

Please imagine that you are shopping at a store by yourself. It is a weekday afternoon and the store is quiet. You take your time and browse through the aisles to see the new items in the store.

You have selected a number of items and are heading to the check out counter.

(No Social Presence: No one is in the store, and of course nobody is in line, so the sales associate can help you right away.)

(Social Presence: There are other customers in the store. One of them is in line in front of you. This person just finished their purchase, so the sales associate can help you right away.)

As you hand your items to the sales associate, they let you know that the store is running a “draw and save” promotion. The sales associate lets each customer draw a card from a box before they pay. There is a range of different price discounts up to 25% off the entire purchase. You pick a card and are anxious to see what you get.

You scratch off the card and it shows “25% off entire purchase!”

(Common: And then you hear the sales associate say “You scored 25% off! Wow, every single customer I have seen today has gotten this deal!”

(Preferential: And then you hear the sales associate say “You scored 25% off! Wow, you are the only customer I have seen today get this deal!”)
Please respond to all of the following as if you were in the shopping scenario described on the previous page.

1. On the 9-point scale below, please rate your overall reaction to the purchase experience. (-4 = Not At All; 4 = Very Much)

   | Satisfied | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |
---|--------|----|----|----|----|---|---|---|---|---|
   | Pleased | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |

2. Please indicate your feelings if you were in this purchase situation on the following 9-point scale (1 = Not At All; 9 = Very Much).

   | Appreciative | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
---|--------------|---|---|---|---|---|---|---|---|---|
   | Thankful     | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
   | Lucky        | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
   | Fortunate    | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
   | Uncomfortable| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
   | Uneasy       | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |

3. Assume that the sales associate also tells you that if you want to add more items to your purchase, you can go ahead and do so. The discount will apply to your entire purchase today. With the 25% off discount you have, how likely would you be to go back and add more items to your shopping cart?

   | Very unlikely | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Very likely |
Please list any additional thoughts and feelings you had while imagining this shopping scenario.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

4. What is the likelihood of getting the deal?
Very unlikely 1 2 3 4 5 6 7 Very likely

5. Are there other shoppers in the store  Yes  No
Demographic Information

1. Your gender: _____
2. Your age: ______
3. Your native language: ______________
4. Your major: ______
5. Are you an exchange student (please circle): Yes No
6. What is your best guess about the purpose of this study?

While you were imagining this shopping scenario, would you say that you
Were not at all involved 1 2 3 4 5 6 7 Were extremely involved
Were not at all serious about it 1 2 3 4 5 6 7 Were extremely serious about it

How much had you heard about this study before participating in it today?
Nothing at all 1 2 3 4 5 6 7 Quite a bit

If you heard something, what did you hear?

__________________________________________
__________________________________________
__________________________________________
## APPENDIX 8: EXPERIMENTAL MATERIALS – STUDY 1B

### Your Shopping Experience

1. On the 9-point scale below, please rate your overall reaction to the purchase experience. (-4 = Not At All; 4 = Very Much)

<table>
<thead>
<tr>
<th>Satisfied</th>
<th>-4</th>
<th>-3</th>
<th>-2</th>
<th>-1</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pleased</td>
<td>-4</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

2. Please indicate your feelings on the following 9-point scale (1 = Not At All; 9 = Very Much).

<table>
<thead>
<tr>
<th>Appreciative</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thankful</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Lucky</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Fortunate</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Uncomfortable</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Uneasy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
</tbody>
</table>
Please list all your additional thoughts and feelings towards your purchase experience.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

3. What is the likelihood of getting the deal?
Very unlikely 1 2 3 4 5 6 7 Very likely

4. Are there other shoppers in the store    Yes    No
Demographic Information

1. Your gender: _____ 2. Your age: _____
5. Are you an exchange student (please circle): Yes No
6. What is your best guess about the purpose of this study?

As you visited the store and made the purchase, would you say that you

Were not at all involved 1 2 3 4 5 6 7 Were extremely involved
Were not at all serious about it 1 2 3 4 5 6 7 Were extremely serious about it

How much had you heard about this study before participating in it today?
Nothing at all 1 2 3 4 5 6 7 Quite a bit

If you heard something, what did you hear?
APPENDIX 9: EMOTIONAL EMPATHY SCALE – STUDY 2

Below are a number of statements. Please read each statement and assess the degree to which you either agree or disagree with it on a 9-point scale (1 = very strong disagreement; 9 = very strong agreement).

1. It makes me sad to see a lonely stranger in a group
2. People make too much of the feelings and sensitivity of animals
3. I often find public displays of affection annoying
4. I am annoyed by unhappy people who are just sorry for themselves
5. I become nervous if others around me seem to be nervous
6. I find it silly for people to cry out of happiness
7. I tend to get emotionally involved with a friend's problems
8. Sometimes the words of a love song can move me deeply
9. I tend to lose control when I am bringing bad news to people
10. The people around me have a great influence on my moods
11. Most foreigners I have met seemed cool and unemotional
12. I would rather be a social worker than work in a job training center
13. I don't get upset just because a friend is acting upset
14. I like to watch people open presents
15. Lonely people are probably unfriendly
16. Seeing people cry upsets me
17. Some songs make me happy
18. I really get involved with the feelings of the characters in a novel
19. I get very angry when I see someone being ill-treated
20. I am able to remain calm even though those around me worry
21. When a friend starts to talk about his problems, I try to steer the conversation to something else
22. Another's laughter is not catching for me
23. Sometimes at the movies I am amused by the amount of crying and sniffing around me
24. I am able to make decisions without being influenced by people's feelings
25. I cannot continue to feel OK if people around me are depressed
26. It is hard for me to see how some things upset people so much
27. I am very upset when I see an animal in pain
28. Becoming involved in books or movies is a little silly
29. It upsets me to see helpless old people
30. I become more irritated than sympathetic when I see someone's tears
31. I become very involved when I watch a movie
32. I often find that I can remain cool in spite of the excitement around me
33. Little children sometimes cry for no apparent reason
Part 1.

1. Please rate your sampling experience on the 9-point scale below. (-4 = Not At All; 4 = Very Much)

<table>
<thead>
<tr>
<th></th>
<th>Satisfied</th>
<th>Happy</th>
<th>Pleasant</th>
<th>Good</th>
</tr>
</thead>
<tbody>
<tr>
<td>-4</td>
<td>-3</td>
<td>-2</td>
<td>-1</td>
<td>-1</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Part 2.

1. What samples did you get?

________________________________________________________________________________________

________________________________________________________________________________________

________________________________________________________________________________________
Part 3.

Indicate to what extent you experience the following feelings on the following 9-point scale (1 = Not At All; 9 = Very Much)

Embarrassed  1  2  3  4  5  6  7  8  9  
Awkward      1  2  3  4  5  6  7  8  9  
Sympathetic  1  2  3  4  5  6  7  8  9  
Guilt        1  2  3  4  5  6  7  8  9  
Uncomfortable1  2  3  4  5  6  7  8  9  
Uneasy      1  2  3  4  5  6  7  8  9  
Appreciative 1  2  3  4  5  6  7  8  9  
Thankful    1  2  3  4  5  6  7  8  9  

Part 4.

1. Please list all your additional thoughts and feelings towards your sampling experience

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________
Part 5.

1. Are you interested in product samples in general?

   Not at all          Very much

2. How many samples are offered in this event?

   Were there other customers around at the sample booth?   Yes       No

   If yes, how many were there __________

As you visited the store and made the purchase, would you say that you

   Were not at all involved  1  2  3  4  5  6  7   Were extremely involved
   Were not at all serious  1  2  3  4  5  6  7   Were extremely serious
About You

1. Your gender: _____
2. Your native language: _________________
3. Your major: ______
4. What is your best guess about the purpose of this study?

__________________________________________________________________________

How much had you heard about this study before participating in it today?
Nothing at all 1  2  3  4  5  6  7  Quite a bit

If you heard something, what did you hear?
__________________________________________________________________________

__________________________________________________________________________

__________________________________________________________________________
APPENDIX 11: EXPERIMENTAL MATERIALS – STUDY 4

Orienting Task

[Holistic Condition]

Please write a paragraph describing a particularly memorable event, occasion, or activity you took part in. Tell us more about the theme of the event, the people there, the music, food and decoration, and how all together they made it especially unforgettable.

[Analytical Condition]

Please write a paragraph describing a particularly memorable event, occasion, or activity you took part in. Tell us more about the theme of the event and the key highlight, and how they made it especially unforgettable.

[Control Condition]

Please write a paragraph describing a particularly memorable event, occasion, or activity you took part in.
Bookstore Giveaway Study

In this study you will be asked to imagine a giveaway event at a local bookstore and then answer some questions about your experience.

Please try your best to imagine the situation described on the following page.
Please take your time to picture this scenario, and then proceed to answer the questions about this hypothetical experience.

[Common condition]

Imagine you are shopping at a local bookstore on a weekend afternoon. The store is packed with shoppers. Today is the last weekend before the new semester begins, and the store is holding its annual back-to-school giveaway event. They set up the gift center at the entrance of the store, where the giveaway items are displayed, including books, CDs, DVDs, and a wide variety of school supplies. With any purchase, customers can take two items from the giveaway section for free. A big sign is posted on the wall saying “Celebrate the start of a new school year. Get your two free gifts here!”

This event has attracted quite a crowd of eager shoppers, and you are one of them. You just finished purchasing the books you wanted to buy, and now proceed to get your free gifts with the receipt. While standing in the line, you see the customers in front of you approach the display table one by one and get excited while browsing through the freebies. The store associate working there kindly offers the shoppers more gifts, and everybody leaves happily with about four free gifts.

The line moves pretty fast and now it’s your turn. You are a little surprised to see that the items to be given away are actually good stuff, not the cheap items as you expected. You are taking a careful look at them and thinking which ones you should take. While you are selecting your two favorites, the store associate also offers you to take a couple more: “cannot decide what you like most? Why not take a couple more …we have plenty of them to give away this weekend.”

So, in front of the whole line of people behind, you end up getting four free gifts. As you are putting the products into your bag and about to leave, you hear the store associate greet the next customer “Hello how are you doing? Ready to pick up your free gifts?”
Imagine you are shopping at a local bookstore on a weekend afternoon. The store is packed with shoppers. Today is the last weekend before the new semester begins, and the store is holding its annual back-to-school giveaway event. They set up the gift center at the entrance of the store, where the giveaway items are displayed, including books, CDs, DVDs, and a wide variety of school supplies. With any purchase, customers can take two items from the giveaway section for free. A big sign is posted on the wall saying “Celebrate the start of a new school year. Get your two free gifts here!”

This event has attracted quite a crowd of eager shoppers, and you are one of them. You just finished purchasing the books you wanted to buy, and now proceed to get your free gifts with the receipt. While standing in the line, you see the customers in front of you approach the display table one by one and get excited while browsing through the freebies. Everybody leaves happily with their two free gifts.

The line moves pretty fast and now it’s your turn. You are a little surprised to see that the items to be given away are actually good stuff, not the cheap items as you expected. You are taking a careful look at them and thinking which ones you should take. While you are selecting your two favorites, a store associate walks towards you and offers you to take a couple more: “cannot decide what you like most? Why not take a couple more …we have plenty of them to give away this weekend.”

So, in front of the whole line of people behind, you end up getting four free gifts. As you are putting the products into your bag and about to leave, you hear the store associate greet the next customer “Hello how are you doing? Ready to pick up your two free gifts?”
Please respond to all of the following as if you were in the shopping scenario described on the previous page.

**Part 1.**

2. Please rate your sampling experience on the 9-point scale below. (-4 = Not At All; 4 = Very Much)

<table>
<thead>
<tr>
<th>Scale</th>
<th>-4</th>
<th>-3</th>
<th>-2</th>
<th>-1</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Happy</td>
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<tr>
<td>Good</td>
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</tbody>
</table>

**Part 2.**

2. Please list all your additional thoughts and feelings towards your sampling experience

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________

________________________________________________________________________________
Part 3.

Indicate to what extent you experience the following feelings on the following 9-point scale (1 = Not At All; 9 = Very Much)

<table>
<thead>
<tr>
<th>Feeling</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embarrassed</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Awkward</td>
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<td></td>
<td></td>
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<tr>
<td>Sympathetic</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Guilt</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Uncomfortable</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Uneasy</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Appreciative</td>
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<td></td>
<td></td>
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<tr>
<td>Thankful</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Part 4.

1. How many gifts are they giving away in this promotion event?

2. Your mental picture of this store (1 = not at all; 7 = very much):

<table>
<thead>
<tr>
<th>Aspect</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crowded</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generous</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
About You

1. Your gender: _____
2. Your native language: ______________
3. Your major: ______
4. What is your best guess about the purpose of this study?

While you were imagining this shopping scenario, would you say that you

 Were not at all involved  1  2  3  4  5  6  7  Were extremely involved
 Were not at all serious  1  2  3  4  5  6  7  Were extremely serious

How much had you heard about this study before participating in it today?
Nothing at all  1  2  3  4  5  6  7  Quite a bit

If you heard something, what did you hear?
# APPENDIX 12 – UBC BEHAVIOURAL RESEARCH ETHICS BOARD APPROVAL CERTIFICATE

## CERTIFICATE OF APPROVAL - FULL BOARD

<table>
<thead>
<tr>
<th>PRINCIPAL INVESTIGATOR:</th>
<th>INSTITUTION / DEPARTMENT:</th>
<th>UBC BREB NUMBER:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Darren Dahl</td>
<td>UBC/Sauder School of Business/Marketing</td>
<td>H08-00528</td>
</tr>
</tbody>
</table>

### INSTITUTION(S) WHERE RESEARCH WILL BE CARRIED OUT:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Site</th>
</tr>
</thead>
<tbody>
<tr>
<td>UBC</td>
<td>Vancouver (excludes UBC Hospital)</td>
</tr>
</tbody>
</table>

### OTHER LOCATIONS WHERE THE RESEARCH WILL BE CONDUCTED:

N/A

### CO-INVESTIGATOR(S):

- Jo Andrea Hoegg
- Lan Jiang

### SPONSORING AGENCIES:

N/A

### PROJECT TITLE:

Social Comparison and the Evaluation of an Exclusive Promotion Offer

### REB MEETING DATE:

March 13, 2008

### CERTIFICATE EXPIRY DATE:

March 13, 2009

### DOCUMENTS INCLUDED IN THIS APPROVAL:

<table>
<thead>
<tr>
<th>Document Name</th>
<th>Version</th>
<th>Date</th>
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</thead>
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<td>Consent Forms:</td>
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<td>Questionnaire, Questionnaire Cover Letter, Tests:</td>
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</tr>
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</table>

The application for ethical review and the document(s) listed above have been reviewed and the procedures were found to be acceptable on ethical grounds for research involving human subjects.

*Approval is issued on behalf of the Behavioural Research Ethics Board and signed electronically by one of the following:*
Dr. M. Judith Lynam, Chair
Dr. Ken Craig, Chair
Dr. Jim Rupert, Associate Chair
Dr. Laurie Ford, Associate Chair
Dr. Daniel Salhani, Associate Chair
Dr. Anita Ho, Associate Chair