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Host's interpersonal influence on guests in a home sales party

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ABSTRACT

This research aims to gain a better understanding of how interactions between a home sales party host and the guests affect the guests' experiences. An Internet survey was conducted and the participants were recruited through a home sales party representative directory. Our findings suggest significant effects of obligation and gratitude (i.e., utilitarian influences) and co-orientation (i.e., value-expressive influence) on hedonic value, repatronage intention and purchase amount. Another important finding is the mediating effects of hedonic value between obligation/gratitude/co-orientation and repatronage intention. This research, one of the few empirical studies in a party selling context, demonstrates the critical importance of interpersonal influence in the non-traditional shopping area.

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1. Introduction

Party selling is defined as “a direct selling approach that involves demonstrating and selling products to a group of consumers attending a party at a neighbor's or friend's house” (American Marketing Association, 2014). The first home sales party company in the US is Stanley Home Products in the 1930s and some of the best-known companies include Tupperware Corp. and Mary Kay Cosmetics (PBS, 2014). A wide variety of items is now sold through direct sales parties, for example, toys, cosmetics, cookware, jewelry, and home decorations (Crittenden and Crittenden, 2004). Utilizing online social networks and applications became a new trend to support the social aspects of the party selling businesses (Graham, 2013). The 2012 estimated direct retail sales in the United States are USD 31.63 billion, 27% of which were from party plan selling (Direct Selling Association, 2012).

Despite the popularity of party selling, very little empirical research on the topic has been conducted with the exception of a few studies (e.g., Frenzen and Davis, 1990; Johnson, 1999). In particular, the interest of our research is in the effects of interpersonal influences on guest experiences at a home sales party, since the party selling environment differs greatly from the traditional store environment in terms of the dynamic personal interactions that take place.

Home sales parties offer a unique shopping experience for their guests. These parties are social gatherings where the guests sample and experience products in the privacy of the host's home. The presence of party hosts is a unique aspect of home party businesses, which is not found in other direct selling business formats such as multilevel marketing, telemarketing, and face-to-face selling. Party hosts are not sales people and not responsible for sales, but they potentially influence the interpersonal dynamics at the site of selling. Party guests can be significantly influenced by their interactions with the host.

The purpose of this study is to investigate how interactions between the party host and her¹ guests affect the guests' experiences and behaviors, using survey data collected from actual party guests. Specifically, we investigate obligation, gratitude, and co-orientation as indicators of the host's interpersonal influence on her guests and assess their effects on the guests' perceived hedonic value, purchase amount at the party, and repatronage intention for a party offered by the same company in the future. We also examine if hedonic value, which is the psychological perception of the party, mediates any effects on behavioral outcomes of the party (i.e., repatronage intention and purchase amount). Past research on the role of hosts in home sales parties is limited. The current research is one of the first empirical studies that examine a social aspect of home party businesses and the

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findings of this research suggest critical implications for the business sector.

2. Interpersonal influences at a home sales party

A home sales party is typically arranged as a host books a party with the sales representative of a party selling company. Then, the host contacts her family and friends to invite them to her home for the party. The host typically provides food and beverages to her guests as she would at any other social gatherings. After the host and her guests have a chance to visit for a few minutes, the representative asks everyone to gather to watch a presentation on the company's products. The representative then demonstrates the products while passing them around for the guests to look at. During this time, guests are able to talk about the products with their friends and get opinions about what they should purchase. After the demonstration is complete, guests have more time to discuss and interact with the products. Then, guests are provided with an order form to fill out and return to the party representative. Throughout this process, guests are often reminded that the host will receive special products and offers for the money spent at the party as well as if the guests decide to book a party of their own. As is illustrated by this description of a typical sales party, shopping behaviors in such parties are influenced by interpersonal dynamics.

The effects of interpersonal influence on shopping behaviors have long been established in the literature: e.g., interpersonal influence affects product and brand choices (Bearden and Etzel, 1982; Childers and Rao, 1992), evaluation of retailers and spending amount (Mangleburg et al., 2004) and teen purchasing behaviors (Bearden and Rose, 1990). These studies suggest interpersonal influence affects behaviors in the traditional shopping context and we believe such influence is strongly present in home sales party environments.

The literature on reference group influences provides a basis for our investigation of interpersonal influence between the party host and her guests. A reference group (or referent) is defined as “an actual or imaginary individual or group conceived of having significant relevance upon an individual's evaluations, aspirations, or behavior” (Park and Lessig 1977, p. 102). Park and Lessig (1977) identify three motivational elements: utilitarian, value-expressive, and informational influences. Our study investigates the utilitarian and value-expressive influences that party hosts as referents exert during their interactions with guests. Under the utilitarian influence, an individual is expected to behave according to the expectation of the reference group to achieve rewards or to avoid punishments. On the other hand, under the value-expressive influence, an individual develops a sense of association with the reference group because of the desirable values identified with the group. The utilitarian influence in the home party context is investigated by examining the effect of obligation and gratitude; the value-expressive influence is investigated by examining the effect of co-orientation, which will be further discussed later with the proposal of hypotheses.

We investigate obligation, gratitude, and co-orientation as guest–host interaction factors on the following three outcomes of attending a home sales party: hedonic value, repatronage intention, and spending. *Hedonic value* stems from the pursuit of fun and fantasy in a shopping experience rather than through shopping only to complete a purchasing task (Holbrook and Hirschman, 1982). Sales parties are marketed as social events. Consumers who choose to shop at home sales parties may have a desire to fulfill the need for hedonic shopping value. We expect that the interactions between the host and guest will affect the level of hedonic value experienced by the guest.

While hedonic value represents a psychological outcome of attending a sales party, repatronage intention and the amount of

spending represent behavioral outcomes. In addition to the amount of spending, we believe that repatronage intention is another critical behavioral outcome that can indicate the success of the party. Networking is vital in the home party businesses. In an effort to generate new business, the representative is expected to develop relationships. Many of the guests at one sales party will attend a subsequent party. Frequent guests are more likely to book a party of their own. Most party selling companies have no brick and mortar stores; therefore, repatronage is of key importance to the success of these companies. In this study, we investigate if repatronage intention is affected by guest–host interactions at the sales party.

2.1. Obligation and gratitude

Utilitarian influence causes an individual to comply with the referent's expectations. Individuals are motivated to comply because they believe the referent controls certain rewards or punishments that they are motivated to obtain or avoid. During a home sales party, the effects of interpersonal influence can be magnified as guests evaluate products and make purchase decisions under the direct observation of the host. When party guests perceive a high degree of utilitarian influence, they should behave in accordance with the expectation of the party host, which may involve making purchases. Particularly, in this study, the utilitarian influence in the home party context is investigated by examining the effect of obligation and gratitude, which we believe exert different influences on the outcomes of attending a home sales party (i.e., hedonic value, repatronage intention, and spending).

The hospitality provided by the host can result in different psychological states of the guests, feelings of obligation and gratitude. At a home sales party, guests may purchase products because they feel they have the duty to do so or because of the sense of gratitude they feel for the host. Both obligation and gratitude originate from the same source, the hospitality of the party host, but how they affect the shopping at the party differs.

Webster's Dictionary defines *obligation* as, “indebtedness for a favor” and a “duty.” According to the norm of reciprocity (Gouldner, 1960), individuals are expected and obligated to reciprocate the favors that others have done for them. In the context of a home sales party, a reciprocal relationship exists between the host and her guests. The host has done them a favor by hosting the party, thus the guests may feel the need to repay the host for her efforts.

We suggest that obligation is negatively related to guest behaviors and experiences. Past research suggests that with regard to free product trial offers, the higher the level of interpersonal service provided, the higher the level of perceived obligation (Laochumanvanit and Bednall, 2005). Party guests may experience a high level of obligation because the host continuously provides services during the party and the personal interactions might have begun even before the party.

As previously discussed, obligation is an adverse, negative state (Greenberg and Shapiro, 1971). The negative feelings caused by obligation should, in turn, negatively affect the hedonic value one feels at the party. Because individuals strive to avoid the negative end states (Higgins et al., 1997), party guests will avoid attending another party in the future in order to avoid a situation where they are obligated to purchase.

H1. Obligation is negatively related to hedonic value and repatronage intention.

Frenzen and Davis (1990) found that obligation positively affects the likelihood of purchase in a party selling context. However, while obligation may cause guests to make a purchase, we believe guests will not choose to spend more than is necessary for them to fulfill their obligation to the party host. Obligation is a negative and

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