

Gift Cards and Gifted Cash: The Impact of Fit between Gift Type and Message Construal

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Abstract

This research investigates the relationship between types of financial gifts and evaluations of products' advertisement messages designed at different construal levels. Based on the theory of goal-related mind-sets, the authors propose that gifted cash recipients are more likely to activate the first subgoal of the shopping procedure or script (deciding whether to buy something) and thus more likely to construe information at abstract, high-levels, whereas gift card recipients are more likely to adopt a latter subgoal or decisional stage (deciding which to buy, where, when and how to act and so on) and thus more likely to construe information at concrete, low-levels. Further, fit (vs. non-fit) between the gift recipients' mind-set and the construal level at which product information is represented can typically lead to more favorable attitudes toward the advocated product, because fit enhances engagement that in turn intensifies reactions. Five studies demonstrate the proposed fit effect as well as provide support for their theoretical explanation.

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Introduction

Gift cards are value-stored, plastic cards that are issued by merchants at which consumers can redeem the card for consumable goods. Estimates of total gift card sales in the United States reached as high as \$60 billion in 2005 and \$90 billion in 2010 (Offenberg 2007; Tower Group 2010). According to the First Data consumer insights study (2010), the average American consumer purchases five gift cards annually, spending approximately \$250 in total. Previous studies have focused on the motivations of gift givers to enable marketers to effectively market gift cards and maximize their sales. For example, the popularity of gift cards stems from the purchasing consumer's ability to fulfill gifting obligations while conveniently reducing the risk of poor gift selection (Valentin and Allred 2012; Waldfogel 1993), but the usage of gift cards may also be hindered by the perception that such gifts are impersonal (DuCasse

2009). In consequence, retailers must carefully develop their gift card giving strategy (e.g., timing, packaging, audience) to maximize their profits (DuCasse 2009; Khouja et al. 2011).

This article investigates how gift cards in comparison to equivalent gifted cash affect consumers' information processing and consequently product evaluations. We posit that the type of financial gifts determines a goal-related purchase focus. In particular, unlike gifted cash recipients who typically focus on whether or not to spend the money, gift card recipients would presuppose that a decision to purchase something has already been made and directly proceed to consider which to buy, where, when, how to act and so on. As a result, they adopt a mind-set that directs thoughts at more detail-orientated, bottom-up processing and low-level construal. We further propose that when there is a correspondence between the type of financial gifts and the level at which a persuasive message is construed, the evaluation for the advertised product is more favorable than when such correspondence is absent. These outcomes are thought to occur because a match between an individual's information processing style and the framing of a message promotes a feeling that the information is more relevant and more important and thus increases processing engagement of the advocacy, which in turn intensifies reactions to it.

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We organize the remainder of this article as follows. We begin with a review of relevant research on consumer perceptions of gift cards (vs. gifted cash) and goal-related mind-sets, which generates our predictions of the link between the type of gift funds, the recipient's information processing style and the construal level of a persuasive message. The first study then tests the prediction that consumers using gift cards rather than gifted cash tend to construe information at a low, rather than a high, level, followed by a study showing the influence of fit between the type of monetary gifts and the construal level of a product representation on persuasion. Supporting evidence for the increased engagement explanation then arises from a demonstration that message matching increases message scrutiny and an analysis of sequential mediation test. Finally, we provide a boundary around the effect by showing that the effect of message matching on product evaluation is more pronounced for store-specific gift cards than for shopping-mall gift cards. We conclude with a discussion of the theoretical and managerial implications and suggestions for future research.

Gift Types and Cognitive Orientations

Despite the increasing popularity of gift cards, little academic research has focused on understanding how such funds are perceived and spent. Mental accounting theory posits that individuals often categorize money into accounts based upon a hierarchy of spendability (Shefrin and Thaler 1988). White (2006) suggests that gifted cash is allocated with other current assets, whereas gift cards are perceived as more "spendable money", because (1) funds contained within gift cards, which are often only redeemable at specific locations, are typically more limited in their fungibility in comparison to gifted cash; (2) gift card funds are often considered as a waste if they are not spent, which is a highly aversive event. Moreover, Raghbir and Srivastava (2008) found that a gift card may be similar to cash in terms of its close relation to the pain of payment, however, the physical form of a gift card, such as a plastic card, can make the pain of payment less obvious, vivid, or transparent. As a result, gift card recipients report a lower level of spending guilt (Valentin and Allred 2012) and would be more likely to spend all or even beyond the total card amount (White 2008). In sum, the existing evidence suggests that gift card recipients may not even view gift cards as having "real" monetary value; instead, gift cards are often viewed as symbolic objects to be redeemed for consumable goods. In turn, gift card recipients appear to confront quite a different decisional task, that is, deciding which product to buy, where, when, how to act and so on to successfully redeem the card, as compared to gifted cash recipients who tend to evaluate the desirability of the purchase to decide whether to buy something.

Crucially for the present research, perceiving gift funds as intended to be spent or not should have cognitive consequences. The theory of goal-related mind-sets suggests that consumers have a general shopping procedure or script stored in memory (Xu and Wyer 2007; see Wyer and Xu 2010, for a review), which consists of a series of subgoals (deciding whether to buy, deciding which product to buy, making a purchase, etc.). Shoppers are

likely to retrieve and consult this procedure as a guide in making purchase decisions. The subgoals that comprise a procedure are normally activated and applied in sequence, and the attainment of one subgoal is more likely to stimulate subgoals that follow it than those that precede it. For example, Xu and Wyer (2007) showed that simply asking consumers which of two products they would prefer without having decided whether or not they want to buy something can induce a which-to-buy mind-set, which increases their likelihood of making a purchase both in the situation at hand and in subsequent, unrelated situations. Consumers with a which-to-buy mind-set implicitly assume that they have already decided to buy one of them and focus their attention on comparing individual features of the alternatives. On basis of this subgoal hierarchy notion, we argue that gifted cash recipients will naturally activate the first subgoal in the sequence (deciding whether to buy), while gift card recipients are induced to consider the second subgoal in the sequence (deciding which to buy) since their first subgoal has already been pursued and the resulting decision is affirmative (to spend all of the credit held on the card).

Evidence that consumers' goal-orientated behavior can be divided into different phases was also obtained by Gollwitzer and his colleagues (Gollwitzer, Heckhausen, and Steller 1990; see Gollwitzer 2011, for a review). They found that individuals first deliberate on whether or not to act and that once the decision is made they ponder the means to implement the decision. That is, in the predecisional phase, individuals generate pros and cons of each goal and develop a deliberative mind-set that helps in evaluating the desirability of competing goals. Once a choice between different goals is made, an implemental mind-set is adopted that fosters assessment of issues such as where, when, and how to act. Further research confirmed the assumption and showed that a shift from deliberative mind-set to implemental mind-set can be induced either directly (by performing a task that requires thinking about how to attain a goal, see Taylor and Gollwitzer 1995) or indirectly (by engaging in a participative pricing exercise, see Chandran and Morwitz 2005; or by an initial unrelated purchase, see Dhar, Huber, and Khan 2007). Note that the which-to-buy mind-set assumes that people have the opportunity to choose among two or more alternatives. However, when people have only one option, the which-to-buy state of the process does not come into play, and they move on immediately to the implemental stage (Xu and Wyer 2007). In this case, therefore, we postulate that gifted cash may trigger deliberation on the relative merits of the purchase opportunity, whereas gift cards may activate focus on action-oriented planning to make a purchase.

In general, we expect that gifted cash recipients will acquire the first subgoal of the shopping procedure or script, but, in contrast, gift card recipients have already proceeded to the next subgoal or decisional stage. In line with the assumption that human cognition and processing style is adaptively tuned to meet the situational requirements (Smith and Semin 2004, 2007), the first subgoal or the predecisional phase in the goal attainment procedure allows for more abstract, global processing and high-level construal, whereas the second subgoal or the post-decisional phase fosters more detail-oriented, local processing

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