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Author(s): Lan Jiang, JoAndrea Hoegg, and Darren W. Dahl

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Consumer Reaction to Unearned Preferential Treatment

LAN JIANG
JOANDREA HOEGG
DARREN W. DAHL

Prior research on consumer response to preferential treatment has focused on treatment that has been earned through loyalty or effort, and most of this work has reported positive outcomes for recipients. Unearned preferential treatment (e.g., receiving a surprise discount, getting a free upgrade), in contrast, has received little attention. The current research demonstrates that, although receiving unearned preferential treatment does generate positive reactions, it is not always an entirely pleasurable experience. Results from four experiments show that when unearned preferential treatment is received in front of others, the positive feelings of appreciation for the treatment can be accompanied by feelings of social discomfort stemming from concerns about being judged negatively by other customers. These feelings of discomfort can reduce satisfaction with a shopping experience and affect purchasing behaviors. The negative impact of unearned preferential treatment on satisfaction is moderated by the characteristics and reactions of those observers.

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. Preferential treatment can be given in a variety of ways. For instance, picture yourself bypassing the check-in line at the airport because you are a frequent flyer, winning your groceries because you were the one-millionth customer at the store, or being offered a nicer room when checking into

a hotel because one happens to be available. Each of these examples involves benefits being offered to some but not all customers; however, they differ with respect to the process by which the consumer is singled out. In the frequent flyer example, preferential treatment is earned through effort or loyalty. In the other cases, the customer did not earn the preferential treatment; rather, it was awarded by chance or spontaneously.

Previous literature has indicated the value of effort- or loyalty-based preferential treatment with respect to customer satisfaction (Henderson, Beck, and Palmatier 2011; Homburg, Droll, and Totzek 2008; Lacey, Suh, and Morgan 2007). Indeed, individuals who earn preferential treatment experience feelings of elevated status, which leads them to be less price sensitive, to engage in positive word-of-mouth about the firm, and to be more loyal over time (Drèze and Nunes 2009; Kumar and Shah 2004). Little research, however, has examined the effects of unearned preferential treatment on consumers and assessed whether it too leads to solely positive outcomes for recipients. This is somewhat surprising, as unearned preferential treatment is a fairly common occurrence in the marketplace (Kalra and Shi 2010). For example, one-millionth customer promotions (e.g., Ryanair), instant-win promotions (e.g., McDonald's Monopoly game), and scratch-and-save discount promotions (e.g., Sears, The Hudson's Bay Company) are regular promotional efforts used by firms to reward shoppers.

Similarly, there are numerous circumstances when pref-

Lan Jiang is assistant professor in marketing at Lundquist School of Business, University of Oregon, Eugene, OR, 97403 (lanjiang@lcbmail.uoregon.edu). JoAndrea Hoegg is assistant professor in marketing and Darren W. Dahl is the Fred H. Siller Professor in applied marketing research at Sauder School of Business, University of British Columbia, Vancouver, BC, V6T 1Z2 (joey.hoegg@sauder.ubc.ca; darren.dahl@sauder.ubc.ca). This article is based on the first author's doctoral dissertation, cochaired by the second and third authors. The authors are indebted to Nahal Iranpour for her assistance with data collection. They also wish to thank Karl Aquino, Charles Weinberg, Jon Pracejus, Katherine White, and Juliano Laran, for their comments on earlier drafts of the manuscript, and to express their gratitude to the editor, the associate editor, and the three anonymous reviewers for their helpful guidance. Financial support from the Social Sciences and Humanities Research Council of Canada is gratefully acknowledged.

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erential treatment is offered spontaneously without any explicit explanation, such as being given a free upgrade to a nicer rental car, getting a more desirable table at a restaurant, or being invited to skip the line at a nightclub. These types of benefits are not provided in a consistent or predictable manner, but they do occur. As anecdotal evidence, one of the coauthors regularly redeems points from an airline company over the phone, and from time to time, without explanation, the customer representative waives the service fee that normally applies.

Our research focuses on companies' use of unearned preferential treatment and investigates how consumer reactions to these types of experiences can differ from their reactions to receiving earned preferential treatment. In particular, we focus on the environment in which preferential treatment is offered. Preferential treatment is often conferred in public settings (e.g., VIP lines; one-millionth customer events, etc.). We suggest that, when preferential treatment is unearned rather than earned, the presence of other individuals who do not receive the same treatment can alter satisfaction for the consumer who receives preferential treatment.

Previous research has documented numerous ways in which the presence of other individuals can have a powerful influence on consumption experiences (Dahl, Manchanda, and Argo 2001; Luo 2005; Ramanathan and McGill 2007). In the context of preferential treatment, the presence of other consumers could provide a benefit of an admiring audience that enhances feelings of status and consequently increases satisfaction. Indeed, managerial wisdom supports the notion that conferring preferential treatment in front of others will be a more positive experience for the recipient. We conducted interviews with 24 managers of retail establishments, including restaurants, cafes, stores, and movie theaters. We asked them to consider earned and unearned forms of preferential treatment: loyalty-based (i.e., frequent shoppers), chance-based (i.e., draws or giveaways), and spontaneous (i.e., randomly without explanation). For each type we asked whether customers would be more satisfied receiving preferential treatment in public or in private. Across all types of preferential treatment the majority of managers (loyalty-based = 63%; chance-based = 63%; spontaneous = 58%) thought customers would be more satisfied receiving preferential treatment in public than in private.

The managerial view notwithstanding, it may be that receiving preferential treatment in public is not always positive. Social audience research has shown that, in some cases, the presence of others can lead to negative feelings and outcomes driven by concerns over what others are thinking (Dahl et al. 2001; Gilovich, Medvec, and Savitsky 2000; Miller and Leary 1992). For example, when purchasing embarrassing products in front of others, consumers feel more self-conscious than when purchasing them alone (Dahl et al. 2001). When wearing an embarrassing clothing item, individuals tend to become overly concerned and overestimate the extent to which others are observing them (Gilovich et al. 2000).

In the work presented here, we suggest that receiving preferential treatment in a public setting can, in certain

situations, have negative effects on a consumer's evaluation of the experience. Specifically, we argue that, when preferential treatment is conferred in front of others, satisfaction with receiving preferential treatment will be lower when that treatment is unearned. By definition unearned preferential treatment means receiving something that other consumers, who are equally deserving, do not receive. We propose that receiving something that others have just as much right to receive can activate concerns about negative evaluations, reducing the satisfaction with the preferential treatment.

Across four studies, the current research makes several contributions to the literature concerning preferential treatment. First, we extend prior research by examining consumer reactions to unearned preferential treatment and how it impacts customer satisfaction differently than earned preferential treatment. Specifically we show that, when unearned preferential treatment is conferred in public, feelings of social discomfort can arise, leading to reduced satisfaction with the consumption experience. Second, we identify concerns about negative evaluation from others as the mechanism underlying the social discomfort experienced. Third, we identify important moderators that influence these effects, including the reactions and characteristics of the social other. In particular, we show that satisfaction with receiving preferential treatment can be restored if the observer who does not receive such treatment reacts positively to the recipient's good fortune or if the observer is of a higher status than the recipient.

In the next section, we review the extant literature on preferential treatment. We also discuss the theory of social influence, focusing on impression concern, and we develop our hypotheses regarding potential negative effects of receiving preferential treatment in a social environment. We then report four studies that test our hypotheses. We conclude with a discussion of the theoretical and managerial implications of our work and provide avenues for future research.

THEORETICAL BACKGROUND

Preferential Treatment

Preferential treatment is defined as "giving selective customers elevated social status recognition and/or additional or enhanced products and services above and beyond standard firm value propositions and customer service practices" (Lacey et al. 2007, 242). Consumers naturally desire status (Heffetz and Frank 2011), and the provision of preferential treatment enables consumers to make downward social comparisons with others, enhancing feelings of elevated status and superiority (Barone and Roy 2010; Drèze and Nunes 2009; Giordano, Wood, and Michela 2000).

Research has shown that these positive feelings stemming from enhanced status and superiority over others have positive implications for the firm (Henderson et al. 2011). Preferential treatment programs have been found to lead to stronger consumer-brand relationships, more positive word of mouth, and increased purchase intentions (Lacey et al. 2007). However, most of the research on effects of preferential treatment on

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consumers has focused on deals or services given to a firm's best or most loyal customers (Acquisti and Varian 2005; Zhang and Wedel 2009). That is, the preferential treatment has been earned through effort (Drèze and Nunes 2009).

However, preferential treatment that has not been earned is actually quite common. For instance, sweepstakes and contests are a frequent promotional practice used by numerous firms in nearly every consumer industry (e.g., VISA, Wendy's, Huggies, Honda, eBay, Tyson, etc.; Kalra and Shi 2010). Although not based in loyalty, these types of promotions do involve some customers receiving benefits that others do not, and hence they constitute preferential treatment. Another type of unearned preferential treatment occurs when special perks are conferred spontaneously, without explicit reason. Giving one customer a cheaper price than others received, throwing in free accessories with a purchase, upgrading a room or car rental, or waiving a service fee all constitute unearned preferential treatment in that the treatment was given to select customers without justification.

The critical difference between earned and unearned preferential treatment is the extent to which other consumers, who do not receive such treatment, are equally deserving of it. Given this distinction, we suggest that consumers will have different reactions to receiving earned versus unearned preferential treatment. In both cases, consumers are likely to experience positive emotions related to feeling special. However, in the case of unearned preferential treatment, we expect that negative feelings may arise when the preferential treatment is conferred in the presence of others and that this may reduce the satisfaction with receiving treatment. As elaborated below, we suggest that, when unearned preferential treatment is received in public, it may lead to feelings of social discomfort.

Social Influence in Preferential Treatment

The feelings of elevated status associated with preferential treatment stem from the social context since some consumers are, by definition, left in a less desirable position (Henderson et al. 2011). As much preferential treatment involves conspicuously recognizing customers in a public context (Lacey et al. 2007), comparisons between the benefited and nonbenefited consumers naturally occur. Prior research has firmly established that the presence of another individual can alter consumer attitudes and behaviors (e.g., Argo, Dahl, and Manchanda 2005; Chartrand and Bargh 1999; Drolet and Morris 2000; Ramanathan and McGill 2007; White and Dahl 2006, 2007). People have an ongoing interest in how they are perceived and regularly try to gauge the impressions others form of them (Argo et al. 2005; Leary and Kowalski 1990).

In general, consideration of the views of others tends to occur at a preattentive level; however, in certain situations, public self-awareness can be heightened, resulting in conscious and sometimes unavoidable thought about the impressions others are forming (Buss 1980; Leary and Kowalski 1990). We suggest that receiving preferential treatment in front of other consumers who do not receive such treatment is one such circumstance. The salience of the social com-

parison between the benefiting consumer and those who do not benefit activates impression-related thoughts. Those who receive preferential treatment may want others to admire them and recognize their elevated status, which can serve to enhance self-esteem and increase self-appraisals (Brown and Lohr 1987; Drèze and Nunes 2009; Giordano et al. 2000). In other words, preferential treatment in public can lead recipients to be aware of, and feel good about, the impression they make on others. This should result in positive feelings and higher satisfaction.

In some cases, however, comparisons with others might not always lead to solely positive outcomes. Research has shown that receiving advantageous inequity (e.g., a lower price, a higher salary) makes individuals happy and satisfied but may not be perceived to be the right thing for a company to do (van den Bos et al. 2006; Xia and Monroe 2010). Indeed, some have argued that the preferential treatment of selective customers is controversial due to feelings of resentment or hostility from those customers who do not benefit (Fournier, Dobscha, and Mick 1998; Henderson et al. 2011).

We suggest that, when consumers receive unearned preferential treatment in front of others, they are likely to be happy and feel grateful that they received special treatment, but simultaneously they may be concerned about such resentment or hostility from observing consumers who do not receive the same benefits. Apprehension about negative evaluations from others may lead to feelings of uneasiness and psychological discomfort associated with the social situation (Drummond et al. 2003; Lewis 1995), which we term *social discomfort*. Social discomfort can accompany the positive feelings associated with preferential treatment noted above and lower overall satisfaction with the shopping experience. In contrast, when a consumer receives special treatment because he or she has earned it through loyalty or effort, the reasons for the distinct outcomes received by those who do and do not benefit are justified and clear. In these cases, there should be little reason to judge the beneficiary negatively; hence, social discomfort should not materialize.

Prior research has demonstrated that receiving earned preferential treatment increases feelings of self-enhancement and status and can lead to greater satisfaction with a shopping experience (Barone and Roy 2010; Drèze and Nunes 2009; Xia and Monroe 2010). As theorized above, we expect that this positive influence of preferential treatment on satisfaction will be mitigated when the preferential treatment is unearned and occurs in public. When unearned preferential treatment is conferred in front of others, feelings of social discomfort will emerge, driven by concerns that other consumers are judging the recipient negatively. This leads to three hypotheses:

- H1:** When conferred in the presence of others, preferential treatment that is earned (vs. unearned) will result in increased (vs. attenuated) satisfaction with a shopping experience.
- H2:** The effect of the presence of other consumers on satisfaction with receiving unearned preferential

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treatment is mediated by feelings of social discomfort.

- H3:** The effect of the presence of other consumers on feelings of social discomfort is mediated by concerns about negative evaluations from others.

Status of the Social Audience

The notion of preferential treatment essentially equates to an issue of status. When certain individuals are given perks or special treatment, they feel elevated relative to others. When preferential treatment is earned, the recipient feels superior through the downward social comparison with nonbenefiting, and hence lower-status, customers (Drèze and Nunes 2009). However, even when preferential treatment is unearned, the conferring of such treatment signals that they are, in some way, special. The difference is that, for unearned preferential treatment, the downward social comparison with nonbenefiting consumers can engender feelings of discomfort stemming from a concern over negative judgments from the lower-status group. This assumes, however, that these other individuals were previously of equal status and become lower due to the preferential treatment. If instead the other consumer is someone who is normally of a higher status than the one who receives the benefit (e.g., a higher socioeconomic status, a supervisor at work, etc.), an elevation of the consumer's status through preferential treatment would effectively represent an opportunity to equalize the status differential. As such, we might expect that concerns about negative judgments would be counteracted by positive feelings of achieving superiority over the other consumer.

Upward social comparisons can lead to negative self-evaluations; hence, factors that might reduce the magnitude or impact of the comparison could be appealing (Argo, White, and Dahl 2006). The aversive state of being lower status could also generate feelings of pleasure when the status of the other individual is compromised in some way (Brigham et al. 1997; Smith et al. 1996; Sundie et al. 2009). Thus, we expect that when the recipient of preferential treatment is an individual who is normally of lower status, the opportunity to feel superior to someone who is of higher status is received positively.

The status of other consumers is not always easy to identify; however, socioeconomic status can be often be estimated by physical appearance, as consumers use publicly consumed goods such as clothing, accessories, and cars to signal their status level (Han, Nunes, and Drèze 2010). Thus, at a hotel reception desk, in an airport line, or in a restaurant waiting area, it is possible to observe the appearance of other consumers and quickly derive an estimate of their social standing. If a consumer of visibly lower status were given preferential treatment over other consumers of visibly higher status, the relative status level would likely be salient to the recipient. As such, we would expect the opportunity to be superior over the higher-status group on this one domain to be a positive experience. For example, if a student backpacker were upgraded to business class in front of a group of people clearly

dressed in business attire, the backpacker might relish the opportunity to "beat" this group of passengers.

This is not to say that the consumer will feel no concern over being judged negatively by the higher-status other. Certainly the beneficiary may still be concerned about negative judgments from the other person and still experience social discomfort. However, the benefit of gaining superiority over someone who is normally of higher status should counteract the negative influence of social discomfort on satisfaction. Thus, we expect to observe higher satisfaction with preferential treatment relative to when the other individual is of the same status. More formally,

- H4:** When received in the presence of others who are of higher status, unearned preferential treatment results in higher satisfaction than when received in the presence of others who are of a similar status.

OVERVIEW OF STUDIES

Study 1 examines the difference in consumer satisfaction with receiving preferential treatment that is earned versus unearned (hypothesis 1). It also identifies feelings of social discomfort as the source of the difference (hypothesis 2) and provides initial evidence that the discomfort stems from concerns about negative evaluations from others. Study 2 provides direct support for the role of concerns about negative evaluation (hypothesis 3) by demonstrating its mediating role in the process and by showing that a positive reaction from an observer alleviates the social discomfort experienced when unearned preferential treatment is received in public. In study 3, we broaden the conceptualization of "unearned" preferential treatment to include a context that is considered fair and as such might be less likely to generate feelings of social discomfort: a random draw. The study demonstrates that, although winning a random draw is received positively when experienced alone, social discomfort still arises when it is received in the presence of others. Finally, in study 4, we examine the moderating influence of the status of the social other. We show that, when another consumer who does not receive preferential treatment is of higher status, the negative impact of preferential treatment is mitigated (hypothesis 4).

STUDY 1

Study 1 investigates how the public environment differentially affects satisfaction with receiving earned versus unearned preferential treatment. We manipulate the reason for preferential treatment to be either based on customer loyalty (earned) or offered spontaneously, without any basis for selection (unearned), both common situations in which preferential treatment is offered (Gwinner, Gremler, and Bitner 1998; Zeithaml, Rust, and Lemon 2001). We also manipulate whether or not the preferential treatment is observed by another consumer. We expect that unearned preferential treatment will lead to reduced satisfaction when conferred in the presence of observers (hy-

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pothesis 1) and that this will be driven by feelings of social discomfort (hypothesis 2). In contrast, we expect that earned preferential treatment will lead to satisfaction regardless of the presence or absence of an audience.

Study 1 also investigates whether feelings of social discomfort stem from concerns about incurring negative evaluations from observers (hypothesis 3). To achieve this goal, we manipulate the social context. If feelings of social discomfort stem from concerns about negative judgments from others, they should occur only when the recipient of the preferential treatment is aware that he or she is being observed (Schneider and Bowen 1999). If other consumers who do not receive preferential treatment are in the environment but the benefited customer does not believe these individuals observed the special treatment, there is no reason to fear negative evaluations, and feelings of social discomfort should not materialize. If, however, these feelings of social discomfort stem from a more general sympathy for the individual who did not receive the benefit, they should emerge anytime another customer is present, regardless of whether the other customer actually observes the preferential treatment. Thus, to test hypothesis 3, we manipulate whether the other customer witnesses the preferential treatment or is merely present at the time it occurs.

Method and Procedure

Study 1 adopted a 2 (social environment: witness vs. non-witness) \times 2 (preferential treatment: earned vs. unearned) design and employed an experiment in a field setting at the University of British Columbia. Preferential treatment was offered in the context of bonus gifts at a sampling event. Under the cover story of a sample giveaway, participants were instructed to visit a booth, where a local retailer was conducting marketing surveys and giving away three personal care product samples to each participant in exchange for completing the survey. The study was individually run to avoid interactions among participants and maintain the believability of the preferential treatment offered during the procedure. Eighty-five undergraduate students participated in the study in exchange for course credit. They arrived at the lab and learned about the purpose and procedure of the study. They were then sent to visit the booth, which was located in the lounge of the same building.

A large display table was placed at the event booth, showcasing different product samples from a variety of brands. Products included perfumes, moisturizers, soaps, face cleansers, body wash, and so forth. Upon arrival, participants were greeted by a confederate posing as a representative of the retailer and were given a two-page "brand preference survey" to fill out. This survey listed the major brand names for the different product categories and asked the participants to circle the ones that they use most frequently. The brand names of all the product samples used were included on the survey. Once participants completed the survey, they started browsing the samples.

While the participants were selecting their three free samples, the sales representative invited them to choose two

extra ones, for a total of five. This constituted the preferential treatment. Participants 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 indicated the names of the products. Sample information of fictitious prior customers was written on the form above where the participants put their information. All previous entries indicated that customers received only three samples. This emphasized to the participant that he or she had received special treatment (refer to the appendix for an example).

The nature of the preferential treatment was manipulated through the sales representative's comment when offering the extra samples. In the *earned* condition, the comment was: "I see from your survey that you have been a loyal customer of [brand name the participant circled]. Since we have a partnership with that brand, we would like to offer you two extra samples as an acknowledgement." The participant was then free to select two extra samples. In the *unearned* condition, the opportunity to select two extra samples was presented without any explanation. A pretest confirmed that this was an effective manipulation of the extent to which the preferential treatment was perceived to be earned. The loyal-customer explanation made participants feel more deserving of the extra samples relative to no explanation ($M_{\text{earned}} = 4.28$ vs. $M_{\text{unearned}} = 2.59$, on a 7-point scale; $t(74) = 4.84, p < .05$).

In all conditions, we had a second confederate pose as a customer. Whether he or she was perceived to have observed the preferential treatment was manipulated by the timing of when he or she was at the booth. In the *witness* 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 received, would be witnessed. In the *nonwitness* condition, the confederate was already in the lounge when the participant arrived and appeared to have just finished taking his or her samples. The confederate then left the table just before the extra samples were offered to the participant so that any preferential treatment received was not perceived to be observed. A pretest of this manipulation showed that participants in the witness condition thought that the other customer in the booth saw they had received the extra samples more so than participants in the nonwitness condition ($M_{\text{witness}} = 4.76$ vs. $M_{\text{nonwitness}} = 3.42$, on a 7-point scale; $t(73) = 4.21, p < .05$). When participants returned to the lab, they were given the main survey to fill out.

Measures

Participants were asked to rate their sampling experience on four items: satisfied, happy, pleasant, and good ($-4 =$ not at all, $4 =$ very much). These items were aggregated to form a satisfaction index ($\alpha = .91$). We then asked participants to rate how appreciative and thankful they felt in this purchase experience on a 9-point scale ($1 =$ not at all, $9 =$ very much). These two items were averaged to form a gratitude index ($r = .80$). In addition, we asked partici-

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pants to indicate the extent to which they felt uncomfortable, uneasy, and awkward during the purchase experience, and these three items formed a social discomfort index ($\alpha = .93$). The items were drawn from previous research that examines an individual's affective responses following a heightened concern over the impressions a social other may form (Argo et al. 2005; Edelman 1981; Miller and Leary 1992).

We also had the salesperson record the time at which the extra samples were offered and the time the participant left the store. We expected that concerns about making a negative impression would motivate participants to avoid the situation (Leary 1995), so that the duration of stay at the booth would be shortened when the unearned treatment was observed. Participants also indicated their gender, age, and ethnicity and responded to a suspicion probe. There were no effects of gender, age, or ethnicity in this or subsequent studies; hence, these variables are not discussed further. In the suspicion probe, six participants mentioned their suspicion about the booth or the confederate, and their survey answers were excluded in the subsequent analysis.

Results

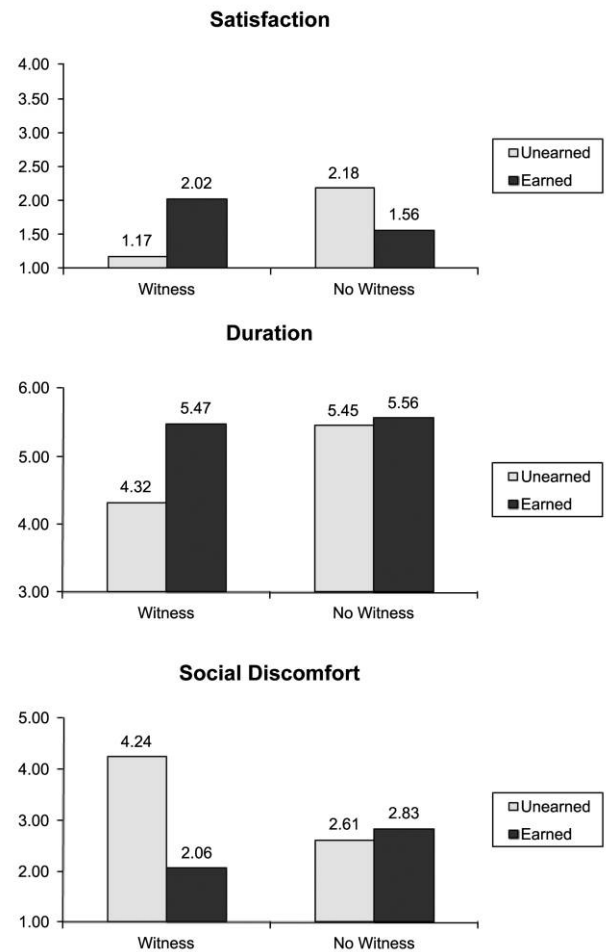
Satisfaction. The 2 (social environment) \times 2 (preferential treatment) ANOVA revealed no main effects of social environment or preferential treatment (both $F < 1$), but it did reveal an interactive effect on participants' overall satisfaction toward the sampling experience ($F(1, 75) = 6.91, p < .05$; refer to fig. 1). As predicted by hypothesis 1, when preferential treatment occurred in front of a witness, participants were more satisfied with receiving it when it was earned than when it was unearned ($M_{\text{earned}} = 2.02$ vs. $M_{\text{unearned}} = 1.17$; $F(1, 75) = 4.35, p < .05$). When preferential treatment was not witnessed, the nature of the preferential treatment did not affect satisfaction ($M_{\text{earned}} = 1.56$ vs. $M_{\text{unearned}} = 2.18$; $F(1, 75) = 2.62, p > .10$). Considered from another perspective, unearned preferential treatment resulted in lower satisfaction when it was witnessed than when it was not ($M_{\text{witness}} = 1.17$ vs. $M_{\text{nonwitness}} = 2.18$; $F(1, 75) = 5.11, p < .05$). In contrast, when preferential treatment was earned, being witnessed had no impact on satisfaction ($M_{\text{witness}} = 2.02$ vs. $M_{\text{nonwitness}} = 1.56$; $F(1, 75) = 2.29, p > .10$).

Gratitude. The 2 \times 2 ANOVA on participants' feelings of gratitude showed no differences across conditions ($F < 1$; M between 5.86 and 6.50). The one-sample t -test against the midpoint suggested that participants felt appreciative and thankful for the extra samples ($M = 5.99$; $t(78) = 8.34, p < .05$).

Social Discomfort. The 2 (social environment) \times 2 (preferential treatment) ANOVA on the measure of social discomfort revealed a main effect of preferential treatment ($M_{\text{earned}} = 2.45$ vs. $M_{\text{unearned}} = 3.43$; $F(1, 75) = 4.92, p < .05$), as well as a two-way interaction ($F(1, 75) = 8.24, p < .05$; refer to fig. 1). Follow-up contrasts showed that when a witness was present, participants experienced less social

FIGURE 1

SOCIAL DISCOMFORT, DURATION, AND SATISFACTION AS A FUNCTION OF WITNESS AND TREATMENT TYPE (STUDY 1)



discomfort when the extra samples were earned ($M_{\text{earned}} = 2.06$ vs. $M_{\text{unearned}} = 4.24$; $F(1, 75) = 12.99, p < .05$). In the nonwitness conditions, whether the preferential treatment was earned or not did not make a difference ($M_{\text{earned}} = 2.83$ vs. $M_{\text{unearned}} = 2.61$; $F < 1$). Supporting hypothesis 2, mediation analysis (Preacher, Rucker, and Hayes 2007; Zhao, Lynch, and Chen 2010) revealed a significant indirect effect of the interaction of social environment and preferential treatment on satisfaction through social discomfort ($ab = -.3631, 95\% \text{ CI} = -.6957, -.0727$).

Duration. The 2 (social environment) \times 2 (preferential treatment) ANOVA performed on the time participants spent at the booth revealed a main effect of social environment ($M_{\text{witness}} = 4.90$ minutes vs. $M_{\text{nonwitness}} = 5.51$ minutes; $F(1, 74) = 5.50, p < .05$), a main effect of preferential treatment ($M_{\text{earned}} = 5.52$ minutes vs. $M_{\text{unearned}} = 4.89$ minutes; $F(1,$

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74) = 6.10, $p < .05$) and an interaction of social environment and preferential treatment ($F(1, 74) = 3.99, p < .05$; refer to fig. 1). In the nonwitness conditions, the time participants spent in the lounge did not differ as a function of the nature of the preferential treatment ($M_{\text{earned}} = 5.56$ minutes vs. $M_{\text{unearned}} = 5.45$ minutes; $F < 1$). However, in the witness conditions, those who received the extra samples without reason stayed a shorter time than those who were offered the extras because of their brand loyalty ($M_{\text{earned}} = 5.47$ minutes vs. $M_{\text{unearned}} = 4.32$ minutes; $F(1, 74) = 9.40, p < .05$). Analysis was also conducted to test whether social discomfort mediated the effect on duration, and results showed a significant indirect effect of social environment and preferential treatment on duration through social discomfort ($ab = -.1965, 95\% \text{ CI: } -.2816, -.0493$).

Discussion

Study 1 demonstrated how the nature of the preferential treatment and the environment in which it is offered has an important influence on consumer satisfaction. In all conditions, participants experienced positive feelings of gratitude and appreciation from receiving preferential treatment. However, as predicted by hypothesis 1, when preferential treatment was received in front of observers, consumers were less satisfied when it was unearned versus earned. In support of hypothesis 2, the reduction in satisfaction was driven by feelings of social discomfort, which accompanied the positive feelings of gratitude for participants who were witnessed receiving unearned preferential treatment. Given that these feelings of social discomfort occurred only when unearned preferential treatment was witnessed, it seems that they stem from concerns about being judged by the other consumer who did not receive the preferential treatment. That is, discomfort appears not to stem from sympathy or some other attribution, but from a concern over judgments from others. This finding extends past research on social influence (Argo et al. 2005) by suggesting that the mere presence of another consumer is not sufficient to generate concerns over making a negative impression. Rather, social discomfort only manifests when the other consumer is perceived to be observing the individual.

In study 2, we delve further into our proposed cause of social discomfort, that is, people's concern about negative evaluations from others. If, as suggested by study 1 and predicted by hypothesis 3, social discomfort is caused by a concern about negative judgments from others, the reaction of those observers would be critically important. No reaction or an ambiguous reaction from an observer could leave a consumer concerned about negative evaluations. An overt reaction from an observer, however, would confirm or disconfirm this fear and should consequently influence the feelings experienced. For example, receiving a sincere compliment or a congratulatory comment from an observer about the beneficiary's fortune would indicate that the observer is not forming negative judgments. This should, in turn, reduce feelings of social discomfort and make the experience more positive. To provide additional support that concern about negative evaluations from others leads to social dis-

comfort, in study 2 we include a condition in which the witness responds positively to the target consumer's preferential treatment. A positive response should mitigate the fear of negative evaluation, alleviating feelings of discomfort. In addition, as a more direct test of hypothesis 3, we measure fear of negative evaluation from others and analyze its role in our mediation process.

STUDY 2

Method and Procedure

Study 2 adopted the same sample giveaway context and procedure used in study 1. All participants were witnessed receiving unearned preferential treatment, that is, two extra free samples without explanation or justification. There were two between-subjects conditions. In the *control* condition, the confederate did not react explicitly to the participants, as in the procedure of study 1. In the *positive* condition, the confederate smiled and said, "Nice!" We expected that a positive reaction from an observer would reduce the concern about negative judgments, which would mitigate social discomfort and lead to greater satisfaction with the preferential treatment.

Measures

The measures of social discomfort and satisfaction mirrored study 1 ($\alpha = .94, .91$, respectively). In addition we included statements directly probing concerns about negative evaluations. Three items adapted from Leary (1983), "I worry about what the other person will think of me," "I am concerned that the other person is forming an unfavorable impression of me," and "I feel I am being judged by the other person," each on a 7-point scale, were averaged to form the index ($\alpha = .89$). A suspicion probe indicated that none of the participants correctly guessed the hypothesis. Eighty-three undergraduate students at the University of British Columbia successfully completed the study in exchange for course credit.

Results

Satisfaction. A comparison between the no-reaction condition and the positive-reaction condition showed that satisfaction was higher when the confederate reacted positively to the participant's preferential treatment ($M_{\text{no}} = 7.07$ vs. $M_{\text{positive}} = 7.79$; $t(80) = 2.84, p < .05$).

Social Discomfort. As expected, social discomfort was attenuated when the confederate responded positively compared with the no-reaction condition ($M_{\text{no}} = 3.78$ vs. $M_{\text{positive}} = 3.00$; $t(80) = 2.23, p < .05$). Moreover, the indirect effect of reaction on satisfaction through social discomfort is significant ($ab = .1505, 95\% \text{ CI: } .0095, .4460$), confirming the mediating role of social discomfort.

Concerns about Negative Evaluation. A comparison between the no-reaction and the positive-reaction conditions revealed that the positive reaction from the confederate at-

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tenuated the participants' concern about other people's unfavorable perception about them ($M_{no} = 4.37$ vs. $M_{positive} = 3.41$; $t(80) = 2.68$, $p < .05$). In further support of hypothesis 3, mediation analysis indicated that this concern about negative evaluation underlies the feeling of social discomfort ($ab = -.4204$, 95% CI: $-.8788, -.1301$).

Serial Mediation. A serial multiple mediator model (Hayes 2012), from reaction to impression concern to the feeling of social discomfort to satisfaction, was also analyzed. Impression concern and social discomfort function as mediators in the serial model, with the former affecting the latter. Results confirmed a significant overall indirect effect ($ab = .1350$, 95% CI: $.0513, .3902$), which consists of three specific indirect effects: (1) the effect of reaction on satisfaction through impression concern only ($ab = .0247$, 95% CI: $.0057, .1280$), (2) the effect of reaction on satisfaction through social discomfort only ($ab = .0856$, 95% CI: $.0137, .2612$), and (3) the effect through both ($ab = .0740$, 95% CI: $.0403, .3042$).

Discussion

Study 2 provided further support of the role of concern about negative evaluations from others on generating feelings of social discomfort and influencing satisfaction. The results showed that, if the other person reacted positively, the concern over negative evaluations was attenuated, reducing feelings of social discomfort and increasing satisfaction, compared to when the other person's reaction was uncertain. Moreover, in direct support of hypothesis 3, the study identified the mediating role of concerns over negative evaluation in the relationship between social audience and social discomfort.

Thus far, we have focused on an extreme form of unearned treatment, that is, that given without explanation or justification. We have demonstrated that this type of unearned preferential treatment can lead to feelings of social discomfort when conferred in public due to fears of negative evaluations from others. Thus, it seems that, when there is no reason for preferential treatment to be given, social discomfort can emerge. However, other types of preferential treatment exist that do have justification but that still constitute unearned preferential treatment. For example, one commonly used promotional tactic is to offer contests or sweepstakes whereby customers scratch or peel an entry form in the store for an instant opportunity to win a prize or receive a discount (e.g., McDonald's Monopoly; Tim Horton's Roll up the Rim to Win). Research has demonstrated that this type of preferential treatment can be effective in generating sales, depending on the size of the prize and the risk tolerance of consumers, and can be a positive experience for consumers, depending on the number of winners relative to losers (Kalra and Shi 2010; Lim, Ahern, and Ham 2009). In these types of promotions, there is clearly a reason for the preferential treatment (i.e., random draw), which most people perceive to be fair (Bolton, Brandts, and Ockenfels 2005; Van den Bos et al. 1997), but it is still unearned. The

question of interest is whether a random draw will also lead to feelings of discomfort for the recipient.

In study 3, we investigate the random draw context to see whether social discomfort still emerges when conferred in public. If the concerns over negative evaluations occurred in studies 1 and 2 because of an awareness of the unfairness of the practice, social discomfort should not emerge in the current context. However, if the concerns are simply that the consumer was singled out while everyone else was equally deserving, social discomfort should still manifest. If social discomfort emerges in what most people perceive to be a fair context, this has important implications for firms that utilize public random draws as promotional tactics.

In addition to broadening the context of unearned preferential treatment, study 3 also extends our investigation to examine an important outcome: purchase. The study involves an actual shopping experience in which we manipulate preferential treatment using a random "draw and save" promotion. Participants draw a card with a discount amount on it and are able to use that card on their main purchase and on any additional purchases they wish to make. Thus we are able to observe the extent to which actual purchase behaviors are influenced by the presence of other consumers.

STUDY 3

Study 2 utilizes a 2 (treatment: preferential vs. common) \times 2 (social environment: presence vs. absence) between-subjects design. Treatment is manipulated by whether all customers receive the discount or only the participant. The social environment is manipulated by whether another shopper is in the store at the time the discount card is drawn.

Method and Procedure

Eighty-six undergraduate students at the University of British Columbia received partial course credit in return for their participation. This study was conducted in a student lounge, where we created a seemingly real functioning store. The store was set up ostensibly as a student-society-run operation. Bookcase shelving was brought in, and the shelves were stocked with a variety of snacks and stationery products. Prices were displayed on the shelves under each item. A checkout counter was set up, and a confederate was hired to act as the sales associate. Actual purchases could be made by participants or by anyone else who happened to enter and wished to buy something. To minimize the likelihood that other shoppers would be present in the store at the same time as participants, the study was run during off-peak hours.

Participants were run individually and were told that the purpose of the study was to get their opinions about a shopping experience. They arrived at a laboratory and were asked to choose a sealed envelope from a box, which ostensibly contained a randomly selected student store on campus that would be evaluated in the study. Unknown to participants, the only store that could be picked was the store we set up. Then they were asked to visit the store and make a purchase.

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They were provided with \$5 and were told that the money was to simulate a real shopping experience and that they could keep the products they purchased and any remaining change. In the *presence* condition, 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 *absence* condition, no confederate was in the store.

Participants then went to visit the store and select their items. At the checkout counter, the sales associate greeted them and informed them about a “draw and save” promotion, where they could receive a discount of up to 25% off the entire purchase. In this promotion, participants had to draw a card from a box. Unknown to participants, all the cards read “25% off entire purchase,” the highest possible discount. The nature of the offer (i.e., the treatment factor) was manipulated through the sales associate’s comments about the discount. In the *preferential* condition, the sales associate said, “You scored 25% off! Wow, you are the only customer I have seen today get this deal!” In the *common* condition, the comment was, “You scored 25% off! Wow, every single customer I have seen today has gotten this deal!” The cashier also reminded the participants that they could purchase more items if they liked and that the discount would apply to the entire purchase. After the participants finished shopping, they returned to the lab and completed the questionnaire about the shopping experience, which included our dependent measures.

Measures

Participants were asked to rate their overall reactions to the purchase experience on two items that gauged how satisfied and pleased they felt ($-4 = \text{not at all}$, $4 = \text{very much}$). These two items were aggregated to form a satisfaction index ($r = .84$). We then asked participants to rate how appreciative and thankful they felt, as well as how lucky and fortunate they felt, in this purchase experience on a 9-point scale ($1 = \text{not at all}$, $9 = \text{very much}$). The first two items were averaged to form a gratitude index ($r = .82$), and the latter two items were averaged to form a luckiness index ($r = .81$). In addition, we asked participants the same social discomfort items used in previous studies ($\alpha = .87$). We also recorded the total amount of money each participant spent in the store.

To assess the social environment manipulation, participants were asked whether there were other shoppers in the store when they made the purchase. We also included a 7-point scale item, “What is the likelihood of getting the deal?” ($1 = \text{very unlikely}$, $7 = \text{very likely}$), to test the efficacy of the preferential treatment manipulation. In addition, to ensure the justifiability of the preferential treatment, participants were asked how fair it was to receive this deal ($1 = \text{not at all fair}$, $9 = \text{very fair}$). In a suspicion probe, 10 participants mentioned their suspicion regarding the preferential treatment or the set-up store. These participants were excluded from the sample in the subsequent data analysis.

Results and Discussion

Manipulation Checks. A 2 (treatment) \times 2 (social environment) chi-square test on the presence check revealed an effect for the social environment manipulation ($\chi^2 = 18.75$, $p < .05$). More participants in the presence condition reported that there was another shopper in the store than those in the no presence condition ($M_{\text{presence}} = 70.50\%$ vs. $M_{\text{absence}} = 7.90\%$). The 2 (treatment) \times 2 (social environment) ANOVA on the treatment check also indicated only a main effect of treatment ($F(1, 70) = 27.19$, $p < .05$). Participants who heard the comment about being the only customer getting the promotion offer reported a lower likelihood of getting the discount ($M_{\text{preferential}} = 3.26$ vs. $M_{\text{common}} = 5.37$). With regard to the fairness of the treatment, all participants indicated that it was fair to receive the deal (M between 7.6 and 7.8; $F < 1$).

Satisfaction and Spending. We examined participants’ overall satisfaction toward the shopping experience and the actual money spent in the store. A 2 (treatment) \times 2 (social environment) ANOVA performed on the satisfaction index revealed a main effect of treatment ($M_{\text{preferential}} = 2.99$ vs. $M_{\text{common}} = 2.34$; $F(1, 70) = 3.74$, $p = .05$), as well as a significant two-way interaction of treatment and social environment ($F(1, 70) = 4.02$, $p < .05$; refer to fig. 2). As predicted in hypothesis 1, the boost in satisfaction of receiving unearned preferential treatment was eliminated when it was received in front of another customer ($M_{\text{presence}} = 2.47$ vs. $M_{\text{absence}} = 3.50$; $F(1, 70) = 6.25$, $p < .05$). The ANOVA performed on the total spending followed the same interaction pattern ($F(1, 70) = 3.35$, $p = .07$). The increase in spending upon receiving preferential treatment was attenuated in the presence condition ($M_{\text{presence}} = \$2.84$ vs. $M_{\text{absence}} = \$3.55$; $F(1, 70) = 4.78$, $p < .05$). In contrast, when treatment was common, there were no differences as a function of social environment ($F < 1$).

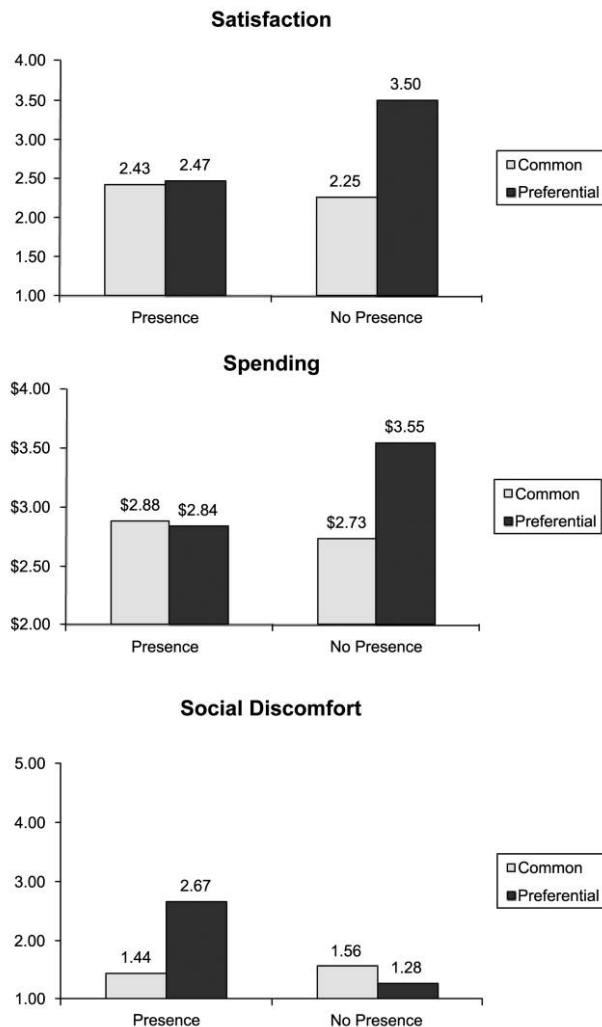
Gratitude and Luckiness. Analysis of participants’ feelings of gratitude and luckiness only revealed a main effect of preferential treatment (gratitude: $F(1, 69) = 7.83$, $p < .05$; luckiness: $F(1, 70) = 28.05$, $p < .05$). Participants reported feeling more grateful and lucky when the discount was preferential rather than common (gratitude: $M_{\text{preferential}} = 5.92$ vs. $M_{\text{common}} = 5.17$; luckiness: $M_{\text{preferential}} = 5.84$ vs. $M_{\text{common}} = 4.60$).

Social Discomfort. The 2 (treatment) \times 2 (social environment) ANOVA performed on the social discomfort index showed a main effect of social environment ($M_{\text{presence}} = 2.05$ vs. $M_{\text{absence}} = 1.42$; $F(1, 70) = 4.23$, $p < .05$), as well as a two-way interaction of treatment and social environment ($F(1, 68) = 6.92$, $p < .05$; refer to fig. 2), as well as a main effect of social environment ($M_{\text{presence}} = 2.12$ vs. $M_{\text{absence}} = 1.44$; $F(1, 68) = 4.23$, $p < .05$). Receiving preferential treatment made participants feel more discomfort when there was someone present than when there was not ($M_{\text{presence}} = 2.67$ vs. $M_{\text{absence}} = 1.28$; $F(1, 68) = 11.98$, $p < .05$). When treatment was common to everyone, social presence did not

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FIGURE 2

SATISFACTION, SPENDING, AND SOCIAL DISCOMFORT AS A FUNCTION OF PREFERENTIAL TREATMENT AND SOCIAL ENVIRONMENT (STUDY 3)



lead to feelings of discomfort ($F < 1$). Consistent with hypothesis 2, the feelings of social discomfort created by social presence mediated the relationship between treatment and satisfaction. Mediation analysis (Preacher, Rucker, and Hayes 2007; Zhao, Lynch, and Chen 2010) revealed a significant indirect effect of the interaction of treatment and social environment on satisfaction through discomfort ($ab = -.3243$, 95% CI: $-.8579, -.0081$).

Discussion. Our findings revealed that even when unearned preferential treatment has a reasonable justification, feelings of social discomfort can manifest when the preferential treatment is received in the presence of another shopper. Receiving unearned preferential treatment did make

customers feel more grateful and lucky, but at the same time, it generated feelings of social discomfort. It seems that the positive and negative feelings offset each other, altering overall satisfaction toward the shopping experience. Importantly, we also found that participants did not increase their spending after receiving the preferential treatment in public, whereas they did increase spending when preferential treatment was received unobserved.

Across three studies we have demonstrated that when consumers receive unearned preferential treatment they can become concerned that others are judging them negatively and that this can offset the positive aspects of receiving preferential treatment. This suggests that consumers may wish to appear equal to fellow customers unless they have adequate reason to be superior. In our final study, we investigate a circumstance in which a consumer may desire the opportunity to be singled out as being of a higher status, that is, when the consumer is currently at a lower status. When a consumer is of a lower status than an observer, preferential treatment can effectively raise the consumer to the level of a higher-status other. As predicted by hypothesis 4, in such a circumstance, we would expect that the positive aspects of feeling superior would counteract any feelings of social discomfort stemming from receiving unearned preferential treatment.

Study 4 investigates a circumstance in which the self-presentation goal of status signaling is activated, and it tests whether in this case receiving unearned preferential treatment in public might result in higher satisfaction. This is operationalized by manipulating the identity of the other customer to be either higher status than or the same status as the participant. In previous studies, the other customer was always of the same status. We expect, however, that when unearned preferential treatment is received in front of an individual of higher status, the feeling of superiority will override any negative feelings of social discomfort and boost satisfaction.

STUDY 4

Method and Procedure

Study 4 adopted a 2 (treatment: preferential vs. common) \times 2 (other status: equal vs. higher) between-subjects design. The study utilized a restaurant dining scenario. Participants were asked to imagine a situation in which they were going out with two friends from work to a popular upscale restaurant that does not accept reservations. They read a description of the restaurant and were shown a photograph of the inside of the restaurant, with a busy waiting area and tables full of patrons. The scenario indicated that the participants put their name on the list and then waited for a few minutes. While they were waiting, they saw someone they knew from work who had clearly arrived before them and was already waiting for a table. The manipulation of status was conducted by varying who the person was. In the *equal-status* condition, the other patron was another colleague from the office. In the *higher-status* condition, it was the president of the company.

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They were then asked to imagine that the manager came over to say hello to them, apologized for the wait, and got them seated ahead of some others who were waiting. Preferential treatment was manipulated by whether or not the colleague/president was left waiting while they were seated. In the preferential condition, the scenario indicated that the hostess seated the participants while their colleague (president of the company) and his party were still waiting for a table. In the common condition, both the participant's party and the colleague/president's party were seated at the same time. A pre-test of this scenario showed that a colleague would be perceived as equal status while the president would be perceived as higher in status ($M_{\text{colleague}} = 2.00$ vs. $M_{\text{president}} = 2.76$, on a 3-point scale with 1 = lower, 2 = equal and 3 = higher; $t(85) = 5.71, p < .05$). It also showed that being seated earlier would be regarded as a form of preferential treatment ($M_{\text{common}} = 4.93$ vs. $M_{\text{preferential}} = 5.60$, on a 7-point scale; $t(85) = 2.59, p < .05$).

Measures

The key measures, overall satisfaction and social discomfort, followed the previous study ($\alpha = .92$ and $.89$, respectively). We also included the measures of concern about negative judgments used in study 3. In addition, we asked participants to rate three items about feelings of superiority stemming from getting benefits over others, that is, "I feel superior getting a table before ____," "I feel a sense of winning," and "I enjoy the bonus of making an impression on ____." These three items formed a superiority index ($\alpha = .88$). In a suspicion probe, none of the participants correctly guessed the hypothesis. A total of 172 people recruited from Amazon Mechanical Turk (MTurk, <http://www.mTurk.com>) participated in the study online.

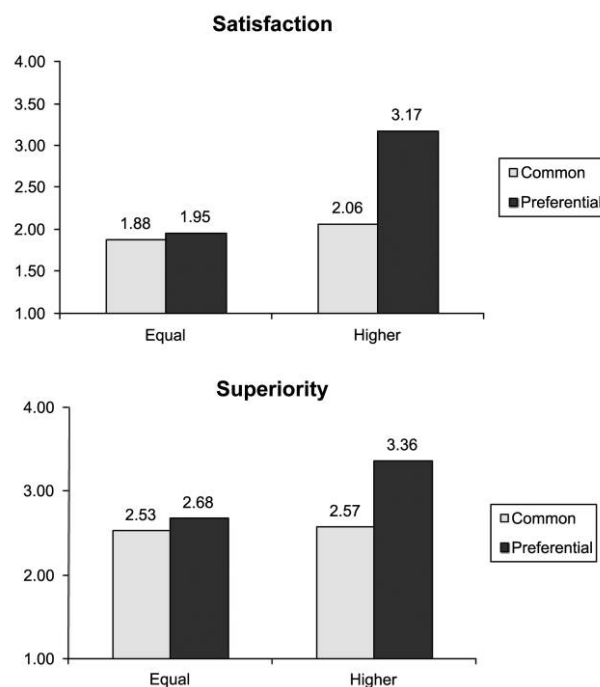
Results and Discussion

Satisfaction. A 2×2 ANOVA on satisfaction showed a main effect of treatment ($M_{\text{preferential}} = 2.56$ vs. $M_{\text{common}} = 1.97$; $F(1, 167) = 3.98, p < .05$), status ($M_{\text{colleague}} = 1.92$ vs. $M_{\text{president}} = 2.62$; $F(1, 167) = 4.11, p < .05$) as well as a marginally significant interactive effect ($F(1, 167) = 3.16, p = .07$; see fig. 3). When the other person was a fellow colleague, the results replicated our previous findings that preferential treatment did not actually increase satisfaction ($M_{\text{preferential}} = 1.95$ vs. $M_{\text{common}} = 1.88$; $F < 1$). In contrast, and consistent with hypothesis 4, if the preferential treatment was received in front of a person higher in status, people felt more satisfied ($M_{\text{preferential}} = 3.17$ vs. $M_{\text{common}} = 2.06$; $F(1, 167) = 6.73, p < .05$).

Social Discomfort and Concerns about Negative Evaluation. A 2×2 ANOVA on social discomfort only showed a main effect of preferential treatment ($F(1, 168) = 9.75, p < .05$; $M_{\text{preferential}} = 4.99$ vs. $M_{\text{common}} = 3.53$). In both conditions, regardless of the other person's status, receiving preferential treatment created feelings of discomfort. Similarly, the 2×2 ANOVA on concerns about negative eval-

FIGURE 3

SATISFACTION AND SUPERIORITY AS A FUNCTION OF PREFERENTIAL TREATMENT AND STATUS (STUDY 4)



uation also revealed a main effect of preferential treatment only ($F(1, 168) = 15.16, p < .05$; $M_{\text{preferential}} = 3.44$ vs. $M_{\text{common}} = 2.51$), suggesting that the concern about negative judgments from others is not contingent on their status. Mediation analysis again confirmed its role underlying the feeling of social discomfort ($ab = 1.0694, 95\% \text{ CI: } .7349, 1.4939$).

Feelings of Superiority. A 2×2 ANOVA on the superiority index revealed a two-way interaction of treatment and status ($F(1, 167) = 3.81, p = .05$). The positive feelings of superiority only occurred when receiving the preferential treatment in front of the president ($M_{\text{preferential}} = 3.36$ vs. $M_{\text{common}} = 2.57$; $F(1, 167) = 5.88, p < .05$), not the fellow colleague ($M_{\text{preferential}} = 2.68$ vs. $M_{\text{common}} = 2.53$; $F < 1$). A moderated mediation model that includes both social discomfort and superiority as parallel mediators and status as the moderator showed that social discomfort mediates the effect of preferential treatment on satisfaction, regardless of the other person's status (equal status, $ab = -.3169, 95\% \text{ CI: } -.6869, -.0996$; higher status: $ab = -.2820, 95\% \text{ CI: } -.6192, -.0902$). However, superiority mediates in the higher-status condition only ($ab = .6658, 95\% \text{ CI: } .2910, 1.1216$), not when the other person is a fellow colleague.

Discussion. The final study further suggested that the experience of preferential treatment in a public context is in-

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fluenced by the perceived impression that the behavior may create. In this study, the status of the other person was manipulated to elicit different impression goals. When the other person was of equal status, we observed the same effect identified in the previous studies. In contrast, when the other person was higher in status (i.e., the president of the company), receiving preferential treatment created a sense of superiority, which led to a higher level of satisfaction. Although individuals still experienced social discomfort from concerns about the president's unfavorable judgment, these were offset by the positive experience of "beating" a superior, resulting in increased overall satisfaction.

GENERAL DISCUSSION

This research presented four studies to demonstrate consumers' responses toward unearned preferential treatment. Study 1 showed that, in a shopping situation involving a social environment, participants did not experience solely positive feelings from receiving preferential treatment, but in fact reported mixed emotions depending on the type of preferential treatment and whether it was directly observed. However, when preferential treatment was unearned and witnessed by another consumer, feelings of social discomfort emerged, which reduced satisfaction with the experience. Study 1 also provided initial support for our proposition that concern about negative evaluations from others is the underlying mechanism. By demonstrating that the mere presence of an individual (i.e., present but not observing) was insufficient to generate discomfort in the social context, we provided evidence that the discomfort stems from concerns about judgments from others rather than more sympathetic concerns about the other's less fortunate situation. Study 2 provided additional support for our proposed process by demonstrating that a positive reaction from the social other could alleviate the feelings of discomfort and restore satisfaction. The study also directly measured concern about negative evaluations and showed its role in the mediation path. Study 3 showed that, even when unearned preferential treatment is in the "fairer" context of a random draw, negative feelings of social discomfort generated by the presence of another shopper still emerge. These feelings attenuated the increased satisfaction and purchase normally associated with receiving preferential treatment. Study 4 demonstrated that, when a witness to unearned preferential treatment is of higher status, other self-presentation goals (i.e., the chance to gain status) can mitigate the negative impact of social discomfort on satisfaction.

From a theoretical perspective, the results of this research contribute to the literature on preferential treatment and social influence. Preferential treatment has been an increasingly popular marketing practice and has received a great deal of scholarly attention (Henderson et al. 2011; Homburg et al. 2008; Lacey et al. 2007). However, most prior work has focused on earned preferential treatment and as such has mostly reported positive outcomes for the recipient (see van den Bos et al. [2006] and Xia and Mon-

roe [2010] for exceptions related to fairness perceptions of advantaged inequity). We consider the case of unearned preferential treatment, which, although less common, is used regularly by firms as a promotional tactic (Kalra and Shi 2010). We show how unearned preferential treatment offered to a customer can lead to distinct outcomes that are not always entirely beneficial to the recipient and the firm. In particular, we identify the social environment as an important consideration in the use of preferential treatment. Although prior work on preferential treatment does consider its comparative nature (Drèze and Nunes 2009; Henderson et al. 2011), none has directly examined the role that the social environment plays. This is an important omission, because preferential treatment occurs often in public, where reactions to other customers could play an impactful role. The current research demonstrated that, under certain circumstances, concerns about unfavorable judgments from other customers do emerge, leading to feelings of social discomfort, which can mitigate overall satisfaction with a sales experience.

From a managerial perspective, our 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 both in terms of the resource investments and the potential negative effects on firms' relationships with the customers who do not benefit from the practice (Fournier et al. 1998; Oliver and Swan 1989). The current findings indicate that consideration must also be given to the potential reactions of the benefited customers. Thus, it is important for practitioners to have a fine-tuned understanding of all customers' reactions toward such treatments to optimize the use of such practices and maximize potential return. As noted in the introduction, most managers think that customers prefer to receive preferential treatment in front of others. The current work indicates that this may not always be the case and that consideration must be given to the nature of the preferential treatment and the characteristics of the social environment.

Of course, the work presented has several limitations that can seed future research. First, in order to maintain control in our studies, we only had one other customer present as a witness. It is possible that the number of observers might affect the level of social discomfort experienced. On the one hand, more observers could magnify social discomfort if there is fear that all are judging negatively. On the other hand, the fact that it would not be just one individual missing out on the preferential treatment might mitigate some of the level of felt discomfort. Future work could vary the number of observers present to address these conflicting possibilities.

A related issue is that, although we attempted to make our field environments as realistic as possible, participants knew they were in an experiment and thus may have been judging the situation accordingly. If possible, it would be useful to run the study in a natural environment as a true field experiment to better address potential external validity concerns.

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In our manipulations, treatment was always dichotomous, that is, earned versus unearned or common versus preferential. However, preferential treatment could be conceived of as occurring along a continuum. As we have noted in our conceptualization of earned versus unearned preferential treatment, retail "Scratch and Save" days often involve customers receiving somewhere between 5% and 50% off their purchase. Thus, numerous individuals receive preferential treatment, but some receive better treatment than others.

Our studies did not control for any individual differences, such as participants' belief in luck. It is possible that a strong belief in luck might create a sense of justification that would mitigate feelings of social discomfort. Other individual differences could also have an influence. For example, consumers who are highly familiar with a retail organization may experience less social discomfort when receiving unearned preferential treatment because the sense of familiarity and comfort with the shopping environment eases these feelings. These and other individual differences (e.g., empathy, self-esteem, narcissism) would be interesting to investigate as potential moderators of our effects.

It would be fruitful to delve more deeply into earned preferential treatment to understand conditions under which it might lead to social discomfort. In study 1, we showed that, when preferential treatment is earned, no discomfort arises, but we did not examine the characteristics or behavior of the social other in that study. If a negative reaction from another customer were made, could discomfort be experienced even for preferential treatment that is earned? Another possibility is to understand conditions under which sympathy for the other customer might arise. We have shown that reduced satisfaction is driven by a concern over the negative impression the consumer is making on others. Are there circumstances under which concern for the other individual's well-being might manifest? For example, if the other consumer were less fortunate on other dimensions, would this lead to feelings of sympathy that might reduce satisfaction? Additional research is needed to understand the conditions under which self-focused versus other-focused emotions might arise.

Our research suggests that if a firm is employing an unearned preferential treatment strategy, a private environment is probably best. If preferential treatment is to be conferred in public, a structured program based on loyalty or other criteria that are understood by everyone is a safer choice. In practice, of course, how to decide the structure and set the selection criteria is a complex issue. While it is common to give preferential treatment to a company's most loyal customers (Barnes 1997; Gronroos and Ojasalo 2004), some firms treat new customers preferentially, with introductory prices, free shipping on the first order, and the like. The goal is generally to treat the customers who would potentially bring the highest value with the highest priority, but problems arise when customers and companies have different perspectives defining valued customers. This gap could leave those nonbenefited customers dissatisfied (Schneider

and Bowen 1999) and could also influence the experience of those benefited customers.

Options do exist for providing preferential treatment that would minimize the potential for negative emotions. For example, companies can take advantage of more private communication channels to reach customers in order to avoid potential impression concerns in a social environment. For example, McDonald's Monopoly game can be played at the restaurant or taken home and checked later. Alaska Airlines send out an "insider newsletter" every week with exclusive insider promotion code offers. Although anyone who registered to receive e-mail marketing communications from the company can get this "insider information," this extra step of registration creates some exclusivity and, more importantly, removes the public context.

If managers want to employ preferential treatment practices in public settings for publicity purposes, the important consideration is to ensure that the special treatment is earned through effort or loyalty and that the rationale is understood by both the benefiting and nonbenefiting customers (Schneider and Bowen 1999). If the beneficiary suspects that observers are unaware of the reason for it, he or she may worry that witnessing others would not perceive it as fair, even if it actually was. This is a subtle but potentially important point. Earning the preferential treatment may not be enough to mitigate social discomfort if the beneficiary fears that others do not know he or she has earned it. The results of study 4 are somewhat consistent with this possibility. Although it is likely that other patrons waiting for a table would assume that the participant must personally know the manager or have some sort of special status at the restaurant to justify early seating, the participant could not know what the others were thinking. Hence, fear of negative evaluation was activated, leading to social discomfort. Future research is needed to gain a deeper understanding of this important nuance.

In addition to differing in terms of whether it is earned or unearned, preferential treatment can vary in the extent to which it has an impact on the nonbenefiting customers. For example, in study 1, when the participant received five samples, it did not lower the number of samples the other customers ostensibly received. However, in study 4's restaurant scenario, when the participant was invited to go to the front of the line, others had to wait for a longer time. It would be interesting to examine whether the impact of preferential treatment on other customers would prompt efforts to reject it or perhaps to attempt to find justifications for it. The affect regulation literature suggests that negative emotions motivate coping behaviors (Tice, Bratslavsky, and Baumeister 2001). In study 1, we found that participants who were observed receiving preferential treatment left the store faster, and in study 3 we found that they purchased less. Anecdotal evidence from our other studies is also supportive. In study 1, several participants in the unearned/witness condition did not sign their name after writing down the samples they took on the receipt form. We also noticed a few participants in this condition wrote down that they had received three or four samples instead of five. Similarly, in study 2, one participant attempted to

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give back the additional samples she received. These preliminary pieces of evidence suggest that people may seek ways to cope with the discomfort they feel by engaging

in self-presentation management strategies. Additional work is needed to further examine these and other downstream behaviors stemming from preferential treatment.





APPENDIX FIGURE A1

RECEIPT FORMS FOR SAMPLES

Product Sample Inventory Form

Date	Customer #	Quantity	Product	Signature
September 30, 2009	1	3	1. perfume 2. hand cream 3. lip gloss	
Sept 30, 09	2	3	1) cologne 2) body wash 3) perfume.	
SEPT 30 2009	3	3	1 After shave 2 Cologne. 3 Cologne.	
Sept 30, 2009	4	3	① moisturizer ② perfume ③ body wash	Mary Garcia

Product Sample Inventory Form

Date	Customer #	Quantity	Product	Signature
September 30, 2009	1	3	1. perfume 2. hand cream 3. lip gloss	
Sept 30, 09	2	3	1) cologne 2) body wash 3) perfume.	
SEPT 30 2009	3	3	1 After shave 2 Cologne. 3 Cologne.	
Sept 30, 2009	4	3	① moisturizer ② perfume ③ body wash	Mary Garcia
Sept. 30, 2009	5	5	1. Zirk Fix 2. pre shave daily scrub 3. spray, elix, cologne 4. hand to hand shampoo 5. tissue boxes	

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