

# Service gifts, collective social connection and reciprocity

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# Service Gifts, Collective Social Connection and Reciprocity

## Abstract

**Purpose:** This research investigates the process of service gifting (i.e. unexpected upgrades or benefits) and examines why service gifts do not always result in firm-beneficial reciprocal behaviors from consumers.

**Design/methodology:** Through a series of three studies including both scenario-based and game-theory based experiments, this research proposes and empirically validates a conceptual model that examines the effect of service gifts on firm-beneficial reciprocal behaviors, and the role of collective social connection and norm of positive reciprocity (NPR) in this process.

**Findings:** The findings of this research show that the consumer's feelings of collective social connection mediate the link between the provision of service gifts and firm-beneficial outcomes. Furthermore, an individual's adherence to NPR moderates this process. Specifically, individuals with a strong adherence to NPR do not display increases in collective social connection following the receipt of a service gift. Those who are low in NPR follow the expected pattern of increased collective social connection leading to reciprocation.

**Practical implications:** The results of this research reveal the critical role of collective social connection which has been largely ignored in service gifting research. It encourages managers to use service gifting to directly boost consumers collective social connection. Furthermore, it offers managers insight into why service gifts do not always result in firm-beneficial outcomes due to the moderating role of NPR.

**Limitations:** Future research may further generalize the model to other situations such as high vs. low context cultures. Longitudinal field experiments can be utilized to further investigate collective versus relational social connection, which can be either a by-product or a primary benefit derived from service delivery.

**Originality/value:** The roles of social connection and the norm of reciprocity have been understudied in both theoretical and empirical work on service gifting. This paper demonstrates that, contrary to traditional thought, those typically expected to reciprocate the most (i.e. high in NPR) may not realize increased collective social connection leading to reciprocation following receipt of a service gift.

**Keywords:** social connection, service marketing, business-to-consumer gift, norm of positive reciprocity, relationship marketing, value creation, consumer interaction

# **Service Gifts, Collective Social Connection and Reciprocity**

## **Introduction**

Many marketing activities are designed to influence the behavior of current or prospective consumers. To be successful, firms have to create perceived value for their customers (Kumar and Reinartz, 2016). Firms initiate and create customer value through product and service offerings, and they leverage customer value in the form of profit (Kumar, 2018). Businesses commonly provide gifts to consumers as a tool to provide enhanced value to customers (Davies *et al.*, 2010). In the services marketing context, where managers often face the perishability of supply, businesses often provide gifts in the form of a free service upgrade both to utilize perishable and expiring supply capability and to create additional benefit for consumers. These upgrades are designed to positively influence the customer's perceptions of the brand. For example, airlines with empty seats in first class often upgrade economy ticket holders to fill the preferred seats and to please their customers (Park and Jang, 2015). Chain hotels often upgrade clients who reserved regular rooms to unused suites for the same reasons. Rental car agencies similarly upgrade specific customers to a more expensive class of automobile at no charge both to balance inventory supplies and to positively impact customer perception.

Building upon Davies *et al.*, (2010), we suggest that a service gift occurs when a service provider offers a customer additional value such as a free upgrade or other benefits without the expectation of direct compensation. The service provider expects the gift to result in a return in the form of reciprocity or potentially a change in the relationship with the recipient. While gifting is well established in the marketing and consumer behavior literature, little research has

probed business-to-consumer gifting, and the gifting of services has been relatively underexplored.

Social exchange theory, which underlies the relationship marketing paradigm, dominates the mainstream literature on gifting (Davies *et al.*, 2010). As Belk, (1979) points out, the gifting process serves four functions: communication, social exchange, economic exchange, and socialization. Sellers aim to bind consumers to the firm and to form stable relationships. Consistent with this, the provision of a service gift is expected to engender feelings of relational intimacy and social connection (Otnes *et al.*, 1993; Roster, 2006; Eggert, *et al.*, 2019). However, past research has shown mixed results as to their efficacy (Haisley and Loewenstein, 2011; Singh *et al.*, 2008). Though gifts are often given as a means of initiating or enhancing a close relationship (Shen *et al.*, 2011; Hwang and Chu, 2019), evidence suggests they could have a minimal or even the opposite impact in certain cases (Otnes *et al.*, 1993; Palmatier *et al.*, 2006; Wendlandt and Schrader, 2007; Park and Yi, 2019). One possible explanation for these inconsistent findings is that some consumers may perceive a gift differently, with some interpreting it as an innocent or friendly gesture to initiate or maintain a relationship, while others view it as an intentional effort to influence or even control their behavior. Gouldner, (1960) conceptualizes gifts as a “starting point” for relationships, while Schwartz, (1967) details how gifting and the resulting imbalance between gift iterations ensures that a relationship will perpetuate in some form. Some consumers may view the gift as “an implied but unwanted burden” (Ruth *et al.*, 1999, p. 395), especially if they do not desire to extend the relationship. Through projective interviews with consumers, McGrath *et al.*, (1993) finds that gift receipt can be “tinged with anxiety, cynicism, hostility, anger, and power” (p. 188).

Motivated by the above gaps in the literature, we investigate why service gifts do not always result in consumer behavior favorable to the firm, with three research objectives in mind. First, the current research tests the implicit assumption that the provision of service gifts can stimulate the recipient's perception of collective social connection (CSC). Bagozzi, (1995) explains that consumers are compelled to satisfy needs and goals through marketplace exchange. The idea that the provision of service gifts engenders feelings of relational intimacy and social connection has been theorized by multiple scholars (Dahl *et al.*, 2005; Otnes *et al.*, 1993; Roster, 2006), though this linkage has not been empirically tested in the extant gifting literature. One explanation for the inconsistent findings regarding relational outcomes and gifts (Haisley and Loewenstein, 2011; Singh *et al.*, 2008) may stem for the possibility that individuals respond differently to gifts from organizations than from individuals. Whereas the latter is likely to drive direct/relational social connection, gifts from an organization may not. In the case of a gift from an organization, without a corresponding individual as a target for feelings of connection, relational social connection may not develop, but feelings of generalized or collective social connection may. This subtle, but important difference in the types of social connection could help explain the inconsistent or absent findings in the extant literature.

Second, this research positions CSC as a mediating mechanism through which service gifts bring about positive outcomes for the firm. While the direct impact of gifts on positive firm outcomes has been empirically shown in the past (e.g., Bodur and Grohmann, 2005; Shmargad and Watts, 2016; Hwang and Chu, 2019), the current research is the first to investigate and highlight the importance of the mediating role of CSC in this process.

Third, this research positions the norm of positive reciprocity (NPR) as an individual difference variable that impacts how a consumer responds to a service gift and the subsequent

benefit that a firm may receive from the consumer. Based on the reciprocity theory, the norm of positive reciprocity is the expectation that any benefit received must be repaid (Schindler *et al.*, 2012), and research shows that some recipients are irritated by the obligation to return a gift (i.e. Macklin and Walker, 1988). These individuals may view the provision of a gift as a threat to their autonomy and future behavioral choices. As such, they may display a negative reaction to what an individual low in NPR would view fondly. This coincides with Schwartz, (1967) description of gift giving as a means of achieving social control over the recipient as one of the ways that gifting can be an unfriendly act.

## **Conceptual Framework**

### *Gift Giving*

In one of the first studies on the concept of gifting, Marcel Mauss, (1954) outlined a framework for gifting comprised of three related obligations: the obligation to give, the obligation to receive, and the obligation to repay. Subsequent marketing and consumer behavior research built on Mauss' work to explore the gift selection process (Belk, 1976) and the interactive nature of gifting (Banks, 1979). However, a pioneering article by Sherry, (1983) explores the anthropological facets of gifts, and spurred a long stream of marketing and consumer research on the topic (for example, Chun and Hiang, 2016; Belk and Coon, 1993; Park and Yi, 2019; Huang and Yu, 2000; Joy, 2001; Lowrey *et al.*, 2004; Shmargad and Watts, 2016).

Sherry's, (1983) model details how gifting can lead to a complex process of giving and receiving. Giesler, (2006) extends it further, contending that gifts are more than dyadic exchange and reciprocation, but a "total social fact" (p. 283). Giesler, (2006) contends that social distinctions are evident through the patterns of gift exchanges, the norm of reciprocity describes a set of rules and obligations that define the cycle of gifting, and rituals and symbolism help to

perpetuate these activities on a cultural level. The current research is grounded in Geisler's, (2006) conceptualization that the process of gifting is embedded in societal expectations on how one should initiate, accept, and respond to gifts; where a gift is seen as both a stimulus and a driver of behaviors for the giver as well as the receiver.

Business-to-consumer gifts are a form of social communication (Roster, 2006; Shen, *et al.*, 2011; Ku *et al.*, 2018) that facilitate firm-c relationships (Davies *et al.*, 2010). Gifts are interpreted through social and cultural norms that provide context to the exchange. Service gifts are commonly used to “(a) influence the attitudes and purchase likelihood of potential customers, (b) maintain or increase purchases by existing customers, and (c) express an organization's appreciation of past purchases by existing customers” (Bodur and Grohmann, 2005, p. 441). These service gifts are one type of relationship marketing investment, which are defined as the extra effort provided by a seller including benefits like free meals or gifts (Palmatier *et al.*, 2009). These benefits are designed to induce the consumers' future reciprocation such as making a purchase from the firm or referring a friend to the firm, and therefore solidify or deepen the relationship between the consumer and the firm, but the extant literature suggests mixed results (Otnes *et al.*, 1993; Palmatier *et al.*, 2006; Wendlandt and Schrader, 2007; Park and Yi, 2019). On an individual level, several studies link gifting to the strength of social ties and the level of relational intimacy between exchange partners (Belk and Coon, 1993; Joy, 2001; Roster, 2006; Ruth *et al.*, 2004).

Shen *et al.*, (2011, p. 2) define a gift as a “benefit that one person bestows on another and that is often both unexpected and unnecessary for the other's well-being”. However, well-being as defined by Shen *et al.*, (2011) appears to be primarily aimed at physical well-being, not the mental or psychological well-being commonly measured in social psychological research. As far

back as Bagozzi's, (1975) "marketing as exchange" paradigm, marketers have viewed social psychological outcomes as a product of commercial exchange. For example, Rosenbaum, (2008, 2009) reviews the creation of social support through service exchange, and this may be either relational (i.e. directed at specific actors) or collective (i.e. a generalized feeling of social connection). As noted in the introduction, the current research focus on the latter.

### *Social Connection*

Social connection describes a psychological state that is evident when individuals feel that they have an intimate sense of contact with others, and that those others care for them (Sheldon and Gunz, 2009). Hawkley *et al.*, (2005) identifies two distinct forms of social connectedness: relational connectedness is about societal satisfaction at the interpersonal level, indicated by feelings of familiarity, closeness and support; whereas collective connectedness is associated with feelings of group identification and cohesion. These concepts are grounded in the concept that individuals hold both relational and collective conceptions of the self (Brewer and Gardner, 1996). More critically, Hawkley *et al.*, (2005) stress the importance of the mental representation of social constructions where the individual's perception of connection matters more than any objective definition of the concept.

Sheldon and Gunz, (2009) developed a scale to measure collective social connection (CSC) that mirrors Hawkley *et al.*, 's (2005) collective social connectedness construct. Collective social connection is not directly tied to any specific event, individual or entity. Rather, an individual feels socially connected when she/he interacts positively and pro-socially with others. As service gifts represent a form of positive social communication, we expect that receiving a service gift will generate feelings of CSC. Thus, we propose:

H<sub>1</sub>: Service gifts increase levels of collective social connection in the gift recipient.



### *Reciprocation as a Social Process*

The norm of reciprocity is typically focused on dyadic interactions between individuals whereby each exchange partner reciprocates the actions of the other partner over a series of discrete interactions over the course of an exchange relationship (Nowak and Sigmund, 1998; Gouldner, 1960). Reciprocity can take both negative (i.e. repaying an undesired act with an unpleasant response) and positive forms. The norm of positive reciprocity is activated when an individual benefits from an act by another party or partner (e.g. firm or individual) and subsequently initiates a positive response for the interaction partner. Generalized reciprocity goes beyond a dyadic interaction, and instead views the interaction as triadic (Molm *et al.*, 2007; Baker and Bulkley, 2014). Social exchange and reciprocity theory imply that when someone benefits from a positive action, they feel valued and more socially connected as well as the obligation to repay (in some way) the benefit they have received (Gouldner, 1960). Generalized reciprocity argues that the recipient of a benefit may resolve this obligation either by repaying the source directly, or by ‘paying it forward’ to another individual or party, completing the triadic nature of generalized reciprocity.

In their work on social cooperation, Pfeiffer *et al.*, (2005) examine collective social connection and find that individuals base their decision to cooperate upon the outcome of their last encounter, even if it was with a different partner, and similar results were found in an organizational context. Deckop *et al.*, (2003) found that employees who had received help from a colleague were more likely to ‘pay it forward’ and provide help to another employee. Baker and Bulkley, (2014) found a similar effect with employees being more willing to help third parties because they had themselves received help from a colleague. In a retail context, Obeng *et al.*, (2019) found that customers who have experienced superior service (a type of service gift) were

more likely to reciprocate by making a charitable donation at the checkout. This is clear evidence that people can and do reciprocate benefits received to parties other than those they deem directly responsible for the benefit.

In H1, we hypothesize that receiving a service gift will boost the recipient's CSC. Based on the generalized theory of reciprocity, we expect that following the receipt of a gift and enhanced feelings of social connection, customers are more likely to repay the gift benefit through reciprocal behaviors because the service encounter offers a clear opportunity to do so. Thus, we propose:

H<sub>2</sub>: A service gift recipient's collective social connection has a positive impact on firm-beneficial reciprocal behaviors.

The norm of positive reciprocity (NPR) is an internalized social norm defined by the belief that after someone helps you, you are obligated to help them in return (Gouldner, 1960; Perugini *et al.*, 2003). Individuals who display high levels of NPR do not necessarily have a desire to be involved in reciprocal interactions; rather they have a conscious understanding that social norms require reciprocation when one is the beneficiary of helpful actions (e.g. Ku *et al.*, 2018). The concept of reciprocity has long been exploited in marketing. Cialdini, (1985) details some classic examples, ranging from Hare Krishnas unexpectedly delivering "gifts" of flowers to potential donors to firms enclosing dollar bills in their surveys to increase response rates (Haisley and Loewenstein, 2011). There is an established stream of research that positions reciprocation as an integral component in the business-to-consumer gifting process, primarily based on the premise that the dyadic reciprocation of benefits facilitates closer relationships between the firm and its customers (Roosens *et al.*, 2019; Ku *et al.*, 2018). Research shows that firm investments in relationships through business gifts encourage psychological bonding (Smith and Barclay,

1997), which in turn, creates pressure to adhere to social norms, including the norm of reciprocity (Dahl *et al.*, 2005; De Wulf *et al.*, 2001).

The provision of a benefit or gift often generates “an ingrained psychological pressure to return the favor” (Palmatier *et al.*, 2009, p. 2), a fact that has been demonstrated in numerous field experiments (Haisley and Loewenstein, 2011). Reciprocity theory argues that simply recognizing the receipt of a benefit would result in an obligation to repay that benefit (Ruth *et al.*, 1999; Shen *et al.*, 2011). Theorists largely agree that the most effective business-to-consumer gifting programs probably tap into this force, resulting in a customer’s felt obligation to repay the firm (Palmatier *et al.*, 2009).

Failure to repay the obligation brought about by the receipt of a service gift can induce feelings of guilt in the consumer (Dahl *et al.*, 2005). Existing gifting research shows that business-to-consumer gifts can effectively boost: customer loyalty (Bolton *et al.*, 2004), short-term financial outcomes (Palmatier *et al.*, 2006), and customer retention (Verhoef, 2003). This is consistent with the idea that gifts will result in consumer feelings of CSC, which will then translate into reciprocal behaviors. While this linkage has been conceptualized (Dahl *et al.*, 2005), we are unaware of any empirical research that examines the role of CSC in the link between service gifts and firm-beneficial reciprocal behaviors. Hence, we propose:

H<sub>3</sub>: Collective social connection mediates the relationship between service gift provision and the recipient’s firm-beneficial reciprocal behaviors.

#### *The moderating role of the norm of positive reciprocity*

While the preceding discussion of the process of reciprocation presents a strong argument explaining how service gifts can drive firm-beneficial outcomes, implications from reciprocity theory may help explain inconsistent findings in the literature regarding the effectiveness of service gifts, in particular, why they may backfire. We argue that customers’ *perception* of

autonomy and current need satisfaction are what really matters, not the intent of the gift donor in controlling the customer. The mere suspicion of manipulation by the firm has been shown to generate a psychological reaction (Fitzsimons and Lehmann, 2004; Morales, 2005), and this effect could cause business gifts to be perceived negatively by customers (Bodur and Grohmann, 2005; Wendlandt and Schrader, 2007).

Individuals who strongly internalize the need to reciprocate benefits are more likely to perceive an “obligation” to repay a service gift (Gouldner, 1960), and therefore, are more likely to perceive gifts as attempts to control their behavior and suppress their autonomy. The more an individual views a social influence as a threat to their freedom, the more likely they are to react negatively (Clee and Wicklund, 1980). Fitzsimons and Lehmann, (2004) argue that negative reactions to a social influence attempt are likely to cause a degradation in the consumer’s evaluation of the source of the freedom restriction, in this case the service provider giving the gift (see also Marcoux, 2009).

Service gifts are often designed to induce the recipients – current and potential customers – to reciprocate through the establishment or enhancement of a relationship and firm-beneficial reciprocal behaviors. However, while many consumers will interpret a service gift as a benefit, others may perceive it as manipulative behavior intended to create an obligation. The latter (or second type of consumers) are those who adhere strongly to the norm of positive reciprocity. Where social connection would naturally result if the gift were perceived as a relational benefit, this outcome would not occur if the gift was perceived as a threat to the consumer’s autonomy and self-determination. Shen *et al.*, (2011) suggest that if recipients expect that they will be obligated to respond to a gift in kind, then there is a greater likelihood that they will reject the gift.

In a service-gifting scenario, the gift itself may be accepted but the expected relational component (i.e. feelings of collective social connection that may facilitate generalized reciprocity) may be rejected. A service gift perceived as an attempt to manipulate behaviors instead of a friendly social act will not lead to increases in collective social connection, and therefore reduced reciprocal behaviors will be realized. Consistent with this, Butori and De Bruyn, (2013) discuss how unearned rewards can prompt customers to suspect that firms are employing manipulation tactics to encourage spending, and this suspicion can have a boomerang effect. Individuals who are strict in their adherence to NPR are more likely to take this view of service gifts. Therefore, we expect that as an individual's adherence to NPR increases, the impact of service gifts on the gift recipient's CSC, and resulting firm-beneficial reciprocal behaviors will decrease. Thus, we propose that:

H4: A gift recipient's adherence to the norm of positive reciprocity will suppress the mediating effect of collective social connection on the link between service gifts and firm-beneficial reciprocal behaviors.

The conceptual framework is presented in Figure 1.

**-- Insert Figure 1 about here --**

## **Method**

Three experimental studies were conducted to test the proposed hypotheses. In all three studies, participants first answered questions measuring their adherence to NPR, and then were exposed to experimental manipulation (i.e. they received a service gift or they did not) to test the proposed framework. All three studies recorded participant's CSC and intentions to engage in reciprocal behaviors following the manipulation. Combined, they test the mediating role of CSC on the link between service gifts and firm beneficial consumer responses, as well as the moderating role of NPR.

## Study 1

Study 1 included a scenario-based experimental manipulation embedded within a survey. Participants include 343 students at a large university in the United States who completed the survey in exchange for course credit. Participants were first queried about several variables including their adherence to NPR, and then randomly assigned one of two scenarios describing an experience with a restaurant while on a trip to celebrate a special occasion. The scenarios (in Appendix A) were adapted from those used by Smith *et al.*, (1999). Restaurants are commonly used as a context in marketing research due to the fact that they are high in experience attributes, and these experiences, along with other's evaluations of their own experiences, have been shown to impact both repurchase behavior and acceptable price premiums (Sridhar and Srinivasan, 2012).

One scenario involved no gifting ( $n=152$ ) and the other one involved the receipt of a gift ( $n=191$ ) from the service provider. In the no gift condition, the scenario described a typical service experience where a couple was seated at a restaurant after a reasonable wait, the waiter checked back at the appropriate time, and the experience generally met expectations. The gift condition involved a scenario where the couple was unexpectedly given exceptional service and a free dessert (a service gift). In this scenario, the upgrade for the customer is both unexpected and unnecessary for their well-being (Shen *et al.*, 2011). After reading the scenarios, participants completed questionnaires including scales that measured collective social connection, and reciprocal behaviors like tipping and positive word of mouth.

### *Measures*

Existing scales were adapted to the research context for the majority of the measures. Participants responded to all items and scales phrased as a series of multi-item Likert measures

on a seven-point scale ranging from “strongly disagree” (1) to “strongly agree” (7). The norm of positive reciprocity was measured using the 6-item scale developed by Perugini *et al.*, (2003). Collective social connection was measured both before and after exposure to the manipulation using the positive relatedness component of the NSAT scale (Sheldon and Gunz, 2009) to determine whether the service gifts act as a form of social communication and increase feelings of social connection within the customer (Roosens *et al.*, 2019; Otnes *et al.*, 1993; Roster, 2006). In an experimental setting, attempting to measure a subject’s connection to a firm would be too transparent to produce valid results but measuring CSC is feasible.

Two firm-beneficial reciprocal behaviors were measured. First, respondents were asked about the likelihood of recommending the service provider to others. Second, the percentage that the individual would tip the service provider was also recorded. Because these items are “easily and uniformly imagined” (Bergkvist and Rossiter, 2007; Wittgenstein, 1961) and nearly everyone would describe the activities identically (Rossiter *et al.*, 2003), recommendation behavior and tipping are considered concrete, and single item measures are appropriate. We conceptualize reciprocal behaviors as a formative index including the single item measures of recommendation behavior and tipping. All scale items are reported in Appendix B.

### *Measurement Model*

Multi-item reflective measures (CSC, NPR, and reciprocal behaviors) were subjected to a single confirmatory factor analysis (CFA). Five items were retained from the NPR scale (Perugini *et al.*, 2003), one item was dropped due to a relatively low standardized factor loading ( $\beta = .56$ ). Additionally, the tipping item had to be removed due to an insignificant variance level ( $p = .21$ ) and a relatively low standardized factor loading ( $\beta = .50$ ), leaving only one of two items capturing reciprocal behaviors. This left recommendation intention as a single item measure of

reciprocal behaviors, and so it was removed from the CFA. The CFA with the remaining two constructs (CSC and NPR) exhibited acceptable fit. Although the chi-square was significant, other indicators suggested a good fit of the data to the model (Hu and Bentler, 1999):  $\chi^2(16) = 26.59, p < 0.05$ ; comparative fit index = .99; normed fit index = .98; Tucker-Lewis index = .98; and root mean square error of approximation = .04. All of the standardized factor loadings were above recommended levels ( $\beta > .56$ ), all indicators loaded significantly ( $p < .01$ ) on their hypothesized factors, all variances were positive and significant ( $p < .01$ ), and composite reliabilities were above .81, providing evidence of convergent validity. To test for discriminant validity, a nested CFA was conducted in which the correlation between the pair of reflective constructs was constrained to be equal to one. The free model had a significantly different chi-square statistic ( $\Delta\chi^2(1) = 39.81, p < .001$ ) than did the constrained model, supporting discriminant validity. Additionally, the Average Variance Extracted (AVE) for each construct (AVE = .41 and .59) were compared to the squared correlation between the two constructs ( $\rho^2 = .32$ ), and the fact that the AVEs were higher than the squared correlation between the items provides further evidence of the discriminant validity of the measures (Fornell and Larcker, 1981). Correlations and descriptive statistics can be found in Table 1.

**-- Insert Table 1 about here --**

### *Analysis*

Because tipping and recommendation didn't load well in the CFA, we tested a total of three alternative dependent variable specifications: the formative scale; recommendation alone; and tipping alone. As the results were statistically equivalent (same pattern of significance and direction of results) using either of the single items or the formative index, we report the results using the formative index only.



Taken together, the proposed hypotheses suggest a moderated mediation model (Preacher *et al.*, 2007), whereby social connection mediates the link between a service gift and firm-beneficial consumer response, and the strength of the relationship between the receipt of a service gift and feelings of social connection is conditional on the individual's adherence to the norm of positive reciprocity. Following Preacher *et al.*, (2007), two regression equations were estimated:

$$M = i_1 + a_1X + a_2W + a_3XW + C + e_M$$

$$Y = i_2 + c_1'X + b_1M + (c_2' + c_3'X)W + C + e_y$$

Where X indicates the receipt of a service gift; M is the individual's CSC ; Y is firm-beneficial reciprocal behaviors; W is the individual's adherence to the norm of positive reciprocity; C controls for the individual's baseline level of CSC; and  $e_M$  and  $e_y$  are error terms (see Figure 1).

Conditional process analysis is required with the current model because the indirect effect of X (gift) on Y (reciprocal behaviors) is conditional on the level of the moderator W (NPR). That is to say that we expect the mediation mechanism to differ in size or strength as a function of the moderator (Hayes, 2013). Instead of relying on conventional hypothesis tests to determine mediation (i.e. Baron and Kenny, 1986), conditional process analysis utilizes a bootstrapping technique to calculate conditional indirect effects in the form of a confidence interval for the product of the "a path" (X – M) and the "b path" (M – Y) (see Figure 1). Confidence intervals for this path (a x b) that exclude zero are evidence of a mediation effect (Hayes, 2013; Preacher *et al.*, 2007).

In addition, moderated mediation would be indicated when there is evidence for mediation at some levels of the moderator (i.e. the a x b confidence interval excludes zero) but no evidence for mediation at other levels of the mediator (i.e. the a x b confidence interval

includes zero). Specifically, support for H<sub>4</sub> would be found by a decrease in the strength of the mediated path at higher levels of NPR.

The study variables (service gift or not, collective social connection after the scenario, reciprocation index, NPR, and a control for the individual's baseline level of social connection) were loaded into Process Model 7 (Hayes, 2013) in SPSS 24. The results of the analysis to test the conditional effects of service gifts are presented in Tables 2 and 3.

### *Results*

Tables 2 and 3 report the combined output of the simultaneous estimation of equations 1 and 2 from the conditional process analysis. Table 2 presents the coefficients for all direct paths included in the model. We find support for H<sub>1</sub> in the positive and significant effect of the service gift on collective social connection ( $\beta = 6.45, p < .01$ ). We also find support for H<sub>2</sub> as the impact of CSC on reciprocal behaviors is positive and significant ( $b_1$  path in Table 2 = .19,  $p < .01$ ). In order to test H<sub>3</sub> and H<sub>4</sub>, we analyzed the conditional indirect effects that are provided by the bootstrapping results (Hayes, 2013). Table 3 displays the bootstrapping results for the 10<sup>th</sup>, 25<sup>th</sup>, 50<sup>th</sup>, 75<sup>th</sup> and 90<sup>th</sup> percentile values of the moderator (NPR).

**-- Insert Table 2 about here --**

**-- Insert Table 3 about here --**

The "Effect" column in Table 3 represents the coefficient of the "a path" (X – Y) multiplied by the "b path" (M – Y). Evidence of mediation is provided by confidence intervals presented in the right-hand columns of Table 3, and shows that the consumer's level of collective social connection significantly mediates the link between the receipt of a service gift and reciprocal behaviors supporting H<sub>3</sub>. Significant mediation is indicated at low (10<sup>th</sup> and 25<sup>th</sup> percentiles) and high (75<sup>th</sup> and 90<sup>th</sup> percentiles) levels of NPR by the confidence intervals that do

not include zero. Further, this column shows that as the value of the moderator increased, the value of the mediated effect decreased in support of H<sub>4</sub>. When NPR is low, CSC positively and significantly mediates the impact of a gift on reciprocal behaviors; but when NPR is high, the mediated effect becomes negative and significant. In other words, the mediated path complemented the direct path at low values of NPR, as the valence of both effects was positive. At high values of NPR, the mediated path competed with the direct path (i.e. the mediated path decreased reciprocal behaviors while the direct path from service gift increased reciprocal behaviors). This is clear evidence of the hypothesized moderated mediation effect.

### *Study 1 Discussion*

This study provides the first empirical evidence explicating the mediating mechanism of social connection in the service gifting process. The provision of a service gift led to an increase in the individual's CSC (in support of H<sub>1</sub>), which in turn drove positive outcomes for the firm (in support of H<sub>2</sub> and H<sub>3</sub>). Additionally, this study provides evidence that may help explain conflicting prior findings in gifting research. An individual's adherence to NPR affects how he/she respond to the provision of an unexpected service gift. Individuals low in NPR behave as most service gifting proponents would expect – they reciprocate the favorable treatment. Those high in adherence to this norm, however, display different responses as the mediated path through CSC worked against the direct effect and lowered reciprocal consumer behaviors (in support of H<sub>4</sub>). One possible explanation is that for these participants, the provision of a service gift was viewed as an effort to control their behavior instead of a pro-social gesture, and reciprocal consumer behaviors were decreased through the mediated path.

## Study 2

To provide further robustness to the study hypotheses, study 1 was replicated using with a volunteer panel from staff who worked at a large public university in the US (non-student sample). 234 adults (65% female, average age > 27) participated in a survey-based experiment. Respondents were entered into a drawing for a chance to win one of five \$50 gift certificates as an incentive to participate. Scenarios identical to those used in study 1 were presented using an online survey. Participants were randomly assigned to either the “gift” ( $n=116$ ) or “no gift” ( $n=118$ ) condition.

Measures in study 2 were the same as in study 1 with the exception of the dependent variable, firm-beneficial reciprocal behaviors. Three different firm-beneficial reciprocal behaviors were captured with four items. First, three items were adapted from Boulding *et al.*, (1993) which focus on the respondents’ intentions to (1) return to and (2) recommend this establishment. The final item asked the respondents the percentage they would tip the waiter based on their experience. Table 4 presents descriptive statistics and correlations for the study variables, measures can be found in Appendix B.

**-- Insert Table 4 about here --**

Multi-item reflective measures (CSC, NPR and reciprocal behaviors) were subjected to a single confirmatory factor analysis (CFA). Five of six items were retained for the NPR measure, one item was dropped due to a relatively low standardized factor loading ( $\beta = 0.45$ ). The tipping item also had to be dropped from the reciprocal behaviors scale for the same reason ( $\beta = .44$ ). The CFA exhibited a good fit of the data to our model (Hu and Bentler, 1999):  $\chi^2(38) = 43.22$ ,  $p > 0.10$ ; comparative fit index = .99; normed fit index = .97; Tucker-Lewis index = .99; and root mean square error of approximation = .02. All of the standardized factor loadings were above

recommended levels ( $\beta > .52$ ), all indicators loaded significantly ( $p < .001$ ) on their hypothesized factors, all variances were positive and significant ( $p < .05$ ), and composite reliabilities were .75 or greater, providing evidence of convergent validity (Bagozzi and Yi, 1988). To test for discriminant validity, we ran a series of nested confirmatory factor analyses in which we constrained the correlation between each pair of reflective constructs to be equal to one. The free model had a significantly lower chi-square statistic ( $p$ 's  $< .001$ ) than did any of the constrained models, supporting discriminant validity (Anderson and Gerbing, 1988). Additionally, we compared the AVEs for each of the constructs (AVE = .38, .71 and .75) to the squared correlation of each pair of items. In all cases the AVE was greater than the squared correlation (largest  $\rho^2 = .24$ ) between any pair of constructs, providing further evidence of the discriminant validity of our measures (Fornell and Larcker, 1981). The study variables were analyzed using the Process Model 7 (Hayes, 2013) in SPSS 24.

### *Results*

The results of the estimation are displayed in Tables 5 and 6. As shown in Table 5, we find directional support that a service gift leads to greater collective social connection ( $H_1$ ), but the coefficient is only marginally significant ( $\beta = 4.56$ ,  $p = .057$ ). We also find support for  $H_2$  as the impact of CSC on reciprocal behaviors is positive and significant ( $b_1$  path in Table 5 = .19,  $p < .05$ ). In order to test  $H_3$  and  $H_4$ , we analyzed the moderated mediation using the conditional indirect effects provided by the bootstrapping results. Table 6 displays the bootstrapping results for the 10<sup>th</sup>, 25<sup>th</sup>, 50<sup>th</sup>, 75<sup>th</sup> and 90<sup>th</sup> percentile values of the moderator (NPR).

**-- Insert Table 5 about here --**

**-- Insert Table 6 about here --**

The “Effect” column in Table 6 represents the coefficient of the “a path” ( $X - M$ ) multiplied by the coefficient of the “b path” ( $M - Y$ ), and this column shows a mediation effect in support of  $H_3$  at low levels of NPR. Furthermore, the results show that this effect uniformly decreased as NPR increased in support of  $H_4$ . The right-hand columns of Table 6 shows that CSC positively mediated the link between the receipt of a service gift and reciprocal behaviors when NPR was low (i.e. 10<sup>th</sup>, 25<sup>th</sup> and 50<sup>th</sup> percentiles) but not when NPR was high (i.e. 75<sup>th</sup> or 90<sup>th</sup> percentiles). This is clear evidence of the hypothesized moderated mediation effect.

### *Study 2 Discussion*

When compared to study 1, study 2 demonstrates a similar pattern of results with a different subject population. Individuals who received no service gift displayed unchanged levels of social connection after reading the scenario. A similar effect was found for individuals who received a service gift and were high in NPR. However, those who received a service gift and were low in NPR experienced increases in social connection after reading the scenario (partial support of  $H_1$ ). We also found that increases in social connection drive higher levels of firm-beneficial reciprocal responses in support of  $H_2$ . Most importantly, social connection positively mediated the link between a service gift and reciprocal behaviors for those low in NPR, but not for individuals with moderate to high levels of NPR (in support of  $H_3$  and  $H_4$ ). NPR causes individuals to respond to the service gift differently. Presumably, individuals who are low in NPR interpret the gift as a pro-social gesture, which results in feelings of social connection. This process leads (counter intuitively) to firm-beneficial reciprocal behaviors specifically for individuals low in NPR. In contrast, high NPR individuals may interpret the gift as a burden that demands repayment, and as an effort to manipulate their behavior. If perceived in these terms,

the gift is not considered a pro-social gesture and would not lead to increased reciprocation intentions towards the firm.

### **Study 3**

To broaden the generalizability of this research, study 3 extends the findings from studies 1 and 2 by testing the theoretical framework in the context of an experimental game instead of hypothetical service scenarios. Testing the proposed model outside of a services setting allows for a more streamlined test of the psychological process involved. Confirmation of the effects in a disparate context would speak to the robustness of the hypothesized model.

Ninety-four undergraduate students (48.9% male, mean age = 21) at a large Midwestern university in the U.S were involved in this study in exchange for course credit. Upon arrival to the research location, participants were randomly assigned into either the “gift” or “no gift” condition ( $n = 47$  in both), though they were only told that they were in group “A” or group “B”. Half of the participants (an equal number of group A and group B) were then moved to an adjacent computer lab with an identical layout as the original location. The split from a single large group was designed to encourage the illusion that game responses were coming from their exchange partners in the alternate room. In reality, all participants received scripted responses generated by the experimenter, and participants in both rooms accessed the research through assigned computers preset with either the “gift” or “no gift” condition corresponding to their random assignment upon entering the research facility. An equal number of participants in each room completed each of the two conditions, negating the need to control for differences in environment (i.e., temperature, paint color, etc.). Participants then engaged in a modified version of the trust game (Song, 2008).

After completing an initial survey to ascertain baseline levels of collective social connection and adherence to NPR, participants in both rooms were instructed that a coin was flipped and their group was chosen to act first in the game (in reality, both groups started first because they “played” the experimenter). The game involved the allocation of an initial sum of \$20 between the paired players, the participants made the first allocation sending none, some or all of the \$20 to their hypothetical partner. After the first move from the respondent, individuals in the no gift condition (group B) received an experimenter’s response that was identical to the respondent’s initial allocation to their partner (i.e. if the subject sent \$2 to his/her partner, he or she received \$2). Respondents in the gift condition (group A) received a response that exceeded the respondent’s initial allocation by three dollars (i.e. if the respondent sent \$2, he/she received \$5). As the objective of the trust game contrasts competition (for financial resources) against cooperation (dependence on the partner for success), any amount in excess of their initial allocation received by the respondent would meet the definition of a gift as being a benefit that is both unexpected and unnecessary for the recipient’s well-being. The participants in the gift condition met this criterion as they received an amount in excess of their initial contribution. After completing the game, participants were asked to fill out a questionnaire recording a number of variables, including their CSC after manipulation and a measurement scale designed to capture the likelihood of interacting with their partner in the future.

Study 3 utilizes the same measures for NPR and CSC detailed in studies 1 and 2. A dichotomous variable tracked whether the participant received the gift or no gift treatment condition. Because this study is not embedded in a consumption setting, tipping or word of mouth or future purchase opportunity were not appropriate outcome variables. Since the outcome measures used in studies 1 and 2 were not appropriate in this context, the subject’s desire to



perpetuate the relationship with their “Exchange partner” was measured. In the current context, this variable is an acceptable corollary for the reciprocal behaviors measured in the first two studies since both measures were aimed at divining future intentions of continued interaction. Interaction intention was used as the dependent variable and measured with a four-item scale adapted from Lund, (2010), as shown in Appendix B. Table 7 presents descriptive statistics and correlations for the study variables.

**-- Insert Table 7 about here --**

Multi-item reflective measures (social connectedness, NPR and partner attractiveness) were subjected to a single confirmatory factor analysis (CFA). Once again, 5 of the 6 items for NPR were retained after dropping one item due to a relatively low standardized factor loading ( $\beta = 0.43$ ), the CFA exhibited a good fit of the data to our model (Hu and Bentler, 1999):  $\chi^2(51) = 53.01$ ,  $p > 0.10$ ; comparative fit index = .99; normed fit index = .90; Tucker-Lewis index = .99; and root mean square error of approximation = .02. All of the standardized factor loadings were above recommended levels ( $\beta > .5$ ), all indicators loaded significantly ( $p < .001$ ) on their hypothesized factors, all variances were positive and significant ( $p < .01$ ), and composite reliabilities were .77 or greater, providing evidence of convergent validity (Bagozzi and Yi, 1988). To test for discriminant validity, we ran a series of nested confirmatory factor analyses in which we constrained the correlation between each pair of reflective constructs to be equal to one. The free model had a significantly lower chi-square statistic ( $p$ 's  $< .001$ ) than did any of the constrained models, supporting discriminant validity (Anderson and Gerbing, 1988). Additionally, we compared the AVEs for each of the constructs (AVE = .41, .56 and .65) to the squared correlation of each pair of items. In all cases the AVE was higher than the squared correlation (largest  $\rho^2 = .34$ ) between any pair of constructs, providing further evidence of the

discriminant validity of our measures (Fornell and Larcker, 1981). The study variables were analyzed using the Process model 7 (Hayes, 2013) in SPSS 24.

### *Results*

Tables 8 and 9 report the results of the estimation. We find support for H<sub>1</sub> as the receipt of a gift positively affects collective social connection ( $\beta = 9.58, p < .01$ ). We also find directional support for H<sub>2</sub> as the impact of CSC on reciprocal behaviors is positive and marginally significant ( $b_1$  path in Table 8 = .42,  $p = .055$ ). In order to test H<sub>3</sub> and H<sub>4</sub>, we again rely on the conditional indirect effects provided by the bootstrapping results. Table 9 displays the bootstrapping results for the 10<sup>th</sup>, 25<sup>th</sup>, 50<sup>th</sup>, 75<sup>th</sup> and 90<sup>th</sup> percentile values of the moderator (NPR).

**-- Insert Table 8 about here --**

**-- Insert Table 9 about here --**

The “Effect” column in Table 9 represents the coefficient of the “a path” (X – Y) multiplied by the “b path” (M – Y). Through analysis of the confidence intervals, the right-hand columns of Table 9 show that social connection positively mediated the link between the receipt of a service gift and reciprocal behaviors when NPR was low (i.e. 10<sup>th</sup> and 25<sup>th</sup> percentiles) in support of H<sub>3</sub>, but the mediation effect decreased (from significant and positive to non-significant) when NPR was high (i.e. 50<sup>th</sup>, 75<sup>th</sup> or 90<sup>th</sup> percentiles) in support of H<sub>4</sub>. Again, this supports the hypothesized moderated mediation effect. More importantly, the population, scenario and manipulation used in this study were substantially different from the first two studies but the results show a similar pattern of effects.

### *Study 3 Discussion*

The results of study 3 augment the findings of studies 1 and 2 in several important ways. While studies 1 and 2 were conducted in the context of a consumption experience, study 3 was designed to test the theoretical framework at a more basic level and in a different exchange context. The similar pattern of results further confirm the robustness of the underlying theory. The mediating impact of collective social connection provides evidence of its influence on an individual's desire to enter into future interactions. While the desire to interact with another individual is not a direct corollary to repurchase in a business context, the importance of relationship construction and maintenance in a services setting has been demonstrated in the past (i.e., Coulter and Coulter, 2003). Consistent with studies 1 and 2, NPR displayed an influence on the link between receiving a gift and CSC. For those high in NPR, CSC did not mediate the impact of gifts on reciprocal behaviors, but for those low in NPR, social connection mediated the link between gifts and reciprocal behaviors.

### **General Discussion**

A series of three distinct studies reveals a consistent pattern of effects regarding an individual's response to the provision of a gift. In general, the provision of a gift affected the recipient's collective social connection (CSC), which in turn drove behavioral responses that would positively impact the benefactor ( $H_1 - H_3$ ). Additionally, an individual's adherence to NPR moderated the link between gift provision and CSC ( $H_4$ ), which then impacted intention to reciprocate. We propose that those high in NPR would respond to the gift by withdrawing from the gift provider, possibly because they view the offered gift as an unwanted obligation, and the hypotheses were supported with findings across three samples, using both scenario-based experiments and a game-theory based experiment in a lab setting.

Figure 2 shows the pattern of the mediation (indirect) effect sizes at the five different levels of NPR across all studies. In all three studies, the mediated effect decreased as the level of adherence to NPR increased. Across the three studies, the mediated effect was both significant and positive for lower levels of NPR and negative (but not significant) for the higher levels of NPR.

**-- Insert Figure 2 about here --**

### *Theoretical Implications*

This research offers important theoretical contributions to both the service marketing, relationship marketing, and gifting literature. First, it brings the largely neglected construct of collective social connection into the service gifts and service relationship marketing context. Social connection has been extensively studied in the psychological literature, but primarily as an individual psychological construct. Little research has examined changes in collective social connection due to customer interaction with service providers. Ironically, Blocker *et al.*, (2012) found that business buyers prefer the term “connections” as opposed to “relationships” in describing their interactions with selling firms, suggesting how important the construct is in business relationship building. Betterncourt *et al.*, (2015) also discuss the importance of “connections” in customer value creation. The current research sheds light on the positive impact of CSC on firm-beneficial reciprocal behaviors, and the findings reveal that service gifts can contribute to stronger feelings of CSC which can then lead to firm-beneficial outcomes when the firm offers opportunities for generalized reciprocity. Primary indicators of relationship quality examined in the marketing literature have been satisfaction (Garbarino and Johnson, 1999; Selnes, 1998), trust (Morgan and Hunt, 1994) and commitment (Palmatier *et al.*, 2007; Kumar, *et al.*, 2019). However, the role of CSC has been largely overlooked. The extant literature

established that firms need to create perceived value for customers to strengthen relationships with them (Kumar, 2018; Kumar, *et al.*, 2019). Gifting is an effective means to strengthen relational ties (Otnes, *et al.*, 1993; Roster, 2006), but the effectiveness of this practice has not been empirically tested in the services marketing context. The current research fills this void.

Second, by illustrating that adherence to NPR suppresses the mediating effect of CSC on the link between a service gift and reciprocal behaviors, the current research sheds light on some inconsistent (i.e., Moorman *et al.*, 1992) and contradictory (i.e., Wendlandt and Schrader, 2007) findings in the relationship marketing literature. Researchers are often surprised that certain types of relationship marketing efforts fail to provide consistent and expected benefits for the firm (Palmatier *et al.*, 2006). Building on social exchange theory and reciprocity theory, the empirical findings offer an explanation: when recipients of service gifts strongly adhere to the norm of positive reciprocity, they are less likely to respond positively. Even worse, such gifting may alienate them or push them away from the brand. Prior research has shown that when individuals perceive an action as an attempt to control their behavior, they often react to oppose the perceived coercion attempt (Clee and Wicklund, 1980; Fitzsimons and Lehmann, 2004). In the current studies the receipt of a gift for those high in NPR resulted in negative (study 1) or non-significant (studies 2 and 3) mediation of CSC on the link between gift receipt and reciprocal behaviors, while those low in NPR exhibited an enhanced indirect effect of gifts on reciprocal behavior through CSC.

Third, past research has shown mixed results as to the efficacy of service gifting in engendering feelings of relational intimacy and social connection (Haisley and Loewenstein, 2011; Singh *et al.*, 2008). The current research exclusively explores collective social connection and empirically demonstrates its mediating role in the service gifting process. This research

directs future researchers to differentiate between these types of social connection, especially when exploring gifting. Another possible explanation is that the mixture of respondents high and low in NPR contributed to the mixed prior findings. Both of these possibilities can be explored in future research.

### *Practical Implications*

Promotions make up a significant proportion of the typical marketing communication budget. In the services industry, non-monetary sales promotion strategy such as gifting has become increasingly popular (Buil *et al.*, 2013). While prior literature shows mixed evidence as to the effectiveness of service gifts, this research provides evidence that consumers who feel more socially connected after receiving a gift from a firm are more likely to engage in behaviors that ultimately benefit the firm. To build customer affinity to the firm, managers should focus on engaging with their consumers to develop greater CSC – especially those consumers who already exhibit an affinity for the brand.

Some researchers suggest that moving from scheduled incentives to unexpected gifts might create more value for the firm (Haisley and Loewenstein, 2011). The results of the current research demonstrate that this approach may work by boosting consumer's social connection, but it does not work equally well with consumers who are high versus low in NPR. In fact, gifts can backfire for those high in NPR. The norm of positive reciprocity is not a readily observable trait, but if marketing managers are armed with the knowledge that some consumers (those high in NPR) might perceive service gifts as manipulation efforts to engender reciprocal obligations, they can be more careful when utilizing service gifts. It is best to consciously minimize any potential perception that a service gift is provided with the expectation of customer reciprocation (i.e. future purchase, increased purchase, or customer referral). Some service providers are

already attempting this. For example, some food service providers in shopping malls put up signs discouraging tipping. Panera Bread displays “tips are not expected” when paying through their app. Customers then do not need to worry about tipping, and may be more inclined to return for future purchases. Similarly, a service provider can clearly state that a gift is provided with no strings attached, and emphasize the gift as a token of appreciation. When customers perceive a gift as a simple “thank you”, a reward or appreciation for their past relationship with the firm, they are more likely to feel socially connected than if they suspect that the firm is trying to manipulate their behaviors.

The majority of marketing research on business-to-consumer gifts involves for-profit organizations. However, because many nonprofit organizations are not directly involved in the business of market exchange, sometimes they rely heavily on customer response to campaigns involving gifts. Charities such as St. Jude’s Children’s Hospital periodically mail gifts (e.g. address labels, calendars) to current and potential donors along with an “invoice” asking for donations. The current research shows that this tactic could work well with those low in NPR but be ineffective with those who are high in NPR. One way to get around this problem is to separate the provision of a gift from an invoice asking for a donation.

#### *Limitations and Future Research*

As with any work, the current research has limitations. We used an experimental approach to examine the roles of collective social connection and reciprocal norms after receiving a service gift. This approach is suitable for initial work to establish the relationship between service gifts, NPR and CSC. A next step could be to test the framework in a field setting. This will not only provide increased external validity, but also enables researchers to directly measure a consumers’ relational social connection to a firm, or social connection

between the firm and the consumer. We did not hypothesize or test relational or dyadic social connection because measuring a subject's connection to a service provider would be too transparent to produce valid results in an experimental setting. Future work can compare the power of service gifts to create both relational and collective social connection and to test how these constructs impact firm-beneficial reciprocal behaviors. Using longitudinal field surveys could measure both relational social connection to the service provider and CSC after gift receipt. In addition, researchers should examine other firm-beneficial outcomes that can result from service gifts.

The findings regarding the moderating role of NPR illustrate one important boundary condition for the effectiveness of service gifting. Another potential boundary condition is cultural context. Existing research has shown cultural differences in levels of NPR and consumer responses to gifts (Shen *et al.*, 2011; Valenzuela *et al.*, 2010). Scholars have called for work contrasting the business-to-consumer gifting process in high versus low context cultures (Davies *et al.*, 2010). Our studies were done in the US, a low-context culture where reciprocity is not strongly normed. Future researchers might examine if the framework works differently in a high-context culture such as China and Korea. Future research could contrast culturally distinct samples in terms of consumer responses to the receipt of a service gift. Cultures shown to be lower in NPR (i.e. Americans) would be expected to develop increased social connection after receiving a gift when compared to cultures high in NPR (i.e. Asians) and vice versa. A better understanding of how cultural dimensions affects marketing efforts is needed to effectively manage consumer relationships in our increasingly complex global society.

Finally, some of the manipulations reported above involved providing both a gift and excellent service. This approach was chosen to clearly differentiate the service gift from a



service recovery situation. It is common in many industries to provide free or enhanced services following a service failure. To limit this potential perception amongst respondents, the scenarios delineated that excellent service was provided (to allay the assumption of a possible service failure and recovery effort). However, this addition introduced a potential confound in whether the respondents were responding to the excellent service or the service gift. Though Study 3 does not involve this confound and it displays the same pattern of results, future research should explore possible interactions between service level and service gifts.

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