Impact of friendship among customers on their perceived value from consumption

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Abstract

Value creation and communication are critical tasks for marketers. According to the Service Dominant Logic stream of literature, value is created by customers in their usage experiences—a notion of value referred to as "value-in-use" or "customer perceived value" (CPV),—and each interaction at a touchpoint influences such value creation. Our study investigates the effect of dyadic consumer friendships on CPV in the context of joint consumption.

We hypothesize that the presence of a friend increases the CPV from a joint consumption experience, and the impact on CPV is higher, closer the friendship. We propose that an increase in positive affect (PA) and thought confidence (TC) levels mediate this relationship. We also hypothesize that the change in CPV leads to a corresponding change in re-patronage intent (RPI). We further posit that mental intangibility (MI) acts as a moderating variable for the path from PA to CPV and from TC to CPV. We test our hypotheses over three experimental studies, where we operationalize friendship as the presence of a friend (vs. absence).

The first two are 2 X 2 experiments, consisting of two conditions (friendship: alone and with friend) X two service situations (MI: low and high) and a positive interaction is primed. The first experiment is a laboratory experiment with Indian MBA students (for high internal validity), while the second experiment is conducted with US-based respondents—both

students and working professionals—for testing the generalizability of the effects. In both these studies, we get support for the mediating effect of PA and TC, thus giving robust support for our mediation model. TC emerges as the stronger mediating mechanism than PA in both the studies. We get support for the moderating role of MI on the path from PA to CPV for Indian participants (Study 1), whereas, for US participants (Study 2), the moderating role of MI on the path from TC to CPV receives support.

Our third experiment (a simple two-way experiment, with no manipulation of MI) tests a potential boundary condition of the hypothesized friend's influence when there is a lowering of PA. We find that consistent with the lowering of PA, CPV significantly reduces in the presence of a friend as compared to the alone condition. Thus, we are not only able to demonstrate support for our model but are also able to reverse the proposed effects.

Overall, our experimental studies support the notion that the presence of a friend affects CPV, and closer the friendships, higher the impact on CPV. We get empirical support for the mediating roles played by PA and TC with the latter emerging as a stronger mediator when it is evoked. Further, we show that the presence of a friend influences RPI as well. Our studies also show support for the moderating role of MI. We also study the boundary conditions of the impact of friendship, and the results strengthen our conclusions. In all, over three experimental studies, we find considerable support for our hypotheses. Our findings are significant from both a theoretical and a managerial perspective.