

Reading Introduction

Other-Regarding Preferences: Experiments On Purchasing Behavior

a. What is the question (of the paper)?

This paper deals with how consumers' negative purchasing experience may effect their repurchasing behaviors in accord with three factors, namely, Egoistic Resentment, Relative Fairness, and Social Support.

b. Why should we care about it?

In our life as customers, inevitably, sometimes we may purchase some commodities in quality not as good as our expectations. When this happens, perhaps we will deny to purchase the same product or other products from the same supplier. For suppliers, although they know that they may suffer from losing consumers by virtue of bad quality products. However, sometimes they still supply such commodities in order to cut down the costs. To know the influences of various factors relevant to repurchase intention can help us to discover why we reject to repurchase after negative experience or why we still repurchase in some cases.

Real Word Example:

Personally, when I purchase a product, say, some dish in a restaurant, if it is not as delicious as my expectation, I will not choose the same dish next time, or may even reject to have meals at the same restaurant again due to the negative experience. And when talking with my friends, I may complain about it, which perhaps effect on them next time when they go to the same restaurant. Additionally, when I hear others' complain about their unpleasant purchase experience, I would be reluctant to do the same purchase in the future. Though this is a very common phenomenon around us, we do not know the reasons behind such performance de facto.

c. What is your (or the author's) answer?

(1)There is an obvious gap related to inequity experiences and the deconstruction of their influences on repurchase purposes.

(2)Egoistic Resentment and Social support have significant impact on repurchase intention while relative fairness dose not show similar apparent effect.

(3)The influence of social support for another consumer may aggregate if the assessment and reputation of the corporation widely spread.

d. How did you (or the author) get there?

The authors delivered an experiment on current students from National Cheng Kung University on the Online Recruiting System for Economics Experiments (ORSEE) with z-Tree on a Windows platform, where they controlled suppliers' choice of production plans for quality of their goods and observed the students' purchasing reaction towards the quality of the goods. With the collected data, the authors employed chi-square tests on the logistic model to display the effects of egoistic resentment, relative fairness, and social support on repurchase behavior.

Notations

H1: Egoistic Resentment leads to lower repurchase intention.

H2: Relative Fairness leads to higher repurchase intention.

H3: Social Support leads to lower repurchase intention.

Egoistic Resentment (Self-interest or ER):

Outcomes related to the buyer's own interest, which is high if purchase price is at least as high as perceived quality for his/her own good.

Social Support (Sympathy or SS):

Outcomes related to the counterpart's own interest, which is high if purchase price is at least as high as perceived quality for other's good.

Fairness (Pairwise Comparison or F):

Outcomes related to the comparison of the buyer's interest and counterpart's interest, relative equity compared with other's equity, which is high if perceived quality is at least as high as price for two goods.