

RGC Ref. No.: UGC/FDS14/B25/16 <hr/> (please insert ref. above)

**RESEARCH GRANTS COUNCIL
COMPETITIVE RESEARCH FUNDING SCHEMES FOR
THE LOCAL SELF-FINANCING DEGREE SECTOR**

FACULTY DEVELOPMENT SCHEME (FDS)

Completion Report
(for completed projects only)

<p><u>Submission Deadlines:</u></p> <ol style="list-style-type: none"> <i>Auditor's report with unspent balance, if any: within six months of the approved project completion date.</i> <i>Completion report: within 12 months of the approved project completion date.</i>

Part A: The Project and Investigator(s)

1. Project Title

Motivating Loyalty Program Members toward Reward Pursuit: A Cross-Cultural Perspective

2. Investigator(s) and Academic Department(s) / Unit(s) Involved

Research Team	Name / Post	Unit / Department / Institution
Principal Investigator	Xin YANG/ Assistant Prof	Department of Marketing/ The Hang Seng University of HK
Co-Investigator	Haksin CHAN/Associate Prof	Department of Marketing/ The Hang Seng University of HK
Co-Investigator	Henry FOCK/ Associate Prof	Department of Marketing/ Hong Kong Baptist University
Others	Kevin J. ZENG/ RA	Department of Marketing/ The Hang Seng University of HK

3. Project Duration

	Original	Revised	Date of RGC / Institution Approval (<i>must be quoted</i>)
Project Start Date	2016.12.01		
Project Completion Date	2018.11.30	2019.05.31	2018.05.24
Duration (<i>in month</i>)	24-month	30-month	2018.05.24
Deadline for Submission of Completion Report	2019.11.30	2020.05.31	2018.05.24

Part B: The Final Report

5. Project Objectives

5.1 Objectives as per original application

1. To advance the sparse cross-cultural literature on loyalty programs and the underlying consumer behavior.
2. To illuminate pertinent factors that motivate consumers from different cultural backgrounds to pursue loyalty program rewards.
3. To offer practical guidance for global marketers to effectively motivate loyalty program members from different cultures.

5.2 Revised objectives

Date of approval from the RGC:

Reasons for the change:

- 1.
- 2.
3.

5.3 Realisation of the objectives

(Maximum 1 page; please state how and to what extent the project objectives have been achieved; give reasons for under-achievements and outline attempts to overcome problems, if any)

To achieve the three major objectives set forth in the funding proposal, the PI collaborated with two Co-Is and other coauthors have engaged in three different projects. The first two projects, which are cross-cultural research, have yield two conferences papers (presented, respectively, at Australian & New Zealand Marketing Academy Conference [awarded with the best paper in international and intercultural marketing track track], and Global Marketing Conference) and two journal manuscripts (one has been published at Journal of Global Marketing and the other is under review at Journal of Interactive Marketing). In addition, the third project aims to offered practical guidance for hotel managers to effectively motivate their LP members. A manuscript covering this project was accepted by the International Journal of Hospitality Management. Overall speaking, all three projects has achieved all three major objectives.

5.4 Summary of objectives addressed to date

Objectives <i>(as per 5.1/5.2 above)</i>	Addressed <i>(please tick)</i>	Percentage Achieved <i>(please estimate)</i>
1. To advance the sparse cross-cultural literature on loyalty programs and the underlying consumer behavior.	✓	100%
2. To illuminate pertinent factors that motivate consumers from different cultural backgrounds to pursue loyalty program rewards.	✓	100%
3. To offer practical guidance for global marketers to effectively motivate loyalty program members from different cultures.	✓	100%

6. Research Outcome

6.1 Major findings and research outcome

(Maximum 1 page; please make reference to Part C where necessary)

This grant supports the PI, two Co-Is, and other collaborators to engage in three research projects on loyalty program (LP) research from cross-cultural perspectives. These projects have yielded three conference papers and three journal manuscripts. Two journal manuscripts were respectively accepted by *Journal of Global Marketing* and *International Journal of Hospitality Management*. The 3rd journal manuscript was under the 1st round review at the *Journal of Interactive Marketing*.

Based on the proposed model in the grant proposal, the first project aims to further develop a conceptual paper pertaining to the LP design (including LP reward design and LP feedback design) for global marketers. With a synthesis of literature review and real-life examples, this paper shows that congruent (incongruent), utilitarian (hedonic) LP rewards are appealing to collectivist (individualist) consumers. Moreover, this paper illustrates and contrasts how collectivist and individualist consumers respond to a to-date (vs. to-go) LP feedback under different scenarios. The initial draft of this paper was presented at the Australian & New Zealand Marketing Academy Conference and awarded *the best paper award* in international and intercultural marketing track. The PI and two Co-Is then further improved this conference paper and published it at the *Journal of Global Marketing*.

The second project provided empirical evidence on two key propositions in the grant proposal. We conducted several experiments by recruiting American participants (typical individualist consumers) and Indian participants (typical collectivist consumers) from Amazon Mechanical Turk (MTurk), a widely used online research platform for consumer studies. These experimental studies in different LP contexts provide corroborating evidence that to-date (to-go) progress feedback is more effective in motivating consumers from individualist (collectivist) cultures to pursue LP rewards. Moreover, process evidence suggests that these culture-specific progress framing effects are driven by individual differences in regulatory focus and realized through perceived reward attainability. A manuscript covering this project is currently under the first-round review at the *Journal of Interactive Marketing*.

The third project further extends the second project to test progress-feedback effect in the hierarchical LP context. We invited both Chinese and American respondents who are frequent hotel LP members to join our online experiment. We find that to-date (to-go) progress feedback is motivating for membership maintenance (upgrading) goal. These subtle but important findings not only contribute to LP research but also offer practical insights to hotel LP managers. A manuscript covering this project was accepted by the *International Journal of Hospitality Management*.

6.2 Potential for further development of the research and the proposed course of action (Maximum half a page)

Based on the three projects, the PI and the two Co-Is further developed some new research ideas. They conducted one field experiment by collaborating with an ice-cream store in Shanghai and four controlled experiments. Both field study and controlled experiments offer consistent evidence that there are matching effects between LP feedback format and LP reward. More important, these matching effects are motivating for LP members to pursuit LP reward. The PI is preparing a journal manuscript and intend to submit it to *Journal of Marketing Research*.

7. Layman's Summary

(Describe in layman's language the nature, significance and value of the research project, in no more than 200 words)

LPs have penetrated cultural and national boundaries. Paradoxically, however, drop-out rates of LPs have averaged over 75% (Wiebenga and Fennis 2013). This disconcerting statistic, coupled with the apparent lack of culture-specific insights in the literature (Beck, Chapman, and Palmatier 2015), suggests a research topic of high theoretical and practical importance in this global economy.

This research grant addressed two knowledge gaps in the literature. First, extant research has focused on non-members' decision to join a LP, thus shedding little light on members' motivation to pursue program awards (Wiebenga and Fennis 2013). In contrast, we seek to investigate how to motivate members toward reward pursuit. Second, the neglect of cultural differences has impeded theoretical development in a field that is global in nature (Beck et al. 2015).

We attempt to advance the field by showing that the effectiveness of major LP features (e.g., reward type, feedback format) is contingent on cultural background. Specifically, we conducted a series of studies to examine the conditions under which Western, individualist and Eastern, collectivist consumers are differentially motivated by LP features. The results shed new light on LP research and offer practical guidance for global marketers to effectively motivate LP members from different cultures.

Part C: Research Output**8. Peer-Reviewed Journal Publication(s) Arising Directly From This Research Project**

(Please attach a copy of the publication and/or the letter of acceptance if not yet submitted in the previous progress report(s). All listed publications must acknowledge RGC's funding support by quoting the specific grant reference.)

The Latest Status of Publications				Author(s) (denote the corresponding author with an asterisk*)	Title and Journal / Book (with the volume, pages and other necessary publishing details specified)	Submitted to RGC (indicate the year ending of the relevant progress report)	Attached to this Report (Yes or No)	Acknowledged the Support of RGC (Yes or No)	Accessible from the Institutional Repository (Yes or No)
Year of Publication	Year of Acceptance (For paper accepted but not yet published)	Under Review	Under Preparation (optional)						
2019				Xin, Yang*, Haksin, Chan., Yang, Yu., Henry, Fock.	Consumer Motivation for Reward Pursuit: A Culture-Based and Progress-Based Model of Loyalty Program Effectiveness. Journal of Global Marketing, 32(4), 255-268.	2018	Yes (Annex I)	Yes	Yes
		Yes		Xin, Yang., Kevin, Zeng., Haksin, Chan., Yang, Yu*.	Managing loyalty program communications in the digital era: Does culture matter? Journal of Interactive Marketing	No	Yes (Annex II)	Yes	No
	2020			Xin, Yang*, Yang, Yu., Haksin, Chan., Kevin, Zeng.	Retain or upgrade: The progress-framing effect in hierarchical loyalty programs. International Journal of Hospitality Management	No	Yes (Annex III)	Yes	No

9. Recognized International Conference(s) In Which Paper(s) Related To This Research Project Was / Were Delivered

(Please attach a copy of each conference abstract)

Month / Year / Place	Title	Conference Name	Submitted to RGC <i>(indicate the year ending of the relevant progress report)</i>	Attached to this Report <i>(Yes or No)</i>	Acknowledged the Support of RGC <i>(Yes or No)</i>	Accessible from the Institutional Repository <i>(Yes or No)</i>
Dec 2016, Christchurch, New Zealand	Consumer Motivations for Pursuing Loyalty Program Rewards: A Cross-cultural Perspective*	Australian & New Zealand Marketing Academy Conference (ANZMAC)	2017	Yes (Annex IV)	Yes	Yes
August 2017, San Francisco, USA	The Communication Strategy in Rewards Program Innovation: Reward Pursuit Sustainability from a Regulatory Fit Perspective	The Summer American Marketing Association(AMA) Conference	2017	Yes (Annex V)	Yes	Yes
June 2018, Tokyo, Japan	Feedback Framing in Loyalty Programs: A Cross-Cultural Investigation	Global Marketing Conference (GMC)	2018	Yes (Annex VI)	Yes	Yes
July 2018, Shanghai, China	Motivation from reward cards design: Left-to-right or right-to-left?	The 6th Annual China Marketing International Conference	2018	Yes (Annex VII)	Yes	Yes

*Won best paper award in the International and Intercultural Marketing Track.

10. Whether Research Experience And New Knowledge Has Been Transferred / Has Contributed To Teaching And Learning

(Please elaborate)

The RA (Dr. Kevin Zeng) now has become an assistant professor at the department of marketing in The Hang Seng University Of Hong Kong.

11. Student(s) Trained

(Please attach a copy of the title page of the thesis)

Name	Degree Registered for	Date of Registration	Date of Thesis Submission / Graduation
N/A			

12. Other Impact

(e.g. award of patents or prizes, collaboration with other research institutions, technology transfer, teaching enhancement, etc.)

A conference paper of this FDS won the best paper award (International and Intercultural Marketing Track) at the 2016 Australian & New Zealand Marketing Academy Conference (ANZMAC)—the largest annual conference for marketing academics in Australia and New Zealand.

13. Statistics on Research Outputs

	Peer-reviewed Journal Publications	Conference Papers	Scholarly Books, Monographs and Chapters	Patents Awarded	Other Research Outputs (please specify)	
No. of outputs arising directly from this research project	1 (published)	4	0	0	Type	No.
	1 (accepted)					0
	1 (under 1 st -round review)					

14. Public Access Of Completion Report

(Please specify the information, if any, that cannot be provided for public access and give the reasons.)

Information that Cannot Be Provided for Public Access	Reasons
N/A	