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# **How special rewards in loyalty programs enrich consumer-brand relationships:**

## **The role of self-expansion**

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### **Abstract**

Although brands offer different kinds of rewards through their loyalty programs, little is known about how they can impact consumer-brand relationships and brand attitude. How do loyalty program rewards influence the consumer-brand relationship? And which kinds of rewards establish or maintain closer relationships between consumers and brands than others? To answer these questions, the present research makes use of self-expansion theory (Aron & Aron, 1986) and two experiments that manipulate the extraordinary character of rewards offered to consumers. Our findings show that special rewards produce higher self-expansion than mundane rewards. Moreover, the positive effect of the rewards' extraordinary character on brand evaluation, recommendation, and identification is sequentially and fully mediated by self-brand inclusion and self-expansion. Finally, we show that consumer satisfaction moderates the impact of special and mundane rewards on self-brand inclusion.

### **KEYWORDS**

brand inclusion, brand relationships, loyalty program, satisfaction, self-expansion, special reward

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## 1 INTRODUCTION

*“One way in which people seek to expand the self is through close relationships (...) Most experiences of rapid self-expansion involve novelty or challenge and are the opposite of mundane or boring experiences.”* (Aron, Lewandowski, Mashek, & Aron, 2013)

In their spending on relationship marketing programs, managers have adopted the idea that relationship-building investments enhance financial performance because they create loyal customers who generate positive word of mouth, make repeat purchases, and are less price-sensitive (Pine, Pepper, & Rogers, 1995). Under this assumption, managers have implemented relationship marketing as a key component of their priorities (Reibstein, Day, & Wind, 2009, p. 1). Building intimate, meaningful, and longstanding relationships with their customers is a way for companies to get and maintain a leading position in a crowded marketplace. Through their loyalty program strategy, brands strive to build long-term relationships with their consumers. In this context, the literature has considered the brand as a person with whom the consumer can form a relationship (Blackstone, 1993; Fournier 1998). Research has focused extensively on describing and exploring the different types of relationships that consumers form with brands (Aaker, Fournier, & Brasel, 2004). A wide variety of constructs, models, and theories has been introduced to explain relationships between consumers and brands. Among them, the literature highlights brand commitment (Wang, 2002; Warrington & Shim, 2000), self-brand connections (Cheng, White, & Chaplin, 2012; Escalas & Bettman, 2005), brand attachment (Malär, Krohmer, Hoyer, & Nyffenegger, 2011; Park et al., 2010; Thomson, MacInnis, & Park, 2005), brand love (Albert & Merunka, 2013; Batra, Ahuvia, & Bagozzi, 2012; Carroll & Ahuvia, 2006), and brands in the self-concept (Hamilton & Hassan, 2010; Sprott, Czellar, & Spangenberg, 2009). Finally, research has shown that close consumer-brand relationships have positive consequences for many consumer behaviors, including

loyalty and word of mouth (Albert & Merunka, 2013; Hudson et al., 2016; Loureiro, Ruediger & Demetris, 2012). All these studies show that a brand, like a person, is an active relationship partner.

This being the case, loyalty programs can act as a relational lever. They help to improve relationships with profitable customers by offering them high value (Bolton, Kannan & Bramlett, 2000), especially in sectors where there is little differentiation, low switching costs, and/or weak customer involvement (Reinartz & Kumar, 2000). As a result, loyalty programs have become commonplace in many service and retail industries. The rewards that these programs offer are essential to managing them properly. They denote intangible (e.g., convenience, hedonic, novelty, social recognition, self-esteem) or tangible (e.g., economic savings, miles, points, discounts) incentives likely to elicit inner cognitive responses from consumers (Drèze & Nunes, 2011; Kwong et al., 2011; Meyer-Waarden, 2015; Tietje, 2002; Vesel & Zabkar, 2009) and are among the main structural elements of loyalty programs (Lara & Ponzoa, 2008). Usually, loyalty program members are rewarded with rebates, products and services, customized offers or preferential treatment (Meyer-Waarden & Casteran, 2013). Notwithstanding their popularity, extant research on loyalty programs has produced mixed findings with respect to their effect on the consumer: Indeed, some research finds that loyalty reward programs have a positive impact on customers' value perceptions, satisfaction, retention, willingness to pay price premiums and share of wallet (Bolton et al., 2000; Keh & Lee, 2006; Leenheer et al., 2007; Sharp & Sharp, 1997; Verhoef, 2003). However, other research put into question the capacity of these programs to really improve loyalty (Leenheer et al., 2007; Liu, 2007; Meyer-Waarden, 2007; Meyer-Waarden & Benavent, 2009). What the most effective type of loyalty reward might be remains a key question that calls for more robust research. In particular, no research has compared special (i.e., novel and arousing)

rewards with mundane rewards in terms of their impact on consumer-brand relationships and brand attitude.

Despite the depth of the existing literature, little is known about the kind of impact that loyalty programs have on the consumer-brand relationship. In particular, how do the different kinds of reward influence the motivational-emotional mechanism that facilitates the forging of brand relationships? And can the consumer-brand relationship be influenced in different ways depending on whether the reward is special or mundane? To answer these questions, we make use of self-expansion theory (Aron & Aron, 1986; Aron & Aron, 1996; Aron, Norman & Aron, 2001). This theory has been applied extensively to human relationships and demonstrates that, in order for them to expand their selves, individuals incorporate others into their own identities (Lastovicka & Fernandez, 2005; LeRouge & Warlop, 2006; Small & Simonsohn, 2008). In particular, this theory allows a better understanding of how partner activities can facilitate individual self-expansion (Aron, Norman, Aron, & Lewandowski, 2002). In the context of the brand relationship, this model makes it possible to introduce the idea that a brand's loyalty program rewards can lead the brand to be included in the consumer's self and, consequently, enlarge the consumer's self thanks to their novel and arousing characteristics. On the basis of two experiments manipulating the extraordinary character of a brand's rewards, our findings show that a special brand reward (one that is novel and emotion-inducing) generates higher consumer self-expansion, and more positive consumer behaviors than in the case of a mundane brand loyalty program reward. Using self-expansion theory, the present research highlights how, within the context of a loyalty program, the novelty and arousal of a brand's rewards can have an impact on consumers' motivations and generate close brand relationships.

## **2 THEORETICAL FOUNDATION AND LITERATURE REVIEW**

### **2.1 Loyalty program and consumer-brand relationships**

Loyalty reward programs have become very widespread over the last few decades and are found across a variety of sectors, like airlines, credit card companies, and retail and hotel chains (Kivetz, 2005; Kivetz, Urminsky, & Zheng, 2006; Noordhoff, Pauwels, & Odekerken-Schröder, 2004). Not surprisingly, managers and academics are very interested in this issue. Loyalty programs are integrated, organized and regulated marketing devices. Their objective is to foster repurchase and improve the retention by increasing switching costs (Meyer-Waarden, 2008). A loyalty program can be defined as a marketing system intended to enhance loyalty by giving incentives to valuable customers (Yi & Jeon, 2003) or any incentive-based strategy with the aim of improving purchasing behavior in the long run despite price or offering changes (Henderson, Beck, & Palmatier, 2011). Therefore, a loyalty program is a key marketing activity to collect information and keep valued customers. By treating existing customers better than newcomers, the objective is to enhance loyalty both behavioral (e.g., cross purchases, repeat purchases, mean basket size) and attitudinal (e.g., relationship building through positive attitudes, trust, attachment) with long-term financial results. Through preferential rewards, this tool can be a great way to make customers feel valued and recognized (Lewis, 2004). Researchers highlighted that preferential treatment could have a positive impact on satisfaction, commitment, purchases, word of mouth, and customer share (Gwinner et al., 1998; Lacey, 2007). The extensive literature on reward programs has investigated the rationales for offering customer rewards and how to improve the design of reward programs. The variables used to classify rewards depend on the researcher's objectives and are frequently dichotomous. Two dimensions are central to the analysis: reward timing and reward types. Timing indicates whether the rewards can be redeemed right away or later

on with a points system – for example, delayed or accumulated rewards (Bombajj & Dekimpe, 2019). Type denotes whether the rewards are tangible or intangible, necessary or luxury, direct or indirect (Meyer-Waarden, 2015). Tangibility reflects the degree of abstraction: therefore, monetary rewards (discounts, vouchers, gifts) are considered to be tangible or hard benefits, whereas psychological, relational, emotional, and functional rewards (e.g., preferential treatment and services, special events, personalized recognition) are considered to be intangible or soft benefits. These intangible rewards can be divided into luxury goods (hedonic) and necessities (utilitarian) (Voss et al., 2003). Finally, direct rewards focus on the focal firm, unlike indirect rewards. Here, type refers to whether the rewards are related to the main product or service. Globally speaking, the literature on reward programs indicates that customers prefer tangible, immediate, and necessary rewards over intangible, accumulated, and luxury rewards (Kivetz & Simonson, 2002; Jang & Mattila, 2005). Some research also suggests that direct rewards are more effective (Kivetz, 2005; Yi & Jeon, 2003). Providing indirect rewards is sometimes shown to be an inefficient way of rewarding and promoting loyalty (Kim et al., 2001). At the same time, however, several research findings indicate that rewarding loyal customers with price reductions may reduce profitability over time (Shugan, 2005) and that hard benefits have an impact on short-run behavior but only a limited reach to relationship quality (Yi & Jeon, 2003). Consumers' repeat patronage can be spurious if it is driven mainly by financial benefits (Dick & Basu, 1994; Eason et al., 2015). These mixed findings, along with the decline in the active use of loyalty programs (Wollan et al., 2017), call for more robust research on rewards. It is crucial to gain a better understanding of what kinds of rewards lead to affective commitment and produce the most valuable consumer in terms of relational worth. To this end, a few studies have investigated new types of rewards, like altruistic (Eason et al., 2015; Hwang & Kandampully, 2015), surprise (Wu, Mattila, & Hanks, 2015), and gamified rewards (Hwang & Choi, 2019). Our research focuses

on another type of loyalty reward: special rewards. While mundane rewards are part of everyday life, special rewards are unusual, rare, and extreme. Novelty and emotion are characteristic features of special rewards. The extent to which a loyalty reward is extraordinary (vs. ordinary) is the dimension we introduce to classify special rewards separately from mundane rewards. In a context where there is fierce competition between loyalty programs, some firms strategically aim to distinguish themselves with uncommon and more meaningful rewards. For example, members of Club Nature & Découvertes have access to photography training in natural parks, hut construction workshops, stargazing in the wilderness, and tai chi classes on top of the Montparnasse Tower. However, to the best of our knowledge, no study has previously considered the extraordinary character of rewards or examined the differential effects of special and mundane rewards. And yet, according to self-expansion theory, this dimension plays a crucial role in creating and maintaining close relationships.

## **2.2 Self-expansion theory and the consumer-brand relationship**

The self-expansion model describes how people think, feel, and act in close relationships (Aron & Aron, 1986; Aron & Aron, 1996; Aron, Aron, & Norman, 2001) and posits two main principles: First, there is a basic human motivation to expand the self; and second, the prevalent means of achieving this goal is through close relationships. Based on these two fundamental principles, the motivation for self-expansion represents the human inclination to seek out new resources, perspectives, and identities by incorporating those facets of someone else into oneself (Norman & Aron, 2003; Aron, Norman, & Aron, 1998; Aron et al., 2000). In concrete terms, the evaluation of self-expansion represents the degree to which one person experiences a relationship with another person as a facilitator of increased knowledge, skill, abilities, positive life changes, and novel experiences (Lewandowski and Aron, 2002). On the



one hand, individuals who register a higher score on self-expansion report higher levels of relationship satisfaction and commitment (Lewandowski & Aron, 2002; Nardone, Lewandowski, & Le, 2008). Consequently, relationships are more rewarding if they fulfill the basic desire to expand. On the other hand, in order to expand the self, individuals seek to include the other in themselves, and the cognitive construction of the self overlaps with the cognitive construction of the other (Aron et al., 1991; Smith, Coats, & Walling, 1999). From a motivational point of view, this perceived inclusion of another's resources is especially important because it means the outcomes encountered by others are, to some extent, experienced as one's own. This also implies that the other person's acquisition and loss of resources are experienced, to some extent, as if they were happening to one's own resources (Aron & Aron, 1986).

Moreover, several studies suggest that, in the context of ongoing relationships, there may be strong benefits to be gained from participating in novel and arousing activities that lead to self-expansion or excitement and are associated with rapid self-expansion. Conversely, participation in pleasant but mundane activities that are neither self-expanding nor exciting may provide little or no benefit (Aron et al., 2000; Aron, Norman, & Aron, 2001; Lewandowski & Aron, 2003; Reissman, Aron, & Bergen, 1993). In the context of ongoing relationships with brands, self-expansion is tied to the brand's ability to keep on expanding. The self-expansion model suggests that the way in which an individual expands depends on the particular brand activity. It also suggests that consumers are likely to feel more positive about a brand if the brand enables them to do something special and exciting. Therefore, as suggested by Reimann and Aron (2009), self-expansion theory could be relevant to gain a better understanding of how brands create close consumer relationships. In particular, this theory can bring a new perspective on how rewards in loyalty programs can generate brand relationships. Consequently, the current study aims to understand the differential impact of

special rewards (vs. mundane rewards) on customers' evaluative and behavioral responses. By applying self-expansion theory to consumer-brand relationships, our research argues that special rewards will boost customers' self-expansion: When they receive special rewards, consumers may rapidly self-expand, thus enlarging the content of self-definition and experiencing a positive affect.

### **3 HYPOTHESES DEVELOPMENT**

#### **3.1 Comparative effect of special and mundane rewards on self-expansion**

Self-expansion theory posits two possible sources of the self-expansion: The first is the acquisition of new resources, perspectives, and identities, such as knowledge, social status, or relationships; and the second source is the shared participation to any kind of novel/arousing activities, as long as they are not overwhelming or highly stressful (Aron, Lewandowski, Mashek & Aron, 2013). Brands offering novel and arousing rewards versus mundane rewards in their loyalty programs could be perceived as an unusual experience and should generate more emotions (Arnould & Price, 1993). On this basis, we argue that by offering these novel/arousing rewards in their loyalty programs, brands generate higher self-expansion in their clients than ordinary and mundane rewards. Thus, the following is hypothesized:

H1- A special reward of a loyalty program will produce a higher level of self-expansion than a mundane reward.

#### **3.2 Mediating effects of including a brand in the self and of self-expansion**

Self-expansion studies describe a specific type of activity (novel and arousing) that should be more rewarding and produce a more positive affect toward the person sourcing these activities (Aron et al., 2000). Another central tenet of the self-expansion model is the

inclusion of “close others” in the self (Aron & Aron, 1986). The model posits that, in a close relationship, everyone treats each other’s resources, perspectives, and identities to some extent as their own, provided that the resources are available, usable, and useful. This inclusion of others’ resources, perspectives, and identities is the primary means by which people expand the self. The self is expanded by having access to the physical, social, and intellectual resources of others (Aron et al., 2013), which happens via the mechanism of increased inclusion (Tsapelas et al., 2009). Therefore, in the context of brand relationships, we hypothesize a double mediation of brand inclusion in the self and self-expansion, with brand inclusion being the cause of self-expansion. Furthermore, as suggested by Strong & Aron (2006), self-expanding activities can generate a positive affect that becomes associated with the partner. This mediating role of positive affect was confirmed by Graham’s (2008) study. Similarly, individuals with more positive views of their partner reported a greater personal experience of self-expansion (Gordon & Baucom, 2009). Thus, in the context of brand relationships, we can postulate the following:

H2a- The more the reward of a loyalty program is perceived as extraordinary, the more it has an indirect positive effect on the overall evaluation via a double mediation of the brand inclusion in the self and self-expansion.

Aron et al. (2000) conducted a series of laboratory experiments with couples to test the effect of a novel, challenging, and arousing activity and compared it with that of a pleasant but mundane activity. Their results show that couples who had engaged in expanding rather than mundane activities made fewer hostile and more supportive statements. In the context of a brand loyalty program, we hypothesize a positive double mediation of self-brand inclusion and self-expansion between the perceived extraordinary character of the reward and the brand recommendation.

H2b- The more the reward of a loyalty program is perceived as extraordinary, the more it has an indirect positive effect on the intention to recommend via a double mediation of the brand inclusion in the self and self-expansion.

In addition, several studies have shown that including another person in the self has direct cognitive effects. In fact, overlapping representations can generate cognitive confusion between this other person and oneself. Aron et al. (1991) developed the “me/not me” paradigm to measure how quickly participants assess the relevance of the traits they have already assessed for themselves and their partner. They found a longer reaction time for dissimilar traits, which suggests confusion between oneself and others. Mashek, Aron and Boncimino (2003) asked participants to rate adjectives for themselves, close people, and less close people and then to remember the rating. During the task of recognition, they experienced greater confusion between their self and close others than between their self and non-close others. There is also some evidence that when we include the other in the self, we conceptualize that other and the self as a unit. The number of plural pronouns used by people to talk about their romantic relationships is positively correlated with self–other inclusion (Aron et al. 1998). In the context of brand relationships, this would suggest that when an individual includes a brand in his or her self, he/she conceptualizes the self and the particular brand as a unit. Building further on these findings, the following is to be expected:

H2c- The more the reward of a loyalty program is perceived as extraordinary, the more it has an indirect positive effect on the brand identification via a double mediation of the brand inclusion in the self and self-expansion.

In summary, the extraordinary character of rewards should cause the brand to be included in the consumer self, which has a positive impact on self-expansion; finally, self-expansion

has a positive effect on the overall evaluation, intention to recommend, and brand identification.

### **3.3 Moderating effect of satisfaction**

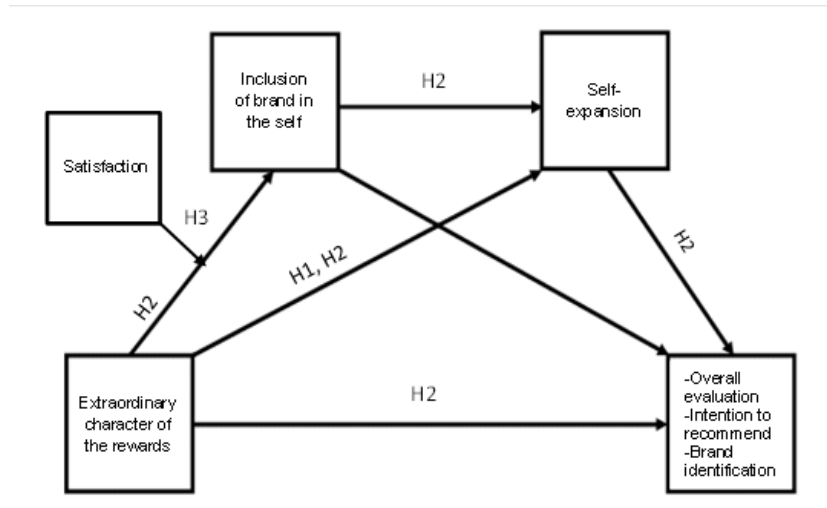
Previous research on loyalty programs has shown that satisfied and dissatisfied customers perceive loyalty rewards in different ways. Keh and Lee (2006) suggest a moderating effect of satisfaction on the type and timing of rewards. They show that satisfied consumers prefer delayed direct rewards, while dissatisfied consumers prefer immediate direct rewards. Similarly, cumulative satisfaction moderates the impact of surprise rewards (Wu, Mattila & Hanks, 2015). Therefore, it seems appropriate to verify these results in the context of our current research. Furthering the self-expansion model, the broaden-and-build theory (Fredrickson, 1998, 2001) postulates that positive emotions can expand people's sense of self to include others. In other words, when people feel positive emotions, they may have a greater sense of overlap and unity with others. In relationship satisfaction studies, in particular, couples who were positive about their relationship focused on more communal themes (Sillars, Burggraf, Yost, & Zietlow, 1992; Sillars, Weisburg, Burggraf, & Wilson, 1987) and used more communal language (Sillars, Shellen, McIntosh, & Pomegranate, 1997) to evoke this relationship. By transposing these findings to the current research, we postulate that consumer satisfaction will moderate the impact of special and mundane rewards on self-brand inclusion.

H3a- A special reward leads to a higher level of brand inclusion in the self when satisfaction is high than when it is low.

H3b- A mundane reward leads to a higher level of brand inclusion in the self when satisfaction is high than when it is low.

Figure 1 presents the different hypotheses from H1 to H3 and highlights the double mediation proposition between the extraordinary character of rewards and the consumer's attitude to the brand, as well as the moderating effect of satisfaction.

**Figure 1:** Model of the six hypotheses



## 4 STUDY 1

We propose to test the self-expansion model in the context of ongoing consumer-brand relationships and in the specific context of a brand's loyalty program. Thus, this study focuses on examining the consumer's level of self-expansion, inclusion of brand in the self, intention to recommend, overall evaluation, and brand identification when faced with special versus mundane rewards in a loyalty program.

### 4.1 Study design

To test the model and hypotheses, we employed a two-way (type of reward: special vs. mundane) between-subjects experimental survey with provided scenarios. The responses were measured with questionnaire items. Each respondent was presented with one of the two hypothetical scenarios at random. In the design of these scenarios, the reward is manipulated by describing a special or a mundane incentive. Participants imagined their bank gave them free access to one of five loyalty rewards. In the special scenario, the five options were a

circus visit, a horseback riding trip, a hot-air balloon ride, a rafting excursion, and a skydiving lesson. We selected these rewards because they are likely to be novel and emotion-inducing, as suggested by Goode, Hart, & Thomson (2016) in their own experiment on special experiences. In the mundane reward scenario, the five options were a movie gift certificate, a sports gift certificate, a well-being gift certificate, a magazine subscription, and a shopping card. These rewards are pleasant but ordinary: common, frequent, and within the realm of everyday life. The scenarios are provided in Appendix 1. A pretest was conducted, first with three experts and then with 34 students. The result confirmed the satisfactory semantic consistency of each scenario and measurement item. We decided to set our scenarios in the banking sector because individuals tend to have an undifferentiated image of banks (Sempels & Zanin, 2004).

## **4.2 Sample and procedure**

Through an online setting, the participants were randomly allocated to read the scenario of either the special or the mundane version of the loyalty reward. The participants could, if needed, make the scenario visible again at any time (after manipulation checks) during the study. In the following step, the participants' responses were collected with an online questionnaire.

The participants ( $n = 224$ ;  $M_{\text{age}} = 41.5$ ; 120 female, 104 male) were recruited from a consumer web panel maintained by Créatests, a market research firm specializing in panel data and online methods. The participants consisted of a nationally representative sample in terms of demographics such as age, gender, education, and income level. A total of 108 participants (48%) were presented with the special condition, while 116 participants (52%) were exposed to the mundane condition. A chi-square test revealed that none of the socio-demographics were subject to differences between the two groups.

**Table 1- Comparative analysis of participants (STUDY 1)**

	<b>Group 1 : Special reward N=108</b>	<b>Group 2 : Mundane reward N= 116</b>
Gender	Male: 45 (38.8%) Female: 71 (61.2%)	Male: 59 (54.6%) Female: 49 (45.4%)
Average age	40.9	42.2
Household size	Range: 25-70 1-2: 58 (50%) 3+: 58 (50%)	Range: 25-68 1-2: 60 (55.6%) 3+: 48 (44.4%)
Region	Paris: 33 (28.4%) Outside: 83 (71.6%)	Paris: 35 (32.4%) Outside: 73 (67.6%)
Level of education	Nothing/CAP/BEP: 21 (18.1%) ≤ Bac +2: 59 (50.9%) ≥ Bac +3: 36 (31%)	Nothing/CAP/BEP: 19 (17.6%) ≤ Bac +2: 49 (45.4%) ≥ Bac +3: 40 (37%)
Socio-professional category	CSP+: 35 (30.2%) CSP-: 81 (69.8%)	CSP+: 37 (34.3%) CSP-: 71 (65.7%)
Income	< €3,000: 63 (54.3%) €3,000 < > €5,000: 40 (34.5%) > €5,000: 7 (6%)	< €3,000: 66 (61.1%) €3,000 < > €5,000: 31 (28.7%) > €5,000: 6 (5.6%)

### 4.3 Measurements

We used previously validated scales to measure each investigated construct. The measures are presented in full in Appendix 3. Self-expansion was measured with five items adapted from the self-expanding questionnaire (SEQ) by Lewandowski and Aron (2002). In the context of self-expansion theory, the SEQ focuses on the extent to which one's relationship provides new experiences, introduce new perspectives, leads to learning new things, and makes the individual a better person. As this scale was originally created in the context of romantic relationships (e.g., representative items include "How much has knowing your partner made you a better person?", "How much does your partner increase your ability to accomplish new things?", and "How much do you see your partner as a way to expand your own capabilities?"), we selected items that are likely to apply to the consumer-brand relationship as well and reworded them to reflect the individual perception of self-expansion.

1. This bank would allow to expand my vision of things;
2. I have the feeling this bank would teach me new things;
3. This bank would make me live new experiences;
4. This bank would



increase my ability to accomplish new things; 5. With this bank I would accomplish things different from my habits. To measure the inclusion of the brand in the self, we adopted the inclusion of the other in the self (IOS) scale developed by Aron, Aron, and Smollan (1992). The IOS scale, consisting of seven pairs of overlapping circles, captures the concept of interconnected selves. This single-item pictorial measure taps into the notions of both feeling close and behaving close. In addition to being the most common measure of inclusion, it is very efficient. Next, the intention to recommend was measured using three items adopted from Grappi, Romani, and Bagozzi (2013). To measure the overall evaluation, a three-item scale by Sengupta and Johar (2002) was adopted. Brand identification was measured with the homophily scale (McCroskey, McCroskey and Richmond, 2006). Finally, the manipulation of the extraordinary character of the reward was checked using two items adapted from Goode, Hart, and Thomson (2010): The balance of my loyalty points entitles me to an extraordinary experience; the balance of my loyalty points entitles me to an experience of strong emotions. All of the question items employed seven-point Likert-type scales (1 = strongly disagree, and 7 = strongly agree).

#### **4.4 Results**

To verify the equivalency of the different experimental conditions, we performed two-tailed t-tests comparing participants' recall of the scenarios provided at the beginning of the survey across the conditions. According to our analysis, participants could distinguish the difference between special ( $M = 5.329$ ,  $SD = 0.120$ ) and mundane ( $M = 3.547$ ,  $SD = 0.146$ ) rewards. This difference [ $-1.7813$ , Bca 95% CI [ $-2.1584$ ,  $-1.4042$ ]] is significant ( $t = -9.310$ ,  $p < 0.001$ ), and the result was consistent with our manipulation.

To assess item reliability, we examined each item's loading on the corresponding construct. As shown in Table 2, the loading of each item is greater than 0.7. Therefore, items

can be considered reliable (Nunnally, 1978). All items' loadings were statistically significant at the 0.001 level.

**Table 2- Measures' factor loadings (STUDY 1)**

<b>Factor</b>	<b>Item</b>	<b>Loading</b>
Extraordinary character of the rewards (ECR)	ECR-01	0.91
	ECR-02	0.91
Self-Expansion (SE)	SE-01	0.89
	SE-02	0.88
	SE-03	0.90
	SE-04	0.93
	SE-05	0.90
Intention to recommend (IR)	IR-01	0.96
	IR-02	0.96
	IR-03	0.95
Overall evaluation (OE)	OE-01	0.95
	OE-02	0.95
	OE-03	0.96
Brand identification (IDENTIF)	IDENTIF-01	0.96
	IDENTIF-02	0.89
	IDENTIF-03	0.93
	IDENTIF-04	0.96
	IDENTIF-05	0.95
	IDENTIF-06	0.95

In addition, as depicted in Table 3, all investigated constructs exhibited Cronbach's alpha values greater than 0.7, which supports their satisfactory internal consistency (Nunnally, 1978). The composite reliability of each investigated construct also exceeded 0.7 (Fornell & Larcker, 1981). These results suggest that the instrument had satisfactory construct reliability.

Next, to assess convergent validity, we examined the average variance extracted or the variance captured by indicators. As shown in Table 3, each construct had an AVE score greater than 0.5. This means that the convergent validity is appropriate (Fornell & Larcker, 1981).

**Table 3- Variable reliability and validity (STUDY 1)**

	Mean	SD	Cronbach's Alpha	Composite reliability	Variance extracted
ECR	4.40	1.68	0.81	0.91	0.84
SE	4.57	1.50	0.94	0.95	0.81
IR	4.73	1.48	0.95	0.97	0.92
OE	4.57	1.48	0.95	0.93	0.83
IDENTIF	4.03	1.58	0.97	0.98	0.89

Then, we analyzed cross-loadings to further evaluate the convergent and discriminant validity. These cross-loadings are calculated from the correlation between each construct's component score and the manifest indicators of other constructs (Chin, 2010). As summarized in Table 4, all items loaded significantly higher on their own construct than on any other.

**Table 4- Cross-factor loadings (STUDY 1)**

	Extraordinary character of the reward	Self-expansion	Intention to recommend	Overall evaluation	Brand identification
ECR-01	<b>0.91</b>	0.58	0.38	0.42	0.41
ECR-02	<b>0.92</b>	0.57	0.37	0.43	0.44
SE-01	0.54	<b>0.89</b>	0.64	0.65	0.66
SE-02	0.46	<b>0.88</b>	0.64	0.69	0.61
SE-03	0.58	<b>0.90</b>	0.65	0.65	0.56
SE-04	0.59	<b>0.93</b>	0.69	0.69	0.63
SE-05	0.65	<b>0.90</b>	0.63	0.60	0.56
IR-01	0.41	0.69	<b>0.96</b>	0.91	0.66
IR-02	0.40	0.69	<b>0.96</b>	0.88	0.66
IR-03	0.37	0.70	<b>0.95</b>	0.88	0.64
OE-01	0.44	0.69	0.88	<b>0.95</b>	0.69
OE-02	0.43	0.70	0.86	<b>0.95</b>	0.67
OE-03	0.45	0.69	0.92	<b>0.96</b>	0.69
IDENTIF-01	0.45	0.62	0.64	0.67	<b>0.96</b>
IDENTIF-02	0.44	0.68	0.68	0.73	<b>0.89</b>
IDENTIF-03	0.43	0.66	0.67	0.68	<b>0.93</b>
IDENTIF-04	0.42	0.61	0.63	0.67	<b>0.96</b>
IDENTIF-05	0.41	0.62	0.63	0.66	<b>0.95</b>
IDENTIF-06	0.45	0.60	0.61	0.65	<b>0.95</b>

Note: Bold diagonal: AVE values.

Finally, we used the square root of the average variance extracted from each construct (Table 5) to evaluate discriminant validity. It was higher than the correlation between each construct and any other constructs. We can conclude that the convergent and discriminant validity is satisfactory.

**Table 5- Latent variable correlations (STUDY 1)**

	<b>ECR</b>	<b>SE</b>	<b>IR</b>	<b>OE</b>	<b>IDENTIF</b>
ECR	<b>0.91</b>				
SE	0.63	<b>0.90</b>			
IR	0.41	0.72	<b>0.96</b>		
OE	0.46	0.73	0.93	<b>0.91</b>	
IDENTIF	0.46	0.67	0.68	0.71	<b>0.94</b>

Note : Bold diagonal: AVE value

H1 stated that a special reward produces a higher level of self-expansion than a mundane reward. To test this hypothesis, we performed a one-way independent ANOVA comparing the means in the two experimental groups with each other. The effect size was estimated with the eta square, which reflects the percentage of variance in the dependent variable explained by the independent variables in the sample. Perceived self-expansion is higher for participants exposed to the special reward ( $M = 4.99$ ,  $SD = 1.41$ ) than for those exposed to the mundane reward ( $M = 4.18$ ,  $SD = 1.48$ ). This difference is significant:  $F(1, 222) = 17.519$ ,  $p = .000$ ,  $\eta^2 = .073$ . A large effect size is apparent (Cohen, 1988). Thus, H1 is supported.

For H2, which states that both the self-brand inclusion and self-expansion (inclusion being a cause of self-expansion) positively mediate the effect of rewards' extraordinary character on the (a) overall evaluation, (b) intention to recommend, and (c) brand identification, we conducted bootstrap indirect effects tests in line with Preacher & Hayes (2008). To this end, we used the Process macro developed by Hayes (Model 6; two mediators in series).

As shown in Table 6, the extraordinary character of the reward has a positive significant indirect effect on the overall evaluation through a double mediation of inclusion and self-

expansion,  $a_1 \times d_{21} \times b_2 = 0.048$ , Bca CI [0.022, 0.078]. In addition, the extraordinary character of the reward has a significant indirect effect on the intention to recommend,  $a_1 \times d_{21} \times b_2 = 0.050$ , Bca CI [0.023, 0.083], and on brand identification,  $a_1 \times d_{21} \times b_2 = 0.042$ , Bca CI [0.019, 0.072].

**Table 6: H2 results (STUDY 1)**

	<b>a<sub>1</sub></b>	<b>a<sub>2</sub></b>	<b>d<sub>21</sub></b>	<b>b<sub>1</sub></b>	<b>b<sub>2</sub></b>	<b>c'</b>	<b>a<sub>1</sub> × b<sub>1</sub></b>	<b>a<sub>2</sub> × b<sub>2</sub></b>	<b>a<sub>1</sub> × d<sub>21</sub> × b<sub>2</sub></b>
H2a (OE)	0.254 ***	0.482 ***	0.319 ***	0.199* **	0.594 ***	0.026	0.050 [0.018;0.097]	0.286 [0.180;0.406]	0.048 [0.022;0.078]
H2b (IR)	0.254 ***	0.482 ***	0.319 ***	0.217* **	0.620 ***	-0.040	0.055 [0.022;0.101]	0.299 [0.194;0.419]	0.050 [0.023;0.083]
H2c (IDENTIF)	0.254 ***	0.482 ***	0.319 ***	0.219* **	0.528 ***	0.080	0.055 [0.021;0.101]	0.254 [0.163;0.361]	0.042 [0.019;0.072]

Direct effect of the extraordinary character of the rewards = **c'**

Indirect effect through inclusion only = **a<sub>1</sub> × b<sub>1</sub>**

Indirect effect through self-expansion only = **a<sub>2</sub> × b<sub>2</sub>**

Indirect effect through inclusion and self-expansion in series = **a<sub>1</sub> × d<sub>21</sub> × b<sub>2</sub>**

## 5 STUDY 2

Study 2 was conducted to replicate the serial mediation model in H1/H2 and to test the hypothesis that customer satisfaction would moderate the relationship between group condition and brand inclusion in the self (H3). To bolster the validity of the first results, the extraordinary character of the reward was manipulated by describing special or mundane rewards with more similar characteristics in terms of perceived hedonism, price, immediacy, and attractiveness. We also added a group condition relating to satisfaction.

### 5.1 Study design

This new design was pre-tested, beginning with 20 face-to-face sessions and later completed by 80 in-class questionnaires (undergraduate marketing students). For this second study, we employed a 2 (type of reward: special vs. mundane) × 2 (past service experience: satisfaction vs. dissatisfaction) between-subjects factorial study design. The responses were

measured with the pre-tested questionnaire items. Each respondent was presented at random with one of the four hypothetical scenarios. In the special scenario, the five options were: one night for two people in a tent in the trees, a tasting menu for two people in a darkened restaurant, a virtual reality flight, 10 fly yoga sessions, and a half-day immersion in a chef's kitchen. In the mundane reward scenario, the five options were: one night for two people at a hotel, a tasting menu for two people, a one-year movie pass, spa access for two people, and four cooking classes of their choosing. We selected these rewards because they are likely to differ in terms of novelty and arousal but not in terms of utilitarian or hedonic benefits, price, immediacy, or attractiveness. To make this point even stronger, we specified the price and availability of the rewards (the same for special and mundane rewards) in the scenario. Furthermore, customer satisfaction was operationalized through scenario manipulation detailing either a satisfactory or dissatisfactory service experience from the past. The scenarios are provided in Appendix 2.

## **5.2 Sample and procedure**

As in Study 1, the participants ( $N = 202$ ;  $M_{\text{age}} = 47.4$ ; 97 female; 105 male) were recruited from the consumer Web panel maintained by Créatests and randomly allocated to read one of the four scenarios in an online setting. A total of 41 participants (21%) were presented with the mundane/satisfaction condition, and 61 (30%) with the mundane/dissatisfaction condition, while 49 (24%) participants were exposed to the special/satisfaction condition, and 51 (25%) to the special/dissatisfaction condition. A chi-square test indicated that none of the socio-demographics were subject to differences between the groups.

### **5.3 Measurements**

Compared with the prior study, we added control variables measured by previously validated scales. All the additional measures are presented in Appendix 4. Hedonic/utilitarian was measured with the three seven-point semantic differentials developed by Wakefield and Inman (2003). It assesses the extent to which a person views the situation in which a product is normally used to be either more pleasure-related or more functional. To capture the respondent's subjective sense of the rewards' price, we adopted the three five-point Likert-type statements of Yoo, Donthu, and Lee (2000). Next, the perceived attractiveness and appeal of the rewards was measured using the three seven-point semantic differentials developed by Amos and Spears (2010). Moreover, to assess the global perceived value of the loyalty rewards, we used the scale developed by Yi and Jeon (2003). This scale comprises three seven-point statements that measure the degree to which a person views a loyalty program as financially valuable, relevant, and desirable. Finally, the manipulation of satisfaction was checked using the three seven-point Likert-type items of Keaveney and Parthasarathy (2001) that gauge a person's general level of satisfaction with a specific service experience. The manipulation of the extraordinary character of the reward was measured as in Study 1.

### **5.4 Results**

All investigated constructs exhibited Cronbach's alpha values greater than 0.8. To verify the equivalence of the different experimental conditions, we performed a two-tailed t-test comparing participants' recall of the scenarios provided at the beginning of the survey across the conditions. According to our analysis, participants could identify a difference between special ( $M = 5.872$ ,  $SD = 0.907$ ) and mundane ( $M = 4.392$ ,  $SD = 1.306$ ) rewards. This

difference [-1.48, Bca 95% CI [-1.7921, -1.1685] is significant ( $t = -9.367$ ,  $p < 0.001$ ). Similarly, participants could distinguish a difference between satisfactory ( $M = 5.748$ ,  $SD = 1.265$ ) and unsatisfactory ( $M = 3.699$ ,  $SD = 1.934$ ) past experience. This difference [2.0487, Bca 95% CI [1.6024, 2.4950] is also significant ( $t = 9.054$ ,  $p < 0.001$ ). The results were consistent with our manipulation. In addition, as depicted in Table 7, we controlled that the rewards in the scenario did not differ in terms of hedonic/utilitarian benefits, attractiveness, immediacy, price, or value.

**Table 7: co-variables (STUDY 2)**

	Average in ordinary group	Average in special group	Sig.
Hedonic/utilitarian	5.464	5.606	0.463
Attractiveness	5.058	5.083	0.925
Immediacy	2.858	2.485	0.118
Price	4.456	4.850	0.077
Value	4.849	5.163	0.118

H1 states that a special reward produces a higher level of self-expansion than a mundane reward. As with Study 1, we performed a one-way independent ANOVA to compare the means. Again, our results indicate that perceived self-expansion is higher for participants exposed to the special reward ( $M = 4.54$ ,  $SD = 1.53$ ) than for those exposed to the mundane reward ( $M = 3.76$ ,  $SD = 1.38$ ). This difference is significant:  $F(1, 200) = 14.301$ ,  $p = .000$ ,  $\eta^2 = .076$ . A large effect size is apparent (Cohen, 1988). Thus, H1 is supported.

To test H2, which states that the inclusion of brand and self-expansion mediates the positive effects of the reward extraordinary character, data was analyzed again using Hayes's Process macro, Model 6. The results are in the hypothesized direction: An extraordinary character of the reward has a significant indirect effect on the overall evaluation through a double mediation of the inclusion of the brand in the self and self-expansion,  $a_1 \times d_{21} \times b_2 = 0.0613$ , Bca CI [0.025, 0.115]. The same is revealed for overall evaluation:  $a_1 \times d_{21} \times b_2 =$



0.0638, Bca CI [0.025, 0.1161], and for brand identification:  $a_1 \times d_{21} \times b_2 = 0.0869$ , Bca CI [0.037, 0.150]. H2 is supported.

**Table 8: H2 results (STUDY 2)**

	<b>a<sub>1</sub></b>	<b>a<sub>2</sub></b>	<b>d<sub>21</sub></b>	<b>b<sub>1</sub></b>	<b>b<sub>2</sub></b>	<b>c'</b>	<b>a<sub>1</sub> × b<sub>1</sub></b>	<b>a<sub>2</sub> × b<sub>2</sub></b>	<b>a<sub>1</sub> × d<sub>21</sub> × b<sub>2</sub></b>
H2a (OE)	0.369 ***	0.564 ***	0.302 ***	0.314 ***	0.547 ***	0.073	0.116 [0.050;0.192]	0.309 [0.203;0.433]	0.061 [0.024;0.112]
H2b (IR)	0.369 ***	0.564 ***	0.302 ***	0.317 ***	0.569 ***	-0.085	0.117 [0.054;0.187]	0.321 [0.215;0.439]	0.063 [0.025;0.114]
H2c (IDENT)	0.369 ***	0.564 ***	0.302 ***	0.333 ***	0.776 ***	-0.131	0.123 [0.054;0.206]	0.438 [0.321;0.563]	0.086 [0.037;0.151]

To probe the interaction between the type of reward and the satisfaction, we performed a one-way independent ANOVA. For participants exposed to the special reward, the perceived brand inclusion in the self is higher when satisfaction is high ( $M = 4.16$ ,  $SD = 2.059$ ) than when it is low ( $M = 2.72$ ,  $SD = 1.521$ ). This difference is significant:  $F(1, 98) = 14.243$ ,  $p = .000$ ,  $\eta^2 = .127$ . Similarly, for participants exposed to the mundane reward, the perceived brand inclusion in the self is higher when satisfaction is high ( $M = 3.61$ ,  $SD = 1.592$ ) than when it is low ( $M = 2.87$ ,  $SD = 1.668$ ). This difference is significant:  $F(1, 100) = 5.193$ ,  $p = .025$ ,  $\eta^2 = .049$ . Therefore, our results support hypotheses H3a and H3b. By analyzing this interaction effect in more detail, our results indicate that, in the case of low satisfaction, special and mundane rewards make no significant difference in perceived brand inclusion:  $F(1, 110) = 0.189$ ,  $p = .665$ ,  $\eta^2 = .002$ . This suggests that the extraordinary character of the reward is not likely to lead to higher levels of brand inclusion in the self when satisfaction is low.

## **6 CONCLUSION AND DISCUSSION**

### **6.1 Theoretical implications**

This study makes theoretical contributions to three main fields of research.

First, the research contributes to the literature on loyalty programs. The key outcome of our research is the proposal and verification that special (novel and arousing) rewards lead to client self-expansion. Indeed, while previous research showed that reward programs impact variables like customer satisfaction, positive word of mouth, and intention to purchase (Lacey, 2007; Eason et al. 2015), our study reveals that loyalty program rewards also positively influence clients' self-expansion. By providing opportunities for consumers to expand their self-worth, special rewards strengthen brand identification, intention to recommend, and overall evaluation. Furthermore, while the literature has previously identified different (tangible/intangible, luxury, altruistic, surprise, gamified, etc.) kinds of rewards, our research focuses on the rewards' novel and arousing characteristics, which can potentially influence the consumer relationship with brands. Consequently, in the context of loyalty programs, our findings allow a better understanding of consumers' motivations for maintaining a relationship with the brand. While cognitive evaluation theory has previously proposed that motivation is affected differently – and sometimes detrimentally – by various rewards and reward contexts (Deci, 1980; Deci & Ryan, 1985), we suggest that special rewards can cause the brand to be included in the consumer's self and, consequently, induce consumer self-expansion. In addition, by integrating customer satisfaction into the research context, our study helps to clarify how satisfaction moderates the impact of special and mundane rewards and tries to better understand the context in which special rewards would be most effective.

Second, this research provides novel insights into the literature on consumer-brand relationships. While prior research focused on different kinds of relationship, such as brand

attachment (Malär, Krohmer, Hoyer, & Nyffenegger, 2011; Park, et al., 2010; Thomson, MacInnis, & Park, 2005), brand commitment (Wang, 2002; Warrington & Shim, 2000), or brand love (Batra, Ahuvia, & Bagozzi, 2012; Carroll & Ahuvia, 2006), our findings complement this literature on consumer-brand relationships by introducing consumer self-expansion through an inclusion of the brand in her/his self. Our results indicate greater self-expansion when the brand offers a special versus a mundane reward through its loyalty program. This finding suggests that, if a brand can deliver novel and arousing rewards, the customers will tend to perceive the brand as one that enhances their abilities, knowledge, and experiences. Receiving a novel and arousing reward from a brand may be a way for consumers to rapidly self-expand. This impact is stronger thanks to the inclusion of the brand in the consumer's self and results in a cognitive overlap between the consumer and the brand. Thus, the study highlights another typical self-expansion process of consumers through the inclusion of close brands in the self. The more the brand is included in the consumer's self, the higher the consumer's self-expansion will be and the more he/she will be likely to recommend and evaluate it positively and to identify with it.

Third, to the best of our knowledge, this research is among the first studies to test self-expansion theory in the context of brand relationships (in addition to that of Kerviler & Rodriguez, 2019). Our study helps to delineate between self-expansion and self-extension in brand consumption. According to self-extension theory as developed by Belk (1988), material possessions enable an outward extension of the self. In the realm of consumption, our results suggest that the self can also be expanded by the inclusion of brands (rather than singularized possessions). Moreover, whereas self-extension occurs through the control and mastery of an object, our study shows that brands can also generate self-expansion through brand-related stimuli. Finally, by testing the theory of self-expansion in the brand context, our research reveals that self-expansion can occur not only in an interpersonal relationship (Aron and

Aron, 1986) or with fictional characters (Shedlosky-Shoemaker et al., 2014) but also with a brand.

## **6.2 Managerial implications**

At a time when the use of conventional loyalty programs has decreased (Wollan et al., 2017), our findings provide valuable insights to help managers design their reward programs. From a managerial point of view, our research suggests that consumers value out-of-the-ordinary rewards that allow them to discover, explore, and feel strong emotions. This facet of self-expansion is of particular interest to marketers. Self-expansion that is experienced through a special reward may be a benefit over the long run and make the consumer grow as a person. In that sense, consumers are likely to strongly value this self-expansion benefit driven by a special brand reward. Given the findings of this research, it is in the best interest of managers to consider the extraordinary level of rewards when building and managing their loyalty program. Similar to interpersonal relationships, consumers will be more likely to engage in close relationships with brands if they experience self-expansion and psychological arousal. However, current research is also helping to mitigate the impact of special rewards under certain circumstances. In fact, in the case of low satisfaction, special rewards may not be more effective than mundane rewards at creating feelings of exhilaration and enhanced self-expansion. In other words, special rewards do not seem to serve as a buffer against prior negative experiences. For example, if we consider the case of a company with a low satisfaction rate, the implementation of special rewards may not be the right way to rebuild a relationship with customers.

Marketers can control the content of brand stimuli and adjust the intensity of discovery. In general, marketing strategies should direct their efforts toward allowing consumers to acquire new skills and knowledge. It is likely to make the brand proposition even more attractive for

its users by enabling them to feel that they are personally enriched and that they strengthen their self-concept. Marketers have an important role to play in helping consumers expand their horizons and perspectives. It can contribute to consumer happiness and well-being. Moreover, it is a way of strengthening brand identification and of creating a more meaningful and self-connected relationship. This may be done, for example, through courses and transfer of know-how, through conferences, evenings, and outings, by providing access to an expanded social network, or through big special events that embody the brand's values. Finally, this research can change the manager's representation of the loyalty program and helps him/her have a long-term perspective when choosing loyalty program rewards but also for extra activities. For instance, if a mobile phone brand's managers decide to offer photography classes, they have to think which kind of experience they want to deliver to their clients or potential clients in order to make them discover other universes generating self-expansion. Also, a fashion brand may consider proposing yoga classes considered as new and arousal by its clients in order to increase their self-esteem and expand their vision for better fashion consumption oriented toward well-being. In conclusion, managers can consider the rewards and all the extra activities offered to consumers beyond the products as strategic tools to build the consumer-brand relationship and not only as tools to compensate loyal consumers in the short term.

### **6.3 Limitations and suggestions for future research**

A potential limitation of the present study is that we measured intentions rather than behaviors. The scenario-based experiment method did not capture consumers' actual loyalty behaviors. Moreover, we conducted our experiment with a fictitious brand in one context (i.e., the bank). Future research could be done in partnership with a company by using a real customer database to better assess the impact of real rewards. To go further, it would be also

interesting to analyze how results are influenced by the relationship that individuals already have with the brand. Indeed, according to self-expansion theory, it seems that the more enduring people's relationship with the brand is, the stronger the impact of the newness and arousal brought by the brand will be on self-expansion, compared with individuals who are in a phase of relational discovery (Reimann & Aron, 2009). Finally, the present study examines only indirect rewards, that is, ones that are unrelated to the main product or service. Yet, the relevance of the reward is one of the key factors that may influence consumers' choice of reward programs (O'Brien & Jones, 1995). In future studies, mundane and special rewards should be divided into those directly related to business and those indirectly related to business. Doing so would make it possible to see how the reward's relatedness can have an impact on our results. Another interesting avenue worthy of pursuing would be to evaluate how the consistency between the reward and the brand's identity changes the way in which the extraordinary nature of the reward affects self-expansion.

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## **APPENDIX 1: Scenarios manipulating the extraordinary character of the reward (STUDY 1)**

### **Special reward condition**

Immerse yourself in the following situation by carefully reading the text below: You have just received a letter from your bank regarding the management of your account. By reading it, you will discover the new balance of your loyalty points. It is specified that you must use them by the end of the month. First, you would like to know what these points entitle you to. To get an answer, you decide to send a message to customer service. Here is the answer you receive: *“Thank you for contacting us. We are happy to announce that the balance of your loyalty points gives you free access to an unforgettable experience. Five choices are offered: a circus visit, a horseback riding trip, a hot-air balloon ride, a rafting excursion, or a skydiving lesson.”*

### **Mundane reward condition**

Immerse yourself in the following situation by carefully reading the text below: You have just received a letter from your bank regarding the management of your account. By reading it, you will discover the new balance of your loyalty points. It is specified that you must use them by the end of the month. First, you would like to know what these points entitle you to. To get an answer, you decide to send a message to customer service. Here is the answer you receive: *“Thank you for contacting us. We are happy to announce that the balance of your loyalty points allows you to choose one of the following five gifts: a cinema gift certificate, a sports gift certificate, a well-being gift certificate, a subscription to the magazine of your choice, or a shopping card valid at all our partners.”*

## **APPENDIX 2: Scenarios manipulating the extraordinary character of the reward and the level of satisfaction (STUDY 2)**

### **Satisfaction condition**

Imagine that you're a customer of a bank with which you are generally satisfied.

In the past, your bank has been able to answer your questions or solve your problems quickly and accurately.

### **Dissatisfaction condition**

Imagine that you're a customer of a bank with which you are generally dissatisfied.

In the past, your bank has failed to answer your questions or solve your problems quickly and accurately.

### **Special reward condition**

*“Thank you for contacting us. We are happy to announce that the balance of your loyalty points allows you to choose one of the following five gifts: one night for two people in a tent in the trees, a tasting menu for two people in a darkened restaurant, a virtual reality flight, 10 fly yoga sessions, or a half-day immersion in a chef's kitchen. These gifts are all worth €250 and available near you. These gifts are immediately available and usable within one year.”*

### **Mundane reward condition**

*“Thank you for contacting us. We are happy to announce that the balance of your loyalty points allows you to choose one of the following five gifts: one night for two people at a hotel, a tasting menu for two people, a one-year movie pass, spa access for two people, or four cooking classes of your choosing. These gifts are all worth €250 and available near you. These gifts are immediately available and usable within one year.”*

### APPENDIX 3: Measures (STUDY 1 & STUDY 2)

#### Self-expansion (Lewandowski & Aron, 2002)

We added 5 more items in Study 2 in order to capture the different aspects of the self-expansion concept specified by Aron and Aron (Study 1 : items from 1 to 5 / Study 2 : items from 1 to 10).

*Seven-point scale from totally disagree to totally agree*

SE-01: This bank would allow to expand my vision of things

SE-02: I have the feeling this bank would teach me new things

SE-03: This bank would make me live new experiences

SE-04: This bank would increase my ability to accomplish new things

SE-05: With this bank I would accomplish things different from my habits

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SE-06: With this bank I would have the impression to reveal new aspects of my person

SE-07: With this bank I would have the feeling to extend my possibilities

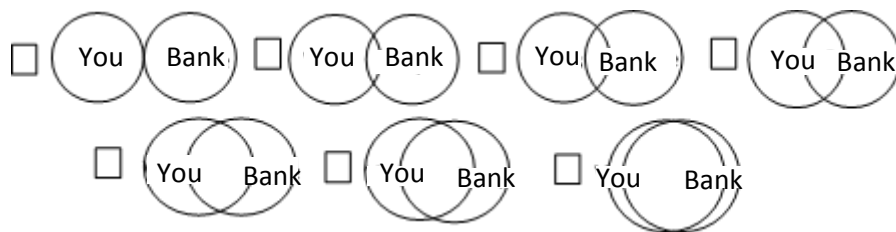
SE-08: With this bank I would have the impression that new perspectives are opening up to me

SE-09: This bank would allow me to show the best of myself

SE-10: I have a feeling that this bank would bring me something new

#### Inclusion (Aron, Aron, & Smollan, 1992)

Choose the picture below that best describes your relationship with your bank.



#### Intention to recommend (Grappi, Romani, & Bagozzi, 2013)

*Seven-point scale from totally disagree to totally agree*

IR-01: If I had to advise people around me, I would recommend this bank

IR-02: If I were asked my opinion, I would speak positively about this bank

IR-03: I will gladly talk about the positive aspects of this bank

#### Overall evaluation (Sengupta & Johar, 2002)

*Seven-point scale from totally disagree to totally agree*

OE-01: I think this is a very good bank

OE-02: I think this bank is very useful

OE-03: I have a very positive opinion of this bank

#### Brand identification (McCroskey & Richmond, 2006)

*Seven-point scale from totally disagree to totally agree*

IDENTIF-01: This bank thinks like me

IDENTIF-02: This bank behaves like me

IDENTIF-03: This bank shares my values

IDENTIF-04: This bank is like me

IDENTIF-05: This bank has thoughts and ideas similar to my own

IDENTIF-06: This bank has much in common with me



**Extraordinary character of the reward (Goode, Hart, & Thomson, 2010)**

ECR-01: The balance of my loyalty points entitles me to an extraordinary experience

ECR-02: The balance of my loyalty points entitles me to an experience with strong emotions

**APPENDIX 4: Additional measures (STUDY 2)**

**Satisfaction (Keaveney & Parthasarathy, 2001)**

*Seven-point Likert-type items*

SAT-01: On the whole, I am satisfied with my experience with this service

SAT-02: Overall, my negative experience outweighs/outweighed my positive experience with this service

SAT-03: In general, I am happy with the service experience

**Hedonic / Utilitarian (Wakefield & Inman, 2003)**

*Three seven-point semantic differentials*

HED-01: Practical purposes / Just for fun

HED-02: Purely functional / Pure enjoyment

HED-03: For a routine need / For pleasure

**Price (Yoo, Donthu, & Lee, 2000)**

*Seven-point semantic differentials*

PRICE -01: Low price / High price

PRICE -02: Not expensive / Expensive

**Attractiveness (Amos & Spears, 2010)**

*Seven-point semantic differentials*

ATT-01: Unappealing / Appealing

ATT-02: Undesirable / Desirable

ATT-03: Unattractive / Attractive

**Value of the loyalty program (Yi & Jeon, 2003)**

*Seven-point statements*

VALUE-01: The proposed rewards have a high cash value

VALUE-02: I will likely get the proposed rewards

VALUE-03: The proposed rewards are what I have wanted