Consumer Guilt, Online Resale and Purchase Intention

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Abstract
Consumer guilt is a critical factor affecting consumers' purchase decisions. Marketers would apply various strategies to reduce the sense of guilt so consumers can be more willing to spend the money. With the popularity of online auction, consumers can easily resell unwanted online by themselves, and the return of the resale may lower their sense of guilt toward buying a new product. Thus, the goal of this research is to investigate the relationship between an online resale awareness of a desired product, consumer guilt and purchase intention toward a desired product. Using a literature review, a conceptual model of consumer awareness of a resaleable item on consumer guilt and purchase intention of a new item is presented and corresponding research hypothesis are developed based on the existing literature. Finally, conclusions for further research are discussed.

Keywords: consumer behavior, consumer guilt, consumer resale, internet

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Introduction

When you want to buy the newly launched iPhone 6, the price may give you a sense of consumer guilt, which can stop you from buying the phone. What if the phone can be resold on the Internet for a high price even after it has been used for a while? Would that reduce your sense of guilt and make you more willing to buy the phone?

Consumer guilt is a critical factor affecting consumers' purchase (Burnett & Lunsford, 1994), and marketers would apply various strategies, including cause-related marketing (Strahilevitz & Myers, 1998) and the pre-paid system (Prelec & Loewenstein, 1998), to reduce the sense of guilt so consumers can be more willing to spend the money. If consumers can use the Internet to sell their items to lighten the burden of shopping, the sense of guilt generated from shopping might be reduced, and that can affect their shopping behavior.

With the booming of e-commerce, it is now pretty common for consumers to sell their items on the Internet. According to Market Intelligence & Consulting Institute (2010), the amount of online trading via the customer to customer (C2C) mode has reached 153 billion in Taiwan, which accounts for 43% of the overall amount of online trading. As consumers start to act as retailers, the two major branches of conventional marketing theories, marketing strategies and consumer behavior, may require some adjustments because when shopping, consumers nowadays are also thinking about reselling what they buy. In other words, consumer behavior is no longer about buying only (Chu & Liao, 2007, 2010). There are a variety types of motivation behind consumers' resale of their goods, including some utilitarian reasons such as for the monetary returns (substantively) and hedonic reasons such as for a sense of achievement, for fun, for social activities, or even for reducing the sense of guilt from impulsive shopping (Chu, 2013). Under the same condition, consumers would purchase goods with a higher resale reference price (Chu & Liao, 2010; Liao & Chu, 2013). The above findings suggest that consumers' buying behavior and reselling behavior are quite related.

Previous studies on consumer guilt stress that marketers can use advertising or cause-related marketing to affect consumers' sense of guilt generated from shopping in order to encourage their spending on merchandise. Integrating findings on consumer online resale behavior and on consumer guilt, the study proposed another perspective: consumers use the behavior of reselling previously bought merchandise online to reduce their sense of guilt on their own. The popularization of online trading provides consumers with an easy access to resell their goods, making consumer reselling for lowering a sense of guilt a newly emerged type of consumer behavior. Focusing on consumer guilt, this study investigates the association among consumer guilt, online reselling behavior, and new product purchase intention.

Previous studies have shown that when consumers perceive that the desired products they want to buy or the older product they currently own (of the same type) can be resold, their new product purchase intention will be enhanced (Chu & Liao, 2010; Liao & Chu, 2013). Nonetheless, these studies adopted the mental accounting perspective. According to these studies, consumers when buying goods would mentally integrate the account of shopping expenditure with the account of reselling in the future, and the result decreases the perceived shopping expenditure while boosting the purchase intention.

The present study explains the phenomenon from a different perspective: consumer guilt. For example, compared with everyday necessities, cell phones are merchandise with a high unit price. As a result, purchasing a cell phone is associated with not only certain risks but also consumer guilt. In addition, cell phones go outdated pretty quickly. For many people, the reason they change their cell phones is to get a new style or for some new functions rather than to replace an unusable one. Nevertheless, getting rid of an older but still usable cell phone may generate consumer guilt; people may fear that they do not spend their money wisely, and the fear may reduce their new product purchase intention. In this case, what is discouraging consumers from buying new products is not the price of products but consumer guilt. This common shopping scenario is used here to discuss the effect of consumer resale behavior on consumer guilt and consumers' new product purchase intention.

Theoretical foundation

1. Consumer Guilt

Consumer guilt is a negative type of affection produced by consumers subjectively believing that their purchase decision or behavior has violated their personal value or the social moral or regulations (Burnett & Lunsford, 1994; Lascu, 1991). Previous studies frequently explore the sense of guilt on advertising, and in general, it is considered that advertisement using guilt appeals can affect consumers' decision making (Cotte & Ritchine, 2005; Hibbert, Smith, Davies, & Ireland, 2007). Common topics of guilt study related consumer behavior are as follows: impulsive consumption (Miao, 2011; Rook & Fisher,1995), compulsive consumption (O'Guinn & Faber, 1989), hedonic consumption and luxury goods purchase (Strahilevitz & Myers,1998), consumer indulgences (Belk, Ger & Askegaard, 2003; Okada, 2005), self-regulatory (Shefrin&Thaler, 1988), classifications of consumer guilt (Bei, Lin & Yu, 2007), impacts from consumer guilt (Prelec & Lowenstein, 1998), and consumer coping responses(Duhachek, 2005). Most studies on advertising are examining the association between guilt appeals and consumer purchase behavior; few of them explored the domain of consumer guilt and consumer resale intention, especially the possibility of consumers using the Internet to resell goods to reduce guilt, resulting change in their purchase intention.

Using the focus group method, Burnett and Lunsford (1994) proposed four types of consumer guilt: financial guilt, health guilt, moral guilt, and social responsibility guilt, and each of them is described below.

(1)Financial guilt

Financial guilt happens when there is no justification for buying a product. For example, the desired product is not needed or it is not worth of that much money. When consumers can buy a product with a lower price but do not do so, financial guilt would arise. Financial guilt also arises following impulsive buying or the purchase of luxury goods. To reduce financial guilt, "because you deserve it" and "you work hard for it" are two common slogans used in diamond advertisements.

(2)Social responsibility guilt

Social responsibility guilt is about consumers recognizing that their purchase behavior would violate their social responsibilities (such as making no donation, generating lots of waste, without presenting a gift in return after receiving one). Many public welfare oriented TV commercials choose to use this appeal to communicate with consumers and to remind them to participate in charity events.

(3) Health guilt

Health oriented guilt arises when consumers consider that they are not taking a good care of their health because of smoking or eating high calorie food. Diet food, fitness equipment, or health food products often use this appeal to attract consumers.

(4) Moral guilt

Moral guilt arises when a buying decision breaches an individual's moral sense. For example, some religious groups believe that gambling or alcohol drinking is immoral, while those selling condoms or insurance would use the appeal of caring the one we love or taking the responsibility to affect consumers.

As for the timing, according to Burnett and Lunsford (1994), guilt can be classified into anticipatory guilt, which arises before buying, and reactive guilt, which arises after buying. Lin and Xia (2009) proposed a third type of guilt, which is called proceeding guilt, and it happens at the time we pay for the purchased goods. Scholars consistently regard buying luxury goods or hedonic goods as more likely to induce consumer guilt because these products, in contrast to necessities, are usually much more expensive. As a result, consumers have to justify their purchase of luxury goods or hedonic goods. (Kivetz, 1999; Prelec & Loewenstein, 1998; Thaler, 1980, 1985). Studies have suggested that by reducing consumer guilt, consumers' willingness of buying hedonic goods would be increased (Strahilevitz & Myers, 1998), and therefore, marketers should work on developing guiltless consumption and prevent the sense of guilt from affecting consumers' purchase intention (Lascu, 1991).

A feasible way is to use the prepaid system to allow consumers to enjoy the paid product like it is free to reduce the pain from paying (Prelec & Loewenstein, 1998). Another approach is to let consumers believe they deserve this kind of wonderful treatment earned by their hard-working (Kivetz & Simonson, 2002). In addition, cause-related marketing can be applied, i.e., linking consumers' purchase with benevolent acts to reduce consumers' sense of guilt so their purchase intention can be boosted (Strahilevitz & Myers, 1998).

Consumers know how to deal with the sense of guilt too, and one strategy is perform “mental accounting” (Thaler, 1985), which is related to self-regulatory mechanism (Shefrin &Thaler, 1988). According to the concept, an individual would classify matters about to happen and decisions about to be made, self-interpret them, and evaluate them in order to maximize the efficacy. For example, consumers would undergo mental budgeting, which comprises the followings components. (1)Labeling: Consumers would “label” their money based on the source of the income and their attitude. For example, compared to the income from hard work, people would feel less painful to spend their windfall income (Ha, Hyun, & Pae, 2006; Hodge & Mason, 1995; Shafir & Thaler, 2006; Thaler, 1985).

This offers an explanation for the phenomenon “house money effect” (Thaler & Johnson, 1990). That is, when a gambler loses money won from the house, the gambler is unlikely to feel losing the money; After all, the money they lost is the money from the house instead of from their own pocket. Consequently, the sense of guilt would be reduced. (2)Tracking: Consumers would record or memorize how they spend certain types of budgets, especially those highly discriminative and easily classified ones. For example, the money spent on watching movies can be pretty easily classified as the "entertainment" type of expenditure, while the classification of money spent on dinner is more depending on the occasion (Heath & Soll, 1996).

The term consumer guilt in this study is mainly the financial type of guilt. The investigators defined consumer guilt as an anticipatory type of guilt. That is, consumers would experience a sense of guilt before buying a new product because of the money about to be paid for the product.

2. Reference Price

To study consumer online resale behavior, Chu and Liao (2010) defined the concept of “resale reference price” as “the potential market price of resold items individual can infer based on market information”. Because resale reference price is related directly to the cost and benefit of possessing a product, it is an important factor which may affect consumer resale behavior and purchase decisions. When consumers are reselling their goods, they are also acting as sellers, and therefore, consumer resale reference price is a price perceived by consumers at reselling for the target item to be resold successfully. This concept, though different from the reference price at shopping, would also affect consumers' willingness for reselling their goods.

Chu and Liao (2010) used the mental accounting theory in their empirical study and found that before buying a cell phone, if consumers sensed that the desired new cell phone can be resold, they would be more willing to buy the cell phone. Moreover, when the resale price of the cell phone is higher, consumers' purchase intention would be higher too. Because consumer can integrate the cost of buying and the income from resale these, and the sum of the price paid and the income from resale implies the perceived total amount of money presently paid by the consumer. The above-mentioned study is the first study that linked consumers' purchase intention to resale behavior and verified such a link. These authors demonstrated that consumers can indeed use the resale of goods to persuade themselves on buying goods. The resale of a desired cell phone is a type of planned resale because before buying the product, the consumer is already thinking about reselling it. In a study about unplanned resale, Liao and Chu (2013) demonstrated that when consumers sense that the cell phone they presently own can be resold, their willingness for buying a new cell phone would be boosted immediately, and the degree of increase of their purchase intention is greater than the degree induced by learning that the desired new cell phone can be resold. This difference is mainly because consumers can recover the

cost already paid, and this type of income is similar to the unexpected income (Hodge & Mason, 1995).
When buying a product, the trading price is a key factor affecting consumers' decision making. When consumers want to resale the product, the trading price of the product is also a decision-making factor. Therefore, the concept of reference price is applied here to explore the resale reference price and resale behavior. The aim of the study is to explore the association among consumers' resale behavior, consumer guilt, and purchase intention. More specifically, resale reference price may be a critical factor affecting the sense of guilt. When buying goods is linked to the reselling of the goods, a higher resale price implies that more money can be recovered, implying that less money paid for buying the goods. As a result, the sense of guilt of buying would be lowered.

Conceptual framework and hypothesis

According to consumer guilt related studies, consumers would generate anticipatory guilt before buying goods (Burnett & Lunsford , 1994) and/or proceeding guilt at the time of paying for the goods (Lin & Xia, 2009). Either guilt would induce unpleasant feeling, reducing consumers’ willingness for purchasing goods. Moreover, consumer may therefore lose the justification for the purchase (Kivetz, 1999; Prelec & Loewenstein, 1998; Thaler, 1980 & 1985). "Knowing that the desired product can be resold in the future" is a justification that increases consumers' purchase intention. Therefore, we made the following hypothesis about when consumers know that the desired new cell phone can be resold.

H1-1: Prior to a purchase, consumers with high resale awareness of reselling a good online after acquiring it have higher purchase intention than those with lower resale awareness.

When the resale reference price is higher, consumers would consider that more money can be collected from reselling the product in the future, and thus they may believe that they are paying less now. In this case, their purchase intention for the new desired product would be higher (Chu & Liao, 2010; Liao & Chu, 2013). Another possibility is that when the resale reference price, i.e., the secondhand price, is higher, the residual value of the product is higher too, making the product a high quality one that is worth of buying. As a result, we made the following hypothesis.

H1-2: Among consumers with higher resale awareness, a higher resale reference price is associated with a higher desired product purchase intention.

A higher resale reference price implies that more money would be collected in the future from reselling. In this case, the financial guilt, a type of consumer guilt, would be lower, and consumers' new product purchase intention would be higher. We made the following hypothesis.

H1-3: Among consumers with higher resale awareness, a higher resale reference price is associated with lower consumer guilt.

Consumer guilt is a negative type of affection generated from making a consumer decision or engaging in consumer behavior that violates the personal value or social moral value or regulations (Burnett & Lunsford, 1994; Lascu, 1991). Lower consumer guilt is associated with higher product purchase intention. Therefore, we made the following hypothesis.

H1-4: Among consumers with higher resale awareness, lower consumer guilt is associated with a higher new product purchase intention.

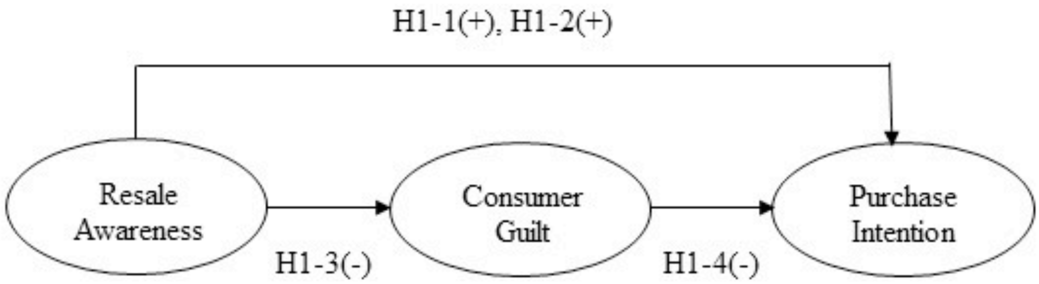

Figure 1: Conceptual Framework

Future research direction

In present study, a conceptual model of consumer awareness of a resaleable item on consumer guilt and purchase intention of a new item is presented and corresponding research hypothesis are developed. Clearly, future research can start with the empirical examination of the factors and hypothesis. A study with between-subjects designs could be conducted online to examine the effects of consumer awareness of a resaleable item on consumer guilt and purchase intention of a new item under different situations. Focusing on consumer guilt, the framework of this study investigates the association among consumer guilt, online reselling behavior, and new product purchase intention. The study proposed that consumer guilt from purchasing can be reduced by the idea of reselling goods, which in turns will boost consumers' purchase intention.

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