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Gotcha!

Findings from an Exploratory Investigation on the Dangers of Using

Deceptive Practices in the Mail Order Business

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### Abstract

This exploratory investigation examines the impact of some Belgian mail order companies' deceptive practices--more specifically the use of gifts--on the long-term relationships with their customers. The results support the premise that the use of deceptive gifts first elicits negative surprise and, subsequently, disappointment or even outrage. Deceptive gifts also have a negative impact on the company's brand image and on the trust customers place in the company and its products. The results further give evidence that the use of deceptive gifts hinders customer retention and customer loyalty. Moreover, deceptive gifts deprive the company of valuable advantages, such as preference for its products and positive perceptions of the company and its products, which result from using non-deceptive gifts.

## Gotcha!

Findings from an Exploratory Investigation on the Dangers of Using Deceptive Practices in the  
Mail Order Business

It has been argued that products and services markets have become increasingly mature and that relationship marketing – as in retaining a company's customers – therefore is one of the most important issues for marketers to consider (e.g., Berry, 1983; Cram, 1994; Grönroos, 1994; Gummesson, 1999; Woodruff & Gardial, 1996). The contribution of customer retention for profit has been discussed at length in the marketing literature with evidence suggesting that customer retention leads to increased market share and, ultimately, bigger profits (Bolton & Drew, 1991; Fornell, 1992; Hillier, 1999; Reichheld, 1996; Rust & Zahorik, 1993; Rust, Zahorik & Keiningham, 1995, 1996). Overall, advocates of relationship marketing argue that the likelihood that customers switch to competitors is significantly reduced when companies implement marketing programs that maintain and develop close customer relationships, (e.g., Anderson & Sullivan, 1993; Baye, 1994; Lindgreen & Crawford, 1999).

At this stage, it seems fair to suggest that marketing tools that can be used for retaining customers may provide a competitive advantage. But although different approaches to designing and implementing relationship marketing programs have been described in the literature (e.g., Baye, 1995; Cram, 1994; DeSouza, 1992; Stone & Woodcock, 1995), it has been observed that additional empirical research into how companies can retain their customers is required (e.g., Buttle & Ahmad, 1998; Collins, 1999; Lindgreen, 2000; Smith, Tzokas, Hart & Sparks, 1998).

Recently, Vanhamme, Lindgreen & Brodie (1999) have contended that positive surprise could be part of a relationship marketing program. Their argument is based upon the work of

Rust and his colleagues (Oliver, Rust & Varki, 1997; Rust et al., 1996; Rust & Oliver, 2000) who have suggested that positive surprise is a necessary condition for customer delight, which translates into higher levels of customer retention. However, controlling the polarity of surprise can be difficult and in some cases negative surprise is elicited instead of positive surprise (Vanhamme, 2000; Vanhamme et al., 1999). Negative surprise is likely to harm the relationships between a company and its customers in the long run, and its use may also raise some ethical issues.

In this paper, attention is devoted to deceptive practices (i.e., the use of deceptive gifts) that are employed by some Belgian mail order companies, and an attempt is made to evaluate their potential impact on the companies' long-term relationships with their customers.

Deception occurs when people hold false beliefs or a distorted perception of what they observe. In the case of commercial messages, deception may occur when the inferences that people make about ad claims do not match the reality, i.e. people erroneously infer that a product possesses certain attributes (Barone and Miniard, 1999). Such distorted perceptions can be attributed not only to objective features of what people observe but also to subjective features of the people. According to Attas (1999), there are three possible internal sources of distortion in the perception of a message: (a) distortions that are linked to the audience (e.g., distortions due to the audience's lack of shared knowledge or experience; a cultural background that is different from that of the author of the message; inattentiveness to the message); (b) distortions that are caused by the content of the message (e.g., malicious or non-malicious false statements; accompanying images that suggest an erroneous meaning; ambiguous or vague words); and (c) distortions that are caused by the context in which the message is communicated (e.g., proximity to other events; difference in time between transmission and reception of the message). A

message can thus generate false beliefs even though the author had no intent of deceiving the customers. For example, even though illustrations in mail order catalogs do not always depict clearly the color or the texture of the clothes for sale, the intention is usually not to mislead the customers. However, some mail order companies employ, more or less intentionally, commercial messages that are misleading in order to attract customers. For example, a company may promise a super sound hi-fi equipment (insisting on the value and the unique character of the gift) that turns out to be old-fashioned headphones for a walkman, or a family pancake griddle that, in reality, only allows the cooking of small blini. In this paper, these and similar practices are referred to as deceptive practices or deceptive gifts.

In Belgium, no regulation exists that forbids the above mentioned marketing practices although they clearly are non-ethical according to the deontological and teleological conditions suggested by Deighton and Grayson (1995): the company can predict that customers will build a schema that does not match the reality (deontological condition) and that they will experience the situation negatively (teleological condition). Of note, the companies discussed in the present study adhere to the Belgian Direct Marketing Association's code of ethics ([www.bdma.be](http://www.bdma.be)), but this code does not precisely regulate the kind of deceptive gifts discussed in the paper.

It is argued that deceptive practices are likely to elicit first negative surprise and, subsequently, disappointment or even outrage that lead to negative consequences on the long-term profitability of the company. Drawing from the psychology literature, the first part of the paper describes the emotion of surprise and investigates its potential role on customer satisfaction and customer retention. In the second part of the paper, the methodology that was employed in the study is summarized. Finally, the results are outlined, and the paper concludes

with a discussion on the implications of this exploratory study for companies and on possible paths for future research.

## Theoretical Background

### Emotion of Surprise

Current understanding of the emotion of surprise originates largely from the psychology literature. Although some researchers have asked that surprise be investigated in a marketing context (e.g., Derbaix & Pham, 1989) and others have complained about the lack of a theoretical framework for this particular emotion (Oliver et al., 1997; Westbrook & Oliver, 1991), there have been only few attempts to study surprise and its effect on marketing variables, such as word-of-mouth, customer satisfaction, and customer retention (e.g., Derbaix & Vanhamme, 2000a,b; Vanhamme, 1999; Vanhamme et al., 1999).

Surprise is a short-lived emotion (e.g., Charlesworth & Kreutzer, 1973; Derbaix & Pham, 1991; Ekman & Friesen, 1985; Izard, 1977; Meyer, Niepel, Rudolph & Schützwohl, 1994; Niepel, Rudolph & Schützwohl, 1994; Plutchik, 1980) that can be conceptualized as a syndrome of reactions (Reisenzein, 1998; Reisenzein, Meyer & Schützwohl, 1996). As illustrated in Figure 1, surprise consists of physiological changes (e.g., changes in heart and respiration rates) and behavioral changes (e.g., specific facial expressions and interruption of on-going activities) in addition to subjective experiences (for a detailed review, see Vanhamme, 1999).

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INSERT FIGURE 1 ABOUT HERE

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Surprise is elicited by products, services, or attributes that are either unexpected or misexpected (Berlyne, 1960; Darwin 1872; Ekman & Friesen, 1975; Izard, 1977; Meyer, 1988; Plutchik, 1980; Scherer, 1984). The former term denotes vague and not well-defined expectations; the latter term denotes precise expectations that do not occur. Unexpected or misexpected elements form a so-called expectancy disconfirmation (Stiensmeier-Pelster, Martini & Reisenzein, 1995) or schema discrepancy (Meyer et al., 1994; Schützwohl, 1998). Although the two concepts are very similar, the concept of schema discrepancy is used throughout the paper because the most recent studies on surprise have adopted this particular conceptualization. A schema is a type of private, normally informal, inarticulate, unreflective theory about the nature of objects, events, or situations (Rumelhart, 1984). The appropriateness of a personal schema is continuously checked against the surrounding environment, but this check is relatively unconscious (Scherer, 1984). As soon as reality diverges from the schema, surprise is elicited, which results in processes that aim at eliminating the schema discrepancy (i.e., an analysis and evaluation of the situation, causal search, and attribution). If necessary, surprise may lead to an up-dating of the relevant schema (e.g., Meyer et al., 1994).

Although the emotion of surprise itself is neutral, it is often followed by another emotion that colors it either positively (e.g., surprise + joy) or negatively (e.g., surprise + anger), which explains why people talk about good surprise and bad surprise (Ekman & Friesen, 1975; Meyer et al., 1994). Finally, through its intrinsic arousal, surprise is an amplifier of subsequent affects (Charlesworth, 1969; Desai, 1939). This implies that people who feel joy (anger) after having been surprised will be happier (angrier) than had they not previously been surprised.

### Surprise's Influence on Customer Satisfaction and Customer Retention

As stated above, positive surprise is thought to lead to customer delight (Rust & Oliver, 2000). Delight is considered to be the highest level of customer satisfaction and believed to translate into customer retention levels that are higher than can be achieved through other levels of satisfaction (Rust et al., 1996). This idea is, however, not totally new since the relationship between customer satisfaction and customer retention is widely supported in the literature (e.g., Bearden & Teel, 1983; Bolton & Drew, 1991; Goderis, 1998; Oliver & Swan, 1989; Reichheld, 1996; see Strauss & Neuhaus, 1997, for a review of studies that question the relationship).

The very idea that surprise and delight are positively related is rooted in the work of Plutchik (1980), who suggested that delight results from a combination of two first-order emotions, surprise and joy. However, apart from this work and despite the widespread managerial literature on delight, the possible positive relationship between positive surprise and customer delight / satisfaction has received only limited empirical attention in the marketing literature. An exploratory study by Oliver et al. (1997), which is a notable exception, supports the relationship. Additional studies provide some indirect evidence that positive surprise leads to higher levels of customer satisfaction and increased repurchasing intentions (Oliver & Westbrook, 1993; Westbrook and Oliver, 1991). Using cluster analysis on the emotions that customers are experiencing during products/services consumption (in this particular case, cars), Oliver and Westbrook found a cluster with high scores of surprise and joy ('pleasantly surprised consumers'). Further analysis of the satisfaction scores showed that people in this cluster were more satisfied and had higher repurchase intentions than people from any other cluster.

Two possible theoretical mechanisms underlying the positive impact of positive surprise on satisfaction--response contagion and category accessibility--have been proposed (Vanhamme



& Snelders, 2000). Response contagion contends that the relationship between surprise and satisfaction stems from the arousal that is part of the emotion of surprise; the intrinsic arousal of surprise amplifies subsequent affective reactions elicited by the consumption/purchase experience, such as joy, and these, in turn, enhance the level of satisfaction. It must be noted that surprise might also enhance the satisfaction response directly since satisfaction is partly affective (e.g., Oliver, 1997). The other mechanism, category accessibility, is based upon the particular memory properties of surprise; surprising events leave strong traces in memory (see Figure 1), which make any information related to them highly accessible when a judgment is requested, such as a satisfaction judgment (Cohen & Areni, 1991; Westbrook & Oliver, 1991). In addition, due to the amplification property of surprise, positive emotions experienced during the surprising consumption/purchase are likely to be more intense and, as a result, to lead to more salient and accessible memory traces (Izard, 1977; Tomkins, 1980; Westbrook, 1987). Research on social judgment shows that more accessible knowledge about a stimulus will disproportionately influence the judgment about the stimulus (Bruner, 1957; Higgins, 1996; Wyer & Srull, 1989). This implies that positive elements of the consumption/purchase experience will have a larger impact on satisfaction if they are surprising (because surprise leads to more accessible information). Of note, a response contagion might also be operative in this case since when the memory of an emotional episode is brought to mind, it may have the capacity to elicit the same emotions (Cohen & Areni, 1991; Vanhamme & Snelders, 2000).

While little research has been carried out on the relationship between positive surprise on the one hand and customer delight and customer retention on the other hand, the impact of negative surprise on these variables apparently has not been investigated at all. Again, the empirical work of Plutchik (1980) provides some premises for future research in this area. As

outlined in Table 1, Plutchik found that surprise + anger results in outrage and that surprise + sadness leads to disappointment. It is interesting to note that Schneider and Bowen (1999) have recently conceptualized outrage as the mirror image of customer delight--the highest level of customer dissatisfaction--and suggested that outrage leads to customer defection and 'terrorism' (i.e., outraged customers share their outrage with other customers with the story being exaggerated with each retelling). From a theoretical point of view, the notion that negative surprise enhances customers' dissatisfaction is likely to be based on the same two mechanisms that underlie the relationship between positive surprise and customer satisfaction.

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The aforementioned examples of deceptive gifts that mail order companies offer their customers (i.e., the super sound hi-fi equipment and the family pancake griddle) are prone to elicit negative surprise that might trigger disappointment or outrage since the ad letters sent to the customers contain misleading illustrations and/or descriptions that will (a) lead the customers to build a schema that is divergent with the reality (the gift looks less nice than the schema) and (b) trigger a negative evaluation of the valence of the experience. Promised a super sound hi-fi equipment (insisting on the value and the unique character of this gift), customers believe that their gift is a hi-fi system or, at least, a radio but, in reality, the gift is nothing but old-fashioned headphones for a walkman. And, when the customers are promised a family pancake griddle, they expect to be able to cook normal-sized pancakes but they can, in fact, only cook small blini. Other examples are a small-sized iron (15 cm long) and a little lamp while ad messages let the

customers to believe that the products are of normal sizes. Such deceptive gifts that are designed to attract consumers are common in the Belgian mail order business.

### Research Questions

In summary, practices that elicit positive surprise are thought to lead to customer delight and customer retention in the long run. In contrast, we believe that deceptive practices that elicit negative surprise will most probably result in disappointment or outrage and thus impair customer retention. Consider for a moment trust that has been defined as the extent of one party's confidence in the other party's integrity and reliability (Morgan & Hunt, 1994). Deceptive practices that result in disappointment or outrage are not likely to trigger trust in the company and, as a result, customer retention is jeopardized because "trust is ultimately the glue that holds a relationship together over the long haul" (Boone & Kurtz, 1999, p. 339).

In this exploratory investigation, we examine the two research questions:

1. What are the impact(s), if any, of negative surprise that is elicited by deceptive practices, both in the short-term (e.g., the customers' evaluation of the consumption/purchase experience and their feelings) and on the long term-relationships between a company and its customers?
2. What are the potential benefits and/or lost benefits, if any, for companies that use deceptive practices as compared to non-surprising and positively surprising practices?

### Methodology

The concepts of both relationship marketing and the emotion of surprise are contemporary and not well developed at the present time (e.g., Brodie, Coviello, Brookes & Little, 1997;

Buttle, 1996; Lindgreen & Crawford, 1999; Vanhamme, 2000; Vanhamme et al., 1999). This makes it difficult to begin with a theory and, therefore, an exploratory phase would seem appropriate as a first step (Churchill, 1999).

### The Setting

Mail order companies were believed to be an interesting setting for investigating the research questions. This particular business has reached maturity and, as previously noted, relationship marketing is especially relevant in such markets where customer retention is of key importance. Moreover, the first author had recently conducted structured interviews with the marketing managers of the top-three Belgian mail order companies (in terms of sales) and learned that that the companies regularly use surprise as a marketing tool. Of note, the three companies were selected because they provide a good image of the Belgian mail order market; they represented about half the total amount of sales in the Belgian mail order market in 1997 (Association Belge du Marketing Direct, 1999). However, the companies do not have a well-defined strategy for designing, implementing, monitoring and measuring their surprise program. In addition to the mail order catalog, the main surprise tools they use are gifts, sales reductions, lotteries, and games. The marketing tools do not differ according to the type of customers.

One main difference was observed between the three companies with respect to the use of gifts. Two companies described their way of advertising the gifts as a full transparency policy meaning that the companies want their customers to know exactly what kind of gift they will receive. In contrast, the third company fails to mention certain aspects of the gifts (such as the size) or uses only vague descriptions or embellished illustrations that might deceive the customers. It is interesting to note that the two former companies at one time used the same

approach, but stopped doing so some years ago because they wanted to build up an image of honesty and full transparency.

Overall, the three companies have little knowledge about the consequences of the different surprise tools, although the company with no full transparency policy knows that some customers are negatively surprised since they sometimes call in to complain; these customers are disappointed or angry with the company. At other times, however, some customers call in because they have been positively surprised and want to compliment the companies for the gift.

In summary, we considered the setting of the Belgian mail order business as a unique opportunity for investigating negative surprise situations due to deceptive gifts and for comparing these situations with non-deceptive and positively surprising situations.

### Design of the Study

The exploratory study was designed as a two-stage approach with focus groups followed by in-depth interviews.

In the first stage, four focus groups were set up with customers who had had experiences with mail order companies. The respondents, which comprised a convenience sample of four men and 19 women, were between 22 and 65 years old and all from the middle to upper-middle class. They were recruited in a Belgian shopping mall, and no incentive was used in the recruiting process. The purpose of the focus groups was to gather general ideas and insights into how customers perceive the mail order companies and the different surprise tools.

The guidelines for focus groups formation prescribed by Churchill (1999) and Pellemans (1999) were followed. For example, the groups were relatively homogeneous in terms of social characteristics; no experts were invited; and the respondents did not know each other beforehand.

Three students, who were closely supervised by the first author and properly trained for guiding focus groups, conducted all four sessions. For each session, one student acted as the moderator whereas another student observed what was happening (Pellemans, 1999). The moderator guided the focus groups using an interview guide, which was structured in accordance with Pellemans' recommendations (1999). After a warm-up session, general themes relating to the respondents' attitudes toward mail order purchases were sought, and the respondents were also probed for their perception of the mail order companies and their sales tools. Gradually, more specific themes relating to the sales tools (such as gifts, sales reductions, and lotteries) were discussed. Finally, specific examples of gifts and letters sent out by companies to their customers were discussed so that the respondents' perceptions and reactions could be explored. During the entire session, facilitation techniques, such as analogies and short stories, were used. At the end of each session, respondents were thanked with a ticket from the national lottery. Each session, which lasted for about two hours, was tape recorded and later transcribed, as this allowed for a thorough analysis.

The analysis of the text units from the focus groups showed that the use of gifts was the marketing tool that offered the richest results in terms of diverse emotional reactions (positive surprise, negative surprise, and anger). In the second stage of the study, in-depth interviews, therefore, focused on this particular marketing tool. Again, the respondents comprised a convenience sample, this time of six Belgian female acquaintances of the first authors' friends who were between 25 and 55 years old and all from the middle to upper-middle class. The respondents, all volunteers, were selected according to the following additional criteria: (a) in the past, they have had positive and negative experiences with gifts offered by the mail order companies; (b) two of the respondents order, or used to order, almost anything from a catalog

just because they wanted the gift (this type of respondents was included in the study because it had become clear from the focus groups that some customers behaved in this way); (c) three of the respondents have had a long purchase experience with mail order companies whereas the other three respondents were less experienced.

After six interviews (in addition to the focus groups), closure had been reached meaning that the sixth interview did not generate any new evidence or additional insight into the phenomenon under study (Churchill, 1999).

The six in-depth interviews, which were conducted by the first author, aimed at investigating in greater detail the elicited reactions to the gifts than what the focus groups sessions had done. Each interview started with general questions related to the respondents' buying behavior and their perception of mail order companies and marketing sales tools. The discussion was then oriented toward issues that were specifically related to the mail order companies' gifts – i.e., the respondents' own experience with these gifts and their reactions to and perceptions of specific gifts sent out by companies. Different facilitation techniques were used (such as analogies and short stories). Each session, which lasted between 60 and 90 minutes, was tape recorded and later transcribed.

For both the focus groups and the in-depth interviews, the authors organized the text units according to themes that were then formatted in order to answer the research questions, as recommended by Pellemans (1999). For the sake of clarity, we discuss the findings below without distinguishing between the two different sets of text units (i.e., focus groups sessions and in-depth interviews), unless necessary. Due to space limitations, each finding will be illustrated by only a few text units, which have been translated from French into English by the authors.

## Results

### Consumers Reactions toward the Advertisement of the Gift

The authors first investigated the respondents' reactions when they read letters that had been sent out by the mail order companies announcing that they are to receive a gift. It became apparent from the organization of the text units according to themes that such announcements result in one of three different types of customer behaviors:

1. The announcement of a gift triggers the actual purchase. These customers (addicted customers) buy products from the company because they want the gift, as evident in the following text units:

Yes, but with me, it was also the gifts that pushed me to buy. Well, I like games and gifts and sometimes it is really attractive.

Some people would do anything for the gifts.

2. The announcement of a gift possibly influences the moment of purchase. These customers (tempted customers) are more interested in the products the company sells and in the discounts offered than in the gifts. However, if they like a product in the catalog, the gift may trigger the moment of purchase (i.e., they will buy now in order to receive the gift):

If, for example, for a while, I've wanted to buy something and when I see this [announcement of an electrical knife as a gift], then I would perhaps think, "Well, I will buy it now because then I will have the knife as well." But if I have the choice between this [i.e., the knife] and a discount of 30 or 40 percent, I prefer the discount.



3. The announcement of a gift does not influence the purchase at all. These customers (indifferent customers) are usually only interested in discounts and in the products sold by the company, and often do even not look at the advertisement of the gift:

No, because I think that for mail order companies, it is their products that matter, everything else does not....

Yes, it [the gift] attracts some people, but ... I am interested in the products and not in the other things.

Customers classified in this last category include those who used to belong to the category of addicted customers but who were too often disappointed with the gifts. These customers have become disillusioned:

It's true that when there were some gifts, at the beginning, I was tempted to order so I could receive the gift but since I received that lamp--that I thought would be a lot bigger and a lot more practical--I have not paid attention to these kind of things anymore.... It has disappointed me so much that I don't answer anymore.... I will never again ask for the gift.

Not surprisingly, it was also clear that for a majority of the respondents the first reaction toward the advertisement of a gift was suspicion, especially for customers who have had much experience with deceptive practices. When they first receive the advertisement, they look for the 'swindle' believing a priori that the gift is nothing but a little gadget, smaller than that in the illustration, or that the gift is of bad quality:

It is not written anywhere that it is not an electrical knife. Well, if they give this to everyone, that's interesting. But there must be a trick to it.... According to the picture, it seems to be of normal size because sometimes they show you a picture but it is a small thing in reality.

It's true that sometimes you are attracted to the gifts but with my experience, you can tell that gifts are a total swindle.

However, the text units also show that there is a conflict between the customers' heart and mind, or between different facets of the customers' personality, i.e., the innocent and naïve child and the rational and experienced adult. Even though the first reaction is one of suspicion, some customers are attracted to the gifts that titillate their curiosity (refer to quotations #1 below). They remember their happiness when they received gifts as little children and how pleased they still are when they are surprised and receive gifts, especially big gifts (refer to quotations #2 below). This would explain why addicted customers and, to a lesser extent, tempted customers are so excited by gifts. Despite their first reaction of suspicion, some customers are so excited that they will not hesitate to place an order immediately so as to be sure that they have the biggest gift possible (refer to quotations #3 below). Naturally, this attitude influences the customers' schema; they imagine a gift that is nice, big, and marvelous:

What is inside? This is curiosity. (#1)

Look how attractive it is.... Those colors.... They are so nice. And, furthermore, you are curious. (#1 and #2)

She believes, perhaps, that she will be sent a super gift. (#2)

The biggest [gift] is when she answers within five days; the medium one is when she answers within ten days; and the very little one, when she answers within two weeks. So the more she waits, the less she will get.... She will order immediately in order to get it, immediately, in order to get the biggest one. Hurry! (#3)

Yes, yes, and the fact that you will get two gifts, you will hurry. (#3)

### Impact of the Deceptive Gifts

The great hope customers have toward the gifts explains why they are negatively surprised when they understand that their imagination has taken them beyond reality. “I cannot believe this!”, “This is unbelievable!” and “No! That cannot be true!” were the kind of spontaneous surprise exclamations the respondents aired. Most often, this resulted in dissatisfaction with the gift, i.e. strong disappointment (refer to quotations #4 below) or even outrage (refer to quotations #5 below). For some customers, this dissatisfaction with the gift had a clear negative halo effect on the evaluation of the whole purchase experience, as evident in “I was left dissatisfied [with the whole experience].”

It is always a lot embellished, it always seems a lot bigger. It seems a lot more important.... You imagine you will receive a wonderful piece of Tupperware. I will show you what I received; it is ridiculous ... it is laughable.... You receive three tiny little things like that. (#4)

My little lamp, I was really very disappointed. (#4)

If I see that and if I find something nice in the catalog and order, and then if I receive THAT! You can be sure that there is something wrong then. I will not be happy at all. That's for sure.... It is not related at all!!! How is this possible??? No, this is very bad. (#5)

She has been cheated.... They [i.e., the company] misused her confidence. (#5)

In addition to dissatisfaction that can result in disappointment or outrage, the use of deceptive gifts has implications at two levels: it impacts on the company's image and/or on the customer's buying behavior. With respect to the company's image, deceptive gifts tend to create an image, in the mind of the customers, of a non-serious company that manipulates and cheat its customers (refer to quotations # 6 below); a company that does not respect and care about them (refer to quotations #7 below):

"This [i.e., the gift offered by VM] is manipulation.... That was my way of looking at LR [i.e., another mail order company]." (# 6)

Finally, people start to wonder what kind of company this is. Yes, is the company serious? (# 6)

Within six months, some people will have forgotten but some will have a bad memory, a bad image [of the company]. (# 6)

It's really a company that takes the piss out of its customers. It would be better not to give anything or write "a set of walkman headphones" [which was what the customer really received] or the like. (# 7)

How dare they put this in an envelope and send it out to their customers? How can people who have studied marketing put this in an envelope and write such a letter??? (# 7)

Moreover, this negative perception also tends to rub off on the company's products and services; apparently, some customers start to question the products and services of the company:

But if you see this [i.e., the deceptive gift from VM] you must also think that also the product is perhaps a swindle.

I would think, well, the description does not always match what they give you. I would perhaps question more the company as a whole--in general--and the services and products it offers.

As evidenced in the text units, all necessary elements for a sound and durable relationship between the company and its customers are absent. The customers who have fallen victims to deceptive practices do not trust the company and will be more suspicious and vigilant before they place another order with the company:

I think that when you have had a bad experience with gifts, perhaps, after that, you are more vigilant, you pay more attention.

Next time, she will buy, she will pay attention.... She will not trust them anymore.

With respect to the customer's buying behavior, deceptive gifts seem to lead to four different types of reactions. At one extreme, some customers do not to buy other products from the mail order company (see the no repurchase box in Figure 2), but simply throw away the catalog from the company (refer to quotations #8). Note, however, that some of these customers are prepared to give the company the benefit of the doubt, but only for a while (refer to quotation # 9):

This here [i.e., the catalog from the company that gave the deceptive gift], you discard it immediately whereas this here [i.e., the catalog from a company that did not give a deceptive gift] you will have a look at it.... Yes, you discard it completely, because you think “this is a swindle”. (#8)

She will never order from that company again. (#8)

People who order because they think they will receive a griddle or an iron and then receive a mini thing, well, according to me, two or three times like that and they will not order anymore, even if the products are good. They think, this is really too much. (#9)

At the other extreme, some customers explain that their buying behavior is not affected provided that they are satisfied with the product they ordered (see the no impact box in Figure 2):

I will be disappointed but it will not change anything if the product I ordered satisfies me, I would think, “Yes, I got conned but I did not pay for it, so.”

Personally, it would not influence me. I order from D [i.e., a mail order company] and they have also sent me gifts that disappointed me but it has less importance than the product. However, if I receive this [i.e., a deceptive gift] and if on top of that I am not satisfied with the product, then I would not say that I would not stop buying from that company. As long as I am satisfied with what I buy it does not influence me.

In cases of dissatisfaction with the product, the degree of deceptiveness seems to moderate the reaction; only gifts that are worse than what these customers consider an ‘acceptable’ deceptive gift seem to have an impact on their future purchases with the company:

Ah, yes, great??? [i.e., the respondent is being ironic]. That’s what you receive??? Hi-fi equipment, THAT??? Well, it’s true that you immediately think hi-fi system. This is something inadmissible, I think. To

that extent, I tell you, I would really hesitate [to buy again]. You see a picture, it is true that you receive exactly the same as in the picture but it is not solid gold, that's clear. But you can still wear it for a week and that's nice. After that, it is all black, the stone's gone but you could at least enjoy it for a week. You would think, "Yes, that's normal, they cannot give you quality." But here, to that extent, I think that this is ... not even trying to win loyalty from your customers; it is trying to lose loyalty from them.

I know I will not receive something marvelous. Well, it might even be a bit more mediocre than what I expected.... But it is still something I might have expected. Here, not at all.... They want you to believe that it is a hi-fi system whereas it is not a hi-fi system. It does not belong to the same category.

In addition to these two extreme reactions, other types of reactions emerged from the interview transcripts. For example, some respondents would, for a while, not buy products from the company that had deceived them (see the wait for a while box in Figure 2):

If I had received a small thing such as the one I received two weeks ago, I won't say that I would not have ordered anymore but, at least for a while, I would have abstained from ordering or, at least, I would not have looked [in the catalog] or I would have looked more passively or quicker than usually.

Perhaps, it [i.e. the memory of the deceptive gift] will disappear and I will order as I used to but I think that, at the start, you think "they take the piss out of the client".

Yet other customers try to find the same product from competitors who have not deceived them (see the prefer purchasing from a competitor box in Figure 2):

Whereas with VM [i.e., the company that sent the deceptive gift], if I see something that I like, and if I know that Blokker or Casa [i.e., two competitors] sell the same article, I will not rush to order [from VM], I will think, "They have taken the piss out of me a bit once and I know that Blokker or Casa ... also sell those

articles.” Well, next time I am going to the shopping center, I will have a look at Casa and Blokker. What they [i.e., VM] will perhaps get out of that situation is that you will open their catalog and have a look at it – because everyone likes to have a look at those kinds of catalogs – and then this will perhaps give you an idea that you would not have had otherwise. And then the purchase will move toward someone else because you will think, “Yes, this is a good idea ... I will perhaps buy that.” But then this will remain in your head and then, one day, you go to the shopping center and you see it there. You will buy it there then.

Perhaps there will be another company that sells the same type of products. I will perhaps look at that catalog, then, or look more in the shops, pay more attention.... But it is sure that it does influence your way of buying and perceiving the company.

As illustrated in Figure 2, deceptive practices that elicit negative surprise and lead to disappointment or outrage do not improve the retention of customers in the long run. Even though some of the deceived customers will not defect (the ‘No impact’ box), deceptive gifts do not generate any positive results for the company. As explained by one respondent when asked to design a good ‘gift policy’:

So something rather genuine and rational and that people like and this will be translated in the long run.

Everything which is manipulating is short term.... If you want loyal customers, you need gifts that are all right and something that is decent, respectable.

Not surprisingly, none of the respondents reported positive impressions of companies that use deceptive gifts.

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INSERT FIGURE 2 ABOUT HERE

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### Benefits for Companies of not Using Deceptive Practices

Many of the respondents participating in the focus groups and the in-depth interviews have had negative experiences with mail order companies' gifts, at least once, and are now suspicious vis-à-vis such gifts. Therefore, a number of these respondents were quite positively surprised with the transparent advertisements (i.e., one in which the gift is described as it really is) used by the researchers during the focus groups and in-depth interviews. However, the reactions toward the company that sends out this type of advertisement seem not to differ between positively surprised respondents and non-surprised respondents.

Contrary to gifts that elicit negative surprise, gifts that are advertised in a transparent way seem to result in a definitely positive perception and impression of the company and enhanced customer satisfaction (with the whole experience):

Actually, it is well perceived by the one who buys and, furthermore, the company also creates a good image of itself and that's also important. This is called an electric knife and you receive an electric knife worthy of the name. You do not receive a little thing that does not resemble anything.... Yes, it is true that if I had received this I would have been happy.... Here, a priori, I would have been satisfied.

If they had written exactly what it is, well, then you know what you can expect, you are not disappointed. And I think that it would have given a more positive image of the company.

The respondents tended to view the company that uses a full transparency policy as being serious, honest, and efficient; in other words, a company that can be trusted and that cares about its customers:

It does not take its customers for ... imbeciles. It does not let people hope, or promises things or gifts that, anyway, it will not give. It is true that a set of headphones is perhaps a part of hi-fi sound equipment, yes, but ... this is using way too general, vague words.

Well, I would trust a company like that [i.e., LR] more than VM. I would think that LR doesn't take the piss out of its customers. So if the same product appears in the two catalogs [i.e., VM and LR], I would go for LR. I clearly see that the service or the way they [i.e., LR] approach the client is different. And the willingness to have a client and to keep him, and to satisfy him, is also different, I think.

The positive image of the company also seems to rub off positively on the customers' perception of the company's products.

[A company] which is more serious, which calls things by their right name and indirectly, you think, well--if you want to go a bit further--if the description here is correct this will perhaps also be reflected in their catalog.... You think, I may perhaps trust them more than a company which is not able to call a set of headphones a set of headphones.

Moreover, it was clear from the text units that a full transparency policy might be considered as a first step toward creating customer loyalty (refer to quotations #10 below) and for motivating a continued interest (refer to quotations #11 below) in, and perhaps even a preference (refer quotation #12 below) for the company's products. The preference, however, is not unconditional; respondents will not buy products from a company if the quality of the products is low or if the quality is lower than that of competitors:

I tell you, if I find an article in the LR catalog, after I received the electric knife [i.e., a not deceptive gift], which I like, I will not think further and will buy from them. (#10)

Well, it [i.e., a non deceptive gift] will not push him to buy but if he is someone who buys once in a while, it might make him loyal toward the company. (#10)

She will have a look at the [company's] future advertisements because she has not been disappointed, or deceived. (#11)

She will at least have a look at the documents that will be sent to her [by the company]. (#11)

Well I would have a preference for the company that sent me this [i.e., the knife]. Probably, I would say, “Well here, they sent me something nice; if there is something in their catalog, I’ll buy from them.” It could help me to choose. Perhaps I would buy more easily from that company but I am not someone who is easily influenced by gifts.... They [i.e., LR] are serious. I would give them my preference but if I am not sure that the quality is all right, then this would not change my decision. I would not change my opinion. I would look at the quality first. I will not take something of a lower quality because of the gift. But for an equal quality, I will buy from the company, which looks to be more honest.” (#12)

In conclusion, the results seem to suggest that by using deceptive gifts, companies deprive themselves of valuable advantages (see Figure 3) that are likely to be translated into profitability.

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INSERT FIGURE 3

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## Conclusions and Discussion

This exploratory investigation identified three types of customers with respect to the attitude toward letters announcing the offering of a gift, i.e., addicted, tempted, and indifferent customers. Addicted customers are more interested in the gifts than in the products that the company sells and would buy almost anything from a catalog in order to receive these gifts; tempted customers are more interested in the products for sale than in the gifts but do take the gift into consideration when it comes to order a product; and indifferent customers are either not interested in nor influenced by the gifts, or they are not interested in nor influenced by the gifts any more because they have experienced too many deceptions. The different reactions thus seem to favor a segmentation and targeting of the customers instead of an employment of the same communication tools for all customers--which the companies currently do. For example, customers who are indifferent to gifts should be approached with sales incentives other than gifts.

The study also shows that the use of deceptive gifts that elicit first negative surprise and, subsequently, disappointment or outrage has a negative impact on the company's brand image and on the trust that customers place in the company and its products; through deceptive gifts, mail order companies deteriorate their image and create an atmosphere of mistrust.

These practices, however, do not necessarily have a direct effect on customer purchase behavior, at least as long as the product meets the customers' quality requirements. Customers who do not change their buying behavior, after having been deceived, are mainly customers belonging to the category of indifferent customers. This confirms that mail order companies unnecessarily spend money on gifts as far as this type of customers is concerned. If the deceptive gift does influence the buying behavior, the result may go from no repurchase at all to abstention

from purchase for a while to shift of the purchase toward a competitor's product. For at least two out of the four scenarios, there is thus a lost income for the company and an increased income for its competitors, which is dangerous in mature markets. It is, therefore, apparent from the interviews and focus groups that deceptive gifts do not help a company to retain their customers and to create loyalty, which should be considered as a priority goal for companies operating in mature markets. Furthermore, deceptive gifts may also result in negative word-of-mouth.

It should be emphasized that the specific reaction of deceived customers--i.e., no repurchase, buy from the competitor, wait for a while and no impact--might depend upon the intensity of negative surprise elicited by the deceptive gift (e.g., weak levels of negative surprise would lead to customers waiting for a while whereas stronger levels of negative surprise would lead to a purchase with the competitor) and/or might be customer specific (i.e., some customers, once negatively surprised, would react by waiting for a while while others would purchase the product from another company, etc.). The present investigation does not allow to answer these questions, which would thus be a good point of departure for further studies. The same kind of investigation might also be done for the impact of negative surprise on the perception of the company and its products.

Experimental manipulation of the intensity of negative surprise (e.g., by using different types of deceptive gifts: a cheap ring or a small iron should lead to less negative surprise than a so-called hi-fi system that in reality is nothing but cheap headphones) would, for example, allow the identification of the impact of various degrees of negative surprise on the repurchase behavior as well as on the perception of the company and its products. It would also limit retrospection problems that might be present in the present study (for example, when the

respondents recalled past deceptive experiences with gifts). Note, however, that ethical aspects of such experimental manipulation should also be taken into account.

This kind of study would help clarifying the specific shape of the relationship between negative surprise and the above mentioned variables; for example, does the shape look like a logistic function (i.e., negative surprise does not elicit any negative consequences as long as it stays within the Zone of Tolerance, or more precisely, above the Minimum Tolerable [Oliver, 1997]) or does it look like another kind of function, such as linear, exponential or logarithm function (the more negatively surprised a customer, the more negative the consequences)? Of note, another possibility would be that the negative consequences are a function of the intensity of negative surprise starting from the Minimum Tolerable.

It is explicit from the results of this study that for at least some of the customers--the no impact box (see Figure 2)--a conceptualization that takes into account a Zone of Tolerance would probably be the most appropriate one for modeling the relationship between negative surprise and repurchase. When these customers are not satisfied with the product delivered with the deceptive gift, their reaction depends upon the degree of deceptiveness of the gift and thus, most probably, upon the intensity of negative surprise. A gift that is worse than the worst gift they would accept, i.e. below the Minimum Tolerable, leads to changes in the purchase behavior whereas a deceptive gift that is within the Zone of Tolerance does not affect their future repurchase. Further investigation is needed to determine what kind of deceptive gifts and level of negative surprise correspond to the Minimum Tolerable and whether a zone of tolerance exists for all customers. Should this be the case, it would then be interesting to examine whether the width of the zone of tolerance (i.e., how much negative surprise is tolerated) is identical for all customers or not.

Even though it was not explicitly apparent from the text units, customers who were negatively surprised by a deceptive gift are likely to have a lower satisfaction level with the product that was delivered with the gift compared to any customers who would not be negatively surprised (note, however, that the consumers might not be aware of that kind of effect). This is due to the response contagion effect and memory accessibility effects of negative surprise (see above). Again, experiments--manipulating the degree of negative surprise--would be the most appropriate method to shed light on these effects of negative surprise on satisfaction.

The focus groups and in-depth interviews also suggested that the use of deceptive gifts deprives the company of valuable advantages, including preference for the company's products and positive perceptions of the company and its products, which result from a full transparency policy. Not using deceptive gifts is thus likely to translate into higher profitability. Profit simulation analyses might thus be carried out in order to evaluate the potential increase in profitability due to the use of a full transparency policy. Note that even if a full transparency policy did not result in an increased profitability, it should nonetheless be encouraged because the use of deceptive gifts is unethical. In that respect, the use of deceptive gifts should at least be regulated by the Belgian Direct Marketing Association's code of ethics, if not in a law and fines paid by companies contravening these regulations. The results of this study could thus be used as a starting point for updating the Belgian Direct Marketing Association's code of ethics.

Further studies might also want to address more thoroughly the potential impact of positive surprise (e.g., elicited by positively surprising gifts) on the perception of the company and its products and on the repurchase behavior since no clear difference seemed to appear in the present study with respect to positively surprised and not surprised respondents. Experimental manipulation could be used for disentangling the impact of positive surprise on the above

mentioned variables. Should these studies identify a more positive effect of positive surprise on the perception of the company and/or its products and/or on the repurchase behavior, the ethical issues linked to the commercial use of positive surprise would also need to be addressed. In that respect, the typology developed by Deighton and Grayson (1995) could be used as a starting point.

Due to the exploratory nature of this study and the methods employed for investigating the research questions, the results are subject to limitations one of which is linked to the sample. It is unknown whether the respondents included in the samples (focus groups and in-depth interviews) are representative of the target population since these samples were convenience samples (Churchill, 1999). But trade-offs between a representative sample and an in-depth understanding are commonly made when the purpose is to provide a deeper understanding of a phenomenon (Silverman & Grover, 1995). Moreover, this analysis is limited to one specific deceptive practice of mail order companies, i.e. the use of gifts. Other types of deceptive (and not deceptive) practices eliciting negative surprise should be investigated. Examples are when companies let the consumers believe that stocks of a specific product are limited in order to set higher prices or to accelerate the sales; or when they advertise a special discount on a product--knowing in advance that they will rapidly run out of stock--in order to increase the number of visits on the point-of-sales (some examples of non deceptive, negatively surprising practices can be found in Derbaix and Vanhamme, 2000b). Deception and negative surprise linked to the core product (such as miracle products that help to loose weight or the re-growing of hair) might also be examined. Further, despite all the care that has been taken, usual biases linked to the specific technique chosen for collecting and interpreting data are likely to be present in this study (including bias due to the presence of the researchers during the data collection, possible



subjective interpretation of responses, and problems of retrospection for the customers while recalling their reactions with deceptive practices).

Despite these limitations, the authors believe that the study has helped to point out some of the implications of using deceptive practices that elicit negative surprise. The results need, however, to be tested further on a larger sample and in other markets.

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Table 1. Dyads Including Surprise According to Plutchik (1980)

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Mixtures of primary emotions including surprise
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<ul style="list-style-type: none"><li>• Surprise + fear = alarm, awe</li><li>• Surprise + sadness = disappointment, embarrassment</li><li>• Surprise + anger = outrage</li><li>• Surprise + acceptance = curiosity</li><li>• Surprise + joy = delight</li></ul>
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### Figure Caption

Figure 1. The emotion of surprise

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Figure 2. Behavioral, affective and perceptual impacts of deceptive gifts

Figure 3. Lost advantages of deceptive practices







