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Forsaking Ownership: Three Essays on Non-Ownership Consumption and Alternative Forms of Exchange

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THE FLORIDA STATE UNIVERSITY
COLLEGE OF BUSINESS

FORSAKING OWNERSHIP: THREE ESSAYS ON NON-OWNERSHIP CONSUMPTION AND
ALTERNATIVE FORMS OF EXCHANGE

By

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This is dedicated to a chance meeting on Grove Ave. in Richmond, Virginia on July 3, 2005.

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TABLE OF CONTENTS

LIST OF TABLES	vi
LIST OF FIGURES.....	vii
ABSTRACT	viii
1. CHAPTER 1: INTRODUCTION: DEFINING NON-OWNERSHIP	1
2. CHAPTER 2: TO BUY OR TO RENT: MOTIVATIONS OF NON-OWNERSHIP CONSUMPTION.....	10
3. CHAPTER 3: PROCESS VARIATIONS IN DECISION-MAKING OF NON-OWNERSHIP AND OWNERSHIP ACQUISITION CHOICES	34
4. CHAPTER 4: THE IMPACT OF NON-OWNERSHIP ON CHOICE COMMITMENT AND POST-PURCHASE EVALUATIONS	56
5. CHAPTER 5: CONCLUSION.....	82
APPENDICES.....	83
A. MEASURES.....	83
B. SCENARIOS.....	87
C. HUMAN SUBJECTS APPROVAL.....	91
REFERENCES.....	95
BIOGRAPHICAL SKETCH	105

LIST OF TABLES

1.1	Comparing Non-Ownership and Ownership Characteristics	6
1.2	Distinguishing Non-Ownership from Ownership	7
2.1	Qualitative Study Participants	18
2.2	Summary Measurement Results.....	28
2.3	Cluster Analysis Summary.....	29
2.4	Cluster Profiles Based on Additional Characteristics	30
3.1	Comparing Non-Ownership and Ownership Characteristics	38
3.2	Qualitative Study Participants.....	44
3.3	Sample Respondent Comments.....	45
4.1	Comparing Non-Ownership and Ownership Characteristics	60
4.2	Qualitative Study Participants.....	66
4.3	Study 2 Means by Condition for Movies	73
4.4	Study 2 Means by Condition for Textbooks	76

LIST OF FIGURES

1.1	The Exchange/Value Creation Continuum.....	4
2.1	The Exchange/Value Creation Continuum.....	15
3.1	The Exchange/Value Creation Continuum.....	40
4.1	The Exchange/Value Creation Continuum.....	63
4.2	Results of Study 2 for Movies.....	73
4.3	Results of Study 2 for Textbooks.....	76

ABSTRACT

The purpose of this dissertation is to contribute to our understanding of non-ownership consumption behavior. A growing number of consumers are choosing to forgo ownership and instead participate in non-ownership consumption through alternative forms of exchange such as renting and market-mediated sharing. Today, the consumer rental market has expanded to include many products traditionally purchased outright including: jewelry, cars, paintings, movies, pets, handbags, vacation homes, books, and toys. A set of three essays examines non-ownership and the impact of alternative forms of exchange on the consumer decision making process. Essay 1 investigates consumer motivations to participate in non-ownership consumption through service providers like Zipcar, Netflix, and Rhapsody. Essay 2 explores differences in the decision-making process for non-ownership consumption choices. Essay 3 explores the impact of non-ownership acquisition choice on post-purchase evaluations. The goal of this dissertation is to develop a better understanding of non-ownership consumption in an effort to contribute to a more comprehensive theory of marketing. The contributions of this research include a greater understanding of a growing market for non-ownership experiences, a more comprehensive overview of the full market of both non-ownership and ownership consumption choices, and meaningful managerial insight into how to best offer both non-ownership and ownership purchase options to consumers. With few exceptions, the existing marketing literature has focused on how consumers become aware of and purchase goods and services while largely ignoring non-ownership as a form of consumption. Ownership has been viewed as a marker of success and provides stability as a source of accumulated wealth and investment. If we are defined by what we own as many past researchers have suggested, why are more and more consumers choosing to rent?

CHAPTER 1

INTRODUCTION: DEFINING NON-OWNERSHIP

Introduction

A growing number of consumers are choosing to forgo ownership and instead participate in non-ownership consumption through alternative forms of exchange such as renting and market-mediated sharing. Pine and Gilmore (1999) suggest we are shifting toward an economy that values experiences over having possessions. Further, research proposes consumers in affluent societies deemphasize materialistic goals as lower order needs are satisfied (e.g., shelter, food) and move on to more abstract, less materialistic goals (Inglehart 1981). Organizations are placing an emphasis on the experience consumers have while using their goods instead of solely focusing on how the product performs (Pine and Gilmore 1999). Non-ownership consumption allows consumers to experience a variety of new, needed, and useful goods without many of the responsibilities of ownership (Belk 2007). The dynamic and unique changes currently taking place in the global marketplace related to economic, social, and cultural forces have created an environment ripe for non-ownership consumption. Perhaps, owing to these rapid changes, ownership no longer holds the value it once had in our society (Obenberger and Brown 1976, Berry and Maricle 1973).

While non-ownership is a growing trend, the goal of this research is not to suggest that ownership no longer holds an important place for consumers, but rather to suggest a shift toward greater consumer participation in consumption experiences through a wider range of exchange options. Consumers still value possessions and are not ready to sever ties with all forms of ownership (Belk 2007). However, research suggests experiential purchases make consumers happier than material purchases (Nicolao, Irwin, and Goodman 2009). Since non-ownership transactions result in experiences rather than material purchases, perhaps consumers find greater happiness in temporary possession through the reduction of risk, burdens of ownership, and commitment. Further, many consumers seek to simplify their lifestyles in response to the stress, waste, and overspending associated with conspicuous consumption. Research suggests alternative forms of consumption could offer a new form of civic engagement (Nelson, Rademacher, and Paek 2007). Firms have the opportunity to create alternatives for consumers to

continue to consume on their own terms, which fits with the growth of consumer involvement through coproduction and increased access to information.

Today, the most common form of non-ownership consumption takes place within the consumer rental market, which has expanded to include many products traditionally purchased outright: jewelry, cars, paintings, movies, pets, handbags, vacation homes, books, and toys. For example, Zipcar, the world's largest car-sharing company, experienced 35% growth in 2009 with over 270,000 users and annual revenues of \$120 million (zipcar.com). Another retailer, Avelle, has grown its customer base from 250,000 customers in 2008 to over 1.5 million customers today by offering luxury handbags, accessories, and luggage for rent (avelle.com). Since 1999, the consumer rental services market has grown over 27% from \$3.7 billion to \$4.7 billion (U.S. Census Bureau 2007).

While the consumer rental market continues to grow, retail sector performance has slowed due to a declining economy (Winters and Thomas 2009). With few exceptions, the impact of the choice to forgo ownership has gone largely overlooked in the marketing literature and a gap exists in understanding the alternatives to ownership ranging from non-ownership to borrowing and sharing (Belk 2010; Lovelock and Gummesson 2004; Durgee and O'Connor 1995; Lusch, Brown, and Brunswick 1992). The purpose of this dissertation is to develop a definition of non-ownership which clearly distinguishes it from ownership and related types of exchange including leasing, renting, and borrowing.

Conceptual Development

Non-Ownership

Traditionally, marketing research focused on the goods-centered economy and later expanded to include services marketing as a sub-discipline with its own distinct characteristics and research problems. The growth of the service economy is largely attributed to the increased commoditization of goods and the rapid advances in information technology (Rust and Chung 2006). Firms facing commoditization differentiate themselves by introducing service offerings and developing ongoing customer-provider relationships through information management systems. The shift from goods to services has given rise to the service economy as service becomes a key revenue driver for many goods producers (Rust and Lemon 2001). Consequently,

researchers have begun to question the generalizability of the traditional distinction between goods and services (Lovelock and Gummesson 2004; Vargo and Lusch 2004a).

Some researchers suggest the characteristics used to uniquely define services from goods – intangibility, inseparability, heterogeneity and perishability – are inadequate descriptors and instead we should seek to find ways to integrate marketing theory and move away from a manufacturing-based perspective (Lovelock and Gummesson 2004; Vargo and Lusch 2004b). Lovelock and Gummesson (2004) offer an alternative to classifying services by stating, “marketing transactions that do not involve a transfer of ownership are distinctly different from those that do.” Early services research also emphasized the lack of ownership transfer in service encounters (Lovelock and Gummesson 2004; Rathmell 1974; Judd 1964). Based on past research related to ownership and other alternative forms of exchange, the defining characteristics of non-ownership were identified and used to develop a research definition of non-ownership. For the purpose of this research, non-ownership is defined as marketing transactions that lack a transfer of ownership but instead involve the acquisition and consumption of goods through service providers by consumers who forgo reasonable ownership alternatives and instead pay for temporary possession, access, or usage without the responsibilities and burdens of ownership.

Lovelock and Gummesson (2004) suggest that research in the area of “temporary possession, instead of ownership, with payments taking the form of rentals or access fees” could unify the services paradigm and offer many opportunities for future research. Implications for organizations include opportunities to market goods in a service format; the need for more research into how time is perceived, valued, and consumed; and the notion of service as a means of sharing resources (Lovelock and Gummesson 2004). Given the growth and financial importance of the service economy it is worthwhile to uncover new and different dimensions of this evolving theory as we move toward a more service-dominant logic.

In an effort to create a concise, yet descriptive definition of non-ownership, several tangentially related topics were explored including 1) internal v. external exchange, 2) service-dominant logic, and 3) the growth of the experience economy. While these topics do not specifically define non-ownership, they are relevant to the growth of the trend toward temporary possession and help explain why consumers are more inclined to participate in alternative consumption and acquisition experiences. The remainder of this paper is organized into the

following sections: 1) providing an overview of internal v. external exchange, 2) distinguishing non-ownership from ownership, contractual-based leasing, and borrowing, and 3) a comparison chart distinguishing non-ownership from ownership and other alternative forms of exchange.

The Value Creation Continuum

Most marketing and consumer research is focused on how consumers interact with the external market; however, several researchers have encouraged the exploration of why consumers avoid the market (Hirschman 1987; Bagozzi 1975). Research suggests that consumer involvement broadens the range of value creation opportunities by making the consumer an active collaborator (Mathwick, Malhotra, and Rigdon 2001; Deighton and Grayson 1995). Internal exchange occurs when a consumer acquires the necessary inputs to create their own goods and services while external exchange occurs when a consumer acquires a good or service from a retailer in exchange for value (Lusch, Brown, and Brunswick 1992). Research related to experiential value, co-production, creativity, and consumer empowerment is a reaction to the movement of consumers from passive purchaser to active participant. The exchange choices available to consumers are not dichotomous, but instead exist along a value creation continuum requiring increased consumer participation as the choice moves toward internal exchange (Lusch, Brown, and Brunswick 1992). The range of customer involvement in value creation is depicted in Figure 1.1. Non-ownership exists along the central portion of the value creation continuum as a consumer make-or-buy choice with both internal and external exchange characteristics. As consumers increasingly choose to engage in alternative forms of exchange, understanding the differences between these choices provides a more comprehensive view of marketing.

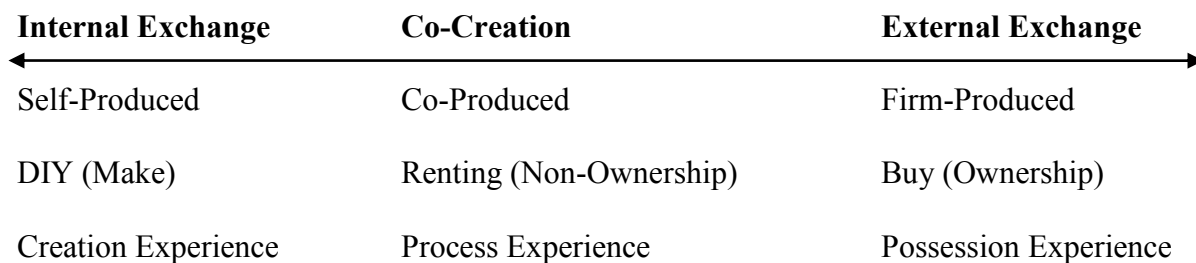


Figure 1.1: The Exchange/Value Creation Continuum

While other disciplines have explored internal vs. external exchange, marketing has yet to explore the continuum of choices available to consumers, how these choices are made, and the impact of these choices on consumer satisfaction and behavioral intentions. Research on organizational make-or-buy decisions is common and considered by some to be the most fundamental component of manufacturing strategy (Welch and Nayak 1992). While there is a wealth of research in the area of organizational make-or-buy decisions and the benefits these choices afford firms, the consumer make-or-buy decision has been largely ignored. However, it is important to explore and understand these alternative forms of exchange in order to have a more unified and holistic view of marketing (Lusch, Brown, and Brunswick 1992).

Distinguishing Non-Ownership from Ownership

To understand non-ownership as an alternative form of consumption, we must first understand ownership. Ownership is implied in most marketing and consumer behavior research and many researchers have investigated the importance of possessions in communicating meaning and building consumer identity (Richins 1994; Belk 1988; McCracken 1986). Ownership is assumed to be a marker of success and represent wealth; however, this interpretation of the value of ownership is changing (Rifkin 2000; Smith 1776). For all of the research focused on how possessions define us, there is also a general recognition that with ownership come responsibility, commitment, and burden. The burdens of ownership are well known to any consumer who owns a car or home, including maintenance, storage, divestiture of unwanted goods, and the risk of making a poor decision (Berry and Maricle 1973). Consumers are also burdened with the notion that the purchases they make become obsolete or of limited value shortly after purchase. Non-ownership releases consumers from the burdens of ownership and the commitment associated with owned goods (see Table 1.1).

Table 1.1: Comparing Non-Ownership and Ownership Characteristics

Ownership	Non-Ownership
Commitment and responsibility for burdens of ownership	Freedom to try other products
Transfer of ownership	Temporary access, usage or rental
Tangible goods	Goods as services
Possession-oriented	Experience-oriented
Producer/marketer-driven	Consumer-driven
Pay for possession	Pay for access
Risks associated with incorrect product choice, obsolescence, social stigma	Reduced social and obsolescence risk
Potential tax benefits associated with depreciation/amortization or deductions	Tax benefits may be limited
Pay full price	Pay per usage price

Non-ownership acquisition usually takes the form of renting a good from a service provider. The concept of renting is not new, however, given the growth in availability of consumer goods for rent and the number of service firms specializing in renting these goods across numerous categories, it is now possible for consumers to live a non-ownership lifestyle. For the purpose of this research, the term *renting* is used as an example of non-ownership given its obvious growth in the marketplace. Leasing is similar to renting; however, it is usually based on a contractual agreement that includes payments over time, penalties for breaking the contract, and requirements to maintain (and potentially insure) the value of the leased goods. Borrowing and sharing also differ from renting because there is no exchange of monetary payment and the exchange usually occurs within an ongoing social relationship (Durgee and O’Connor 1995). In contrast, the focus of this research is on short-term rentals that are typically characterized by flexible subscription-based or pay-as-you-go services without maintenance responsibilities. In these non-ownership arrangements, consumers pay for access to goods and are free to end such arrangements at any time. Companies such as NetFlix, Rhapsody, Avelle, and Zipcar provide these types of rental services.

The following table distinguishes non-ownership from both ownership and related alternatives like leasing and borrowing/sharing based on a variety of key acquisition and consumption characteristics (see Table 1.2).

Table 1.2: Distinguishing Non-Ownership from Ownership

	Ownership	Contractual Non-Ownership (e.g., Leasing)	Flexible Non-Ownership (e.g., Renting)	Borrowing/ Sharing
Ownership	Transfer of ownership rights and responsibilities	Provider retains ownership rights and responsibilities; consumer gains long-term access with responsibilities of surrogate ownership	Provider retains ownership rights and responsibilities; consumer gains temporary access, usage, or rental	Owner (usually a social contact) retains ownership rights; consumer gains temporary access, usage with responsibility for returning good in the same condition
Examples	<i>Purchasing a car outright; Financing a car with 5-year loan resulting in ownership after the loan is satisfied</i>	<i>Leasing a car for 1+ years based on leasing contract with property returning to owner at the end of the contract term</i>	<i>Accessing a car on an as needed basis by becoming a subscribing member to Zipcar</i>	<i>Borrowing a car from a friend</i>
Commitment	Responsible for maintenance, storage, and divestiture	Surrogate ownership; responsible for maintenance and storage	Freedom from maintenance, storage, and divestiture	Responsible for condition of good while possessed
Examples	<i>Purchasing a car and becoming responsible for maintenance, securing proper parking, insurance and selling/trading-in the car once it is no longer needed</i>	<i>Leasing a car and becoming responsible for maintenance, securing proper parking, insurance and returning the car with reasonable wear and tear to the owner once the contract term ends</i>	<i>Using a car without responsibility for maintenance or insurance, however, responsible for returning the car in reasonable condition</i>	<i>Borrowing a car with responsibility for insurance and returning the car in reasonable condition</i>
Temporal Commitment	Long-term possession until obsolescence or divestiture	Long-term possession until end of contract	Short-term, temporary access or usage	Variable access or usage, but cannot be overdone
Examples	<i>Buying a handbag and gaining long-term ownership</i>	<i>n/a</i>	<i>Renting a handbag from a provider for a fixed amount of time</i>	<i>Borrowing a handbag from a friend for fixed amount of time</i>
Goods/ Services	Tangible goods	Goods as services	Goods as services	Goods and Services
Examples	<i>Purchasing a book</i>	<i>n/a</i>	<i>Accessing a book through a pay-for-usage service</i>	<i>Borrowing a book from a friend</i>
Orientation of purchase, acquisition, & consumption	Possession-oriented	Balance of possession/experience-oriented	Experience-oriented	Experience-oriented

Table 1.2 - continued: Distinguishing Non-Ownership from Ownership

	Ownership	Contractual Non-Ownership (e.g., Leasing)	Flexible Non-Ownership (e.g., Renting)	Borrowing/ Sharing
Examples	<i>Purchasing a home for the benefits associated with ownership (tax benefits, investment value)</i>	<i>Leasing a car which normally would be too expensive to purchase</i>	<i>Renting a car for the experience it will be used for (taking a short trip or running errands) as opposed to the benefits of ownership</i>	<i>Borrowing a car for the experience it will be used for (taking a short trip or running errands) as opposed to the benefits of ownership</i>
Control	Producer/marketer-driven	Provider-controlled (contract terms) with limited consumer input	Consumer-driven	Owner-controlled
Examples	<i>Buying a movie at the market-determined price</i>	<i>n/a</i>	<i>Renting movies from Netflix for a monthly subscription fee</i>	<i>Borrowing a movie from a friend</i>
Cost/ Payment	Market-determined; Pay for possession	Monthly contract-based payment; Pay for long-term usage	Pay for temporary access; pay per usage	Free; possible future reciprocity
Examples	<i>Monthly mortgage or loan payments for a fixed time</i>	<i>Monthly lease payments until end of contract term</i>	<i>Monthly subscription fees; cancel at any time</i>	<i>No cost except reciprocity</i>
Risks	Wrong choice, obsolescence, social stigma	Potential property damage, wrong product choice	Time-based risk, little social and obsolescence risk	Social risk of damaging property and friendship
Examples	<i>Purchasing a home and then discovering the neighborhood is not suitable or that there is a structural issue</i>	<i>Leasing a car and then wrecking it or selecting a 2-door car and needing a 4-door instead</i>	<i>Accessing a car temporarily with the ability to make a different choice in the future without repercussions</i>	<i>Borrowing a car from a friend and then being involved in an accident</i>
Financial Benefits	Potential tax benefits associated with depreciation, amortization, or deductions	Reduced out of pocket expense	Reduced out of pocket expense for products used on a limited basis	No out of pocket monetary expense
Examples	<i>Purchasing a home for the benefits associated with ownership (tax benefits, investment value)</i>	<i>Leasing a car which normally would be too expensive to purchase; potential tax deduction</i>	<i>Accessing a car from a service provider and paying for time used instead of the actual good</i>	<i>Borrowing a car from a friend while saving costs associated with buying, leasing or renting a car</i>
Length of Contract	Long-term	Annual contract	Consumer-determined	Variable based on agreed terms between borrower and owner

Table 1.2 - continued: Distinguishing Non-Ownership from Ownership

	Ownership	Contractual Non-Ownership (e.g., Leasing)	Flexible Non-Ownership (e.g., Renting)	Borrowing/ Sharing
Examples	<i>Financing a home with a 30-year fixed mortgage with ownership transfer once the loan terms are satisfied</i>	<i>Signing a annual lease for an apartment or home with specific contractual obligations and no transfer of ownership</i>	<i>Accessing a good for a short-term amount of time usually determined but the consumer</i>	<i>Borrowing a good for a mutually agreed upon variable amount of time</i>
Reasonable Alternative Exists	Alternative: Rent/Lease/Borrow	Alternative: Rent/Own	Alternative: Own/Borrow/Lease	Alternative: Own/Lease/Rent
Examples	<i>Alternatives are based on a variety of characteristics including geographic (urban/rural/suburban), demographic (age), and economic (income/benefits of owning v. non-owning or borrowing)</i>			

CHAPTER 2

TO BUY OR TO RENT: MOTIVATIONS OF NON-OWNERSHIP CONSUMPTION

Abstract

A growing number of consumers are seeking experiences through renting instead of owning possessions. The existing marketing literature has focused on how consumers become aware of and purchase goods and services while largely ignoring non-ownership as a form of consumption. The purpose of this research is to determine the key drivers and motivations of non-ownership consumption. Based on exploratory qualitative and quantitative studies, consumer motivations for non-ownership consumption are identified followed by three consumer segments offering organizations seeking to introduce alternatives to ownership a potential strategy for marketing their products.

Introduction

Consumer renting is a growing trend as an alternative to ownership. Since 1999, the consumer rental services market has grown over 27% from \$3.7 billion to \$4.7 billion (U.S. Census Bureau 2007). Today, the consumer rental market has expanded to include many products traditionally purchased outright including: jewelry, cars, paintings, movies, pets, handbags, vacation homes, books, and toys. While the consumer rental market continues to grow, retail sector performance has slowed due to a declining economy (Winters and Thomas 2009). With a few exceptions, the existing marketing literature has focused on how consumers become aware of and purchase goods and services while largely ignoring non-ownership as a form of consumption (Durgee and O'Connor 1995). If we are defined by what we own as many past researchers have suggested, why are more and more consumers choosing to rent (Belk 1988; James 1890)?

These consumers, known as *Transumers*, choose to leverage their lifestyles by collecting experiences instead of possessions by seeking benefits from items by renting while avoiding the hassles of ownership (Trendwatching.com 2006). The dynamic and unique changes currently taking place in the global marketplace related to economic, social, and cultural forces have created an environment ripe for consumer renting. Perhaps, owing to these rapid changes, ownership no longer holds the value it once had in our society (Obenberger and Brown 1976; Berry and Maricle 1973). At an increasing rate, consumers are seeking experiences through renting instead of accumulating possessions. The purpose of this research is to determine the key drivers and motivations of Transumers and non-ownership consumption.

The growth in rental activity is spurred by a trend towards “more unique and more transitory lifestyles, uncertain economic conditions, growing technological complexity of products, and the intensifying demand for convenience” (Durgee and O'Connor 1995). Renting is an alternative to purchasing and becoming increasingly important to the U.S. economy. At least one-third of business firms lease capital equipment or office space and these types of decisions are also becoming more common in the consumer market (Dasgupta, Siddarth, and Silva-Risso 2007). Research on organizational make-or-buy decisions is common and considered by some to be the most fundamental component of manufacturing strategy (Welch and Nayak 1992). While there is a wealth of research in the area of organizational make-or-buy decisions and the benefits these choices afford firms, the consumer make-or-buy decision has

been largely ignored. Marketing research has yet to illuminate the motivations behind these consumer make-or-buy decisions.

Transumers are the arbiters of non-ownership, therefore, understanding their motivations is important owing to the unique implications for business strategy related to product, promotion, distribution and pricing (Obenberger and Brown 1976). Past research suggests, “marketing transactions that do not involve a transfer of ownership are distinctly different from those that do” (Lovelock and Gummesson 2004). The growing trend of non-ownership through rental, temporary possession, access or usage represents an opportunity for firms to expand their current service offerings and by introducing a non-ownership option to consumers. Offering goods through non-ownership exchanges effectively turns a goods retailer into a service provider. Further, firms could benefit from increased revenue from consumers who would rather purchase access instead of ownership of a product and also reduce production costs by manufacturing fewer goods.

The purpose of this research is to explore the underlying motivations behind consumer renting decisions. Understanding the motivations of consumers engaging in non-ownership transactions could not only advance consumer culture theory but also services research. The remainder of the paper is organized into four main sections. First, previous research and the theoretical background are discussed. Second, the results of a qualitative exploratory study of renting motivations are presented along with findings related to existing theory. Third, the results of a quantitative study are used to identify consumer segments based on motivations derived from participant interviews. Finally, a general discussion of the findings, study limitations and future research directions are presented.

Conceptual Development

During the latter part of the 20th century, growth in leasing outpaced every other form of financing in the western world (Gao and Herbert 1996). While past research on consumer renting and leasing behavior has focused on the automobile industry, this study expands the scope of interest to include the wide range of consumer goods available for short-term rent. Consumer renting opportunities have existed for decades; however, consumers have only recently grown comfortable with renting across categories due to changes in economic conditions and household mobility (Lush 2009; Obenberger and Brown 1976). Understanding

what drives consumers to engage in renting behavior offers firms the opportunity to adapt existing business models or create new business platforms and take advantage of this growing trend.

Non-Ownership

For the purpose of this research, non-ownership is defined as marketing transactions that lack a transfer of ownership but instead involve the acquisition and consumption of goods through service providers by consumers who forgo reasonable ownership alternatives and instead pay for temporary possession, access, or usage without the responsibilities and burdens of ownership (Lovelock and Gummesson 2004). The growth of non-ownership exchange opportunities is a response to the shift from goods to services and the growth of the experience economy. Non-ownership is an alternative method for classifying services and offers benefits through access and temporary possession, instead of ownership, with payments taking the form of rental or access fees. Although services are commonly thought to have four unique characteristics; early services research also emphasized the lack of ownership transfer in service encounters (Lovelock and Gummesson 2004; Rathmell 1974; Judd 1964).

Renting

Renting goods is a form of non-ownership consumption and a relevant context from which to investigate this growing trend (Lovelock and Gummesson 2004). It is important to differentiate the meaning of renting from both purchasing and borrowing. The concept of renting is not new, however, given the growth in availability of consumer goods for rent and the number of service firms specializing in renting these goods across numerous categories it is now possible to lease a lifestyle. For example, consumers can rent clothing and accessories from Avelle, Bags to Riches and Rent the Runway; books and music from Bookswim and Rhapsody; transportation from Zipcar and SmartBike; and tools and appliances from Home Depot. For the purposes of this research, renting is defined as, “a transaction in which one party offers an item to another party for a fixed period of time in exchange for money and in which there is no change of ownership,” (Durgee and O’Connor 1995). In contrast, ownership confers property rights of usage, control, personalization, and the right to transfer ownership to others (Moeller and Wittkowski 2010). Further, a purchase occurs when parties exchange ownership for some

consideration (i.e. money). Given the negative connotation often associated with renting, many retailers refer to their services as “borrowed” rather than rented. However, borrowing differs from renting because there is no exchange of monetary payment and usually occurs within ongoing social relationships (Durgee and O’Connor 1995).

Make-or-Buy Decisions

Past research has focused on why consumers buy products or how to persuade them to buy products. However, given the growth of the rental market it is important to know not only why consumers buy but why they choose not to buy. If, as predicted by Toffler (1970), we are living more flexible lives that allow us to experience the advantages of affluence without the accumulation of possessions, it is reasonable to assume that many firms have the ability to introduce and offer a new consumption opportunity to consumers. Organizational make-or-buy decisions offer many benefits to firms including: converting fixed costs to variable costs, providing flexibility in economic downturns, reducing capital investment requirements, gaining access to innovation from suppliers, and focusing resources on high value-added activities (Welch and Nayak 1992). Consumers have the ability to make the same types of cash management decisions that traditionally have only been discussed from an organizational perspective. This is an opportunity for marketers to help consumers make the better decisions based on their available resources. With the advent of websites like eBay, we are experiencing a shift towards maximizing utility and minimizing accumulation as consumers buy and sell items for their perceived rather than manufacturer suggested value. These types of trends, including Transumption, are part of a larger trend towards consumer participation and involvement in all aspects of consumption. Consumers now have the ability to customize and co-produce many of the goods and services they purchase (Dabholkar 1990). Past research on consumer make-or-buy decisions has focused on in-home make versus outsourced buy decisions (i.e. child care, preparing food) (Wicks, Reardon, and McCorkle 2005). This study presents a different perspective related to make-or-buy decisions by introducing a third option of renting as opposed to simply do-it-yourself or buying outright from a retailer. It is of importance to marketers to understand if consumers derive the same benefits as firms when deciding to rent and along with how consumers view and manage their financial resources (see Figure 2.1).

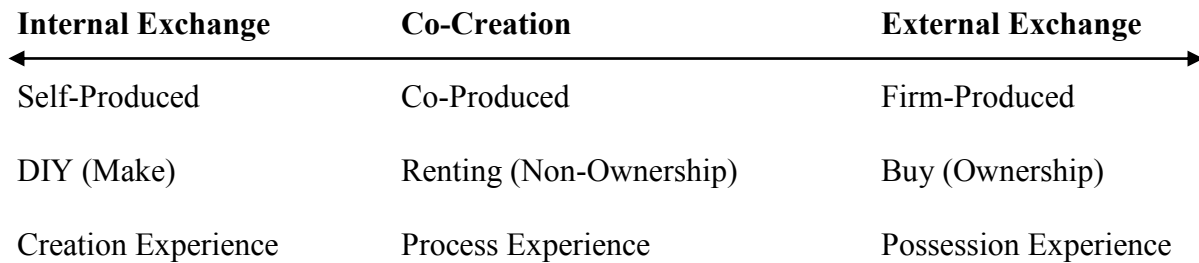


Figure 2.1: The Exchange/Value Creation Continuum

Transumers

Individuals that engage in renting and non-ownership consumption are called Transumers. Transumers are defined as “consumers driven by experience instead of ownership, by entertainment, by discovery, by fighting boredom, who increasingly live a transient lifestyle, freeing themselves from the hassles of permanent ownership and possessions” (Trendwatching.com 2006). The term Transumer was coined in 2003 by the global consultancy firm Fitch and originated from the marriage of the words transient and consumer. Popular examples of companies which cater to Transumers include Zipcar, BookSwim, and Avelle. For example, a consumer that uses the services provided by Zipcar chooses to forgo ownership of a vehicle and instead has temporary access to a variety of cars and SUVs located throughout the United States. They choose when and where they use these cars without the burdens having car insurance, performing maintenance or the financial investment of purchasing the car. To further illustrate the concept of Transumption consider a consumer that prefers to spend \$12.99 per month for unlimited access to the music of their choice at Rhapsody instead of purchasing single tracks or compact discs. This consumer is essentially renting access to music for a specific amount of time. With this subscription comes unlimited access to the music the consumers wants to listen to, when they want to listen to it without the burden of storing, cataloging, and maintaining a compact disc or record collection. Further, the consumer has access to new music whenever they choose as well as access to a greater selection and opportunity to explore and learn about new and related-sounding artists. These are only a couple of examples of how Transumers liberate themselves from the responsibility of ownership and take advantage of the opportunity to become free from possessions and capture new experiences. It is proposed that Transumers engage in non-ownership of goods and products for a variety of reasons, however, the specific motivations and goals of transumption have yet to be illuminated.

Consumer Motivations

Leasing and renting behavior is similar to transumption; however, until now it has only been studied within certain industries (i.e. automobiles or rent-to-own furniture). The extant literature on leasing provides a gateway to understanding Transumers. For example, Moore and Taylor (2008) suggest duration of expected use impacts the choice of acquisition mode. Specifically, when duration of use is short, renting is preferred. In the majority of consumption research buying outright is often the only acquisition mode investigated. Past research has shown consumers finance goods with loans for the expected duration of their use (e.g. financing a car for 48 to 60 months). The theoretical justification for this systematic bias is that consumers are loss averse and desire to match costs and benefits through the use of mental accounting. Mental accounting is defined as the use of a set of operations to organize, evaluate and keep track of financial activities (Thaler 1985). By purchasing an item consumers may feel the need to “get their money’s worth” from the item and use it past the desired duration. In contrast, Transumers purchase usage of an item instead of the possession. Therefore, it logically makes sense that items like fashion accessories, cars, and sporting equipments with seasonal trends, high maintenance costs, and planned obsolescence would be prime candidates for renting.

Trocchia and Beatty (2003) explore consumer motivations for leasing versus financing automobiles and found the desire for variety, simplified maintenance, gratification and social approval as the main outcomes. Although limited to the automobile industry this research provides a foundation from which to explore the motivations of Transumers. The difference between the research conducted by Trocchia and Beatty (2003) and this research is the fact that vehicle leases are usually restricted by a long-term contract that includes payments over time while the lessee becomes a surrogate owner providing maintenance and insurance for the car. In contrast, the context of this research is short-term rentals which are usually flexible subscription or pay-as-you-go services without maintenance responsibilities. Although similar, it is likely that Transumers have a broader range of motivations given the breadth of consumer goods available for rent and ease of accessibility.

Methodology

Study 1: Qualitative Study

In order to explore consumer's motivations and feelings about non-ownership consumption a grounded theory approach was adopted (Glaser and Strauss 1967). An exploratory study using semi-structured interviews was conducted with consumers currently engaging in non-ownership consumption through renting. The use of semi-structured interviews allows the researcher to follow a guided script with the option to explore topics that present themselves during the course of the discussion providing the opportunity for richer description of topics of interest (Merriam 1998). Following the interviews, the existing literature was reviewed to provide support for the emergent themes. Prior to participation, subjects were provided with a behavioral consent form which assured their anonymity and individually agreed to have their interviews recorded. Each interview lasted for approximately 20 to 50 minutes and was transcribed for coding purposes (Miles and Huberman 1994). The purpose of the interviews was to illuminate individuals' thoughts, feelings and perceptions of non-ownership consumption through their own experiences.

Subjects

In order to identify the motivations of non-ownership consumption, an exploratory study using semi-structured interviews was conducted with a convenience sample of twelve consumers currently renting consumer goods. Subjects were sought from a variety of service providers participating in transumption. All interviewed subjects currently participated in at least two rental categories including movies, accessories, textbooks, and car-sharing. Subjects were provided a gift card to either a major coffee chain or national retailer in exchange for their participation. An overview of the qualitative respondents is provided in Table 2.1.

Table 2.1: Qualitative Study Participants

Participant	Gender	Age	Education	Occupation	Marital Status	Children	Rental Categories
Brooke	Female	32	Graduate School	Lawyer	Single	None	Car-share*, Movies, Apartment, Office Space
Lisa	Female	43	Some college	CEO of Logistics Firm; Singer, Actor	Divorced	3	Accessories, House
Matt	Male	38	College	Musician, Writer	Single	None	Car-share, Movies
Renee	Female	35	Vocational School	Stay-at-Home Mother	Married	3	Accessories, Car
Lea	Female	42	College	Marketing Researcher	Married	2	Accessories, Sporting Equipment
Tiffany	Female	34	Some Graduate School	Healthcare Researcher	Domestic Partner	None	Car-share, Bike-share
Lydia	Female	20	Some College	Student	Single	None	Textbooks, Movies
Cynthia	Female	21	Some College	Student	Single	None	Textbooks, Movies
Taylor	Male	21	Some College	Student	Single	None	Textbooks, Movies
Helena	Female	20	Some College	Student	Single	None	Textbooks, Movies
Nathan	Male	20	Some College	Student	Single	None	Textbooks, Movies
Emily	Female	20	Some College	Student	Single	None	Textbooks, Movies

*Car-share refers to short-term hourly or daily rental while car lease refers to a contracted lease agreement typically lasting 3-5 years with an option to purchase.

Data Analysis

Transcript coding and memo techniques were used to condense and organize interview and observation data (Deshapande 1983; Glaser and Strauss 1967). An independent judge coded the interview transcripts. The judge was instructed to identify themes and categorize factors that motivate non-ownership consumption. The judge's interrater reliability estimate was 85% (Kassarjian 1977). The coding themes that emerged from the data were chosen to preserve the integrity of the data while providing insight into the motivation driving renting behavior.

Viewed through the lens of existing literature related to non-ownership consumption, the derived themes were judged to be internally consistent across respondents (Emerson, Fretz, and Shaw 1995; Miles and Huberman 1994). Thus, recurring and relevant themes were identified in the

interview transcripts and provided the foundation for development of a questionnaire to further investigate the motives of rental consumption.

Findings

Coding of interviews and observations revealed six broad themes of motivations to participate in non-ownership consumption. These themes provide insight into the reasons consumers seek non-ownership consumption opportunities. The key themes were: 1) Freedom from Ownership, 2) Value Seeking, 3) Variety Seeking, 4) Status Seeking, 5) Environmentalism and 6) Risk Avoidance.

Freedom from Ownership

Simplifying life through the reduction of possessions emerged as a theme from interviews. The burdens associated with ownership include maintenance, storage, divestiture of unwanted goods, and the risk related to selecting the wrong product or chosen products becoming obsolete (Berry and Maricle 1973). Non-ownership releases consumers from the burdens of ownership and the commitment associated with owned goods. Past research suggests consumers seek more experiences as society becomes more affluent and basic needs are met (Pine and Gilmore 1999). Also, possessiveness and materialism inhibit sharing or collective possession (Belk 2007). Therefore it is reasonable to associate divesting possessions with an increase in openness to non-ownership and transumption. For example, one respondent stated:

I sold my home that I had lived in for ten years and I had a ton of stuff ... and I felt really tied to it. I sold ... all of my worldly possessions and its really liberating to live a simpler life. And I would be open to renting or leasing really anything now the handbag thing has kind of opened my eyes to that world of kind of leasing instead of purchasing everything. I mean the possibilities are endless.

Consumers are seeking ways to reduce their commitments and responsibilities related to ownership by using what they need when they need it and only paying for the time they use it. Relevant comments included the following:

“Using Zipcar, I didn’t have to worry about the fees associated with gas or insurance.”

“You always think your bike is going to get stolen so you don’t have to worry about that (when using a bike-sharing service).”

“Too much of a hassle to own a car because you have to park it and...its expensive to own and maintain a car.”

These consumers value experiences and find collective possession fun and enjoyable (Pine and Gilmore 1999; Furby 1980). Renting allows consumers to turn the temporary possession of tangible goods into an ephemeral experience. Several subjects mentioned how receiving their handbag rental felt like a gift. When asked how she felt when her handbag arrived at her door, one respondent stated,

“I get all excited. I squeal and clap my little hands. It’s like Christmas. I open the box and pull the bag out and I touch it and I unzip and I look inside and I start thinking about, ‘Oh, I can wear this here and I can use this here’.”

Interestingly, these subjects are having experiences with material items and they are not possessive of them but instead enjoy the experience of receiving and using the item more than keeping and collecting physical goods. Transumers have been coined “the new nomadic people,” valuing non-ownership instead of permanent possessions (Lush 2009; McGrath 2007). Belk (2007) suggests possessions are a burden for nomadic societies; therefore, it is reasonable to associate a trend towards possession divestiture with an increase in transumption.

Value Seeking

The search for value appeared as the most common theme across all subjects and acted as the overarching motivation for all subjects. Each subject mentioned the reason they were initially drawn to renting was because they were either searching for cost-saving ideas or found the benefits exceeded the cost of renting. One respondent stated, “I was just looking to cut corners, the economy was tightening up and I was looking for ways to upgrade my accessories without putting myself in the poor house doing it.” Similarly, another consumer said, “Its only a \$50 annual membership so for me the benefits of having that membership far outweigh not having it even if I only use it once or twice a year.” Consistent with past organizational make-or-buy literature, many subjects stated their motivation to rent was related to saving or not

wasting money, however, they also made a point to mention the value of their purchasing decisions.

Mental accounting theory is a set of operations used to organize, evaluate and keep track of financial activities (Thaler 1985). Subjects made mental accounting evaluations to justify and account for their purchases consistent with existing literature on the motivations for leasing (Moore and Taylor 2008). For example, when asked about how she felt about leasing versus buying a respondent said, “my thoughts on leasing having always been that you purchase items that appreciate in value and lease items that depreciate in value.” Similarly, another respondent stated, “I would have a real hard time working out \$2,000 for a metallic bag which I know will be out of style in two years but I love to carry it now for \$100 and even if that’s just throwing it away at least I had some fun with it.”

Interestingly, subjects noted that they realized that if they saved their money they could eventually purchase the rented item; however, they chose to rent instead for various reasons including seasonality of fashion products and burdens of ownership. For example, one consumer said, “...some of them are relatively trendy and I would not invest a few thousand dollars in something that was trendy.” Further, another respondent stated, “If I spend time doing something it generally means money spent for other people for my clients and such. Parking is also really expensive in Boston so sometimes its cheaper for me to rent a Zipcar.” The idea of deciding to rent based on the expected duration of product use is consistent with past research by Moore and Taylor (2008) on consumer choice decisions related to leasing. Moore and Taylor (2008) found, with all other variables including price held constant, consumers were more likely to rent items they felt they would not use for a long period of time. The fashion industry is naturally aligned with transumption because of the seasonality and trends associated with clothing and accessories.

Variety Seeking

Variety seeking is characterized by the degree to which a person expresses a desire to try new and different themes (Donthu and Gilliland 1996). Across interviews variety-seeking was a key theme that emerged as a motivation and benefit of transumption. Consistent with existing literature, one respondent stated, “It’s the variety of having a different bag every month a variety of bags for that matter and none of my friends have a different designer bag every month. There

are nice perks to that.” Further, another respondent stated, “This is a really affordable way to always have a good quality nice handbag that you can send back when you get in the mood for something else.” Some consumers seek variety for fun and change while others seek variety because they have too many choice options (Kahn 1995). Due to the seasonality of fashion and the availability of numerous brands through internet shopping, many consumers may participate in transumption because they have so many choices and simply want to try as many as possible. For example, one respondent stated,

So, I kind of have two different thoughts whenever I go look at handbags. If I’m looking to purchase an expensive one I might lease one for \$100 a week to see if I am going to like it before I buy it and I consider that kind of an investment because if I buy and I don’t like it then I am stuck with it but on the other hand I will do it just to mix up my collection without having to invest in other stuff.

This comment is consistent with the idea that consumers are taking a more active role in determining make-or-buy decisions. Past research in leasing found that consumers interested in variety were more likely to lease rather than finance (Trocchia and Beatty 2003). Renting allows consumers to try new things with less immediate expense and at a more frequent rate.

Status Seeking

Status consumption is the conspicuous consumption of consumer products that confer status or symbolize status for an individual and surrounding significant others (Eastman, Goldsmith, and Flynn 1999). Being interested in what others think about your possessions is related to status consumption. Subjects discussed how they deal with others and what they thought others felt about them when they were seen with their rented possessions. For example, one respondent stated, “I see a lot of handbags and how much they cost retail and I know I can’t possibly have this many handbags in my closet or my husband will kill me.” Leasing handbags allows consumer the opportunity to experience having a new handbag without having to explain an expensive collection to her spouse. Subjects also mentioned showing handbags to friends and acquaintances. For example, one subject stated, “I think people notice. I think certain people notice. I don’t know what they are thinking but I know they are noticing, ‘Wow, she has a nice bag.’ I don’t know what they are thinking.” Another subject stated, “(I) just had a lot of fun

doing it and having it and showing it to all of my friends.” Status seeking is not limited to just fashion accessories as one respondent shared, “I remember getting a lot of looks from people on the road. At first it was a popular thing and I feel people were curious about it more than anything else.” These statements are consistent with the idea that many consumers purchase items based on the status conferred on them by their peers for having them. Past research has not investigated whether owning or leasing an item makes a difference in the status received from possessing an item. However, many subjects were open about leasing and enjoyed sharing their “secret” with others. One respondent tells others, “I rented it and I tell everyone that asks me I rented it.” Although most subjects had positive attitudes toward leasing there is still a general stigma related to renting, especially luxury items. For example, one consumer said, “women rent expensive purses because they want to carry it around and because they want people to believe they own a Chanel handbag or a Fendi handbag when they really don’t. I just think the concept behind it is pretty ridiculous.” Similarly, some feel others judge them harshly and believe “you’re a really frivolous person because of how much you spend on handbags.” These sentiments highlight the need to understand the differences among consumers choosing to engage in renting behavior.

Environmentalism

Environmental consciousness has evolved into a mainstream issue over the past three decades (Osterhus 1997). A growing number of consumers are concerned with environmental, social, and animal welfare issues (Bendell and Kleanthous 2007). Two subjects discussed seeking hybrid vehicles when renting from a car-sharing service. Consumers concerned about the environment are more likely to purchase from firms they deem socially responsible (Nelson, Rademacher, and Paek 2007). Car-sharing and bike-sharing services offer consumers the opportunity to simultaneously support environmentally friendly practices while reducing costs associated with vehicle ownership. When asked if using Zipcar made a difference to the environment, one respondent stated, “I feel like I am making an impact... Other folks in a way are doing something negative and I am not doing something positive just not doing something negative.” Past research has yet to discuss environmentalism as a motivation for renting. Consumers concerned with environmental issues are, “shopping differently, or sometimes not at all” due to their perception of some luxury products representing conspicuous wastes (Bendell

and Kleanthous 2007). One subject seeks to “avoid accumulating stuff because everything you buy is just another level of burden unless you can unload it pretty easily when you don’t need it anymore if you’re feeling environmentally responsible.” Past research suggests consumers exhibiting high levels of environmental concern are more likely to participate in environmental friendly buying behavior, therefore, it is reasonable to assume the rise in environmental consciousness is a motivation for transumption behavior (Osterhus 1997).

Risk Aversion

Renting reduces risk for consumers by allowing them to try before they buy and experience without the responsibility of ownership. Remarks supporting this include: “Mostly I rent them to see if I want to buy them eventually,” “I have definitely rented a bag and then gone out and bought it retail,” “When you rent something you don’t necessarily want to be bothered by the risk factor.” These comments support past literature which suggests consumers engage in product trials to reduce perceived risk of purchases (Locander and Hermann 1979). Specifically, subjects discussed renting cars for the purpose of trying them out for future purchase. These consumers do not currently own vehicles and find the burdens of car ownership high, however, they still choose to rent cars they would be interested in buying. When asked how she chooses which car to rent one consumer stated, “I would choose a hybrid or something that I feel comfortable driving. Is this the type of car you would buy if you were in the market for a car? It might be, that might be why.” Consumers that rent or use car-sharing services reduce the anxiety associated with consumer decisions by trying a product instead of taking permanent ownership of the goods they use to create their identity. Interestingly, given past research has focused on leased vehicles which entail long-term contracts, the aspect of “try before you buy” has not been investigated as a motivation for renting.

These results suggest consumers rent for a variety of reasons, some of which seem to be counterintuitive (e.g. status consumption, risk aversion and environmentalism). The overarching themes are freedom from ownership and value. These themes make intuitive sense given that renting offers consumers the opportunity to access the goods they want, when they want, without having to pay full price or take responsibility for maintenance. Themes previously unexplored in the literature include environmentalism and reducing risk through trial.

Study 2: Quantitative Study

Although themes were consistent across interviews, some consumers voiced contrasting opinions about participating in non-ownership of particular product categories. One respondent stated, “Women rent expensive purses because they want to carry it around and because they want people to believe they own (it) when they really don’t. I just think the concept behind it is pretty ridiculous.” Based on the existing literature and the motivational characteristics of this consumer group, it is believed there are distinct transumer segments. These segments are proposed to differ on characteristics including underlying motivations, demographics, attitude towards renting and behavioral intentions to rent. In order to assess the realism of the motivational themes that emerged from the qualitative study, a typology of transumer motivations was created. Many past studies have sought to segment consumers on various measures including motivations (Haley 1985). Identifying these segments is meaningful for managers seeking to understand the most influential promotional strategies when introducing non-ownership options to consumers.

Measures

Based on the interviews and existing literature related to materialism and the importance consumers place on possessions constructs related to each of the emerging themes were collected to generate the questionnaire (Churchill 1979). The online omnibus survey instrument included measures to assess the following constructs: (1) possessiveness, (2) materialism, (3) innovation, (4) frugality, (5) variety seeking, (6) status consumption, (7) fashion consciousness, (8) environmental consciousness, and (9) risk aversion. All scales used in the study were adapted from existing literature (see Appendix A.1).

Independent Variables

Possessiveness was measured with the use of two items adapted from Belk’s (1985) possessiveness scale. Materialism was measured using four items adapted from Richins and Dawson’s (1992) materialism subscale. Innovation was measured using three items adapted from Donthu and Garcia (1999). Frugality is measured using five items developed by Lastovicka, Bettencourt, Hughner, and Kuntze (1999). Variety seeking was measured with the use of three items from Donthu and Gilliland’s (1996) scale. Status consumption was measured

with the use of five items from the scale developed by Eastman, Goldsmith, and Flynn (1999). Fashion consciousness was measured using three items from Shim and Gehrt (1996). Environmental consciousness was measured with the use of two items from Weigel and Weigel's (1978) original scale. The scale measures a person's attitude about a wide range of ecological issues with a focus on conservation and pollution. A high score represents a high level of concern for the environment. Risk aversion was measured using one item adapted from Donthu and Garcia (1999). Although multi-item scales are ideal, single item scales are acceptable if the item measured is a direct measure of the construct. The question, "I avoid risky things" appeared to be a direct measure of the construct of interest (Drolet and Morrison 2001).

Dependent Variables

Attitude toward renting was measured using a six item semantic differential scale by Richins (1997). Behavioral Intention to participate in renting was measured using three items adapted from Teo's (2002) willingness to buy scale.

Sample

Data were collected with the used of 232 self-report questionnaires from adults in the southeastern United States. Respondents were entered into a raffle with a chance to win a \$25 gift from a national coffee retailer as compensation for their participation. Respondents were asked to complete one survey themselves and then asked to pass the online survey link on to other consumers. A survey was administered using an online survey tool. A pretest was conducted using a sample of undergraduate business students. The results of the pretest did not reveal any significant issues with the questionnaire. Responses were collected from 232 individuals ranging in age from 19 to 65 years old with a mean age of 31 years old. The sample consisted of approximately 69% females and 31% males.

Procedures

Preliminary data analysis resulted in a reduced sample. In total, sixteen questionnaires were removed from the study. Questionnaires were eliminated from the study for leaving questions blank (n=10) or for failing to properly answer a quality check question (n=6). In an effort to control for acquiescence bias (Podsakoff, MacKenzie, Lee, and Podsakoff 2003),

participants were asked the following question on a Likert scales, “I have answered all the questions in this survey honestly,” only those responding with 4=agree or 5=strongly agree were retained, leaving 216 participants (Dollinger and DiLalla 1996).

Several additional steps were taken to ensure that common method bias had minimal effects on the findings. As stated above, a pretest was conducted to ensure scale items were clear and not ambiguous (Podsakoff, MacKenzie, Lee, and Podsakoff 2003). In addition, respondents were assured of their anonymity when taking the survey in an effort to elicit accurate responses. To preserve the integrity of the previously established scales, the independent variables were measured using five point Likert-type scales and frequency scales while the dependent variables were measured using a five point Likert-type scale and a five point semantic differential scale. In addition, the online survey questions for each construct appeared in random order for each respondent in an effort to eliminate order effects.

Analysis and Results

Measurement Model Analysis

The psychometric properties of the items were evaluated through a comprehensive confirmatory analysis. All items were simultaneously tested in one model and were restricted to load on their assigned factors. The results of the confirmatory factor analysis statistics are presented in Table 2 along with descriptive and diagnostic statistics. Due to the sensitivity of chi-square to sample, the model fit was evaluated using the root mean square error of approximation (RMSEA), comparative fit index (CFI), and the Tucker-Lewis index (TLI) fit indices based on their relative stability and insensitivity to sample size (Hu and Bentler 1999; Gerbing and Anderson 1992). The measurement model fit the data well (χ^2 (df = 753, n = 216) = 1119.4, RMSEA = .05, CFI = .93, TLI = .91). Construct reliability estimates were assessed according to Fornell and Larcker (1981). All eleven scales were reliable with construct reliability ranging from .63 to .93. Convergent validity was evaluated through an examination of the average variance extracted (Fornell and Larcker 1981). All of the average variances extracted were greater than .50 indicating convergent validity. Per Fornell and Larcker (1981), discriminant validity was assessed by comparing the squared correlations between each factor to the average variances extracted for each construct. All shared variances were less than the lowest average variance extracted indicating discriminate validity (see Table 2.2).

Table 2.2: Summary Measurement Results

Variable	CR	POS	MAT	INN	FRU	VAR	STA	FAS	ENV	RIS	ATT	BIN
Possessiveness (POS)	.69	.53	.07	.00	.03	.02	.00	.02	.00	.09	.00	.00
Materialism (MAT)	.87	.27	.63	.00	.02	.01	.10	.00	.00	.00	.00	.03
Innovativeness (INN)	.76	-.08	.00	.76	.01	.47	.10	.18	.07	.21	.09	.03
Frugality (FRU)	.86	.18	-.16	-.10	.56	.00	.04	.00	.01	.18	.01	.00
Variety Seeking (VAR)	.86	.15	.13	.69	-.02	.68	.09	.36	.04	.11	.09	.04
Status Seeking (STA)	.89	.03	.32	.33	-.21	.31	.63	.18	.00	.00	.04	.05
Fashion Conscious (FAS)	.87	.16	.05	.43	-.09	.60	.43	.63	.04	.01	.03	.01
Environmentalism (ENV)	.68	.00	-.08	.27	.11	.22	-.02	.20	.52	.01	.09	.04
Risk Aversion (RIS)	.55	.30	-.04	-.46	.43	-.34	.06	-.11	.12	.55	.01	.01
Attitude Toward Renting (ATT)	.93	.08	.04	.30	.13	.30	.22	.19	.31	-.13	.70	.51
Beh. Intentions to Rent (BIN)	.85	.04	.19	.18	-.03	.21	.24	.11	.21	-.13	.72	.67
Notes: $n = 216$; $\chi^2 = 1119.4/753$ degrees of freedom; RMSEA = .05; CFI = .93; TLI = .91; Correlations are shown below the diagonal; shared variances are depicted above the diagonal; the AVE is depicted in boldface on the diagonal.												

Results

To assess the possible underlying motivations of transumption behavior, a two-step cluster analysis procedure was conducted in order to categorize sample respondents based on their responses to the hypothesized motivational variables. The *k*-means procedure can be used to cluster large numbers of cases efficiently and is the most frequently used method for segmentation in marketing (Punj and Stewart 1983). Cluster analysis has been used in previous consumer research to identify group characteristics and motivations (Arnold and Reynolds 2003; Reynolds and Beatty 1999). All constructs were summed and standardized in order to control for effects resulting from differences in measurement units. First, a hierarchical cluster analysis was conducted with eleven summed and standardized scales to partition the data (Punj and Stewart 1983). An examination of the dendrogram and agglomeration schedule revealed a range of possible cluster solutions ranging from two to four possible solutions. Next, a *k*-means non-hierarchical cluster analysis employing the hierarchical cluster centers as initial seeds was conducted for both the three and four cluster solution. Table 2.3 illustrates the cluster means for

each summed scales and the final assignment of cases to clusters which resulted in a three cluster solution ($n_1 = 89$, $n_2 = 45$, $n_3 = 82$).

Table 2.3: Cluster Analysis Summary

Variable	Cluster 1 Variety Seekers	Cluster 2 Value Seekers	Cluster 3 Trial Seekers
	n = 89	n = 45	n = 82
Possessiveness	4.01	3.37	4.18
Materialism	2.91	2.23	3.06
Innovativeness	3.78	2.95	3.17
Frugality	3.70	3.90	3.95
Variety Seeking	4.08	3.13	3.83
Status Seeking	3.08	1.87	2.63
Fashion Consciousness	3.58	2.18	3.20
Environmentalism	3.79	3.41	3.80
Risk Aversion	3.08	3.22	3.76

The three clusters were interpreted as follows: Cluster 1, labeled the “Variety Seekers,” is composed of mostly young single females with some college education who score highest on variety-seeking, fashion consciousness, status consumption and innovation. Interestingly, these consumers scored lowest in risk aversion and frugality which is consistent with the idea of gaining access to the latest fashion trends. These consumers would most likely be interested in the renting latest trends in fashion. Cluster 2, labeled the “Value Seekers,” is composed of roughly an equal percentage of middle-aged men and women with a diverse education backgrounds scoring highest on frugality and lowest on all other measured variables with the exception of risk aversion. These consumers would be most likely to rent only when the decision was financially advantageous. For example, one participant in this segment remarked they rented a car because they needed one but did not want to purchase one at the time. Cluster 3, labeled the “Trial Seekers,” is primarily composed of young adult females who have completed college scoring highest on risk aversion, materialism, and possessiveness. These

consumers also scored high on frugality which realistically makes sense given those who are risk averse may view the cost associated with renting as a risk. These consumers might be more likely to take advantage of the “try then buy” options offered by many consumer rental firms. Environmentalism was high across all clusters indicating Transumers are motivated to rent based on a concern for the environment. While this is not necessarily surprising given that a majority of Americans are concerned about the environment, it does present an opportunity for firms attempting to enter the consumer rental market.

The clusters were profiled on levels of attitude toward renting and behavioral intentions using ANOVA and on demographics using cross-tabulations. These results are shown in Table 2.4. In general, Cluster 1 (Variety Seekers) expressed the highest mean values for both Attitude Toward Renting and Behavioral Intentions to Renting with Cluster 3 (Trial Seekers) and Cluster 2 (Value Seekers) following respectively. Attitude toward Renting was the only significant outcome variable ($F(2, 215) = 4.16, p < .05, \eta = .04$). The only significant difference between segments exists on Attitude Toward Renting between Cluster 1: Variety Seekers and Cluster 2: Value Seekers ($p < .05$). Although females dominated each cluster this is likely due to the fact that 69% of the survey respondents were female.

Table 2.4: Cluster Profiles Based on Additional Characteristics

Variable	Cluster 1 Variety Seekers	Cluster 2 Value Seekers	Cluster 3 Trial Seekers	F-value	Significance
	n = 89	n = 45	n = 82		
Attitude Toward Renting	2.47	1.99	2.15	4.16	.02*
Beh. Intentions to Rent	2.73	2.41	2.62	1.44	.23
Gender	77% female	53% female	67% female		
Age	28	38	34		
Marital Status	78% single	44% single; 49% married	48% single; 46% married		
Education	54% some college	60% some college or college	70% some college or college		

*Significant at the $p < .05$ level

Discussion and Implications

The primary purpose of this research was to understand the motivations and individual difference variables influencing transumption behavior. Understanding these motivations provides insight into the consumption behavior of a unique and growing consumer segment previously absent from the marketing literature. A secondary goal of this paper was to answer the call for research on non-ownership transactions from Lovelock and Gummesson (2004). Lovelock and Gummesson (2004) suggest research related to product service systems could represent a way to unify the services paradigm.

The key themes that emerged from interviews and observations were consistent with existing literature but offered more insight into the underlying motivations of transumers. Environmentalism and trial seeking both emerged as themes that have not been previously discussed in the literature. Specifically, the themes of freedom from ownership and making the most of financial resources emerged as main overarching themes. Viewing the research through the lens of make-or-buy decisions it appears as though consumers are reaping many of the same benefits firms receive from outsourcing. These benefits and the decision process consumers engage in to determine whether to make, rent or buy deserves further investigation. Past research hints that duration of use, perceived quality, and price could play moderating roles in this decision process.

The dynamic and unique changes currently taking place in the global marketplace related to economic, social, and cultural forces have created an environment ripe for non-ownership consumption. According to Zukin and Maguire (2004), consumption is an economic, social, and cultural process of selecting goods reflecting the opportunity and limitations of modern life. By engaging in transumption behavior, consumers have access to the latest and greatest goods and services with increased social status at a lower initial cost. Nissanoff (2006) believes we will evolve into a society where we view the ownership of most things as temporary – like the perception of leased vehicles. Understanding how cost savings and expected duration of use are primary factors in the decision to rent and could provide many firms with a new revenue opportunity in the growing transumer market. Further, based on consumer motivations to participate in non-ownership consumption, companies looking to expand into the growing non-ownership market could create targeted strategies for characteristics of consumers interested in their products. For example, a firm could rent high involvement goods (i.e. tools, entertainment

equipment) to trial users and provide a discount if they choose to purchase or a handbag company could begin renting items used on a temporary basis (i.e. luggage, baby items) instead of only fashion accessories. Non-ownership is a growing trend and organizations lack understanding of how this alternative form of acquisition will impact service providers, brands, and manufacturers.

Limitations and Future Research

The results of this study contribute to the understanding of transumers and their unique consumption behavior, but there are limitations related to this research. First, the research is limited to the variables included in the study. Other motivations and individual difference variables may provide more explanation as to what increases attitudes toward renting. Second, greater insight could be gained from using actual transumers as subjects. However, because the individual difference variables selected for the study are not unique only to transumers, it is logical to conclude that subjects exhibiting favorable attitudes toward non-ownership possess similar qualities to consumers that already are considered transumers by virtue of actual behavior.

Several opportunities exist for future research in this literature stream. First, an expanded qualitative investigation of the shared motivations and behaviors of transumers would be valuable. Secondly, exploring the relationships between environmental consciousness, status consumption, and trial behavior would provide organizations with insight into the effectiveness of strategic initiatives related to offering rental services. Third, a thorough understanding of consumer make-or-buy decisions with respect to renting would provide insight into the trade-offs consumers make on a daily basis. Are consumers more satisfied, happier, or willing to spend more when they rent, buy or make? Fourth, consumption is impacted by a weakening economy; however, several consumer rental firms have recently experienced an increase in transactions. For example, Michele Krause, the founder of Bling Yourself, says that the economic downturn has had “no impact” on the number of new customers or rentals (Roane 2008). Is renting a business model that can not only reduce environmental impact (through the production of fewer products) but also the answer to a sustainable economy?

In conclusion, the availability of consumer rental options means less commitment, enabling consumers to enjoy a product temporarily before moving on to the next experience.

Investigating this new consumption trend provides marketers with insight into the motivations of these consumers and further seeks to illuminate the question set forth by Belk (2007), “Why share rather than own?”

CHAPTER 3

PROCESS VARIATIONS IN DECISION-MAKING FOR NON-OWNERSHIP AND OWNERSHIP ACQUISITION CHOICES

Abstract

Consumer decision-making is a focal interest of consumer research and will remain important as marketplace trends continue to offer new opportunities for information access and distribution of products. One of the newest opportunities available today is that of non-ownership consumption as an alternative to ownership. The existing decision making literature focuses on buying, consumption, and dispossession, however, few studies address the potential differences arising from whether a consumer will own a product or simply use it for a temporary period of time. The purpose of this research is to explore the differences in the decision making process between non-ownership and ownership consumption decisions. A qualitative study explores the possible differences that arise from viewing decision making from the perspective of non-ownership. Findings of this research suggest non-ownership decisions differ from ownership decisions based on reduced commitment to choice, feelings of freedom, choice strategy, and valuation of choice.

Introduction

Despite the growth of consumer participation in alternative forms of exchange including non-ownership (i.e. renting), the current marketing literature has ignored the potential impact of alternative forms of exchange on the consumer decision-making process (Lovelock and Gummesson 2004; Lusch, Brown, and Brunswick 1992). Alternative forms of exchange are on the rise as a reaction to the most recent recession, an increasing desire to preserve the environment, and technological advances enabling consumers to access the goods they desire when and where they want them. This trend signals a shift from ownership towards rentership in a number of different product categories. For example, the stock price for Zipcar, a car-sharing service popular in urban areas and college campuses, exceeded analyst predictions by 60% on the first day of trading (Florida 2011). A recent *Time* magazine article suggests alternative forms of exchange - like non-ownership through renting and collaborative consumption - are “about saving yourself by making informed consumer decisions.” (Walsh 2010). Non-ownership gives consumers the flexibility to try different types of products without the hassles and commitment of ownership, all while reducing environmental impact through the decreased need for mass-produced goods. The explosive growth in the digital distribution of movies and music, and the ever-declining production of tangible DVDs and CDs, is another example of this growing trend.

The current literature provides insight into the process by which consumers make many choices to acquire products; however, it has yet to take into account the possibility that alternative forms of exchange (i.e. renting, collaborative consumption, or sharing) may alter consumers’ decision-making processes. The consumer decision-making process is generally conceptualized to include the following steps: 1) problem recognition, 2) information search (internal and external), 3) evaluation of alternatives, 4) commitment and purchase, and 5) post-purchase evaluation (Olshavsky and Granbois 1979; Janis and Mann 1977). Our current conceptualization of exchange is focused on external acquisition; namely buying goods from retailers (both traditional and online). However, a broad range of exchange options varying from internal exchange (do-it-yourself) to external exchange (buy) exist along a value creation continuum (Lusch, Brown, and Brunswick 1992). Between these internal and external exchange anchors lie many hybrid exchange options with varying levels of consumer co-creation acquisition choices including renting, leasing, and customization (Lusch, Brown, and Brunswick 1992). The increase in published articles related to customer participation, co-creation, co-

production and even group co-production are evidence of a “moving to the middle” along the exchange continuum where consumers are taking a greater role in their consumption decisions and experiences. Understanding how decision-making differs for non-ownership acquisition choices will benefit managers as this consumer trend continues to grow and consumers continue to move to the middle of the value creation continuum.

The purpose of this research is to explore potential differences in the decision-making process between non-ownership and ownership acquisition decisions and specifically, how these differential processes impact the consumer decision-making process. Specifically, do non-ownership acquisition decisions stem from different expectations than traditional ownership decisions? Do consumers who choose against ownership have different responses related to commitment (i.e., justifying choices, feelings of responsibility, and forgone alternatives) than consumers who choose to own? The contributions of this research include a greater understanding of a growing market for non-ownership experiences, a more comprehensive overview of the full market of both non-ownership and ownership consumption choices, and meaningful managerial insight into how to best offer both non-ownership and ownership acquisition options to consumers. While the growth of non-ownership is beneficial to service providers, there are potential negative consequences for brands and manufacturers owing to the decreased production of, and subsequent purchase of, tangible goods and the inherent threat of reduced brand loyalty. Ownership has been viewed as a marker of success that provides stability as a source of accumulated wealth and investment. In contrast, non-ownership provides access instead of accumulation, and flexibility rather than responsibility. Existing marketing research has yet to address the effects of alternative forms of acquisition on the consumer decision-making process or whether this type of consumption is beneficial to consumers or organizations.

Conceptual Development

Non-Ownership

For the purpose of this research, non-ownership is defined as marketing transactions that lack a transfer of ownership but instead involve the acquisition and consumption of goods through service providers by consumers who forgo reasonable ownership alternatives and instead pay for temporary possession, access, or usage without the responsibilities and burdens of ownership. Firms that participate in non-ownership are also known as product service systems,

defined as “a system of products, services, supporting networks and infrastructure that is designed to be: competitive, satisfy customer needs, and have lower environmental impact than traditional business models” (Mont 2002). Consumers do not permanently acquire products, but rather participate in a service experience provided by the firm. Since a transfer of ownership does not occur during non-ownership consumption, these business activities are essentially services. For example, Avelle is a service provider that allows consumers to rent handbags and accessories for varying lengths of time and usage fees. Similarly, Snapgoods and Zilok allow owners of goods (i.e. tools, camping equipment, and lawnmowers) to rent them temporarily to others for a fee, while online service providers like Chegg and Rhapsody rent textbooks and access to music, respectively.

Early services research emphasized the lack of ownership transfer in service encounters; however, later researchers who conceived of services possessing four unique characteristics (intangibility, inseparability, heterogeneity and perishability) overlooked this feature (Lovelock and Gummesson 2004; Rathmell 1974; Judd 1964). Similarly, consumer decisions to purchase services have been conceptualized as being distinct from decisions to purchase material possessions because of these unique characteristics. Recently, however, researchers have begun to question the generalizability of the traditional distinction between goods and services (Lovelock and Gummesson 2004; Vargo and Lusch 2004b; Winsor, Sheth and Manolis 2004). Research suggests the characteristics used to uniquely define services from goods are inadequate descriptors and instead we should seek to find ways to integrate marketing theory and move away from a manufacturing-based perspective (Lovelock and Gummesson 2004; Vargo and Lusch 2004a). Interestingly, the same can be said for the traditional consumer decision-making process, which has historically been viewed through the lens of tangible goods ownership. Previous research virtually ignores how non-ownership consumption impacts consumers as they maneuver the decision-making process and how those choices impact post-purchase evaluation. These are important questions for business managers as non-ownership continues to grow and becomes more available to and accepted by consumers.

Ownership

To understand non-ownership as an alternative form of consumption, we must first understand ownership. Ownership of a good entitles the owner to the use, control, management

and right to convey the good to others (Demsetz 1967). Ownership is implied in most marketing and consumer behavior research. In fact, many researchers have investigated the importance of the possessions we own in communicating meaning and building consumer identity (Richins 1994; Belk 1988; McCracken 1986). Ownership is assumed to be a marker of success and wealth; however, this interpretation of the value of owning is changing (Rifkin 2000; Smith 1776). For all of the research focused on how possessions define us, there is also a general recognition that with ownership comes responsibility, commitment, and burden. The burdens of ownership are well known to any consumer who owns a car or home: maintenance, storage, divestiture of unwanted goods, and the risk that the wrong product was selected (Berry and Maricle 1973). Consumers are also burdened with the notion that the purchases they make become obsolete or of limited value shortly after purchase (e.g., technology products). As shown in Table 3.1, non-ownership releases consumers from the burdens of ownership and the commitment associated with owned goods.

Table 3.1: Comparing Non-Ownership and Ownership Characteristics

Ownership	Non-Ownership
Commitment and responsibility for the burdens of ownership	Freedom to try other products
Transfer of ownership	Temporary access, usage or rental
Tangible goods	Goods as services
Possession-oriented	Experience-oriented
Producer/marketer-driven	Consumer-driven
Pay for possession	Pay for access
Risks associated with incorrect product choice, obsolescence, social stigma	Reduced social and obsolescence risk
Potential tax benefits associated with depreciation/amortization or deductions	Tax benefits may be limited
Pay full price	Pay per usage price

Despite the dearth of non-ownership research in the context of consumer decision-making, the practice of providing access or usage instead of ownership is quite common in business-to-business transactions, and is arguably one of the most fundamental components of manufacturing strategy (Welch and Nayak 1992). Firms choose to create and consume goods and services internally and avoid external markets when costs are prohibitive (Coase 1937). Increased competition and technological advances have forced organizations to outsource

various activities enabling them to focus on developing innovative products and bringing them to market quickly without placing undue burdens on the firm's internal resources. Organizational make-or-buy decisions offer many benefits to firms including converting fixed costs to variable costs, providing flexibility in economic downturns, reducing capital investment requirements, gaining access to innovation from suppliers, and focusing resources on high value-added activities (Welch and Nayak 1992). The importance of understanding the decisions to buy or lease/outsourcing is well established in the literature as evidenced by the research associated with theory of the firm and transaction cost economics (Lusch, Brown, and Brunswick 1992).

The Value Creation Continuum

Most marketing and consumer research is focused on how consumers interact with the external market; however, several researchers have encouraged the exploration of why consumers avoid the market (Hirschman 1987; Bagozzi 1975). Research suggests that consumer involvement broadens the range of value creation opportunities by making the consumer an active collaborator (Mathwick, Malhotra, and Rigdon 2001; Deighton and Grayson 1995). Internal exchange occurs when a consumer acquires the necessary inputs to create their own goods and services while external exchange occurs when a consumer acquires a good or service from a retailer in exchange for value (Lusch, Brown, and Brunswick 1992). Research related to experiential value, co-production, creativity, and consumer empowerment is a reaction to the movement of consumers from passive purchaser to active participant. The exchange choices available to consumers are not dichotomous, but instead exist along a value creation continuum requiring increased consumer participation as the choice moves toward internal exchange (Lusch, Brown, and Brunswick 1992). The range of customer involvement in value creation is depicted in Figure 3.1. Non-ownership exists along the central portion of the value creation continuum as a consumer make-or-buy choice with both internal and external exchange characteristics. As consumers increasingly choose to engage in alternative forms of exchange, understanding the differences between these choices provides a more comprehensive view of marketing.

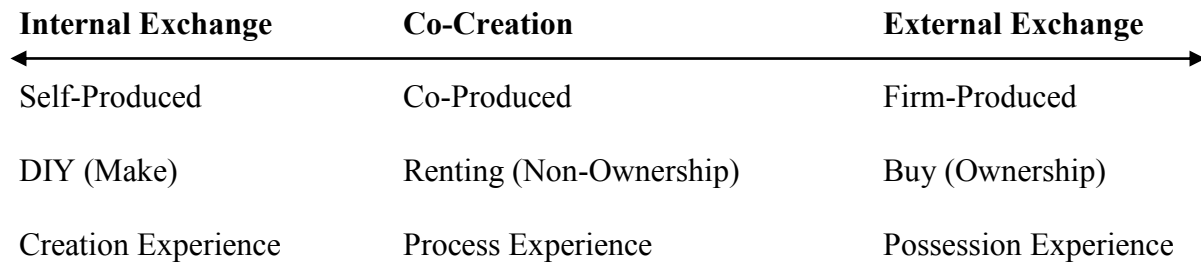


Figure 3.1: The Exchange/Value Creation Continuum

Consumers are increasingly being asked to actively participate in the production of the goods and services they experience (Wind and Rangaswamy 2000). Non-ownership in the form of renting illustrates the concept of consumers “moving toward the middle” of the value creation continuum. Similar to co-production, renting requires input from the customer in the form of information provision and performance of distribution-linked activities (Etgar 2008). Instead of customizing a physical good, consumers who participate in non-ownership consumption are customizing the distribution process and access to a physical good. Non-ownership consumption allows consumers to experience a variety of new, needed and useful goods while still having many of the benefits and fewer (or none) of the burdens of ownership (Belk 2007). Non-owners gain the right to use a product while the burdens of maintenance, storage between uses, and obsolescence rests with the service provider (Moeller and Wittkowski 2011). The implications for business as a result of this “move to the middle” include supply chain management of inventory to meet just-in-time demand, improved quality due to multiple users, and pricing considerations (Obenberger and Brown 1976; Berry and Maricle 1973).

The growing importance of non-ownership does not suggest that ownership no longer holds an important place for consumers. Rather, it suggests a shift toward greater consumer participation in consumption experiences due to a widening range of exchange options. Consumers still value possessions and are not ready to sever ties with all forms of ownership (Belk 2007). Firms have the opportunity to create alternatives for consumers to continue to consume on their own terms by offering a range of consumption alternatives. Clearly, consumers are embracing non-ownership alternatives as a viable means to maximize their involvement, reduce ownership burdens, and experience a wider variety of goods than would normally be possible under a strict ownership consumption model.

Consumer Decision-Making and Acquisition Mode

Expanding current marketing theory to include alternative forms of exchange is important to the development of our discipline. Kotler (1986) suggests we should not take a protective stance towards external exchange markets but instead seek to understand the evolution of the marketplace. Currently, we lack a comprehensive theory to explain the value creation continuum. The recent growth of alternative forms of exchange suggests consumers value these types of acquisition and past research has highlighted the need for more research on the alternatives to external exchange (Lovelock and Gummesson 2004; Lusch, Brown, and Brunswick 1992; Hirschman 1987). One reason for a lack of empirical work related to alternative forms of exchange and their impact on consumers is due to measurement challenges inherent in determining how value is created and measured from the consumer perspective through these exchange processes (Lusch, Brown, and Brunswick 1992).

Consumer decision-making has been a focal area of interest to marketing researchers for decades (Bettman, Luce, and Payne 1998; Bagozzi 1975). The importance of consumer choices for marketers suggests consumer decision making will continue to be of interest to researchers given the rapidly changing and expanding exchange opportunities afforded to consumers through technological advances (Bettman, Luce, and Payne 1998). The traditional conceptualization of the consumer choice process assumes a five stage process progressing from the recognition of a problem or need followed by the search, evaluation, purchase, and post-purchase evaluation of the purchase (Kotler and Keller 2009). Past consumer decision-making research speaks to the importance of commitment related to consumer choice and commitment related to possessions (Belk 1988, Janis and Mann 1977). Commitment to choice is an important aspect of the consumer decision-making process and is considered to be a source of stress in situations when the hurdles to reverse decisions or reduce social or financial risk are high (Janis and Mann 1977). Ownership requires consumers to commit to a choice and forgo alternatives that can lead to feelings of regret and cognitive dissonance. With the commitment to ownership comes responsibility for the storage, maintenance, and divestiture of purchased goods. In contrast, non-ownership leaves open the opportunity to try forgone alternatives in the future and provides consumers with many of the benefits of ownership without the burdens (Berry and Maricle 1973).

The traditional conceptualization of consumer choice assumes that making a decision requires cognitive effort and commitment; however, some researchers suggest certain purchasing situations require little to no cognitive effort or a reluctance to expend cognitive resources (Hoyer 1984). For example, routine purchases (i.e., laundry detergent) or purchases with low inherent risk may not require the same deliberative decision making or level of commitment as products with higher consequences of reversal (i.e., washing machine) (Hoyer 1984). Given the fact that non-ownership acquisition relieves consumers of many of the responsibilities and burdens of ownership, it is reasonable to assume consumers may not follow the same deliberative process as they would for ownership acquisition decisions. The importance of these potential choice process differences lies in the fact that more traditionally owned consumer goods are becoming available as non-ownership services. For marketers, this means the same tangible good (i.e., a women's handbag) can be acquired through different modes (i.e., buying, renting, making) and therefore be chosen using different choice processes and evaluations.

Exploring the impact of acquisition mode on the choice process will allow practitioners to better understand the potential pivotal roles that “where” and “how” we buy impacts the marketing of a tangible good as both a good and a service. We cannot make the assumption that past consumer choice research can fully explain the process by which consumers make acquisition choices along the value creation continuum. If, as proposed by Lovelock and Gummesson (2004), we evaluate consumer buying behavior from a non-ownership perspective, we may find that acquisition mode differentially impacts the consumer decision-making process.

Qualitative Study

Given the lack of research that addresses the impact of non-ownership acquisition on the consumer decision-making process, a qualitative study was conducted. Following a grounded theory approach (Glaser and Strauss 1967), consumers were interviewed about their decision-making processes and post-purchase evaluations involving non-ownership consumption experiences (Glaser and Strauss 1967). The use of semi-structured interviews allows the researcher to follow a guided script with the option to explore topics that present themselves during the course of the discussion providing richer description of topics of interest (Merriam 1998). Consumers were interviewed across a variety of consumer goods ranging from movies to car-sharing services. The focus on the interviews was to explore participants' thoughts and

feelings about the non-ownership decision-making process and their perceptions of both non-ownership and ownership experiences. Participants were asked to describe their most recent non-ownership acquisition experiences and to provide a detailed account of the process by which they made the decision to forgo ownership. To provide a consistent context across all participants, consumers were asked specifically about renting experiences (as opposed to other forms of non-ownership such as sharing or borrowing). Participants were also asked about their product preferences, what renting and ownership mean to them, and their current financial and family situations.

Subjects

An exploratory study using semi-structured interviews was conducted with a convenience sample of eleven consumers currently renting consumer goods. Subjects were sought from a variety of service providers offering alternatives to ownership through renting. Participation in the qualitative study was solicited in several ways. First, an email request was sent to volunteers to take part in a study about their experiences with rental service providers. Second, study participants recruited acquaintances to participate in the study. Third, the author visited several forums and discussion boards related to non-ownership and solicited participation from members. Prior to participation, subjects were provided with a behavioral consent form that assured their anonymity and individually agreed to have their interviews recorded. All interviewed subjects ranged in age from 28 to 44 years old and participated in non-ownership through renting consumer goods including handbags, music, movies, and cars. Interviews were conducted via telephone at a time convenient for participants. Subjects were provided a \$25 Visa gift card in exchange for their participation. An overview of the qualitative respondents is provided in Table 3.2.

Table 3.2: Qualitative Study Participants

Participant	Gender	Age	Education	Occupation	Marital Status	Children	Rental Categories
Ann	Female	32	Doctorate	Researcher	Single	None	Movies
Beth	Female	32	Graduate School	Media	Single	None	Movies
Cathy	Female	44	College	Marketing Researcher	Married	Two	Handbags, Music, Movies
Dana	Female	40	College	Marketing Consulting	Married	One	Handbags
Ellen	Female	32	Graduate School	Campaign Management	Single	None	Movies
Fay	Female	28	College	Student	Single	None	Music, Movies
Hannah	Female	34	Graduate School	Attorney	Single	None	Car-sharing*
Greg	Male	36	Some Graduate School	Administrator	Married	Two	Movies
Isabel	Female	28	College	HR Administrator	Single	None	Movies, Books
Jane	Female	33	College	Marketing	Single	One	Movies
Kate	Female	33	Graduate School	Non-Profit Management	Single	None	Movies

*Car-sharing refers to short-term hourly or daily rental, while car lease refers to a contracted lease agreement typically lasting 3-5 years with an option to purchase.

Data Analysis

Following each interview, transcripts were reviewed to ensure any relevant issues were discussed in future interviews (Corbin and Strauss 1990). Relevant thoughts were highlighted and identified in the interview transcripts and then categorized and used to derive the key differences between non-ownership and ownership decision-making processes (Strauss 1990). Transcript coding and memo techniques were used to condense and organize interview and observation data (Deshapande 1983; Glaser and Strauss 1967). Participant’s responses were analyzed using a constant comparative technique (Strauss and Corbin 1998). First, transcripts were read with specific themes noted in the data. Each transcript was analyzed using open coding to identify the different themes and types of responses that emerged. Second, axial coding techniques were used to identify common patterns, connections, and themes between the first set of coding. Two independent judges coded the interview transcripts. The judges were instructed to identify themes and categorize unique characteristics of non-ownership decision-making. The judges’ interrater reliability estimate was 83% (Kassarjian 1977).

Findings and Propositions

Coding revealed participants' non-ownership decision-making experiences shared five interconnected themes that provide insight into the unique characteristics of non-ownership decision-making. The key themes were: 1) choice commitment, 2) post-purchase evaluation, 3) ownership commitment, 4) choice strategy, and 5) valuation of choice. Table 3.3 provides examples of respondent's comments related to each of these themes.

Table 3.3: Sample Respondent Comments

<i>Theme</i>	<i>Illustrative Comment</i>
Choice Commitment	
1. Forgone Alternatives	"I still could kick myself for purchases I made last year that I actually took back because I thought no this is too much and I shouldn't be buying this and now I'm like that was the perfect color or the perfect purse for all the stuff and I can't find it now."
2. Postponing Choice	"I will look at their collections when they release them and then I will wait sometimes three or four seasons if I really like something to get it or rent it when its new and then buy it used later. Rarely do I buy new."
3. Bolster/Justify	"I like the fact that I can impulsively download things that I might like and I have actually probably discovered a lot of newer bands that I wouldn't normally listen to that I wouldn't of had a chance to but through Zune because it makes me, I can make that purchase without making a commit... I can have access to it without making a commitment to it." "It has to be a movie that I absolutely love. Like a classic or a movie from my childhood that I absolutely love or something that even if I have seen it 25 times it still makes laugh and there aren't a ton of those."
Post-Purchase Evaluation	
4. Regret	"I would have less concerns or angst about the purchase because I knew it wasn't, because it's a rental and if I don't like it I can send it back like even if I rent it for a short amount of time it's not that much money so it takes kind of the fear out of it so here is a \$1500 handbag that if I purchase it that's a big chunk but if I just want to try it out then its less stressful for me." Interviewer: Have you ever gotten one and wish that you'd gotten the other blue one or the other gray one? "Not yet."
5. Satisfaction	"I turned it (the movie) off and I was like, this is boring and that was fine." "If you go to the movies and pay \$10 then you're really mad if you don't like it. Redbox is at the other end of the spectrum. It was only \$1 and I'll never watch it again it wasn't really a waste (of) my time but hopefully my next movie will be better."
Ownership Commitment	
6. Burden of Owning	"I like having my own car I can use at any time but it does cost a lot of money every month and I do have to have insurance and I do have to worry if it breaks down. I don't, with Zipcar I didn't have any of that – insurance was included, gas was included. I mean if there was an issue they dealt with it. Not that I ever had an issue. So in that instance using zipcar or renting something in general is a lot easier than owning it. The same thing with apartments or a home."

Table 3.3 - continued: Sample Respondent Comments

<i>Theme</i>	<i>Illustrative Comment</i>
7. Freedom of Renting	<p>“I don’t have to leave my house and drive somewhere and have to argue with someone in person that this was broken when I opened the package and that kind of stuff and have them disbelieve me. All I had to do was fill out a quick form on the Internet that lasted less than a minute and they went ahead and “we believe you” and sent me a new one.”</p> <p>“I also use my Zune to workout and so I have a ton of cheesy workout songs that are kind of cheesy that I download because I like to workout to them but if anybody knew that I listened to those kinds of songs I would probably die. No, I do not (own any of those songs).”</p> <p>“I like the service because it gives you the option of both streaming the music for one fee or free and then you can also download it if you want to.”</p>
Choice Strategy	
8. Satisficing	<p>“I remembered that I thought it would be a good movie and at that point everything was in alphabetical and I just got to (the letter) K and picked that because I felt rushed. I didn’t go through the whole list and come back to it. I was just like already let’s get this and go.”</p> <p>“The last movie that I watched was one that (I) kind of chose, it wasn’t something I had ever heard of but it had a cast that I liked so I decided to put it in my queue. It was ok, it wasn’t the best movie I have ever seen.”</p>
9. Maximizing	<p>“I want to buy one or two handbags a year and I do a lot of research on them before I buy them.”</p>
Valuation of Choice	
10. Ownership Valuation	<p>“As far as owning a home and car you get value out of them if you want to resell them. If I was renting an apartment I would feel like I am throwing money away and I wouldn’t be able to get anything back from it if I were to want to sell it or possibly rent it out down the line. I am building equity by investing in a home as opposed to renting.”</p>
11. Renting Valuation	<p>“If I see a movie and it’s awesome it makes it even better because I only spent \$1 to see it.”</p> <p>“It was a movie I knew I didn’t want to pay to see so I knew that once it popped up as available for Netflix that I would throw it in my queue.”</p> <p>“Generally, most of the time I rent handbags (that) are trendy. I know they aren’t going to last. They might be in colors or in patterns that make them very noticeable for that year and I would never buy one of those to keep.”</p> <p>“I have lower expectations. I usually expect it to have pen marks on the inside but not a lot. I expect it to be less structured or less crisp than if it were to come out of a box so to speak. I expect it to not smell and that’s been something with a couple of bags that you can tell that they have been at a club or they have been at a bar and they just stink and I just send it right back. I’ve come to know that they’ve been loved before so to speak.”</p> <p>“I rented one and you know what I discovered? I don’t need to buy one! Because you know what, I am over it.”</p> <p>“When I think about renting stuff I think about things like Rent-a-Center. Like people who instead of buying a \$500 tv because they don’t have the money or they don’t have the credit would spend \$50 a month rent a tv and after 10 months they paid for the tv but they keep renting for years.”</p>

Choice Commitment

Most decision-making research distinguishes between two major phases of the decision-making process – the period before the commitment to a decision and the post-decision period (Festinger 1964). Following the stages of problem recognition, information search, and evaluation of alternatives, consumers reach a point of decision choice – commit to buy, postpone purchase, or avoid the purchase (Luce, Bettman, and Payne 1997). The acquisition stage of the decision-making process occurs at the intersection of these two phases. Non-ownership allows consumers to access their alternative of choice while effectively postponing final choice commitment. For example, Fay, with respect to music, stated, “I like the fact that I can impulsively download things that I might like and I have actually probably discovered a lot of newer bands that I wouldn’t normally listen to that I wouldn’t of had a chance to but through Zune I can make that purchase without making a commit(ment). I can have access to it without making a commitment to it.” Consumers value flexibility during the decision-making process and are more likely to choose alternatives that delay irreversible decisions or commitment to a choice (Kahn, Moore, and Glazer 1987). For example, Cathy, with respect to handbags, stated, “I will look at their collections when they release them and then I will wait sometimes three or four seasons if I really like something to get it or rent it when its new and then buy it used later. Rarely do I buy new.” While non-ownership decisions allow postponement of commitment to choice, ownership decisions require more commitment on the part of the consumer. For example, when asked about owning movies Ellen stated, “It has to be a movie that I absolutely love. Like a classic or a movie from my childhood that I absolutely love or something that even if I have seen it 25 times it still makes laugh and there aren’t a ton of those.” In contrast to owners, non-owners simultaneously delay or postpone commitment to a final choice while gaining the experience of possessing the product through temporary access. This reasoning leads to the following proposition:

P1: Non-ownership acquisition choices require less commitment to choice than ownership acquisition choices.

Post-Purchase Evaluation

Past research speaks to the importance of understanding how consumers evaluate products after purchase owing to the impact of these evaluations on customer satisfaction and the ability of marketers to create value for customers (Gardial, Clemons, Woodruff, Schumann, and Burns 1994). Post-purchase evaluations of experiential purchase choices are thought to be based on their own merit as opposed to attributes of forgone alternatives resulting in less difficult and more satisfying choices than decisions to purchase material possessions (i.e., goods) (Carter and Gilovich 2010). Consumers gain experiential value through both the act of consumption and the usage/performance of a product (Holbrook and Hirschman 1982). Owned material possessions are more susceptible to comparison of forgone alternatives and post-decision regret (Kahneman and Miller 1986). For example, Cathy expressed regret with respect to handbag purchases when she stated, “I still could kick myself for purchases I made last year that I actually took back because I thought no this is too much and I shouldn’t be buying this and now I’m like that was the perfect color or the perfect purse for all the stuff and I can’t find it now.” Rumination about forgone alternatives persists after the purchase of material possessions and can undermine satisfaction and cause feelings of cognitive dissonance (Carter and Gilovich 2010). In contrast, Ann expressed little regret after a disappointing non-ownership movie experience, “I turned it (the movie) off and I was like, this is boring and that was fine.” Similarly, she also stated, “If you go to the movies and pay \$10 then you’re really mad if you don’t like it. Redbox is at the other end of the spectrum. It was only \$1 and I’ll never watch it again it wasn’t really a waste (of) my time but hopefully my next movie will be better.” Non-ownership allows consumers to avoid thinking about forgone alternatives and enjoy the experience of possession because of the convenience of the service and lower perceived costs. Perhaps non-ownership choices, given their experiential nature and reduced need to bolster and justify choices, offer consumers the ability to feel that they did not forgo other alternatives but rather postponed them until another time. This reasoning leads to the following proposition:

P2: In the presence of a low quality outcome, non-ownership acquisition choices lead to fewer negative post-purchase evaluations compared to ownership acquisition choices.

Ownership Commitment

Non-ownership choices offer freedom from the burdens of ownership; consumers feel less committed to their purchases and instead focus on the experience with the product as opposed to maintenance, storage and divestiture. Conversely, while there are recognized benefits to ownership, many consumers feel the burdens of the items they are responsible for maintaining, storing, and eventually divesting. Hannah contrasted the benefits and burdens of ownership versus non-ownership of a car by stating, “I think there are pros and cons for owning and pros and cons for renting. I like having my own car I can use at any time but it does cost a lot of money every month and I do have to have insurance and I do have to worry if it breaks down. I don’t, with Zipcar I didn’t have any of that – insurance was included, gas was included. I mean if there was an issue they dealt with it. Not that I ever had an issue. So in that instance using Zipcar or renting something in general is a lot easier than owning it.”

Non-ownership choices do not require the same level of commitment to choice that ownership choices require which frees the consumer from the need to bolster or justify choices and instead increase the likelihood they will try experiences outside of their usual preferences. For example, Faye owns music that fits her strong music preferences and music that she wants to share with friends, “I tend to buy things that would probably be considered indie rock or indie pop music and sometimes some classic albums. It just depends. If I know that I want to own it then I’ll go ahead and purchase it.” She rents music that allows her to expand her preferences with freedom from commitment to ownership it and without having to make it *hers*. For example, when asked if there were aspects of her Zune account that she would prefer not to own or share with others Faye stated, “I also use my Zune to workout and so I have a ton of cheesy workout songs. So, Top 40 songs, terrible Britney Spears or really bad metal bands, just songs that are kind of cheesy that I download because I like to workout to them but if anybody knew that I listened to those kinds of songs I would probably die.” Similarly, Cathy suggested she enjoyed the freedom associated with not owning music when she stated, “I like the service because it gives you the option of both streaming the music for one fee or free and then you can also download it if you want to.” Unlike ownership, with non-ownership the possibility still remains to try other alternatives, which could lead to greater satisfaction with current decisions. This reasoning suggests the following proposition:

P3: Non-ownership acquisition choices are associated with greater feelings of freedom from responsibilities than ownership acquisition choices.

Choice Strategy

Theory suggests non-ownership may differ from ownership because of its temporary nature; therefore, there may be less inclination to maximize choices, evoking a satisficing strategy more often in renting than in buying (Lovelock and Gummesson 2004). Consumers are more inclined to maximize (try to make the best possible choice) material goods purchases in an attempt to avoid the regret of forgone opportunities. With respect to handbags, Dana stated, “I want to buy one or two handbags a year and I do a lot of research on them before I buy them.” She continued, “I have a number of newsletters and emails that fortunately I get every day from sites like Saks Fifth Avenue and Neiman Marcus – here’s the new handbags and what’s been released. I have an RSS feed that comes to my portal everyday that shows what’s new on Bluefly. It’s ridiculous how much information when I think about it (that) I glance daily on handbags.” Conversely, consumers tend to satisfice (make a choice that is good enough) for experiential purchases (i.e., services) because they are not as easily compared before purchase (Carter and Gilovich 2010). Ann said this about movies: “I remembered that I thought it would be a good movie and at that point everything was in alphabetical and I just got to (the letter) K and picked that because I felt rushed. I didn’t go through the whole list and come back to it. I was just like already let’s get this and go.” Similarly, Beth stated, “The last movie that I watched was one that (I) kind of chose, it wasn’t something I had ever heard of, but it had a cast that I liked so I decided to put it in my queue. It was okay, it wasn’t the best movie I have ever seen.” In comparison to ownership choices, the decision strategy these consumers used was a “good enough” or satisficing choice because the perceived consequences for their choices were low. In *The Paradox of Choice*, Schwartz (2005) suggests consumers who utilize a “have to have the best” or maximizing strategy are less satisfied, less happy, and more depressed than buyers who engage in a “good enough” or satisficing strategy. Perhaps, consumers who engage in non-ownership consumption utilize satisficing strategies resulting less evaluation of alternatives and greater satisfaction than decisions resulting from maximizing strategies. This reasoning leads to the following proposition:

P4: Consumers use satisficing strategies more often for non-ownership acquisition choices than for ownership acquisition choices.

Valuation of Choice

Based on responses to questions about the goods they own versus the goods they rent, subjects in the current study provided evidence that ownership increases the valuation of the chosen good. This finding provides clear evidence that the endowment effect plays an important role in the evaluation of the choice. The endowment effect is a concept that challenges the traditional view of rational decision-making (Kahneman and Tversky 2000). Endowment effects are characterized as loss aversion where the valuation of an object depends on the reference point from which the consumer is making the evaluation (Kahneman and Tversky 2000). Johnson, Haubl, and Keinan (2007, p. 461) provide a standard endowment study example:

“Half of all participants are randomly given a good such as a coffee mug. All participants then partake in a market in which the experimenter offers to buy the mug from those who got one and to sell a mug to those who did not. The typical result is that those who have received a mug value it 2 to 3 times more than those who did not. Thus, the value of an object depends on ownership, even when that ownership is assigned randomly.”

Existing research on the endowment effect has focused on the role of selling an owned object versus choosing between buying an object or keeping a specific amount of money; however, the research has not specifically addressed acquisition mode in relation to the valuation of objects (Johnson, Haubl, and Keinan 2007). In this study, consumers who own a product made increasing valuations while consumers who do not own, but instead rented, an object made decreasing valuations. For example, Beth stated, “As far as owning a home and car you get value out of them if you want to resell them. If I was renting an apartment I would feel like I am throwing money away and I wouldn’t be able to get anything back from it if I were to want to sell it or possibly rent it out down the line. I am building equity by investing in a home as opposed to renting.” Several participants pointed out several value decreasing aspects related to non-ownership:

- “Generally, most of the time I rent handbags (that) are trendy. I know they aren’t going to last. They might be in colors or in patterns that make them very noticeable for that year and I would never buy one of those to keep.”

- “I have lower expectations. I usually expect it to have pen marks on the inside but not a lot. I expect it to be less structured or less crisp than if it were to come out of a box so to speak. I expect it to not smell and that’s been something with a couple of bags that you can tell that they have been at a club or they have been at a bar and they just stink and I just send it right back. I’ve come to know that they’ve been loved before so to speak.”
- “I rented one and you know what I discovered? I don’t need to buy one! Because you know what, I am over it.”
- “When I think about renting stuff I think about things like Rent-a-Center. Like people who instead of buying a \$500 TV because they don’t have the money or they don’t have the credit would spend \$50 a month rent a TV and after ten months they paid for the TV but they keep renting for years.”

Perhaps decreasing valuations of non-ownership choices lead to reduced expectations of quality resulting in lower hurdles to achieve positive post-purchase evaluations. This reasoning leads to the following proposition:

P5: Non-ownership acquisition choices are more likely to decrease the value of the chosen good compared to ownership acquisition choices.

Discussion and Implications

Given the importance of consumer choice and the depths to which it has been studied, it is surprising that different acquisition modes have not been investigated in detail to see if their unique qualities differentially impact the decision-making process. The purpose of this research is to begin the process of understanding the role of acquisition mode in consumer decision making by investigating potential differences in the decision-making process between non-ownership and ownership acquisition choices. Current marketing research has yet to address the impact of acquisition mode on the consumer decision-making process. In the past, ownership has been the assumed mode of acquisition in consumer decision-making research. However, with more consumers choosing to engage in alternative forms of exchange, it has become necessary for marketing researchers to expand the traditionally conceived modes of acquisition.

Renting, sharing, and collaborative consumption offer consumers greater opportunities to participate in the exchange process providing psychic, resource, and emotional rewards (Lusch,

Brown, and Brunswick 1994). The results of the current study contribute to the literature by expanding our focus from the traditional viewpoint of external exchange towards an understanding a greater spectrum of the value creation continuum. While alternative forms of exchange are on the rise, we have yet to determine the implications of these types of exchange for firms or the benefits and potential threats to both firms and consumers. Several dissimilarities from the traditional conceptualization of the consumer decision-making emerged from this qualitative research. Based on the current research, consumers find both the monetary and non-monetary costs of non-ownership to be beneficial. However, given the tendency to devalue non-ownership choices negative ramifications could arise for non-ownership service providers who offer renting as a trial opportunity. For example, if consumers have a negative valuation of a renting experience they may be less likely to purchase and subsequently own the same product in the future. What burdens will a rentership society place on firms as they shift toward product service systems and away from traditional manufacturing and production? While non-ownership is not a new concept there are more consumer products available for rent today than ever before and the economic ramifications for brands, manufacturers, and service providers remain to be seen. From a consumer perspective, given the lower hurdle to choice, use of satisficing strategies, and overall lower expectations of non-ownership, consumers may benefit from not being forced to make committed decisions freeing them from the negative post-purchase evaluations often associated with making poor ownership decisions. From a firm perspective, by introducing a non-ownership acquisition choice consumers who in the past might have chosen to postpone or avoid purchase now have the opportunity to make a satisficing or “good enough” for now choice which could increase a firm’s customer base and profitability. Non-ownership could also open the door to brands that previously were out of reach for consumers with limited budgets. However, the possibility exists for negative consequences for brands choosing to rent their luxury goods including reduction in brand equity owing to dilution of the brand’s image and loss of exclusivity.

Limitations and Future Research

The results of this study contribute to our understanding of acquisition choices and the roles they play in the consumer decision-making process; however, as with any study there are limitations related to this research. First, the results of the qualitative study are limited to the

thoughts and experiences of the subjects interviewed for the study. For example, having an unbalanced sample size related to gender could have skewed the results. It is possible that men and women view the consumer decision-making process differently based on the types of products they would be most likely to rent. While efforts were made to find male subjects, the methods used to acquire subjects may have unduly influenced the trend toward female subjects. In the future, specifically targeting products men are more likely to rent (i.e., tools) could be beneficial. Second, non-ownership trends are more prevalent in urban areas especially for car and bike sharing where either space is limited or the benefits of owning are outweighed by the expenses associated with storage and maintenance. The current study, however, took place in a suburban area, which could have limited the study because consumers may be more inclined to engage in non-ownership consumption out of necessity as opposed to hedonic reasons which could impact in the expectations and evaluations made during the consumer decision-making process. The motivations to engage in non-ownership consumption of urban and suburban consumers are not mutually exclusive; however, it is reasonable to assume that consumers in a dense urban area with access to public transportation would be more likely to engage in car-sharing than consumers without access to public transportation and a daily commute. Future research should investigate possible differences in decision-making for consumers choosing products for fun or hedonic purposes versus consumers choosing products for tasks or utilitarian purposes. Also, although steps were taken both through correspondence and introduction to the interview protocol to build trust and open conversation, there is a possibility that the arms-length nature of telephone interviews could have limited the conversation owing to the lack of ability to read body language.

Several opportunities exist for future research in this literature stream including empirical investigations of each of the propositions. First, investigating the role of choice commitment and the impact of acquisition mode on post-purchase evaluations would lend us greater insight into the potential benefits and drawbacks of non-ownership acquisition choice for both organizations and consumers. For example, when consumers who engage in non-ownership evaluate their choices do they focus on the process, experience, and service attributes of renting versus the tangible good they rented? Second, although non-ownership frees consumers from many if not all of the burdens of ownership it would be interesting to investigate if consumers engage in consumption possession and dispossession rituals when they access goods as services. Do

consumers feel a sense of psychological ownership over the goods they rent? Although it is commonly accepted that consumers treat items they do not own with less care than items they do own, it is possible that consumers feel a sense of psychological ownership over the goods they rent (Sen and Johnson 1997). How do consumers treat goods they rent versus goods they own? Understanding the consumption rituals consumers engage in during service experiences will enable firms to create consumption experiences that meet the expectations and desires of consumers. Further, given the increased number of consumers sharing and using rented products it is reasonable to assume that manufacturers will have to address the quality and durability of their products. Third, while the burdens and responsibilities of ownership are known, consumers value the goods stemming from ownership choices more positively than those acquired through non-ownership choices. Research suggests these value increasing and value decreasing valuations are rooted in the endowment effect. If consumers evaluate non-ownership choices poorly, there could be a negative impact on firms offering non-ownership options with the hope of converting trial users to owners. Hopefully, the current research will serve as a stimulus for future investigation into alternative forms of exchange including not only non-ownership, but the entire value creation continuum.

CHAPTER 4

THE IMPACT OF NON-OWNERSHIP ON CHOICE COMMITMENT AND POST-PURCHASE EVALUATIONS

Abstract

Past research speaks to the importance of commitment related to consumer choices and commitment related to possessions. Non-ownership provides consumers with many of the benefits of ownership without the burdens and risk associated with ownership including maintenance, storage, and divestiture of goods. With few exceptions, the existing consumer decision-making literature has focused on decisions to purchase goods and services while largely ignoring non-ownership as an acquisition choice. Current theory has yet to investigate the impact of acquisition mode on post-purchase evaluations. Based on past research related to commitment in consumer decisions, several dissimilarities between non-ownership and ownership choices could exist related to the length of commitment, need to bolster/justify choices, ownership commitment/responsibility, and the evaluation of forgone alternatives. Based on the results of an exploratory qualitative study a quantitative study was conducted to evaluate the impact of acquisition mode on post-purchase evaluations of satisfaction. Understanding how differing levels of commitment, by virtue of acquisition mode chosen, impact post-purchase evaluations will help managers better understand the impact of offering consumers non-ownership alternatives to owning.

Introduction

Consumers make a seemingly endless number of decisions related to the choice, purchase, and consumption of goods and services (Bettman, Johnson, and Payne 1990). Consumer decision-making is often a difficult task for consumers owing to the abundance of alternatives, availability of information, and uncertainty associated with choice outcomes. These processes will remain important to researchers as marketplace trends continue to offer new opportunities for information access and the distribution of products (Bettman, Luce, and Payne 1998). One of the newest opportunities available today is that of non-ownership consumption (e.g., renting and market-mediated sharing) as an alternative to ownership. Today, the consumer rental market has expanded to include many products traditionally purchased outright, including jewelry, cars, paintings, movies, pets, handbags, vacation homes, books, and toys. For example, Zipcar, the world's largest car-sharing company, has over 560,000 members and raised \$175 million in its initial public offering (Florida 2011). Consumers have become more inclined to participate in non-ownership consumption owing to the growth of the experience economy stemming from rapid technological changes resulting in more mobile lifestyles, greater demand for convenience, and increased consumer participation (Moeller and Wittkowski 2011; Durgee and O'Connor 1995; Toffler 1970). As a result, consumers are more actively engaged in their consumption experiences and are engaging in co-produced rather than fully firm-controlled exchanges.

With few exceptions, the existing consumer decision-making literature has focused on decisions to purchase goods and services while largely ignoring non-ownership as an acquisition choice. Research suggests exchanges that do not result in a transfer of ownership are inherently different from those that do (Lovelock and Gummesson 2004). Non-ownership transactions differ from traditional ownership exchanges because risk, storage between uses, and financing are shifted back to the service provider; freeing the consumer from many of the traditional responsibilities and commitments of ownership (Obenberger and Brown 1976). The purpose of this research is to explore how acquisition mode impacts post-purchase evaluations. For example, are consumers who engage in non-ownership consumption more satisfied than consumers who choose to own?

The contributions of this research include a greater understanding of a growing market for non-ownership experiences, a more comprehensive overview of the full market of both non-

ownership and ownership consumption choices, and meaningful managerial insight into how to best offer both non-ownership and ownership purchase options to consumers. While the growth of non-ownership is beneficial to service providers, there are potential negative consequences for brands and manufacturers owing to the reduction of products purchased and the inherent threat of reduced brand loyalty. Ownership has been viewed as a marker of success and provides stability as a source of accumulated wealth and investment. In contrast, non-ownership provides access instead of accumulation. Due to the recent growth of the non-ownership phenomenon, existing research has yet to address whether this type of consumption behavior is beneficial to consumers. Renting is generally thought to be a less financially sound investment and the antithesis of the American Dream (Sullentrop 2010). If these transactions are not financially rational, why are consumers increasingly turning to non-ownership alternatives? Are they more satisfied owing to the reduced commitment during the decision making process and subsequent freedom from ownership responsibilities?

The remainder of this paper is presented in four sections. First, the theoretical background and existing literature related to non-ownership is presented. Second, the results of a qualitative study investigating the impact of acquisition mode on post-purchase evaluations are discussed. Based on the findings of the qualitative study, an experiment is conducted to further explore the impact of acquisition mode on post-purchase evaluations. Third, results of the experiment are presented. Finally, a general discussion of the findings, limitations, and directions for future research are provided.

Conceptual Development

Non-Ownership

For the purpose of this research, non-ownership is defined as marketing transactions that lack a transfer of ownership but instead involve the acquisition and consumption of goods through service providers by consumers who forgo reasonable ownership alternatives and instead pay for temporary possession, access, or usage without the responsibilities and burdens of ownership. Firms that participate in non-ownership are also known as product service systems, defined as “a system of products, services, supporting networks and infrastructure that is designed to be: competitive, satisfy customer needs, and have lower environmental impact than traditional business models” (Mont 2002). Consumers do not permanently acquire products, but

rather participate in a service experience provided by the firm. Since a transfer of ownership does not occur during non-ownership consumption, these business activities are essentially services. For example, Avelle is a service provider that allows consumers to rent handbags and accessories for varying lengths of time and usage fees. Similarly, Snapgoods and Zilok allow owners of goods (i.e. tools, camping equipment, and lawnmowers) to rent them temporarily to others for a fee, while online service providers like Chegg and Rhapsody rent textbooks and access to music, respectively.

Early services research emphasized the lack of ownership transfer in service encounters; however, later researchers who conceived of services possessing four unique characteristics (intangibility, inseparability, heterogeneity and perishability) overlooked this feature (Lovelock and Gummesson 2004; Rathmell 1974; Judd 1964). Similarly, consumer decisions to purchase services have been conceptualized as being distinct from decisions to purchase material possessions because of these unique characteristics. Recently, however, researchers have begun to question the generalizability of the traditional distinction between goods and services (Lovelock and Gummesson 2004; Vargo and Lusch 2004b; Winsor, Sheth and Manolis 2004). Research suggests the characteristics used to uniquely define services from goods are inadequate descriptors and instead we should seek to find ways to integrate marketing theory and move away from a manufacturing-based perspective (Lovelock and Gummesson 2004; Vargo and Lusch 2004a). Interestingly, the same can be said for the traditional consumer decision-making process, which has historically been viewed through the lens of tangible goods ownership. Previous research virtually ignores how non-ownership consumption impacts consumers as they maneuver the decision-making process and how those choices impact post-purchase evaluation. These are important questions for business managers as non-ownership continues to grow and becomes more available to and accepted by consumers.

Ownership

To understand non-ownership as an alternative form of consumption, we must first understand ownership. Ownership of a good entitles the owner to the use, control, management and right to convey the good to others (Demsetz 1967). Ownership is implied in most marketing and consumer behavior research. In fact, many researchers have investigated the importance of the possessions we own in communicating meaning and building consumer identity (Richins

1994; Belk 1988; McCracken 1986). Ownership is assumed to be a marker of success and wealth; however, this interpretation of the value of owning is changing (Rifkin 2000; Smith 1776). For all of the research focused on how possessions define us, there is also a general recognition that with ownership comes responsibility, commitment, and burden. The burdens of ownership are well known to any consumer who owns a car or home: maintenance, storage, divestiture of unwanted goods, and the risk that the wrong product was selected (Berry and Maricle 1973). Consumers are also burdened with the notion that the purchases they make become obsolete or of limited value shortly after purchase (e.g., technology products). As shown in Table 4.1, non-ownership releases consumers from the burdens of ownership and the commitment associated with owned goods.

Table 4.1: Comparing Non-Ownership and Ownership Characteristics

Ownership	Non-Ownership
Commitment and responsibility for burdens of ownership	Freedom to try other products
Transfer of ownership	Temporary access, usage or rental
Tangible goods	Goods as services
Possession-oriented	Experience-oriented
Producer/marketer-driven	Consumer-driven
Pay for possession	Pay for access
Risks associated with incorrect product choice, obsolescence, social stigma	Reduced social and obsolescence risk
Potential tax benefits associated with depreciation/amortization or deductions	Tax benefits may be limited
Pay full price	Pay per usage price

The purpose of this research is not to suggest that ownership no longer holds importance for consumers, but rather to suggest a shift toward greater consumer participation in consumption experiences through a wider range of exchange options. Consumers still value possessions and are not ready to sever ties with all forms of ownership (Belk 2007). However, research suggests experiential purchases make consumers happier than material purchases (Nicolao, Irwin, and Goodman 2009). Since non-ownership transactions result in experiences rather than material purchases, perhaps consumers find greater satisfaction in temporary possession through reduction of risk, burdens of ownership, and commitment. Firms have the opportunity to create alternatives for consumers to continue to consume on their own terms, which is fitting with the

growth of consumer involvement through coproduction and increased access to information (Etgar 2008).

Experiential Consumption

As the commoditization of goods and services continues, it becomes increasingly important for marketers to create differentiated experiences and relationships with customers. The dynamic and unique changes currently taking place in the global marketplace related to economic, social, and cultural forces have created an environment ripe for non-ownership consumption. Perhaps, owing to these rapid changes, ownership no longer holds the value it once had in our society (Obenberger and Brown 1976; Berry and Maricle 1973). Pine and Gilmore (1999) suggest we are shifting toward an economy that values experiences over having possessions. Ingelhart (1981) posits that affluent societies deemphasize materialistic goals as lower order needs are satisfied (e.g. shelter, food) and move on to more abstract, less materialistic goals. Many consumers are seeking to simplify their lifestyles in response to the stress, waste and overspending association with conspicuous consumption (Nelson, Rademacher, and Paek 2007). In his book, *The Age of Access* (2000), Jeremy Rifkin states,

Automobile companies, film companies, music companies, and book publishers no longer just sell the physical product – the car, the film, the video, the CD or the book. Rather, they increasingly turn customers into clients and sell access to the “experience” of driving a car, watching a film, listening to music, or reading a book (p. 44).

Companies like Zipcar, Netflix, Rhapsody, and Bookswim represent real world examples of this phenomenon by offering non-ownership consumption opportunities to consumers. Non-ownership service providers like Netflix offer consumers the experience of a product without the commitment and burdens of ownership, giving consumers increased control over how their resources, including time and money, are spent. For example, Netflix removes the responsibilities of ownership and instead sells consumers access to the movie experience with increased selection, the convenience of home delivery, on-demand video streaming, and subscription-based pricing.

The growth of experience seeking over ownership is part of a larger trend toward consumer participation. Exchange is considered to be the central focus of marketing; however,

alternative forms of exchange are becoming increasingly mainstream consumer behaviors (Bagozzi 1975). These alternative forms of exchange require greater consumer participation, as they are required to apply their expertise, time, and creativity to the task of consumption. Non-ownership transactions (i.e., renting) require customer participation in the form of information provision and performance of distribution linked activities (Etgar 2008). Instead of customizing a physical good, consumers who participate in non-ownership consumption are customizing the distribution process and access to a physical good. Similarly, it is well established that the act of shopping or consuming is an experience in and of itself and many consumers derive hedonic pleasure from these activities (Holbrook and Hirschman 1982). Marketing researchers have taken notice of the trend toward customer participation, resulting in an increase in the published research related to co-production, co-creation, and ‘customers as employees’ (Etgar 2008; Vargo and Lusch 2004a; Bettencourt 1997).

The Value Creation Continuum

Most marketing and consumer research is focused on how consumers interact with the external market; however, several researchers have encouraged the exploration of why consumers avoid the market (Hirschman 1987; Bagozzi 1975). Research suggests that consumer involvement broadens the range of value creation opportunities by making the consumer an active collaborator (Mathwick, Malhotra, and Rigdon 2001; Deighton and Grayson 1995). Internal exchange occurs when a consumer acquires the necessary inputs to create their own goods and services while external exchange occurs when a consumer acquires a good or service from a retailer in exchange for value (Lusch, Brown, and Brunswick 1992). Research related to experiential value, co-production, creativity, and consumer empowerment is a reaction to the movement of consumers from passive purchaser to active participant. The exchange choices available to consumers are not dichotomous, but instead exist along a value creation continuum requiring increased consumer participation as the choice moves toward internal exchange (Lusch, Brown, and Brunswick 1992). The range of customer involvement in value creation is depicted in Figure 4.1. Non-ownership exists along the central portion of the value creation continuum as a consumer make-or-buy choice with both internal and external exchange characteristics. As consumers increasingly choose to engage in alternative forms of exchange,

understanding the differences between these choices provides a more comprehensive view of marketing.

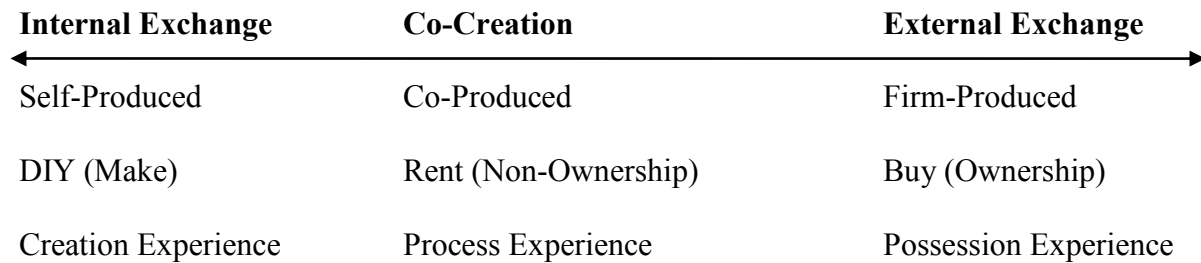


Figure 4.1: The Exchange/Value Creation Continuum

A recent *Journal of Marketing* guest editorial suggests a widening gap between the research focus of marketing academia and the everyday issues faced by today’s businesses (Reibstein, Day, and Wind 2009). Reibstein et al. (2009) call for more research with practical relevance including understanding the new marketplace where technology has created new distribution strategies and empowered consumers. Online retailers offer consumers the opportunity to avoid traditional external markets and instead find alternative ways to acquire products. The rise of the service economy stems from technological advances allowing firms to be interactive with consumers and create customer and situation-specific products (Rust and Lemon 2001). Consumers have the ability to co-produce many goods and services to their desires, which increasingly makes them competitors to goods and services providers. Co-production experiences create feelings of pride, self-identity and fulfillment (Holt 1995). These experiences present firms with the opportunity to build ongoing relationships with consumers by offering memorable buying experiences and a sense of control and convenience (Rust and Lemon 2001). For example, Netflix gives consumers control through customizable queues and convenience through selection of distribution option (i.e., number of movies sent per month). The implications for business as a result of this “move to the middle” in the value creation continuum include supply chain management of inventory to meet just-in-time demand, improved quality due to multiple users, and pricing considerations (Obenberger and Brown 1976; Berry and Maricle 1973).

Choice Commitment and Decision Making

The consumer decision-making process is generally conceptualized to include the following steps: 1) problem recognition, 2) information search (internal and external), 3) evaluation of alternatives, 4) commitment and purchase, and 5) post-purchase evaluation (Olshavsky and Granbois 1979; Janis and Mann 1977). The purpose of this research is to investigate the potential differential impact of non-ownership and ownership acquisition choices on post-purchase evaluations. Past research speaks to the importance of commitment related to consumer choices and commitment related to the possessions (Belk 1988; Janis and Mann 1977). Commitment to choice is an important aspect of the consumer decision-making process and is considered to be a source of stress in situations when the hurdles to reverse decisions or reduce social or financial risk are high (Janis and Mann 1977). Research suggests a relationship between commitment and post-choice evaluations including cognitive dissonance (Festinger 1957). Further, Brehm (1972) suggests the loss of freedom stemming from commitment to choice impacts post-choice evaluations. Models of consumer satisfaction posit that feelings of satisfaction arise when comparisons of expectations to actual product performance or experience are exceeded (Oliver 1980). Kotler (1986) states, “The purpose of exchange networks is to facilitate the pursuit of human satisfaction. If the market system is overextended, and if people want to meet more of their needs, on what grounds should marketers object?” If consumers are influenced to choose an acquisition mode based on differing motivations, it is reasonable to suppose the decision process stemming from the choice to engage in non-ownership versus ownership consumption will differ by virtue of the level of commitment related to the chosen acquisition mode and, therefore, impact post-purchase evaluations.

Current theory has yet to investigate the impact of acquisition mode on post-purchase evaluations. The traditional conceptualization of consumer choice assumes that making a decision requires cognitive effort and commitment; however, some researchers suggest certain purchasing situations require little to no cognitive effort or a reluctance to expend cognitive resources (Hoyer 1984). For example, routine purchases (i.e., laundry detergent) or purchases with low inherent risk may not require the same deliberative decision making or level of commitment as products with higher consequences of reversal (i.e., washing machine) (Hoyer 1984). Given the fact that non-ownership acquisition relieves consumers of many of the responsibilities and burdens of ownership, it is reasonable to assume consumers may not follow

the same deliberative process as they would for ownership acquisition decisions. The importance of these potential choice process differences lies in the fact that more traditionally owned consumer goods are becoming available as non-ownership services. For marketers, this means the same tangible good (i.e., a women's handbag) can be acquired through different modes (i.e., buying, renting, making) and therefore be chosen using different choice processes and evaluations.

Based on past research related to commitment in consumer decisions, several dissimilarities between non-ownership and ownership choices could exist related to the length of commitment, need to bolster/justify choices, ownership commitment and responsibility, and the evaluation of forgone alternatives. It is generally accepted that ownership transactions with higher quality outcomes lead to higher levels of satisfaction. Conversely, it is generally accepted that lower quality outcomes result in lower levels of satisfaction. Lovelock and Gummesson (2004) suggest evaluating services from a non-ownership perspective will "uncover new and different dimensions of service quality". Non-ownership, while not necessarily a new concept, has not been thoroughly explored in the marketing. For this reason, a qualitative study is appropriate to investigate these emerging questions (Creswell 2007).

Methodology

Study 1: Qualitative Investigation of the Impact of Acquisition Mode on Post-Purchase Evaluations

To better understand the impact of acquisition mode on post-purchase evaluations, a qualitative study was conducted. Following a grounded theory approach, semi-structured interviews were conducted with eleven participants currently engaging in non-ownership consumption (Glaser and Strauss 1967). Subjects completed a behavioral consent form that assured their anonymity and individually agreed to have their interviews recorded. All interviewed subjects range in age from 28 to 44 years old and currently participate in non-ownership through renting consumer goods including handbags, music, movies, and cars. Interviews were conducted via telephone at a time convenient for participants. Subjects were provided a \$25 Visa gift card in exchange for their participation. An overview of the qualitative respondents is provided in Table 4.2.

Table 4.2: Qualitative Study Participants

Participant	Gender	Age	Education	Occupation	Marital Status	Children	Rental Categories
Ann	Female	32	Doctorate	Researcher	Single	None	Movies
Beth	Female	32	Graduate School	Media	Single	None	Movies
Cathy	Female	44	College	Marketing Researcher	Married	Two	Handbags, Music, Movies
Dana	Female	40	College	Marketing Consulting	Married	One	Handbags
Ellen	Female	32	Graduate School	Campaign Management	Single	None	Movies
Fay	Female	28	College	Student	Single	None	Music, Movies
Hannah	Female	34	Graduate School	Attorney	Single	None	Car-sharing*
Greg	Male	36	Some Graduate School	Administrator	Married	Two	Movies
Isabel	Female	28	College	HR Administrator	Single	None	Movies, Books
Jane	Female	33	College	Marketing	Single	One	Movies
Kate	Female	33	Graduate School	Non-Profit Management	Single	None	Movies

*Car-share refers to short-term hourly or daily rental while car lease refers to a contracted lease agreement typically lasting 3-5 years with an option to purchase.

Data Analysis

Following each interview, transcripts were reviewed to ensure any relevant issues were discussed in future interviews (Corbin and Strauss 1990). Relevant thoughts were highlighted and identified in the interview transcripts and then categorized and used to derive key differences between non-ownership and ownership acquisition post-purchase evaluations (Strauss 1990). Transcript coding and memo techniques were used to condense and organize interview and observation data (Deshapande 1983; Glaser and Strauss 1967). Participant's responses were analyzed using a constant comparative technique (Strauss and Corbin 1998). First, transcripts were read with specific themes noted in the data. Each transcript was analyzed using open coding to identify the different themes and types of responses that emerged. Second, axial coding techniques were used to identify common patterns, connections, and themes between the first set of coding.

Overall, the results revealed participants' non-ownership decision-making experiences were unique in both the 1) level of commitment associated with non-ownership choices, 2) the

impact of acquisition mode on post-purchase evaluations and 3) the impact of commitment and lack of responsibilities associated with ownership on post-purchase evaluations. More detailed findings are discussed below.

Choice Commitment

Most decision-making research distinguishes between two major phases of the decision-making process – the period before the commitment to a decision and the post-decision period (Festinger 1964). Following the stages of problem recognition, information search, and evaluation of alternatives, consumers reach a point of decision choice – commit to buy, postpone purchase, or avoid the purchase (Luce, Bettman, and Payne 1997). The acquisition stage of the decision-making process occurs at the intersection of these two phases. Non-ownership allows consumers to access their alternative of choice while effectively postponing final choice commitment. For example, Fay, with respect to music, stated, “I like the fact that I can impulsively download things that I might like and I have actually probably discovered a lot of newer bands that I wouldn’t normally listen to that I wouldn’t of had a chance to but through Zune I can make that purchase without making a commit(ment). I can have access to it without making a commitment to it.” Consumers value flexibility during the decision-making process and are more likely to choose alternatives that delay irreversible decisions or commitment to a choice (Kahn, Moore, and Glazer 1987). For example, Cathy, with respect to handbags, stated, “I will look at their collections when they release them and then I will wait sometimes three or four seasons if I really like something to get it or rent it when its new and then buy it used later. Rarely do I buy new.” While non-ownership decisions allow postponement of commitment to choice, ownership decisions require more commitment on the part of the consumer. For example, when asked about owning movies Ellen stated, “It has to be a movie that I absolutely love. Like a classic or a movie from my childhood that I absolutely love or something that even if I have seen it 25 times it still makes laugh and there aren’t a ton of those.” In contrast to owners, non-owners simultaneously delay or postpone commitment to a final choice while gaining the experience of possessing the product through temporary access.

Post-Purchase Evaluation

Past research speaks to the importance of understanding how consumers evaluate products after purchase owing to the impact of these evaluations on customer satisfaction and the ability of marketers to create value for customers (Gardial, Clemons, Woodruff, Schumann, and Burns 1994). Post-purchase evaluations of experiential purchase choices are thought to be based on their own merit as opposed to attributes of forgone alternatives resulting in less difficult and more satisfying choices than decisions to purchase material possessions (i.e., goods) (Carter and Gilovich 2010). Consumers gain experiential value through both the act of consumption and the usage/performance of a product (Holbrook and Hirschman 1982). Owned material possessions are more susceptible to comparison of forgone alternatives and post-decision regret (Kahneman and Miller 1986). For example, Cathy expressed regret with respect to handbag purchases when she stated, “I still could kick myself for purchases I made last year that I actually took back because I thought no this is too much and I shouldn’t be buying this and now I’m like that was the perfect color or the perfect purse for all the stuff and I can’t find it now.” Rumination about forgone alternatives persists after the purchase of material possessions and can undermine satisfaction and cause feelings of cognitive dissonance (Carter and Gilovich 2010). In contrast, Ann expressed little regret after a disappointing non-ownership movie experience, “I turned it (the movie) off and I was like, this is boring and that was fine.” Similarly, she also stated, “If you go to the movies and pay \$10 then you’re really mad if you don’t like it. Redbox is at the other end of the spectrum. It was only \$1 and I’ll never watch it again it wasn’t really a waste (of) my time but hopefully my next movie will be better.” Non-ownership allows consumers to avoid thinking about forgone alternatives and enjoy the experience of possession because of the convenience of the service and lower perceived costs. Perhaps non-ownership choices, given their experiential nature and reduced need to bolster and justify choices, offer consumers the ability to feel that they did not forgo other alternatives but rather postponed them until another time.

Ownership Commitment

Non-ownership choices offer freedom from the burdens of ownership; consumers feel less committed to their purchases and instead focus on the experience with the product as opposed to maintenance, storage and divestiture. Conversely, while there are recognized benefits

to ownership, many consumers feel the burdens of the items they are responsible for maintaining, storing, and eventually divesting. Hannah contrasted the benefits and burdens of ownership versus non-ownership of a car by stating, “I think there are pros and cons for owning and pros and cons for renting. I like having my own car I can use at any time but it does cost a lot of money every month and I do have to have insurance and I do have to worry if it breaks down. I don’t with Zipcar. I didn’t have any of that – insurance was included, gas was included. I mean if there was an issue they dealt with it. Not that I ever had an issue. So in that instance using Zipcar or renting something in general is a lot easier than owning it.”

Non-ownership choices do not require the same level of commitment to choice that ownership choices require which frees the consumer from the need to bolster or justify choices and instead increase the likelihood they will try experiences outside of their usual preferences. For example, Faye owns music that fits her strong music preferences and music that she wants to share with friends, “I tend to buy things that would probably be considered indie rock or indie pop music and sometimes some classic albums. It just depends. If I know that I want to own it then I’ll go ahead and purchase it.” She rents music that allows her to expand her preferences with freedom from commitment to ownership it and without having to make it *hers*. For example, when asked if there were aspects of her Zune account that she would prefer not to own or share with others Faye stated, “I also use my Zune to workout and so I have a ton of cheesy workout songs. So, Top 40 songs, terrible Britney Spears or really bad metal bands, just songs that are kind of cheesy that I download because I like to workout to them but if anybody knew that I listened to those kinds of songs I would probably die.” Similarly, Cathy suggested she enjoyed the freedom associated with not owning music when she stated, “I like the service because it gives you the option of both streaming the music for one fee or free and then you can also download it if you want to.” Unlike ownership, with non-ownership the possibility still remains to try other alternatives, which could lead to greater satisfaction with current decisions.

Hypotheses

Based on the results of the qualitative study, hypotheses were developed to further investigate the relationship between acquisition mode choice and post-purchase evaluations. In services research, satisfaction is viewed as one of the most important post-purchase evaluations given the influence it has over consumer behavioral intentions and customer retention (Cronin,

Brady, and Hult 2000; Oliver 1980). Consumer satisfaction has been defined in a variety of ways in the literature; however, a generally accepted conceptualization is that satisfaction is, “a post-choice evaluative judgment concerning a specific purchase selection” (Westbrook and Oliver 1991). Satisfaction is not an emotion but rather an “evaluation of an emotion” (Hunt, 1977, pp. 459–460), reflecting the positive feelings derived from experiences with goods or services (Rust and Oliver, 1994). Cronin, Brady, and Hult (2000) suggest a direct relationship between service quality and satisfaction and an indirect relationship between service quality and behavioral intentions through satisfaction. Based on the findings from the qualitative study and past research related to acquisition mode, the following hypotheses are proposed:

H1: Acquisition mode will have an effect on post-purchase evaluations of consumer satisfaction

H2: In the presence of a low quality outcome, consumers engaged in non-ownership acquisition are less dissatisfied than consumers engaged in ownership acquisition.

H3: Relative commitment mediates the relationship between acquisition mode and satisfaction.

Study 2: Effect of Acquisition Mode on Post-Purchase Satisfaction

To evaluate the hypotheses developed based on Study 1, an experiment was planned to further investigate the effect of acquisition mode on post-purchase satisfaction. How does satisfaction vary across different acquisition modes and what are the possible ramifications for marketers?

Experimental Design

The study utilized a scenario-based, 3x2 between-subjects experimental design to assess the impact of acquisition mode on post-purchase satisfaction. The experiment employed a 3 (Acquisition Mode: Buying vs. Renting vs. Renting Online) x 2 (Outcome: High Quality vs. Low Quality) design. Renting was the chosen form of non-ownership consumption owing to its focal importance in the growing trend toward non-ownership. A pilot study found movies and textbooks to be of equal interest to both men and women and the product categories ranked first and second, respectively, for behavioral intentions to rent of ten possible rental products. Six

scenarios were designed for each product category. The scenarios either instructed the subject to imagine one of three acquisition modes: buying, renting, or renting online. Renting online is distinguished from renting because of the reduced tangibility of the product purchased. For example in the movie product category, instead of driving to a rental kiosk like Redbox and renting a DVD, consumers subscribe to an online service provider and access a “weightless” product. Similarly, in the textbook product category, consumers drive to a bookstore and rent the required textbook or pay for online access to the textbook. A high or low quality outcome manipulation was presented in each scenario. Quality was chosen as a moderator because we are interested in investigating post-purchase phenomena. The quality outcome manipulation was designed in a way as to not be heavy-handed or lead respondents to choose specific levels of the dependent variables.

Measures

Satisfaction was measured as the dependent variable using a five-item, seven-point Likert scale from Oliver (1980). Relative commitment was adapted from the Pritchard, Havitz, and Howard (1999) scale for commitment and measured using a seven-item, seven-point Likert scale. The commitment scale was adapted to make acquisition mode (buying or renting) more salient to participants. Additionally, value consciousness and price consciousness were collected as covariates to control for confounds and to counter the intuitive reasoning that consumers engage in non-ownership consumption because it is less expensive and would, therefore, influence our dependent variable. Value consciousness is defined as, “a concern for price paid relative to quality received” (Lichtenstein, Ridgway, and Netemeyer 1993). Price consciousness is defined as the degree to which buyers are sensitive to the price they pay for a good or service (Lichtenstein, Block, and Black 1988). Value consciousness was assessed using a six-item, seven-point Likert scale from Lichtenstein, Netemeyer, and Burton (1990). Price consciousness was assessed using a five-item, seven-point Likert scale from Lichtenstein, Ridgway, and Netemeyer (1993). Respondents were also asked their gender, year of birth, income range, education level, and relationship status (see Appendix A.2). The internal consistency of each multi-item scale was assessed using coefficient alpha. Coefficient alpha ranged from $\alpha = .86$ to $\alpha = .98$ for all scales exceeding .70 suggesting reliability (Nunnally 1978). All individual scale items were aggregated to form scale scores for each participant.

Experimental Procedure for Movie Acquisition

Data were collected from a convenience sample of 122 subjects at a large university in the Southeastern United States. Participants were offered the chance to win a \$25 Visa gift card in return for their participation. A 3x2 scenario-based experiment was administered using an online survey tool. Participants ranged in age from 20 to 42, with a mean age of approximately 22 years. The sample consisted of 44 percent male and 56 percent female respondents. Participants were randomly assigned to one of six possible scenarios (see Appendix B.1). They were asked to imagine they were planning an evening with friends to watch a movie. They were told the movie was a film everyone had said they would like to see but was not available yet on-demand from their cable service provider. The scenario then instructed participants that they either chose to buy or rent the movie (physical media or online). Participants were also randomly assigned to either a high or low quality outcome. In the high quality scenario, the movie played as expected. In the low quality scenario, the movie did not play as expected and participants were unable to watch the movie. After reading the scenarios, responses to the measures were collected from participants.

Results for Movie Acquisition

The purpose of Study 1 was to examine the effect of acquisition mode on post-purchase satisfaction. A secondary goal was to determine if there was an interaction between acquisition mode and quality. A two-way Analysis of Variance (ANOVA) revealed a pattern of results consistent with Hypothesis 1. There was a significant main effect of acquisition mode on satisfaction ($F(2,116) = 6.518, p = .002$). There was a significant main effect of quality outcome on satisfaction ($F(1,116) = 244.287, p = .000$). Consistent with Hypothesis 2, a significant interaction exists between acquisition mode (buy/rent/rent online) and quality outcome (low/high) in determining satisfaction ($F(2,116) = 3.804, p = .025$) (see Figure 4.2). Interestingly, when a low quality outcome occurred, acquisition mode influenced the level of customer satisfaction ($M_{\text{rent online}} = 3.61, M_{\text{rent}} = 2.69, M_{\text{buy}} = 1.89$) showing a trend from the acquisition mode with the least tangibility and required effort (renting online) toward the acquisition mode that requires more cognitive effort (buying) (see Table 4.3). The covariate measures of consumer price sensitivity and value consciousness were non-significant, ($F(1,114) = 1.402, p = .239$, n.s.) and ($F(1,114) = .718, p = .399$, n.s.) respectively, indicating that the

level of consumer price sensitivity and value consciousness did not have a significant effect on the level of satisfaction. A possible explanation for the non-significance of the covariates could be due to the fact that consumers were not making a choice between two or more product or acquisition modes but rather randomly assigned to a specific acquisition mode. Perhaps if consumers were asked to choose between owning and renting, they may have made comparisons which would have been related to price sensitivity and value consciousness.

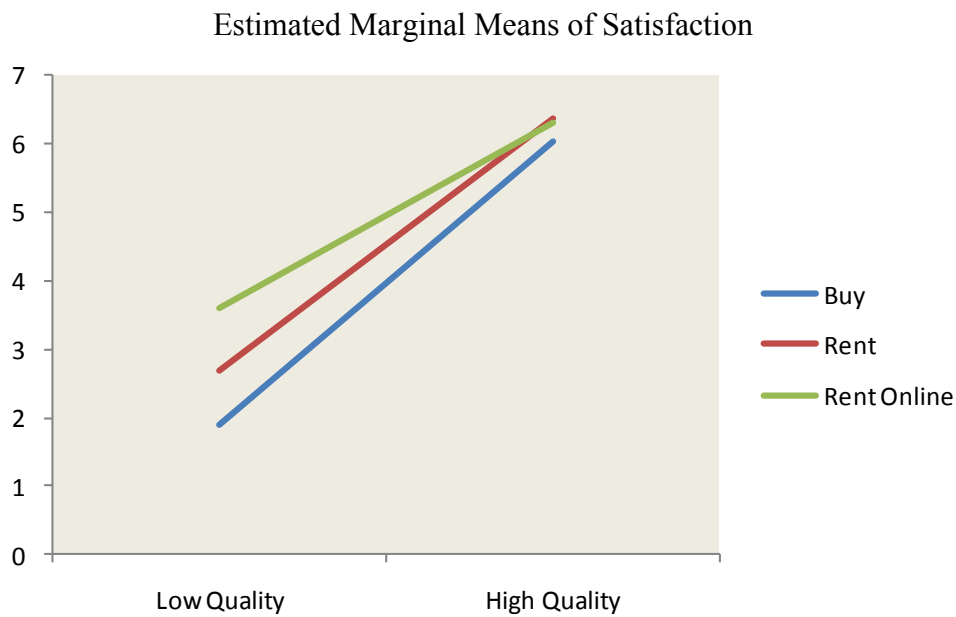


Figure 4.2: Results of Study 2 for Movies

Table 4.3: Study 2 Means by Condition for Movies

Acquisition Mode	Quality	Mean	Std. Error	95% Confidence Level	
				Lower Bound	Upper Bound
Buy	Low	1.895	.282	1.336	2.454
	High	6.050	.275	5.505	6.595
Rent	Low	2.687	.307	2.078	3.297
	High	6.375	.251	5.878	6.872
Rent Online	Low	3.609	.256	3.101	4.117
	High	6.300	.275	5.755	6.845

To determine whether relative commitment mediates the relationship between acquisition mode and satisfaction (Hypothesis 3), mediation testing was performed using the Preacher and

Hayes (2008) macro for evaluating indirect effects (Zhao, Lynch, and Chen 2010). Mediation analysis following the four-step procedure outlined by Baron and Kenny (1986) was conducted with the following results – Step 1: the direct effect of acquisition mode on satisfaction, the relationship was positive and marginally significant ($p = .087$), Step 2: the relationship between acquisition mode and relative commitment was positive and significant ($p = .022$), Step 3: the direct relationship between relative commitment and satisfaction was positive and significant ($p = .003$), Step 4: when both acquisition mode and relative commitment were included as predictors of satisfaction, the relationship between acquisition mode and satisfaction became non-significant ($p = .262$). Although the direct effect of acquisition mode on satisfaction was not significant (Step 1), it is the opinion of many researchers that Steps 2 and 3 are essential to establishing mediation while Step 1 is not required (Kenny, Kashy, and Bolger 1998). Therefore, these results provide support for Hypothesis 3 that relative commitment mediates the relationship between acquisition mode and satisfaction. The Normal Theory test (Sobel test) output revealed that the mean indirect effect of acquisition mode on satisfaction (.1447) was non-significant ($Z = 1.84, p = .066$). However, the Preacher and Hayes (2008) bootstrap method resulted in a 95% confidence interval that did not include zero (.0237 to .3272), which provides support for Hypothesis 3. Although the Normal Theory test (Sobel test) was non-significant, past research suggests the Preacher and Hayes (2008) and Hayes (2009) bootstrap confidence intervals are preferred over the Sobel test because they are more robust to small sample sizes and do not make unrealistic assumptions about the shape of the sampling distribution of the indirect effect. In conclusion, the different forms of mediation testing indicate that, as hypothesized, the level of commitment experienced by the consumer mediates the relationship between acquisition mode and satisfaction.

Experimental Procedure for Textbook Acquisition

In addition to data collected from the movie scenarios, participants were also given a second scenario related to textbook acquisition. The experimental design employed the same purpose, hypotheses, and procedures as the experimental procedure of the movie product category with a 3 (Acquisition Mode: Buying vs. Renting vs. Renting Online) x 2 (Outcome: High Quality vs. Low Quality) design. The data was collected immediately after the movie study. The experiment was not a true repeated measures design because subjects were randomly

assigned to a buy/rent/rent online for both product categories (movies and textbooks) meaning the experimental design was not fully crossed. Data were collected from a convenience sample of 136 subjects at a large university in the Southeastern United States. Participants were offered the chance to win a \$25 Visa gift card in return for their participation. The 3x2 scenario-based experiment was administered using an online survey tool. Participants ranged in age from 20 to 42, with a mean age of approximately 22 years. The sample consisted of 45 percent male and 55 percent female respondents. Participants were randomly assigned to one of six possible scenarios (see Appendix B.2). They were asked to imagine they were registered for a course and needed to acquire a textbook for the class. They were also told the textbook came with a DVD which contained materials required for the course. The scenario then instructed participants they either chose to buy or rent the textbook (physical book or online). Participants were also randomly assigned to either a high or low quality outcome. In the high quality scenario the textbook DVD played as expected and in the low quality scenario the textbook DVD did not play as expected and participants were unable to access the materials required for class. After reading the scenarios, responses to the measures were collected from participants.

Results for Textbook Acquisition

The purpose of Study 1 was to examine the effect of acquisition mode on post-purchase satisfaction. A two-way Analysis of Variance (ANOVA) revealed a pattern of results consistent with Hypothesis 1. There was a significant main effect of acquisition mode on satisfaction ($F(2,130) = 2.438, p = .091$ with $p < .10$). There was a significant main effect of quality outcome on satisfaction ($F(1,130) = 59.490, p = .000$). Although a significant interaction exists between acquisition mode (buy/rent/rent online) and quality outcome (low/high) in determining satisfaction ($F(2,130) = 6.931, p = .001$) it does not provide support consistent with Hypothesis 2 (see Figure 4.3). Unlike the movie product category, the data pattern, when a low quality outcome occurred, did not show the hypothesized trend of non-ownership acquisition leading to less dissatisfaction in low quality outcomes ($M_{\text{rent online}} = 3.18, M_{\text{rent}} = 2.59, M_{\text{buy}} = 4.00$) suggesting a possible underlying difference related to product category (see Table 4.4). The covariate measures of consumer price sensitivity and value consciousness were also non-significant for the textbook study, ($F(1,128) = .025, p = .873$, n.s.) and ($F(1,128) = .360, p = .550$, n.s.) respectively, indicating that the level of consumer price sensitivity and value

consciousness did not have a significant effect on the level of satisfaction. Again, a possible explanation for the non-significant covariate results could stem from the fact that consumers were not making a choice between acquisition modes but rather randomly assigned to either a buy, rent, or rent online condition.

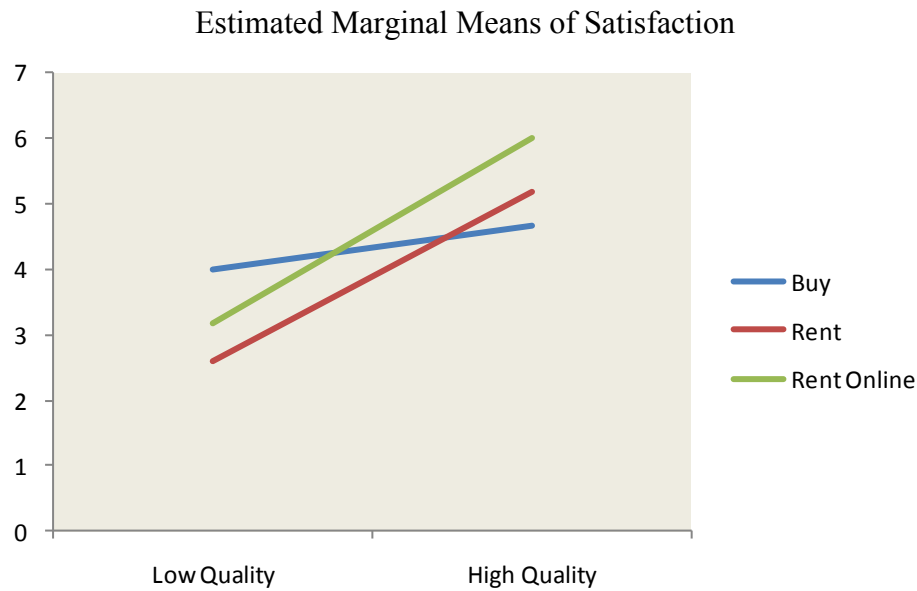


Figure 4.3: Results of Study 2 for Textbooks

Table 4.4: Study 2 Means by Condition for Textbooks

Acquisition Mode	Quality	Mean	Std. Error	95% Confidence Level	
				Lower Bound	Upper Bound
Buy	Low	4.000	.312	3.383	4.617
	High	4.667	.312	4.050	5.283
Rent	Low	2.591	.326	1.947	3.235
	High	5.174	.318	4.544	5.804
Rent Online	Low	3.182	.326	2.538	3.826
	High	6.000	.333	5.341	6.659

To determine whether relative commitment mediates the relationship between acquisition mode and satisfaction (Hypothesis 3), mediation testing was performed using the Preacher and Hayes (2008) macro for evaluating indirect effects (Zhao, Lynch, and Chen 2010). Mediation analysis following the four-step procedure outlined by Baron and Kenny (1986) was conducted

with the following results – Step 1: the direct effect of acquisition mode on satisfaction, the relationship was positive and non-significant ($p = .605$), Step 2: the relationship between acquisition mode and relative commitment was positive and significant ($p = .000$), Step 3: the direct relationship between relative commitment and satisfaction was positive and marginally significant ($p = .053$), Step 4: when both acquisition mode and relative commitment were included as predictors of satisfaction, the relationship between acquisition mode and satisfaction became non-significant ($p = .922$). Although the direct effect of acquisition mode on satisfaction was not significant (Step 1), it is the opinion of many researchers that Steps 2 and 3 are essential to establishing mediation while Step 1 is not required (Kenny, Kashy, and Bolger 1998). Therefore, these results provide support for the Hypothesis 3 that relative commitment mediates the relationship between acquisition mode and satisfaction. The Normal Theory test (Sobel test) output revealed that the mean indirect effect of acquisition mode on satisfaction (.1228) to be significant at $p < .10$ ($Z = 1.74, p = .082$) which is consistent with hypothesis 3. However, the Preacher and Hayes (2008) bootstrap method resulted in a 95% confidence interval that included zero (-.0066 to .3135), which does not provide support for Hypothesis 3. Although the Preacher and Hayes (2008) bootstrapping method was non-significant, both the Baron and Kenny and Sobel Test methods for testing mediation supported Hypothesis 3. In conclusion, the different forms of mediation testing indicate that, as hypothesized, the level of commitment experienced by the consumer mediates the relationship between acquisition mode and satisfaction.

Study 2 Discussion

Study 2 was designed to test the impact of acquisition mode on post-purchase evaluations of consumer satisfaction. The findings for the movie product category suggest acquisition mode and quality outcome have the ability to differentially impact consumer satisfaction. Consistent with the qualitative study and supporting literature, the level of commitment associated with acquisition mode plays a role in determining consumer satisfaction. Specifically, non-ownership acquisition requires less commitment to choice and results in fewer responsibilities commonly associated with ownership. The findings of the textbook product category also revealed acquisition mode and quality have the ability to differentially impact consumer satisfaction; however, the hypothesized data pattern was not supported. This discrepancy between the two chosen product categories could exist for several reasons. First, the movie scenarios were

framed as a hedonic purchase while the textbook scenarios were framed as a utilitarian purchase. Past research suggests that motivations differ for hedonic and utilitarian shopping experiences (Arnold and Reynolds 2003). Perhaps, hedonic acquisition and utilitarian acquisition evoke different expectations leading to different post-purchase evaluations. Second, since movies are commonly rented and textbooks have only recently become available for rent, it is possible that past experience or learned expertise related to acquisition mode played a role in the post-purchase evaluations of satisfaction. For example, in the movie condition consumers are familiar with the remedies for poor outcomes in non-ownership acquisitions, while in the textbook condition, consumers may feel a level of uncertainty because of their unfamiliarity with renting this product category. Another possible explanation is that most students have experience with the return policies of bookstores and may feel it would be an inconvenience to try and return a defective product. Finally, while the covariates related to price sensitivity and value consciousness were non-significant in both product categories, it is possible that given a choice between two acquisition modes (owning or renting) for the same product, these variables may become more salient and possibly explain the differences between a relatively inexpensive (movie) product and a more expensive product (textbook). The primary contribution of this study is the finding that acquisition mode can impact post-purchase evaluations, which enhances our knowledge of the value creation continuum. Future research should investigate the possible differences among consumer products available through non-ownership service providers to help firms better understand the most effective methods for marketing their service and sales offerings. Specifically related to the movie product category or hedonic products, the implications of this finding are that non-ownership service providers should focus on the lack of commitment to choice associated with renting.

Discussion and Implications

Marketing goods as services presents distinct challenges to marketers because the core product is still a physical good (Lovelock and Gummesson 2004). Non-ownership is an emerging alternative to traditional acquisition of goods through ownership. The consumer decision-making process has received much attention; however, acquisition mode has yet to be addressed as a key factor affecting the decision making process. With few exceptions, the marketing literature has assumed ownership as the acquisition mode, with good reason given the

importance ownership holds in consumption behavior. However, alternatives to ownership such as renting are becoming more popular among consumers and deserve investigation to better understand the potential impact of acquisition mode on the consumer decision-making process. Post-purchase evaluations such as satisfaction have been shown to impact consumer behavioral intentions and consumer loyalty. The results of the present research are the first to show that acquisition mode plays a role in post-purchase evaluations of satisfaction. Most importantly, in the face of a low quality outcome, consumers are less dissatisfied when they choose to rent than to own. With the growth of non-ownership opportunities, it is important for firms to understand the differential impact that acquisition mode has on the consumer decision-making and post-purchase evaluations. Firms whose business models have focused on external exchange may find it necessary to expand their exchange options to reach consumers moving toward the middle of the value exchange continuum. A major opportunity exists for retailers to enter the services market by offering non-ownership options for consumers, however, with this expansion comes possible implications for product manufacturing which could be counterproductive (at least in the near term) for profitability.

While the focus of the hypotheses was on a low-quality outcome, it is interesting that there were no significant differences between acquisition mode (buying, renting, renting online) for a high-quality outcome on post-purchase evaluations of satisfaction. If there are no significant differences when the quality outcome is high, firms should choose to offer acquisition mode(s) that result in higher profits. However, it remains to be seen if non-ownership acquisition is more or less profitable than ownership acquisition for firms. For example, Zipcar has yet to make a profit given the capital-intensive nature of car-sharing (Ovide 2011), while Netflix has been profitable in the past but recently has begun to struggle with the increased costs of international expansion and increased competition (Edwards 2011).

The results of this research suggest that commitment plays a mediating role between acquisition mode and post-purchase evaluations of satisfaction. Marketing research has traditionally posited that consumer decisions require cognitive effort and commitment; however, some researchers suggest certain purchasing situations require less of these attributes (Hoyer 1984). Since non-ownership acquisition relieves consumers of customary responsibilities and burdens associated with ownership, it is reasonable to assume consumers may engage in the same amount of choice commitment and cognitive effort as they would for ownership acquisition

decisions. Consumers are now able to acquire goods through non-ownership services as opposed to only being able to purchase them through ownership acquisition. The same tangible good can be acquired through different acquisition modes (i.e., buying, renting, making) and therefore be chosen using different choice processes and evaluations. The implication for firms is that the same product may need to be marketed differently depending on the way in which consumers acquire it.

Limitations and Future Research

The results of this study contribute to the understanding of the role acquisition mode plays in the consumer decision-making process, however, as with any study there are limitations. First, several consumer goods are available for consumers to rent instead of own. Movies and textbooks were chosen as the products for the experimental study because they were found to be equally interesting to both men and women. The results of Study 2 may have been different if a product category that consumers were not familiar with in the non-ownership context was chosen. A second limitation of this research is the higher number of female to male subjects who participated in the qualitative study. While efforts were made to interview an equal number of females and males, more females responded to the requests for qualitative interviews. In the future a more purposive sample of males should be interviewed to investigate potential gender differences related to acquisition choices. A third limitation to this research is the participant sample in Study 2. The average age of Study 2 participants was 22 suggesting a sample of younger consumers. While the concept of non-ownership is applicable to this age group, it is possible that they are more accepting of non-ownership than older consumers given their greater exposure to non-ownership choices. Future research should investigate the generational attitudes toward non-ownership and alternative forms of exchange.

The opportunities for future research on alternatives to ownership are many. First, based on the results of the present research, it would be interesting to explore the impact of non-ownership acquisition of hedonic versus utilitarian products on post-purchase evaluations. The results of Study 2 suggest that there may be a difference in post-purchase evaluations of non-owned hedonic purchases versus non-owned utilitarian purchases. Perhaps these findings explain why consumer product categories like handbags, music, and movies are common and popular rental choices. Similarly, it would be interesting to understand if consumers view

pleasure or task-oriented non-ownership acquisition in the same way. One way to investigate the role of hedonic vs. utilitarian motivations would be to take the same product categories (movies and books) and switch the context in which the consumer is making the acquisition choice. For example, instead of the movie being for a pleasurable experience, it would be required viewing for a class. Similarly, the book would no longer be required for a class, but would instead be acquired for fun and personal enrichment.

Second, although the present research suggests consumers are not as dissatisfied in the face of a low quality outcome when they rent, it is worth noting that consumers did not receive a “boost” in the high quality condition when they chose to own. Given the deliberation consumers are thought to go through to make a decision, it would be reasonable to assume that when they are met with a positive outcome they would feel justified in their choice. However, our results suggest there was not a significant difference between acquisition modes in a high quality outcome. One possible explanation could be that the products chosen for the experimental design do not evoke positive feelings of confirmation for making a good decision. Perhaps, products with higher financial or social risk would illicit boosts in satisfaction for high quality ownership acquisitions. Finally, Lovelock and Gummesson (2004) suggest it is possible that consumers’ brand preferences could shift from the characteristics of the core product (i.e., car) to those of the rental service provider in non-ownership acquisition situations. If the service provider brand looms larger than the brand of the rented physical product, this could possibly lead to reduced brand equity for the multitude of luxury brands available for rent today. For example, Zipcar offers a variety of brands including BMW, Audi, Volvo, and Volkswagen, however, consumers are likely looking to rent based on needs and convenience instead of looking to rent a specific brand. While consumers may be more inclined to search by brand for other products categories (e.g., fashion accessories), it would be interesting to understand how the role of brand changes when consumers access a good as a service. As alternatives to ownership become more widely adopted by consumers, it is important for marketing researchers to understand the impact of not owning and the role of acquisition mode on consumer decisions.

CHAPTER 5

CONCLUSION

The purpose of this dissertation was to contribute to our understanding of non-ownership consumption behavior. A set of three essays examined non-ownership and the impact of alternative forms of exchange on the consumer decision making process. Essay 1 investigated consumer motivations to participate in non-ownership consumption through service providers like Zipcar, Netflix, and Rhapsody. The results of Essay 1 provide insights into the motivations of consumers who choose to engage in non-ownership ranging from freedom from the responsibilities of ownership and the opportunity to be environmental responsible. Essay 2 explored differences in the decision-making process for non-ownership consumption choices. The findings of Essay 2 suggest non-ownership decisions differ from ownership decisions based on reduced commitment to choice, feelings of freedom, choice strategy, and valuation of choice. Based on the results of a qualitative study conducted for Essay 2, Essay 3 further explored the impact of non-ownership acquisition choice on post-purchase evaluations. An experimental study was conducted to evaluate the impact of acquisition mode on post-purchase evaluations of satisfaction. The findings suggest acquisition mode plays a role in post-purchase evaluations of satisfaction. Understanding how differing levels of commitment, by virtue of acquisition mode chosen, impact post-purchase evaluations will help managers better understand the impact of offering consumers non-ownership alternatives to owning. The goal of this dissertation was to develop a better understanding of non-ownership consumption in an effort to contribute to a more comprehensive theory of marketing. This research provides several theoretical and managerial contributions including a greater understanding of a growing market for non-ownership experiences, a more comprehensive overview of the full market of both non-ownership and ownership consumption choices, and meaningful managerial insight into how to best offer both non-ownership and ownership purchase options to consumers.

APPENDICES

APPENDIX A: MEASURES

Appendix A.1: Chapter 2 Measures

Independent Variables

Possessiveness

- Owning a car is more appealing to me than renting or leasing one.
- I tend to hang on to things I should probably throw out.
- I get very upset if something is stolen from me, even if it has little monetary value.
- I get particularly upset when I lose things.
- I am more likely than most people to lock things up.
- I would rather buy something I need than borrow it from someone else.
- I worry about people taking my possessions.
- When I travel I like to take a lot of photographs.
- I never discard old pictures or snapshots.

Source: Belk 1985

Materialism

- I do not have all the things I really need to enjoy life.
- My life would be better if I owned certain things I do not have.
- I would be happier if I owned nicer things.
- I would be happier if I could afford to buy more things.
- It sometimes bothers me quite a bit that I cannot afford to buy all the things I would like.

Source: Richins and Dawson 1992

Innovation

- I like to take chances.
- I like to experiment with new ways of doing things.
- I like to buy new and different things.
- I am usually among the first to try new products.

Source: Donthu and Garcia 1999

Frugality

- Making better use of my resources makes me feel good.
- I believe in being careful in how I spend money.
- I discipline myself to get the most from my money.
- I am willing to wait on a purchase I want so that I can save money.
- There are things I resist buying today so I can save for tomorrow.

Source: Lastovicka, Bettencourt, Hughner, and Kuntze 1999

Variety Seeking

- I like to try different things.

I like a great deal of variety.
I like new and different styles.

Source: Donthu and Gilliland 1996

Status Consciousness

I would buy a product just because it has status.
I am interested in new products with status.
I would pay more for a product if it had status.
The status of a product is important to me.
A product is more valuable to me if it has some snob appeal.

Source: Eastman, Goldsmith, and Flynn 1999

Fashion Consciousness

I usually have one or more outfits of the newest style.
I keep my wardrobe up-to-date with the changing fashions.
Fashionable, attractive styling is very important to me.
To get variety, I shop different stores and choose different brands.

Source: Shim and Gehrt 1996

Environmental Consciousness

I would be willing to make personal sacrifices for the sake of slowing down pollution even though the immediate results may not seem significant.
The benefits of modern consumer products are less important than the pollution that results from their production and use.
We must prevent any type of animal from becoming extinct, even if it means sacrificing some things for ourselves.
Even if public transportation was more efficient than it is, I would prefer to drive my car to work.
If asked, I would contribute time, money, or both to an organization that works to improve the quality of the environment.

Source: Weigel and Weigel 1978

Risk Aversion

I would rather be safe than sorry.
I want to be sure before I purchase anything.
I avoid risky things.

Source: Donthu and Garcia 1999

Dependent Variables

Attitude toward Non-Ownership

Enthusiastic
Interested
Excited
Inspired
Proud
Thrilled

Source: Richins 1997

Behavioral Intention toward Non-Ownership

I would consider renting products (i.e. handbags, golf clubs, cars, and jewelry)

The likelihood that I would rent online is high

If I were going to rent a product, I would rent it online

The likelihood that I would participate in renting is high

Source: Teo 2002

Appendix A.2: Chapter 4 Measures

Satisfaction:

I am satisfied with my decision to buy(rent).

If I had it to do all over again, I would feel the same about my experience buying(renting).

My choice to buy(rent) was a wise one.

I feel bad about my decision concerning buying(renting).

I think that I did the right thing when I decided to buy(rent).

Source: Oliver 1980

Relative Commitment

Position Involvement

I prefer to buy(rent) rather than rent(buy) because it comes closest to reflecting my lifestyle.

When I buy(rent) rather than rent(buy) it reflects the kind of person I am.

I prefer to buy(rent) rather than rent(buy) because it makes me feel important.

Resistance to Change

My preference to buy(rent) rather than rent(buy) would not willingly change.

It would be difficult to change my beliefs about buying(renting) versus renting(buying).

Even if close friends recommended renting(buying), I would not change my preference for buying(renting).

To change my preference for buying(renting) rather than renting(buying) would require major rethinking.

Source: Pritchard, Havitz, and Howard 1999

Price Sensitivity:

Value consciousness

I am very concerned about low prices, but I am equally concerned about product quality.

When shopping, I compare the prices of different brands to be sure I get the best value for the money.

When purchasing a product, I always try to maximize the quality I get for the money I spend.

When I buy products, I like to be sure that I am getting my money's worth.

I generally shop around for lower prices on products, but they still must meet certain quality requirements before I buy them.

I always check prices at the store to be sure I get the best value for the money I spend.
Source: Lichtenstein, Netemeyer, and Burton 1990

Price consciousness

I am willing to go to extra effort to find lower prices.

I will shop at more than one store to take advantage of low prices.

The money saved by finding low prices is usually worth the time and effort.

I would shop at more than one store to find low prices.

The time it takes to find low prices is usually worth the effort.

Source: Lichtenstein, Ridgway, and Netemeyer 1993

Open-ended Questions:

What would you do if you were told you couldn't return the movie you purchased because it was opened? (Buy condition only)

In your opinion, what is this study about?

APPENDIX B

SCENARIOS

Appendix B.1: Chapter 4 Movie Scenarios

Introduction (viewed by all)

You will be asked about a movie watching experience. Movies can be bought or rented from retail stores or service providers. When movies are purchased, they can be returned for a refund or credit to the retail store if they have not been opened. Once opened, they cannot be returned. When movies are rented from a retail store, kiosk, or from an online service provider (such as Netflix) they can be returned or exchanged within a specified time period.

1. Movie – Buy x High Quality

Imagine you are hosting a movie night for a group of your friends. You are planning to show a newly released movie not yet available from your cable TV provider that everyone has said they would like to see. You decide to buy the movie from a retail store. When your friends arrive you start the movie. You realize that the picture quality is good and you continue watching the movie.

Please answer the following questions based on your thoughts and feelings about this experience:

2. Movie – Rent x High Quality

Imagine you are hosting a movie night for a group of your friends. You are planning to show a newly released movie not yet available from your cable TV provider that everyone has said they would like to see. You decide to rent the movie from a kiosk. When your friends arrive you start the movie. You realize that the picture quality is good and you continue watching the movie.

Please answer the following questions based on your thoughts and feelings about this experience:

3. Movie – Rent Online x High Quality

Imagine you are hosting a movie night for a group of your friends. You are planning to show a newly released movie not yet available from your cable TV provider that everyone has said they would like to see. You decide to rent the movie from an online service provider. When your friends arrive you start the movie. You realize that the picture quality is good and you continue watching the movie.

Please answer the following questions based on your thoughts and feelings about this experience:

4. Movie – Buy x Low Quality

Imagine you are hosting a movie night for a group of your friends. You are planning to show a newly released movie not yet available from your cable TV provider that everyone has said they would like to see. You decide to buy the movie from a retail store. When your friends arrive you

start the movie. You realize that the picture quality is poor and you are unable to continue watching the movie.

Please answer the following questions based on your thoughts and feelings about this experience:

5. Movie – Rent x Low Quality

Imagine you are hosting a movie night for a group of your friends. You are planning to show a newly released movie not yet available from your cable TV provider that everyone has said they would like to see. You decide to rent the movie from a kiosk. When your friends arrive you start the movie. You realize that the picture quality is poor and you are unable to continue watching the movie.

Please answer the following questions based on your thoughts and feelings about this experience:

6. Movie – Rent Online x Low Quality

Imagine you are hosting a movie night for a group of your friends. You are planning to show a newly released movie not yet available from your cable TV provider that everyone has said they would like to see. You decide to rent the movie from an online service provider. When your friends arrive you start the movie. You realize that the picture quality is poor and you are unable to continue watching the movie.

Please answer the following questions based on your thoughts and feelings about this experience:

Appendix B.2: Chapter 4 Textbook Scenarios

Introduction (viewed by everyone)

You will be asked about an experience with a course textbook. Textbooks can be bought or rented from the campus bookstore or service providers. When textbooks are purchased, they can be returned for a refund or credit before the end of the first week of classes. To be returned or exchanged, textbooks with CDs and DVDs must be unopened, still in the shrink-wrap or original protective packaging. When textbooks are rented from the campus bookstore or from an online service provider (such as Chegg) they can be returned or exchanged within 30 days of purchase.

1. Book – Buy x High Quality

Imagine you registered for a class on the last day of the drop/add period. Your schedule is now finalized and you cannot make further changes. A textbook is required for the class. The required textbook for the course includes a CD with additional materials you will need to access throughout the semester. You decide to buy the required textbook from the campus bookstore. The next week, you attend the class for the first time, insert the CD into your laptop, and access the materials required for class.

Please answer the following questions based on thoughts and feelings about this experience:

2. Book – Rent x High Quality

Imagine you registered for a class on the last day of the drop/add period. Your schedule is now finalized and you cannot make further changes. A textbook is required for the class. The required textbook for the course includes a CD with additional materials you will need to access throughout the semester. You decide to rent the required textbook from the campus bookstore. The next week, you attend the class for the first time, insert the CD into your laptop, and access the materials required for class.

Please answer the following questions based on thoughts and feelings about this experience:

3. *Book – Rent Online x High Quality*

Imagine you registered for a class on the last day of the drop/add period. Your schedule is now finalized and you cannot make further changes. A textbook is required for the class. The required textbook for the course includes a CD with additional materials you will need to access throughout the semester. You decide to rent the required textbook from an online service provider. The next week, you attend the class for the first time, insert the CD into your laptop, and access the materials required for class.

Please answer the following questions based on thoughts and feelings about this experience:

4. *Book – Buy x Low Quality*

Imagine you registered for a class on the last day of the drop/add period. Your schedule is now finalized and you cannot make further changes. A textbook is required for the class. The required textbook for the course includes a CD with additional materials you will need to access throughout the semester. You decide to buy the required textbook from the campus bookstore. The next week, you attend the class for the first time, insert the CD into your laptop, and discover that you are unable to access the materials required for class.

Please answer the following questions based on thoughts and feelings about this experience:

5. *Book – Rent x Low Quality*

Imagine you registered for a class on the last day of the drop/add period. Your schedule is now finalized and you cannot make further changes. A textbook is required for the class. The required textbook for the course includes a CD with additional materials you will need to access throughout the semester. You decide to rent the required textbook from the campus bookstore. The next week, you attend the class for the first time, insert the CD into your laptop, and discover that you are unable to access the materials required for class.

Please answer the following questions based on thoughts and feelings about this experience:

6. *Book – Rent Online x Low Quality*

Imagine you registered for a class on the last day of the drop/add period. Your schedule is now finalized and you cannot make further changes. A textbook is required for the class. The required textbook for the course includes a CD with additional materials you will need to access throughout the semester. You decide to rent the required textbook from an online service provider. The next week, you attend the class for the first time, insert the CD into your laptop, and discover that you are unable to access the materials required for class.

Please answer the following questions based on thoughts and feelings about this experience:

APPENDIX C

HUMAN SUBJECTS APPROVAL

Office of the Vice President For Research
Human Subjects Committee
Tallahassee, Florida 32306-2742
(850) 644-8673, FAX (850) 644-4392

APPROVAL MEMORANDUM

Date: 2/7/2011

To: Stephanie Lawson

Dept.: COLLEGE OF BUSINESS

From: Thomas L. Jacobson, Chair

Re: Use of Human Subjects in Research
Forsaking Ownership: Three Essays on Non-Ownership Consumption and Alternative Forms of Exchange

The application that you submitted to this office in regard to the use of human subjects in the proposal referenced above have been reviewed by the Secretary, the Chair, and two members of the Human Subjects Committee. Your project is determined to be Expedited per 45 CFR Â§ 46.110(7) and has been approved by an expedited review process.

The Human Subjects Committee has not evaluated your proposal for scientific merit, except to weigh the risk to the human participants and the aspects of the proposal related to potential risk and benefit. This approval does not replace any departmental or other approvals, which may be required.

If you submitted a proposed consent form with your application, the approved stamped consent form is attached to this approval notice. Only the stamped version of the consent form may be used in recruiting research subjects.

If the project has not been completed by 2/3/2012 you must request a renewal of approval for continuation of the project. As a courtesy, a renewal notice will be sent to you prior to your

expiration date; however, it is your responsibility as the Principal Investigator to timely request renewal of your approval from the Committee.

You are advised that any change in protocol for this project must be reviewed and approved by the Committee prior to implementation of the proposed change in the protocol. A protocol change/amendment form is required to be submitted for approval by the Committee. In addition, federal regulations require that the Principal Investigator promptly report, in writing any unanticipated problems or adverse events involving risks to research subjects or others.

By copy of this memorandum, the Chair of your department and/or your major professor is reminded that he/she is responsible for being informed concerning research projects involving human subjects in the department, and should review protocols as often as needed to insure that the project is being conducted in compliance with our institution and with DHHS regulations.

This institution has an Assurance on file with the Office for Human Research Protection. The Assurance Number is IRB00000446.

Cc: Michael Hartline, Advisor
HSC No. 2010.5221

Behavioral Consent Letter

“Non-Ownership Consumption”

You are invited to be in a research study of consumer experiences with non-ownership (i.e. renting) service providers. We ask that you read this form and ask any questions you may have before agreeing to be in the study.

This research is being conducted by Stephanie J. Lawson, who is a doctoral candidate in the College of Business at The Florida State University.

Background Information:

The purpose of this research project is to better understand the growing trend toward non-ownership consumption by consumers and the potential benefits and disadvantages for organizations. If you choose to in the project you will be asked questions about my thoughts, feelings related to non-ownership consumption.

Procedures:

If you agree to participate in this study, you will be asked to complete a questionnaire. The one-time questionnaire will take approximately 15-20 minutes to complete. Participation in this study

is completely voluntary and there is no penalty for not participating. You may stop participation at any time without penalty.

Benefits and Risks of Being in the Study:

The benefits of participating in this research project include: facilitating research on consumer behavior will help managers better understand alternatives to ownership. Your responses will also enhance research on marketing at The Florida State University. There are no foreseeable risks or discomforts if you agree to participate in this study.

Confidentiality:

All of your responses to the questions will be kept confidential to the extent allowed by law. In any sort of report that we might publish, we will not include any information that will make it possible to identify your responses. Research records will be stored securely and only researchers will have access to the records.

Compensation:

In exchange for your participation you will be entered for a chance to receive a \$25 American Express gift card. A random drawing will determine the participants who will receive gift cards. Gift cards will be disbursed after survey data collection is complete.

Voluntary Nature of the Study:

Participation in this study is totally voluntary and you may stop participation at any time without penalty.

Contacts and Questions:

This research is being conducted by Stephanie J. Lawson, who is a doctoral candidate in the College of Business at The Florida State University. If you have questions, you are encouraged to contact Ms. Lawson at XXX or XXX. You may also contact Dr. Michael D. Hartline at XXX if you have any questions concerning your participation in this study.

If you have any questions or concerns regarding this study and would like to talk to someone other than the researcher(s), you are encouraged to contact the FSU IRB at 2010 Levy Street, Research Building B, Suite 276, Tallahassee, FL 32306-2742, or 850-644-8633, or by email at humansubjects@magnet.fsu.edu.

You will be given a copy of this information to keep for your records.

Statement of Consent:

I have read the above information. I freely, voluntarily, and without element of force or coercion, consent to be a participant in this research project.

Please enter your name below to signify your consent.

Signature

Date

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