

Free upgrades with costly consequences

Can preferential treatment inflate customers' entitlement and induce negative behaviors?

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Abstract

Purpose – Companies often provide preferential treatment, such as free upgrades, to customers. The present study aims to identify a costly consequence of such preferential treatment (i.e. opportunistic behavior) and reveal which type of customer is most likely to engage in that negative behavior (i.e. new customers).

Design/methodology/approach – Across two experimental studies, the authors test whether preferential treatment increases customers' entitlement, which in turn increases their propensity to behave opportunistically. Moderated mediation analysis further tests whether that mediated effect is moderated by customers' prior relationship with the company.

Findings – Preferential treatment increases feelings of entitlement, which consequently triggers customers' opportunistic behaviors. New customers are more likely to feel entitled after preferential treatment than repeat customers, and hence new customers are more likely to behave opportunistically. Preferential treatment also increases customers' suspicion of the company's motives, but suspicion was unrelated to opportunistic behavior.

Research limitations/implications – Future research may focus on other marketplace situations that trigger entitlement and explore whether multiple occurrences of preferential treatment provide different effects on consumers.

Practical implications – Present findings demonstrate that preferential treatment can evoke opportunistic behaviors among customers. The authors suggest that preferential treatment should be provided to customers who previously invested in their relationship with a company (i.e. repeat customers) rather than new customers.

Originality/value – Prior research has focused more on the ways companies prioritize their repeat customers than how they surprise their new customers. The present research instead examines preferential treatment based on customers' relationship with a firm (i.e. both repeat and new customers) and demonstrates behavioral and contextual effects of entitlement.

Keywords Entitlement, Consumer ethics, Free upgrade, Opportunistic behavior, Preferential treatment

Paper type Research paper



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Imagine you get an upgrade on a long-haul flight from an airline you have never flown with before. How will you react? Will you appreciate it? Will you immediately become a loyal customer of this airline or will you expect more perks and unexpected benefits during your flight? Would you react differently on such an upgrade if you were a loyal customer of that airline? This research sheds more light on the consequences of preferential treatment and investigates reactions of various groups of customers on such treatment.

Preferential treatment, whereby some customers are afforded benefits that are not offered to other customers, is commonly used by companies to reward their customers (Jiang *et al.*, 2013; Shin and Sudhir, 2010; Wetzel *et al.*, 2014). Popular methods include random prizes, exclusive discounts and free upgrades. Given the ubiquity of preferential treatment in current managerial practice, the present research addresses the following questions:

- RQ1. Might preferential treatment have some unintended negative consequences for companies, such as increasing opportunistic behaviors by consumers?
- RQ2. Do new and existing customers react differently to preferential treatment?
- RQ3. And if so, does preferential treatment elicit more negative consequences (i.e. opportunistic behaviors) by new customers or by existing customers?

For many years, the research literature indicated that preferential treatment is equally beneficial for the company and its customers. Preferential treatment was shown to increase customers' satisfaction levels, positive word-of-mouth and overall commitment (Gwinner *et al.*, 1998; Homburg *et al.*, 2008; Lacey *et al.*, 2007). However, more recent research demonstrates that preferential treatment can sometimes backfire on companies: it might embarrass the rewarded customer (Jiang *et al.*, 2013), evoke feelings of injustice in others (Söderlund *et al.*, 2014) and decrease satisfaction and repurchase and recommendation intentions among customers who do not receive the preferential treatment (Zhang and Hanks, 2015).

Thus, prior research has investigated the negative consequences of preferential treatment in terms of embarrassment among rewarded customers and injustice among unrewarded customers. Another potential negative consequence that has not yet been investigated is a sense of entitlement among rewarded customers. Given that receiving preferential treatment tends to evoke in customers a sense that they are special (Wetzel *et al.*, 2014), we investigated whether preferential treatment might even evoke entitlement in customers. Such an effect could be important because entitled customers may tend to behave opportunistically, in ways that could be costly for the company. Such a link between preferential treatment and consumers' opportunistic behaviors has not previously been shown. Moreover, although such perks are regularly offered to both repeat customers (e.g. loyalty programs) and new customers alike (e.g. introductory discounts), very little is currently known of whether preferential treatment differentially affects those customer groups (Jiang *et al.*, 2013 and Zhang and Hanks, 2015 for exception).

In two experiments, we demonstrate that preferential treatment can inflate customers' sense of entitlement, which in turn can increase their likelihood of committing ethically questionable acts such as consuming products in a store without paying for them or racially discriminating against a flight attendant. Indeed, we show that preferential treatment can elicit opportunistic behaviors toward not only the company in question, but also other companies and customers more generally. However, we also show that preferential treatment only increases entitlement and induces opportunism among new customers, and not among repeat customers.

We believe that this research provides several novel contributions. First and foremost, by identifying unintended negative consequences of providing preferential treatment, we challenge the prevailing wisdom of a common marketing practice. Specifically in terms of unearned preferential treatment, relatively little is currently known of its behavioral consequences (but see [Eggert et al., 2015](#); [Jiang et al., 2013](#)), and the present research is the first to demonstrate that – somewhat surprisingly – preferential treatment can actually induce bad behavior by the very customers who receive such treatment. Second, although prior research has shown that preferential treatment can lead customers to feel more deserving of its promotional outcomes than customers who invested little or no effort ([Reczek et al., 2014](#)), the present research goes even further in showing that it can induce a full-blown sense of entitlement. This research thus adds to the growing literature on negative consequences of customer entitlement ([Boyd and Helms, 2005](#); [Campbell et al., 2004](#); [Poon et al., 2013](#)).

Third, our research introduces a more nuanced approach to the phenomenon of preferential treatment and demonstrates how it might elicit sharply contrasting reactions among new and repeat customers. We show that providing preferential treatment to new customers can backfire severely, with potentially costly consequences for the company. And in contrast, *not* providing preferential treatment to repeat customers may also induce bad behavior. Fourth and finally, our research contributes to the marketing ethics field and explores opportunistic behavior of consumers, rather than companies. It should be noted that opportunistic behavior by customers has received relatively little attention in the literature. Prior research has shown opportunistic behaviors in some limited contexts ([Wirtz and Kum, 2004](#); [Wirtz and McColl-Kennedy, 2010](#)), but the present research demonstrates such opportunism in the relatively common context of free upgrades, and further reveals that this opportunism can extend beyond the company that initially induces it. From a practical standpoint, we discuss the practice of preferential treatment provision and suggest that such treatment might be an effective strategy with repeat customers, but we also warn managers against providing preferential treatment to customers who do not have a stable relationship with the firm.

In the remainder of this theoretical introduction, we first briefly review the literature on preferential treatment before considering its potential impact on customers' sense of entitlement and, ultimately, their propensity to behave opportunistically. Finally, we consider how new and repeat customers may interpret and respond differently to such preferential treatment.

Theoretical framework

Preferential treatment

Preferential treatment is the provision of benefits to some customers but not others ([Jiang et al., 2013](#); [Söderlund et al., 2014](#)). There are many forms of preferential treatment, such as random-draw prizes (e.g. customer sweepstakes), milestone prizes (e.g. for the one-millionth customer), introductory gifts, surprise gifts, exclusive previews, selective discounts, initial bonuses and free upgrades, among many others. A fundamental distinction among the various forms of preferential treatment is the basis on which rewarded customers are selected. In some cases, preferential treatments are provided specifically to repeat customers, often through a corporate loyalty program (e.g. Skymiles) or a “loyalty card” (e.g. buy nine sandwiches and the tenth is free)[1]. Prior research has revealed much about such effort- or loyalty-based preferential treatment, which can be considered “earned” ([Jiang et al., 2013](#)). Individuals who earn preferential treatment with their past purchases are less price-sensitive, more satisfied, more loyal and more likely than other customers to engage in

positive word-of-mouth about the company (Drèze and Nunes, 2009; Homburg *et al.*, 2008; Jiang *et al.*, 2013; Lacey *et al.*, 2007).

In many other cases, however, preferential treatments are provided outside the scope of loyalty programs, without regard for the customer's past purchases. For instance, hotels and airlines regularly provide free upgrades to customers for whom they have no knowledge of their prior history with the company. Jiang *et al.* (2013) describe such unexpected preferential treatment as "unearned," because customers did not make any effort to receive it. Many companies perceive such treatment as a way to "surprise and delight" the customer (Kim and Mattila, 2010; Zhang and Hanks, 2015), hoping that doing so will increase customer satisfaction and induce loyalty.

Although such "unearned" preferential treatment is common, relatively little research has explored its effects on customer behavior. Of course, many recipients of preferential treatment experience increased satisfaction (Jiang *et al.*, 2013; Söderlund *et al.*, 2014). Under some circumstances, however, preferential treatment can instead have negative consequences. Customers who do *not* receive the preferential treatment may perceive a feeling of injustice (Mayser and von Wangenheim, 2013), and even some customers who *do* receive unearned preferential treatment experience social discomfort (e.g. embarrassment) and become less satisfied with the shopping experience (Jiang *et al.*, 2013). The present research contributes to this literature on preferential treatment by examining potential negative consequences for the company providing the preferential treatment.

Entitlement

Intuitively, one might expect that recipients of preferential treatment would experience only positive psychological consequences (e.g. joy, gratitude) and exhibit only positive behaviors (e.g. positive WOM). As described above, however, preferential treatment can also induce negative psychological experiences, such as injustice (Mayser and von Wangenheim, 2013), social discomfort (Jiang *et al.*, 2013) and decreased satisfaction (Zhang and Hanks, 2015). Here we investigate whether preferential treatment can induce another negative psychological state, namely, entitlement.

Entitlement is a subjective perception that one deserves better treatment and outcomes than others (Campbell *et al.*, 2004; O'Brien *et al.*, 2011). Entitled individuals consistently believe they deserve preferential treatment, often with little consideration of actual qualities or performance levels (Harvey and Martinko, 2009). For example, given the availability of seats with better and worse views in a theater, an entitled person would believe that he or she naturally deserves the best seat available. Psychological entitlement is closely related to the sense of deservingness and is not the same as entitlement based on past effort or hard work (Martin *et al.*, 2018). Psychological entitlement is grounded in the feeling that entitled individuals should get better things than others because of who they are and because they are worth it (Campbell *et al.*, 2004; Martin *et al.*, 2018). Although there are chronic individual differences in entitlement (Campbell *et al.*, 2004), much research indicates that entitlement is a dynamic mindset that varies across the course of a day (Zitek *et al.*, 2010) and that can be situationally primed (O'Brien *et al.*, 2011; Martin *et al.*, 2018).

Why might preferential treatment induce entitlement? To begin with, because entitlement is a malleable psychological state, it may be susceptible to influence by marketing actions such as preferential treatment. By definition, preferential treatment is limited to only some customers. Indeed, in many cases, preferential treatment is scarce, and sometimes even unique. Consequently, when offered a surprise from a service provider, customers often feel special or unique (Kim and Mattila, 2013). Individuals who possess a rare and valuable attribute (e.g. creativity) tend to assume that they are "unique and special"

(Vincent and Kouchaki, 2016, p. 1452). Analogously, when a company expends extra effort on selected customers, they “come to perceive themselves as worthy of the additional effort” expended by the company to please them (Wetzel *et al.*, 2014, p. 6). In other words, because preferential treatment is rare, recipients of preferential treatment typically feel special, potentially leading them to infer that they deserved the preferential treatment all along. Thus, despite their good intentions, companies that provide unearned preferential treatment may unexpectedly create more entitled customers.

Opportunistic behavior

The words “ethical” and “opportunistic” may be considered opposite ends of a continuum (Booth and Schulz, 2004). The term *opportunistic behavior* thus is used generally to mean any kind of unethical or self-serving behavior, typically conducted with guile (Samaha *et al.*, 2011). In the present research, we investigate general opportunistic behaviors (e.g. illegally downloading proprietary software without paying for it) as well as more specific self-serving behaviors toward a company that provided preferential treatment (e.g. bingeing on an airline’s complimentary food and drinks).

Why might preferential treatment induce opportunistic behavior? We argue that because preferential treatment can induce in customers a sense of entitlement, those customers are more likely to seek additional benefits regardless of social norms of behavior. Indeed, preferential treatment can induce customers to become more demanding (Wetzel *et al.*, 2014), and such entitled customers expect and claim special treatment in retail and service environments (Boyd and Helms, 2005). Entitled people not only believe that they deserve rewards and other positive outcomes, they also tend not to consider other people’s needs (Martin *et al.*, 2018; Moeller *et al.*, 2009). Consequently, entitlement is associated with a broad range of selfish and aggressive behaviors. It is positively correlated with hostility and power orientation and negatively correlated with self-control and tolerance (Raskin and Terry, 1988). It has also been associated with dishonesty (Poon *et al.*, 2013). Entitled individuals took more candy from a bowl that was to be shared with children, said they deserved higher salaries than other workers, acted more greedily in a commons dilemma game and treated their romantic partners in a more selfish manner (Campbell *et al.*, 2004). In short, entitled customers believe that they deserve special benefits, and they are willing to behave opportunistically to get them. Therefore, we propose the following formal hypotheses:

- H1. Receiving preferential treatment increases customers’ propensity to behave opportunistically.
- H2. The effect of preferential treatment on opportunistic behavior is mediated by customers’ increased feelings of entitlement.

Customer tenure

By *customer tenure* we mean simply to contrast repeat customers from new customers. Many companies attempt to build relationships with repeat customers by offering them preferential treatment, such as in loyalty programs (Drèze and Nunes, 2009). However, quantitative analyses have revealed that offering incentives to new customers instead is generally more likely to increase sales (Shin and Sudhir, 2010). Thus, it is currently unclear whether preferential treatment is more effective when provided to repeat customers or to new customers. The present research addresses this question in terms of the behavioral consequences of preferential treatment (i.e. opportunistic behavior).

A key psychological difference between new and repeat customers is that, unlike new customers, repeat customers have previously invested time, effort and/or money in the company (Reczek *et al.*, 2014). For instance, a repeat customer of a particular hotel has not only prior experience with that hotel, but also prior investment in that hotel. A new customer, in contrast, has never previously invested time or money in that hotel. The potential consequences of this differential investment in the company can be understood in terms of equity theory (Adams, 1965). People believe that their outcomes should match their investments. In the present context, customers expect their investment in a firm to be reciprocated (i.e. an equal relationship), and if it is not (i.e. an unequal relationship), negative outcomes tend to ensue.

For new customers of a company, receiving preferential treatment creates relational inequity. By virtue of being a new customer, one has invested minimal time, money or effort in that company. By providing preferential treatment, however, the company has invested heavily in the relationship with that customer. Such unearned benefits are incongruent with people's expectation of fair and equitable relationships (Adams, 1965; Mayser and von Wangenheim, 2013). And when relational inequities are perceived – or more generally when people's belief in a just world is violated – people tend to rationalize or infer why that unexpected outcome occurred (Lerner, 1977). Because the customer has not “earned” the preferential treatment, it cannot be attributed to reciprocation from the company, and hence the customer is likely to infer some other explanation of the special treatment. As we argue above, they may infer that they somehow deserve the special treatment; that is, the preferential treatment may increase their sense of entitlement. Moreover, “when an initial belief has been formed, expectations about future rewards are set and serve as a reference point for future evaluation” (Haisley and Loewenstein, 2011, p. 105). In other words, by providing preferential treatment with minimal investment from the customer, the company creates an expectation that similar rewards can be gained in the future with little or no further investment. Thus, providing preferential treatment to new customers can not only make them feel that they deserved it (i.e. increased entitlement) but also make them expect additional rewards for little investment. That expectation of additional rewards, we argue, can induce opportunistic behaviors to obtain further benefits. Thus, for new customers of a company, we expected the effects of preferential treatment described above (i.e. *H1* and *H2*).

For repeat customers, in contrast, receiving preferential treatment creates relational equity. By virtue of being a repeat customer, one has invested relatively more time, money or effort in that company. And by providing preferential treatment, the company reciprocates by investing heavily in that customer. In fact, the more a customer invests in a relationship with a firm, the more he or she expects some kind of a reward (Kivetz, 2003). For example, Reczek *et al.* (2014) showed that customers who invest different amounts of effort with a company react differently toward its promotional activities: customers who gain loyalty status through past purchases or time spent with a company feel more deserving of its promotional outcomes than customers who invested little or no effort. However, we argue that once those repeat customers receive preferential treatment from the company, they may no longer feel entitled to further rewards because they already received “remuneration” or reciprocation for their past investments. Moreover, customers are more likely to behave opportunistically during one-time transactions than when they have an established relationship with the firm (Wirtz and McColl-Kennedy, 2010). For instance, customers who intend to re-purchase from a company in the future are less likely to cheat on service guarantees (Wirtz and Kum, 2004). Finally, individuals exhibit a stronger self-serving bias in distant dyads (i.e. with no previous relationship) than in close relationships (Sedikides *et al.*, 1998). Thus, the prior evidence suggests that preferential treatment may not inflate

repeat customers' sense of entitlement, and hence those repeat customers are less likely to behave opportunistically. We therefore predicted the following:

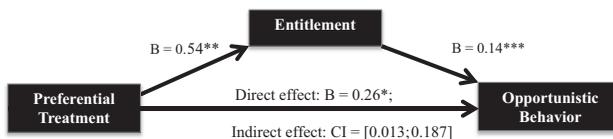
H3. The mediating effect of preferential treatment on opportunistic behavior through entitlement is moderated by the customer's tenure with the company, such that receiving preferential treatment increases new customers' entitlement and propensity to behave opportunistically, but not repeat customers'.

In fact, although *H3* implies no effect of preferential treatment on repeat customers, there is reason to believe that repeat customers might even show the *opposite* pattern of behavior. As explained above, because repeat customers have invested heavily in their relationship with the company, they tend to expect preferential treatment (Kivetz, 2003; Reczek et al., 2014). Consequently, *not* receiving preferential treatment could *increase* opportunistic behaviors. Essentially, repeat customers who are not given preferential treatment may feel entitled to take it for themselves by behaving opportunistically. For instance, a frequent flyer of a given airline who fails to receive a free upgrade to business class may instead complain to a flight attendant and request an exit row seat. However, because we found no prior empirical evidence to support this reasoning, we refrain from making this stronger prediction of a reversed effect in *H3*.

Overview of the present research

The aim of the present research is to gain a better understanding of how companies can more effectively provide preferential treatment, based on how different types of customers react to receiving preferential treatment or not. We investigate preferential treatment that is "unearned" in the sense that the selection of customers for preferential treatment is not based on effort or loyalty (Jiang et al., 2013), and we do so within the ubiquitous context of free upgrades in service encounters (e.g. hotels and airlines). We examine its psychological effect on feelings of entitlement "in the current moment," that is, as a dynamic state that is susceptible to external influences. Finally, we also examine effects of preferential treatment and entitlement on opportunistic behaviors directed both at the specific service provider and at other companies and customers more generally, and among both new customers and repeat customers of the given company.

Together our three hypotheses produce the conceptual model illustrated in Figures 1 and 2. *H1* predicts an effect of preferential treatment on opportunistic behavior, and *H2* predicts that entitlement is the psychological mechanism underlying that presumed effect. *H3* further predicts that this effect occurs primarily among new customers of the given company. We report two experiments testing this conceptual model. Study 1 tests the first two hypotheses (effect and process) in the context of an upgraded hotel room. Study 2 tests the third hypothesis



Notes: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$. *H1* & *H2* jointly demonstrate the effect of preferential treatment on opportunistic behavior through entitlement

Figure 1. Study 1: conceptual model and hypotheses (*H1* and *H2*)

(moderated mediation), while also providing additional tests of *H1* and *H2* in the context of an upgraded seat on an airplane.

Study 1

Study 1 tested whether preferential treatment inflates customers' sense of entitlement, which in turn increases their propensity to behave opportunistically (*H1* and *H2*). Participants read a scenario in which they booked a standard room at a hotel. Some participants further read that upon arrival at the hotel, they indeed received the standard room that they booked (*control group*). Critically, however, other participants instead read that, for undisclosed reasons, they received an upgraded room at no additional cost (*upgrade group*). All participants then completed a state version of the Psychological Entitlement Scale (*PES*; Campbell *et al.*, 2004). Following previous research (Zitek *et al.*, 2010; Vincent and Kouchaki, 2016), we assessed participants' feelings of entitlement "at the current moment." This state measure of entitlement immediately followed the manipulation and intended to measure participants' level of entitlement after they imagined being treated preferentially (*upgrade group*) or not (*control group*). Finally, as a measure of the general propensity to behave opportunistically, participants completed the Consumer Ethics Scale (*CES*; Vitell and Muncy, 2005). We predicted that the upgrade group would exhibit higher intentions to behave opportunistically (higher *CES* scores), and that this effect would be mediated by an elevated feeling of entitlement (higher *PES* scores).

Methods

A total of 167 participants located in the USA (66 per cent aged 21-34, 44 per cent female) completed the study online for \$0.40. They were recruited through Amazon's Mechanical Turk, which has been extensively validated as a source of representative and reliable data (Buhrmester *et al.*, 2011). Participants were randomly assigned to the upgrade or control group. Participants in both groups read descriptions of two hotel rooms, including a detailed list of amenities available in the standard room and the deluxe suite (see Table I). All participants were asked to imagine they had selected and paid \$99/night for the standard room. Participants in the control condition were then informed they had received the standard room they had booked. Participants in the upgrade condition were asked to imagine: "When you arrive at the hotel, you are informed that for undisclosed reasons for the

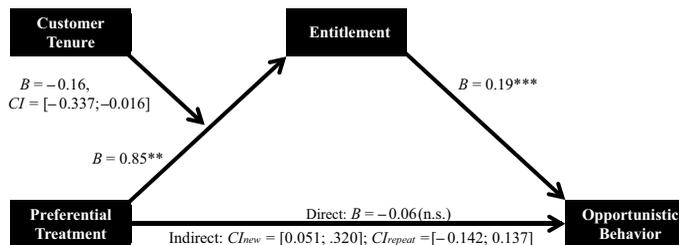


Figure 2.
Study 2: conceptual model and hypothesis (*H3*), with entitlement as the only mediator of the effect of preferential treatment on opportunistic behavior

Notes: n.s.: $p > 0.05$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$. *H3* shows the full mechanism: the effect of preferential treatment on opportunistic behavior via entitlement, such that new (vs repeat) customers are more likely to behave opportunistically when they receive preferential treatment due to increased level of entitlement

Imagine you have the following two options when booking a room in a hotel:

Room facilities	Standard Double room (Price: \$99/night)	Deluxe Double suite (Price: \$199/night)
Room size	170 sq. ft (bedroom only)	350 sq. ft (bedroom + separate living room)
Bed size(s)	2 Twin or 1 Full	1 King and 1 Sofa bed
TV	Cable channels Flat-screen TV	Cable channels Flat-screen TV Satellite channels
Bathroom	Shower Hairdryer Toilet	Bathtub Hairdryer Bathrobe Toilet
AC system	Wall/window model	Split system
Additional	Telephone Safe Iron Desk	Telephone Safe Iron Desk Minibar

Notes: Control group: “After comparing all the facilities, you choose to book a Standard Double room for \$99/night. Below are the pictures of the Standard Double which you chose and Deluxe Double suite. You are going to stay in the Standard Double room that you booked (picture below)”; Upgrade group: “After comparing all the facilities, you choose to book a Standard Double room for \$99/night. When you arrive at the hotel, you are informed that for reasons not disclosed for the same price of \$99 you are offered a Deluxe Double suite which normally costs \$199/night. Below are the pictures of the Standard Double which you chose and Deluxe Double suite you were offered instead. You are going to stay in the Deluxe Double suite you were offered (picture below)”

Table I.
Manipulation of
preferential
treatment in Study 1

same price of \$99 you are offered a Deluxe Double suite, which normally costs \$199/night.” This vignette served as a manipulation of preferential treatment.

To check participants’ comprehension of the scenario, they were asked about their final room allocation (“Which type of room did you finally get?”). All participants then completed the state version of the PES (9 items; Cronbach’s $\alpha = 0.90$; Campbell *et al.*, 2004), followed by the CES, which consists of ten items that examine a range of “opportunistic” consumer behaviors ($\alpha = 0.77$; Vitell and Muncy, 2005). All items of the PES and CES are shown in Appendix 1. Finally, an attention check was also included (“Please select Slightly Agree in this question”). A debriefing followed. No participant guessed the hypothesis being tested or reported being suspicious.

Results and discussion

Most participants (97 per cent) correctly identified their room allocation, thus validating the preferential treatment manipulation. Five participants who failed this manipulation check, and an additional nine who failed the attention check, were excluded from further analysis. However, the results did not change when those participants were included. As expected, PES scores indicated that participants in the upgrade group felt significantly more entitled ($M = 4.48$, $SD = 1.14$) than participants in the control group ($M = 3.94$, $SD = 1.41$), $t(151) = 2.62$, $p < 0.05$, $d = 0.42$. Also as predicted, CES scores revealed that participants in the upgrade group were significantly more inclined toward opportunistic behavior ($M = 2.96$, $SD = 0.72$) than those in the control group ($M = 2.62$, $SD = 0.69$), $t(151) = 2.99$, $p < 0.01$, $d = 0.48$.

Next we tested whether entitlement mediated the effect of preferential treatment on opportunistic intentions. The mediator (PES) and dependent variable (CES) were significantly correlated ($r = 0.35, p < 0.01$). Because both of those measures used multi-item scales, we tested for discriminant validity (Fornell and Larcker, 1981). The square root of AVE of PES and CES exceeded the raw correlation between them, and hence discriminant validity was good and mediation analysis was appropriate (Peters, 2017). We conducted bootstrap mediation analysis (Hayes, 2013) using PROCESS Model 4. Results are reported in terms of the unstandardized regression coefficient (B) and bias-corrected 95 per cent confidence intervals (CI). Significant results ($p < 0.05$) are indicated by CI s that exclude zero. The indirect (mediated) effect of preferential treatment (0 = control, 1 = upgrade) on opportunistic intentions (CES scores) through entitlement (PES scores) was significant, $B = 0.08, SE = 0.04, CI = 0.0134-0.1874$. The direct (unmediated) effect was also significant, $B = 0.26, SE = 0.11, CI = 0.0404-0.4915$. Thus, entitlement partially mediated the effect of preferential treatment on opportunistic behavioral intentions.

Study 1 shows that preferential treatment can generate opportunistic intentions ($H1$). A company's positively intentioned reward practices can induce a feeling of entitlement that elicits negative, opportunistic behaviors among its customers ($H2$). Moreover, given the general nature of the CES, the results suggest that these opportunistic behaviors can occur across a broad range of consumer domains, not only with regard to the company itself. However, a potential limitation of Study 1 is the order in which the mediator (PES) and dependent variable (CES) were measured. Because mediation analysis assumes a causal effect of the mediator on the dependent variable, Hayes (2013) recommends measuring the mediator before the dependent variable, to preserve the causal order of the presumed relationship between variables. In Study 1, we followed Hayes' recommendation. In contrast, though, other researchers argue that measuring the mediator before the dependent variable could induce artificial effects on that dependent variable (Iacobucci *et al.*, 2007). Thus, to address this concern, in Study 2, we measured the dependent variable before the mediator.

Study 2

The primary purpose of Study 2 was to test whether the effect of preferential treatment on opportunistic behavior through entitlement is stronger among new customers than among repeat customers ($H3$). This study uses a customer tenure (repeat vs new) \times treatment (upgrade vs control) factorial design, allowing exploration of entitlement in different groups of customers who received preferential treatment or not. To generalize the findings, a different manipulation of entitlement was used: here participants imagined that they were passengers on a long-haul flight. They were further asked to imagine that they either "frequently fly with" the given airline (*repeat customer*) or "have never flown with before" (*new customer*). Further, they imagined that they either received the economy class seat that they originally booked (*control group*) or received a free upgrade to business class (*upgrade group*). Such scenarios, wherein participants think of themselves in hypothetical situations as either new or repeat customers, are widely used in the marketing literature (Dr ze and Nunes, 2009; Wagner *et al.*, 2009). After participants read the airline scenario, we first measured their opportunistic behavioral intentions. Unlike Study 1, here we measured opportunism within the same context of the preferential treatment. To do so, we asked participants to indicate how likely they would be to commit a series of 12 unethical behaviors in an airline setting (e.g. racially discriminating against a flight attendant). We then assessed participants' state feeling of entitlement, again in an airline setting (e.g. "This airline should treat me better than most other customers"). We predicted that preferential

treatment would induce more opportunistic intentions among new customers, but not among repeat customers (*H3*).

Finally, we also assessed whether the effects of preferential treatment were attributable alternatively to customers' suspicions about the motives of a company that provides preferential treatment. Prior research has shown that over-rewarding, such as an unearned preferential treatment, may imply to customers that a company has ulterior motives (*Palmatier et al., 2009*). Customers might get suspicious that companies use manipulative tactics to make them behave in a certain way (e.g. encourage spending, *Lapidus and Pinkerton, 1995*). Thus, we also measured participants' suspicion (*Jiang et al., 2013*).

Methods

A total of 127 students from an English business school (71 per cent aged 21-24, 68 per cent females) completed the study for course credit. The study used a 2 (treatment: upgrade, control) × 2 (customer tenure: repeat, new) between-participants experimental design. Participants were asked to imagine that they booked an economy class seat on an overseas flight (*Appendix 2*).

In the control condition (i.e. no preferential treatment), participants further read that upon arriving for the flight, they received the economy class seat (as originally booked). In contrast, participants in the upgrade condition (i.e. preferential treatment) were asked to imagine that they were upgraded to business class free of charge. Participants were also assigned to a repeat or new customer condition: The scenario described an airline company they "have never flown with before" or "frequently fly with." To ensure that participants were involved in the situations described and vividly imagined the scenarios, participants were asked to express in an open-ended format the thoughts or feelings that occurred to them while they were reviewing the scenario.

The primary dependent variable was an unethical behavior scale that measured participants' propensity to behave opportunistically toward the airline company. The CES (*Muncy and Vitell, 1992*) was adapted to the airline context (*Appendix 1*). The 12-item scale (Very unlikely/Very likely, $\alpha = 0.65$) assessed the likelihood of engaging in opportunistic behavior toward the company. Next, participants' state feeling of entitlement was measured

Variable	PES		CES		PES
	Upgrade group	Control group	Upgrade group	Control group	
Mean	4.48	3.94	2.96	2.62	
SD	1.14	1.41	0.72	0.69	
CES					0.35**

Notes: SD = standard deviation; PES = Psychological Entitlement Scale; CES = Consumer Ethics Scale; ** $p < 0.01$; Last line: correlation coefficient

Table II.
Descriptive statistics
and correlations in
Study 1

Variable	<i>df</i>	<i>t</i>	Effect size
PES	151	2.62*	0.42
CES	151	2.99**	0.48

Notes: PES = Psychological Entitlement Scale; CES = Consumer Ethics Scale; * $p < 0.05$; ** $p < 0.01$

Table III.
t-Test summary table
for Study 1

using a six-item scale (based on Campbell *et al.*, 2004; Strongly disagree/Strongly agree, $\alpha = 0.87$), specifically adapted to the airline context.

A set of control variables and manipulation checks followed. (1) Following Jiang *et al.* (2013), we checked for potential differences in participants' suspicion about the company's rationale behind the treatment they received. Participants who received preferential treatment might become more suspicious about a company's motivations, which could potentially influence their subsequent behavior; thus, we include this measure to check an alternative explanation. Two items measured participants' beliefs regarding potential ulterior motives behind the treatment they received ($\alpha = 0.68$). (2) If participants wanted to deepen their relationship with the airline in the future, that should reduce their opportunistic intentions (Wirtz and McColl-Kennedy, 2010). Thus, we included two items measuring whether participants would like to continue their relationship with this airline in the future ($\alpha = 0.89$). (3) Finally, two manipulation checks followed. Participants indicated whether "This airline gave me better treatment than most other customers get" (yes/no). We also checked whether participants in the repeat vs new conditions perceived themselves as being repeat vs not ("According to the scenario you read, you are a loyal customer of this airline," yes/no).

Results and discussion

Manipulation checks and control measures

The majority of participants (76 per cent) correctly indicated whether the scenario stated that they were a repeat or a new customer, $\chi^2(1) = 36.16, p < 0.01$. Moreover, the majority of customers in the upgrade condition (86 per cent) perceived that the airline provided them better service than other customers, $\chi^2(1) = 47.28, p < 0.01$. We also found no difference

Table IV.
Descriptive statistics
and correlations in
Study 2

Variable	PES				Unethical Behavior Scale (UBS)				PES
	Upgrade group		Control group		Upgrade group		Control group		
	New	Repeat	New	Repeat	New	Repeat	New	Repeat	
Mean	3.33	2.81	2.48	2.78	2.81	2.51	2.45	2.84	
SD	1.10	1.22	1.09	1.38	0.81	0.86	0.56	0.78	
UBS									0.30**

Notes: SD = standard deviation; PES = Psychological Entitlement Scale; * $p < 0.05$; ** $p < 0.01$. Last line: correlation coefficient

Table V.
ANOVA summary
table for Study 2

Variable	<i>df</i>	MS	<i>F</i>	Effect size
<i>Dependent variable: PES</i>				
Preferential treatment	123	6.28	4.35*	0.38
Preferential treatment \times Tenure	123	5.38	3.72***	
New customers	123	12.32	8.54**	0.77
<i>Dependent Variable: Unethical Behavior</i>				
Preferential treatment \times Tenure	123	6.43	3.71*	
New customers	123	2.10	3.65 [†]	0.51

Notes: MS = mean squares; effect size = Cohen's *d*; *** $p = 0.05$; * $p < 0.05$ ** $p < 0.01$; Only statistically significant results are reported

between new and repeat customers in terms of their intentions to continue the relationship with the airline in the future, $p > 0.10$.

Entitlement and suspicion as potential mediators

A 2 (customer tenure: repeat, new) \times 2 (treatment: upgrade, control) ANOVA indicated a significant main effect of preferential treatment on entitlement, $M_{upgrade} = 3.08$, $SD = 1.18$ vs $M_{control} = 2.62$, $SD = 1.23$, $F(1, 123) = 4.35$, $p < 0.05$, $d = 0.38$. The main effect of customer tenure was not significant, $p > 0.10$. However, the interaction was significant, $F(1, 123) = 3.72$, $p = 0.05$. For repeat customers, preferential treatment did not increase entitlement: $M_{upgrade} = 2.81$, $SD = 1.22$ vs $M_{control} = 2.78$, $SD = 1.38$, $F < 1$. However, preferential treatment significantly increased entitlement of new customers: $M_{upgrade} = 3.33$, $SD = 1.10$ vs $M_{control} = 2.48$, $SD = 1.09$, $F(1, 123) = 8.54$, $p < 0.005$, $d = 0.77$.

We also found that customers who received preferential treatment were more suspicious of the company's motivations: $M_{upgrade} = 4.30$, $SD = 1.35$ vs $M_{control} = 3.15$, $SD = 1.14$, $F(1, 123) = 28.4$, $p < 0.001$, $d = 0.92$. The main effect of customer tenure was also significant, $M_{repeat} = 3.38$, $SD = 1.39$ vs $M_{new} = 4.03$, $SD = 1.30$, $F(1, 123) = 9.91$, $p < 0.005$, $d = 0.48$. The interaction was also significant, $F(1, 123) = 4.58$, $p < 0.05$. Although preferential treatment significantly increased suspicion among repeat customers ($M_{upgrade} = 3.71$, $SD = 1.46$, $M_{control} = 3.03$, $SD = 1.25$), $F(1, 123) = 4.77$, $p < 0.05$, $d = 0.50$, that effect was three times larger among new customers ($M_{upgrade} = 4.84$, $SD = 1.00$, $M_{control} = 3.25$, $SD = 1.06$), $F(1, 123) = 29.8$, $p < 0.001$, $d = 1.54$. Thus, preferential treatment increased suspicion, especially among new customers.

Opportunistic behavior

Neither main effect was significant on the main dependent variable, participants' propensity to behave opportunistically toward the company (both $F < 0.50$ and $p > 0.10$). Critically, as illustrated in Figure 3, the predicted interaction was significant, $F(1, 123) = 6.43$, $p < 0.05$. Repeat customers exhibited marginally higher opportunistic intentions when they did not receive preferential treatment ($M = 2.84$, $SD = 0.78$) than when they received it ($M = 2.51$, $SD = 0.86$), $F(1, 123) = 2.79$, $p = 0.09$, $d = 0.40$. Conversely, new customers exhibited significantly higher opportunistic intentions when they received preferential treatment ($M = 2.81$, $SD = 0.81$) than when they did not ($M = 2.45$, $SD = 0.56$), $F(1, 123) = 3.65$, $p = 0.05$, $d = 0.51$. Thus, preferential treatment increased entitlement and opportunistic behavior for new customers but not for repeat customers.

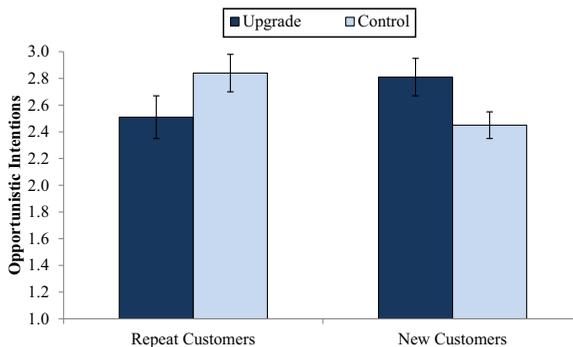


Figure 3. Repeat and new customers' opportunistic intentions ($M \pm SE$) after receiving preferential treatment or not, Study 2

Moderated mediation analysis

Bootstrap mediation analysis (Hayes, 2013) was conducted with 10,000 re-samples using PROCESS Model 7 for moderated mediation. The correlation between entitlement and suspicion was 0.31 ($p < 0.01$), between entitlement and opportunistic behavior was 0.30 ($p < 0.01$) and between suspicion and opportunistic behavior was 0.20 ($p < 0.05$). These significant-but-weak intercorrelations suggest adequate discriminant validity among the potential mediators and the dependent variable, and hence mediation analysis was appropriate (Peters, 2017). Preferential treatment (no = 0, yes = 1) was the independent variable; tenure (new = 0, repeat = 1) was the moderator; entitlement and suspicion were both included as potential mediators; and opportunistic behavior was the dependent variable. The index of moderated mediation was significant only for entitlement, $CI = -0.3865$ to -0.0116 . Specifically, the indirect effect of preferential treatment on opportunistic behavior via entitlement was significant among new customers, $B = 0.14$, $SE = 0.06$, $CI = 0.0443$ - 0.3084 , but not among repeat customers, $CI = -0.1380$ to 0.1085 . The direct (unmediated) effect was not significant, $B = -0.15$, $SE = 0.14$, $CI = -0.4441$ to 0.1301 . Thus, customer tenure significantly moderated the indirect effect of preferential treatment on opportunistic intentions via entitlement, supporting *H3*.

Discussion

Study 2 provides several important contributions, both empirical and theoretical. Empirically, Study 2 used a different service context of an airline (Study 1 used a hotel scenario) and more specific measures of entitlement and opportunistic behavior within that context (Study 1 used a general measure of opportunistic behavior). Together these methodological differences provide strong evidence of reliability and generality of the effect. Additionally, Study 2 demonstrates that preferential treatment also elicits suspicion among customers, who question the company's motivation for providing the preferential treatment.

Theoretically, Study 2 provides several further contributions. First, the negative consequence of preferential treatment (i.e. opportunistic behavior; *H1*) was replicated. Second, the psychological process by which that effect occurs (i.e. entitlement; *H2*) was also replicated. Third, and perhaps most importantly, Study 2 demonstrated that the mediating effect of preferential treatment on opportunistic behavior through entitlement is moderated by customers' tenure with the company (*H3*). Among new customers, preferential treatment significantly increased opportunistic behavioral intentions. New customers who received preferential treatment felt more entitled than other customers, and that inflated sense of entitlement led them to (hypothetically) behave more opportunistically. In other words, these customers feel entitled to special treatment, and they are willing to behave badly to get it. Repeat customers, in contrast, did not exhibit this pattern of negative behaviors. Upon receiving preferential treatment, these repeat customers did not feel more entitled – if anything, repeat customers who do *not* receive preferential treatment may feel more entitled to it (although this effect was only marginally significant). And because preferential treatment does not increase repeat customers' sense of entitlement, it does not affect their opportunistic behavioral intentions. Finally, Study 2 also ruled out customers' suspicion as an alternative explanation of opportunistic behaviors. Although preferential treatment did increase customers' suspicion of the company's motivations, the effect of preferential treatment on opportunistic behaviors was mediated by entitlement, and not by suspicion.

General discussion*Theoretical implications*

This research provides three main findings. We demonstrate that:

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- preferential treatment can elicit opportunistic behaviors by the very customers who receive it;
 - this effect is explained by heightened entitlement; and
 - the effect occurs among new customers but not among repeat customers.

Free upgrades
with costly
consequences

705

We demonstrated these effects in the contexts of two common practices – free upgrades in hotels and airlines – and we found opportunistic behavioral intentions toward both the specific company providing the preferential treatment and others more generally.

This paper contributes to the existing literature in several ways. First, we demonstrate that, apart from positive outcomes found in previous research, preferential treatment also has its darker sides. We show that preferential treatment can elevate a sense of entitlement, which in turn triggers opportunistic intentions toward the company that provided special treatment in some of the recipients of such treatment. We contend that sometimes companies themselves are partially responsible for their customers feeling entitled; for example, when they provide exclusive services/offers to customers who did not earn such treatment by their past actions. Moreover, further to previous research, we use a novel manipulation of entitlement and explore the effects of its state version in both online and offline settings (i.e. Mturk and the classroom). Following the research of [O'Brien et al. \(2011\)](#), we demonstrate another situational manipulation of entitlement that reflects a real-world setting. We also demonstrate that preferential treatment increases customers' suspicion about the motives of a company that provides such treatment. While most previous studies have investigated positive outcomes of preferential treatment, the current research demonstrates its negative consequences.

Second, we identify a factor that moderates the negative impact of preferential treatment on entitlement and opportunistic behaviors. Further to [Jiang et al. \(2013\)](#), who demonstrated the importance of the social environment to customer prioritization, we identify company–customer relationships (or a lack thereof) as another factor of influence. We demonstrate a differential influence of customer tenure when preferential treatment is present vs absent and find opposite effects for new vs repeat customers. We provide evidence that preferential treatment has a detrimental effect on new customers: such individuals feel more deserving than other customers to positive outcomes, which makes them believe they are allowed to go to greater lengths than others to get what they want. Those findings corroborate the idea that individuals develop a heightened level of entitlement when “they receive special treatment in the early stages of the relationship” ([Pelser et al., 2015](#), p. 672). Moreover, our findings provide preliminary evidence that repeat customers who do *not* get preferential treatment may also feel they can go to greater lengths in terms of receiving something “extra” from a company. [Reczek et al. \(2014\)](#) showed that customers who previously invested in their relationship with a company feel more deserving of its promotional outcomes than customers who invested little or no effort. Such customers may perceive that this situation is not fair ([Mayser and von Wangenheim, 2013](#)) and be more inclined towards opportunistic behavior.

Finally, we contribute to the marketing ethics field. Most research to date focuses on consumers' perceptions of the morality of business and marketing practices, rather than on the ethical behavior of the consumers themselves. Consumers are a crucial part of the sales-transaction dyad, and failing to consider them carefully in ethics research will likely result in an inadequate understanding of consumption processes ([Vitell and Muncy, 2005](#)). We demonstrate that the effects of preferential treatment and entitlement on opportunistic behaviors can be directed both at the specific service provider and at other companies and customers in general.

Managerial implications

This research demonstrates that preferential treatment, especially when provided to new customers, can have some negative effects. Thus, managers are strongly advised to think carefully about their goals when providing preferential treatment to their customers. New customers are unlikely to value exclusive perks from a company; they are more likely to interpret the company's good will not in favor of the company and attribute preferential treatment to themselves, to their own specialness and sense of deservingness. This, in turn, triggers opportunistic behavior and intentions.

However, the current results suggest that preferential treatment might be effective if such treatment is provided to a company's repeat customers, because they already have an established relationship with the company. If instead managers want to make their new customers happy and surprised, preferential treatment might be an option. However, in this case, customers have to clearly understand why they are treated preferentially. For example, this can be done using gamification: a strategy, which more and more companies follow nowadays. Adopting certain elements from games may create competition among customers, which in turn may make them feel they need to *earn* preferential treatment by performing some actions rather than simply receiving it without any investment from their side.

Limitations and future research directions

This study has several limitations that must be considered in the light of future research. First, both of the studies described here were conducted in Western hospitality industries. It is possible that preferential treatment provokes different degrees of entitlement in different settings (Arbore and Estes, 2013), or is more effective when applied to a group, particularly in Eastern cultures that do not promote individualization to the same extent. Next, all the experimental studies are scenario-based. While this method is common in the literature, it would be important to observe the effects in real life setting. Another limitation is that in the present study, the preferential treatment occurred only once. One of the central premises of equity theory (Adams, 1965) states that inputs should be consistent with the received outputs, and being rewarded for past effort generates an expectation that future efforts should also be rewarded. It would be interesting to investigate whether multiple instances of preferential treatment have a different effect on consumers. If repeat customers receive special treatment from a company several times in a row, will the result be mostly positive and those customers always perceive they are getting "good value" for their investments (Bolton *et al.*, 2000), or will customers get used to it and feel entitled to receive perks during each service encounter? Such a finding could deepen general understanding of research that has already suggested loyal customers are not necessarily the most profitable customers (O'Brian and Jones, 1995; Homburg *et al.*, 2008). Another interesting research avenue focuses on the number of prioritized customers. In the current paper, we focus on preferential treatment provided to individual customers, whereas future research might investigate preferential treatment provided to groups. Preferential treatment might be most effective when awarded to a group of customers, because such reward may reduce suspicion among both repeat and new customers. They will see such treatment not as a demonstration of their own specialness but as a gesture of goodwill from a company that sincerely wants to please its customers. Companies can follow an example of preferential treatment afforded by the airline WestJet in 2013: while checking in for a four-hour flight, passengers were asked to identify their Christmas wishes, such as electronics or clothing items, which were then waiting for them at their destination airport. This preferential treatment was afforded to all passengers of the flight spontaneously and simultaneously, and the passengers were aware of this. This is one of the good examples other companies can use in the future to decrease

customers' suspicion and opportunistic behavior, which specific customers' preferential treatment might trigger.

Another direction for further research is to identify other marketplace situations that can trigger entitlement. For example, Zitek *et al.* (2010) demonstrated that feeling wronged increases a sense of entitlement. It would be fruitful to delve more deeply into common situations when customers feel wronged – for example, when they are overcharged or when a company fails to provide adequate services. Do all of those situations elevate entitlement? If so, does entitlement increase equally in various marketplace situations, or do some situations augment entitlement more than others? To conclude, perhaps, the most significant implication of the current paper is that customer preferential treatment as a positive marketing strategy can sometimes backfire. It can be beneficial to a company to make customers feel special, but only in a way that also anticipates and manages the ensuing feelings of entitlement.

Note

1. Note that repeat patronage and customer loyalty, though correlated, are theoretically distinct. A new customer may be highly loyal to the brand, such as with luxury brands (e.g. a Ferrari owner). And conversely, a repeat customer may not be loyal to the brand, such as with commoditized goods (e.g. Shell gasoline). To be clear, in this research, we specifically examine “repeat customers” rather than “loyal customers.”

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Measure	Items	Study number and Cronbach's alpha
Psychological entitlement (Campbell <i>et al.</i> , 2004)	I honestly feel I'm just more deserving than others. Great things should come to me If I were on the Titanic, I would deserve to be on the first lifeboat! I demand the best because I'm worth it I do not necessarily deserve special treatment I deserve more things in my life People like me deserve an extra break now and then. Things should go my way I feel entitled to more of everything	Study 1 $\alpha = 0.90$
State version	This airline should treat me better than most other customers I feel entitled to more of everything from this airline I demand the best things from this airline because I'm worth it I feel I'm more deserving than most other consumers to get a better treatment from this airline People like me deserve an airline that goes "the extra mile" for them The great things this airline can offer should come to me	Study 2 $\alpha = 0.87$
Consumer Ethics Scale (Vitell and Muncy, 2005)	Drinking a can of soda in a supermarket without paying for it Buying products labeled as "environmentally friendly" even if they don't work as well as competing products Not saying anything when the waitress miscalculates the bill in your favor Stretching the truth on an income tax return Returning merchandise to a store by claiming that it was a gift when it was not "Burning" a CD rather than buying it Returning an item after finding out that the same item is now on sale Reporting a lost item as "stolen" to an insurance company to collect the money Buying only from companies that have a strong record of protecting the environment Installing software on your computer without buying it	Study 1 $\alpha = 0.77$

Table A1.
Measures of entitlement and opportunistic behavior in Study 1 and Study 2

(continued)

Measure	Items	Study number and Cronbach's alpha
Unethical Behavior Scale (in an airline setting)	<p>Bringing a carry bag of a much bigger size than the one allowed by the airline</p> <p>Discriminating against airline employees (on the basis of age, race, gender, etc.)</p> <p>Loudly arguing with a flight attendant about the absence of some item in the food menu and disturbing other passengers</p> <p>Consuming the most expensive drinks and foods aimed to be tried by all passengers just once in a company's lounge for free</p> <p>Requiring to change your seat because of a constantly crying infant next to you, when the plane is full</p> <p>Fly first class and spend a lot of company money on a business trip</p> <p>Taking a spouse along on a company business trip at the company's expense</p> <p>Your friend travels a lot for work and is a high status card holder at several airlines. You use his frequent flyer points to get a free ticket for yourself</p> <p>Your flight has just started but you already feel very hungry and thirsty. The flight attendants have just started distributing the food and because your seat is at the back of the plane it might take them another 10-15 min to reach you. You do not want to wait that long and you start pressing the call button and ask the flight attendants to serve you immediately ahead of other passengers</p> <p>For lunch you are offered several complementary drinks including beers and a choice of red or white wine. You really enjoy the wine being offered and during the flight you ask for all sorts available on board because it is free and you like trying good wines</p> <p>Because you are taking a long haul flight, you are provided with a nice brand new pillow and a blanket with an airline company's logo. Both pillow and a blanket are of your favorite colors, they also might be very useful in everyday life so you take them with you as a present at the end of the flight</p> <p>You buy a piece of jewelry (bracelet) at the duty free during the flight. You really like this bracelet, so you decide to try it on. You put it on your wrist but you press the snap too hard and break it. You call the flight attendant and ask for money return, though the damage was caused by you</p>	Study 2 $\alpha = 0.65$

Table AI.

Appendix 2. Manipulations of preferential treatment and customer tenure in Study 2*Repeat [new] customers receiving preferential treatment (upgrade group):*

Please imagine a situation when you need to take a flight overseas. You are flying Economy Class of a company you frequently fly with [of a company you have never flown with before]. You get to the airport, check in curbside, and the agent tells you that you will need to check in with the attendant at the gate to get your seat assigned. You go through security, grab some snacks, and head to your gate. You go up to the counter where you see a huge line to the gate which divides into Business Class and Economy Class. The Economy Class line is several times longer than the Business Class line. After approximately 10 minutes of waiting, the gate attendant announces over the loud speakers the main information about the flight, baggage requirements, passengers traveling with children, etc. Suddenly she announces your name and asks you to come to the counter. You leave the line and go to the attendant at the counter. She double checks your name, then smiles at you and says: "You originally were supposed to fly Economy Class, but we will upgrade you to Business Class for no extra charge! Business Class normally costs three times more than the price you paid, *but we'll upgrade you for free because you have been a repeat customer of our company for a long time and we want you to experience the best!* [but we'll upgrade you as a new customer for free because we want you to experience the best!] Wow, you are the only customer I have seen today get this deal!" The attendant issues you the boarding pass and lets you pass ahead of the passengers waiting in the Business Class line. You are the first passenger to board the airplane. You are being seated in the separate part of the plane where you don't see Economy Class passengers. You are greeted with champagne and fine wine upon boarding the plane and *the flight attendant thanks you for being a repeat customer of the company* [the flight attendant thanks you for choosing this company to fly with]. The seat has a lot of legroom, and a fancy device for switching the position of the seat at the touch of a button. When you need something, you press a button and an attendant is with you in a moment. You are served Pol Roger rose champagne, and later in the flight you eat a light, fresh prawn cocktail, a creamy pea and mint soup, chicken with puy lentils and a cherry and almond frangipane tart. Business class also has a fantastic flat bed and a state-of-the-art LED lighting system which encourages you to sleep and then back awake. By the time you land, you realize you don't feel jetlagged like you normally would on an economy long-haul flight.

Repeat [new] customers not receiving preferential treatment (control group):

Please imagine a situation when you need to take a flight overseas. You are flying Economy Class of a company you frequently fly with [of a company you have never flown with before]. You get to the airport, check in curbside, and the agent tells you that you will need to check in with the attendant at the gate to get your seat assigned. You go through security, grab some snacks, and head to your gate. You go up to the counter where you see a huge line to the gate which divides into Business Class and Economy Class. The Economy Class line is several times longer than the Business Class line. After approximately 10 minutes of waiting, the gate attendant announces over the loud speakers the main information about the flight, baggage requirements, passengers traveling with children, etc. The boarding starts and you wait another 10-15 minutes in the line before you reach the attendant who issues you the boarding pass. You are greeted by flight attendants upon boarding the plane and *the flight attendant thanks you for being a repeat customer of the company* [the flight attendant thanks you as a new customer for choosing this company to fly with]. The seat has enough legroom, and you feel comfortable on your place. You are served a nice lunch which is standard for Economy Class flights. By the time you land you realize you feel jetlagged like you normally would on an economy long-haul flight.