THE HONG KONG POLYTECHNIC UNIVERSITY

DEPARTMENT OF MANAGEMENT & MARKETING

DEPARTMENTAL RESEARCH SEMINAR

“Merit-Seeking or Loss-Aversion?: Distributor Motivation and Participation in a New Sales Program”

By

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Date: Monday, 07 May 2007
Time: 3:35 p.m. - 4:35 p.m.
Venue: M802

All interested are welcome
In view of the shrinking product life-cycles in many industries, manufacturers increasingly engage in closer collaboration with distributors in new sales programs. However, the distributor’s participation behavior and motivation structure are hardly clear. This research differentiates ex post adjustment to a program and ex ante investment in a program as two distinct participation processes of the distributor. We argue that the nature of the participation process depends on how distributors’ motivations are managed through merit-seeking and loss-aversion perspectives. Moreover, we examine the moderating role of network participation in facilitating and hindering the motivation-participation linkage. Survey data is collected from distributors in consumer product industries to test the hypotheses. Ex post adjustment is primarily driven by perceived level and portion of program benefits, supporting a merit-seeking perspective. Conversely, ex ante investment is motivated by loss-aversion considerations including distributor dependence and perceived market uncertainty. Network participation interacts positively with perceived level of benefits and distributor dependence, and negatively with perceived portion of benefits and market uncertainty. In addition, both adjustment and investment behavior lead to increased competitive advantages. Theoretical and managerial implications are provided.