

Maritz Field Research Collaborative

Reward Recommendations
Transparency Experiments –
A Case Study

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Introduction

Maritz is a people company. Everything we do is grounded in the scientific study of human behavior. With over 120 years of experience, we continue to be a leading provider of customer experience research, employee recognition, sales incentives, channel and customer loyalty programs, meetings, events and reward experiences. Today, over a third of the Fortune 100 firms rely on Maritz to help them bring out the best in their stakeholders.

Behavioral Science & Innovation (BSI) is a center of excellence that explores the application of behavioral science insights to Maritz client solutions. Led by the industry's first chief behavioral officer, we partner with Maritz solution teams to bring cutting-edge research and innovative design practices to our clients' most pressing business challenges. We also share what we're learning by publishing thought-provoking content through a variety of channels.

We Have Smart Friends

Through the Maritz Field Research Collaborative, we partner with the brightest scholars of behavioral science to conduct custom analyses and controlled experiments within our client programs. New ideas flow from the halls of academia every day and our partners keep us in the know. But how do these concepts play out in the real world? How can policy and solution design maximize behavioral insights for scalable impact in the marketplace? Our academic partners collaborate with us to design custom research to answer these questions – and provide real benefits to our clients' businesses throughout the process.

Maritz Clients Benefit by:

- Accessing the research and thinking of world-class academic researchers.
- Gaining detailed findings and recommendations on how best to nudge human behavior to create better business outcomes.
- Having “first mover” advantage for implementing insights harvested from experimentation.
- Receiving positive publicity associated with the publication of research findings – *or all references to the client's name can be anonymized in published research.*
- The work of the Maritz Field Research Collaborative is provided as a no-fee, value-add service.

Researchers benefit through the opportunity to advance their research in the business marketplace and by publishing their findings in academic journals. Maritz gains the opportunity to produce case studies and to add to the collective understanding of human behavior in the modern marketplace.

Overview: Reward Recommendations Transparency Experiments

People are increasingly concerned about privacy and how their data is used online. When companies practice transparency (i.e. revealing why visitors to a website are seeing certain product or reward recommendations), they promote trust that helps build stronger relationships with their brands. Transparency also helps people validate that recommendations being made to them are appropriate and that prices are fair.¹

Business Question to be Explored

Given the benefits of transparency when targeting customers for personalized offers, *what is the most effective way to communicate how data is being used? Can building customer trust also enhance business outcomes?* To find these answers, Maritz partnered with researchers from Harvard University, the University of Virginia, and IESE Business School to conduct two field experiments involving participants in Maritz-powered reward and recognition programs. These experiments were part of a larger, multi-experiment study conducted by the researchers aimed at understanding the effect of message transparency on advertising effectiveness, insights from which were published in *Harvard Business Review*.²

Hypothesis

Providing more transparency about why visitors are seeing certain items being recommended in an online rewards catalog can increase their effectiveness if it reveals acceptable “information flows.” Acceptable information flows are those in which *customer information used to make the recommendations is gathered from within (vs. outside) the website, or information used to make recommendations is provided by visitors themselves.*

Summary of Experiments

In two experiments, participants in Maritz-powered rewards and recognition programs who visited their program rewards redemption websites were randomly assigned to one of two conditions (Treatment or Control) and saw a different banner label for merchandise rewards that were being recommended to them. Each experiment tested a message variation based on use of personal data that is considered acceptable use. The first experiment focused on information derived from the visitor's activity on the site and the second experiment focused on information that visitors provided about themselves.

Experiment 1 (First-person sharing treatment)

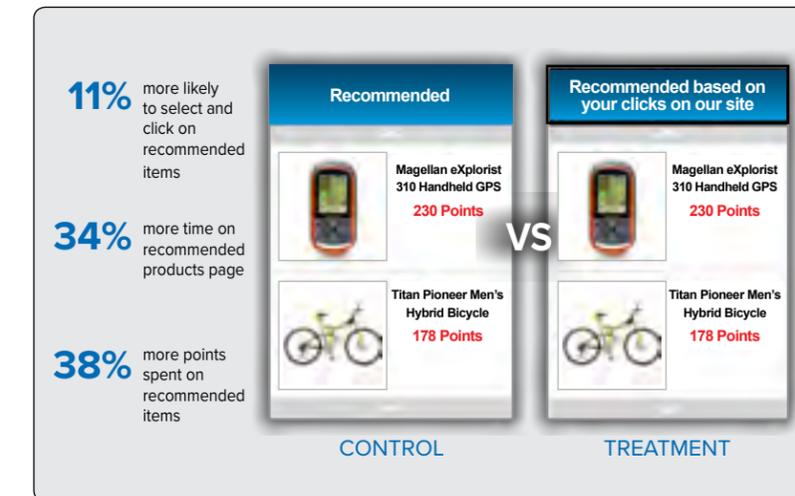
In this experiment, visitors were provided with information that indicated that the rewards being recommended to them were based on their activity within the website – generally perceived as an acceptable use of customer information.

- Control = The sidebar banner read: “Recommended”
- Treatment = The sidebar banner read: “Recommended based on your clicks on the site”

A total of 5,267 program participants visited the site over a two-week period in spring of 2017.

Results of Experiment 1

In the first-person sharing condition, visitors were **11%** more likely to select and click on items that were recommended to them versus the Control group. These visitors also spent **34%** more time on the recommended products page and redeemed **38%** more points on recommended items versus the Control group.



Researchers:

In the spring of 2017, Maritz partnered with a team of three researchers to conduct two experiments on the effects of transparency when making rewards recommendations to participants in reward and recognition programs.



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Reward Recommendations Transparency Experiments

Experiment 2 (Direct sharing treatment)

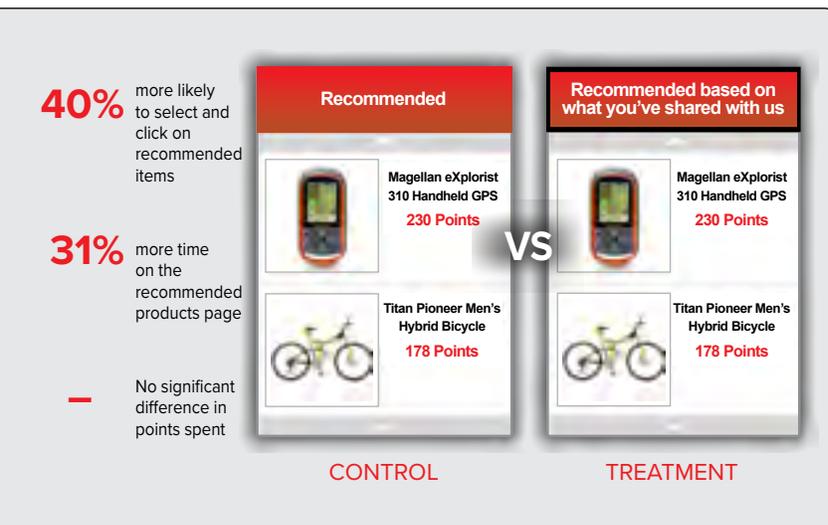
In the second experiment, the researchers investigated the impact of recommendations being generated based on information that visitors had explicitly provided about themselves.

- Control = The sidebar banner read: “Recommended”
- Treatment = The sidebar banner read: “Recommended based on what you’ve shared with us.”

A total of 1,863 program participants visited the site over a two-week period in spring of 2017.

Results of Experiment 2

In the direct sharing condition, visitors responded quite positively when they perceived recommendations were based on information they had provided about themselves. They were **40%** more likely to click on recommended items vs. Control and they spent **31%** more time viewing recommended products. However, in this condition, there was no significant difference in points redeemed for recommended items versus Control.



It's also worth noting that other experiments conducted by the research team revealed that being transparent on how information is used is only effective for brands that are already considered trustworthy. Because rewards programs like those that recognize performance or promote loyalty also tend to build people's trust and affiliation with an organization over time,³ the researchers specifically chose the Maritz rewards website to conduct these two experiments.^{1,2}

Business Implications:

People are increasingly concerned about how their data is being used by marketers – especially in the online environment. And, as Professors John, Kim and Barasz point out in their *Harvard Business Review* article “Ads That Don't Overstep”:

“When it comes to ad personalization, there's a fine line between creepy and delightful, so it could be tempting to conclude that the safest approach is to keep people in the dark – to obscure the fact that personal information is being used to target consumers. While such tactics might work in the short term, we believe they are ultimately misguided. As our experiments show, trust enhances the positive effects of using personal information in ways consumers deem acceptable.”

The two experiments these researchers conducted with Maritz spotlight the benefits companies can realize by increasing transparency in environments where trust is already high – like performance-based incentives, employee recognition and customer loyalty programs.³ As both experiments demonstrate, helping customers understand how their data is being used can heighten attention, increase engagement and, especially where customers see that recommendations are driven by their activity on the site (first-person sharing), boost revenue.^{1,2}

Based on these findings, Maritz continues to explore ways to use information transparency to enhance the reward experience for everyone who participates in our clients' programs.



¹ Kim, T., Barasz, K. & John, L.K. Why Am I Seeing this Ad? The Effect of Ad Transparency on Ad Effectiveness, working paper.

² John, Leslie, Tami Kim, and Kate Barasz. “Ads That Don't Overstep: How to Make Sure You Don't Take Personalization Too Far.” *Harvard Business Review* 96, no. 1 (January–February 2018): 62–69.

³ Chaudhuri, A., Holbrook, M.B. The Chain of Effects from Brand Trust and Brand Affect to Brand Performance: The Role of Brand Loyalty. *Journal of Marketing*, April 2001; 65, 2; ABI/INFORM Global pg. 81.