Choice With Inference Is Different From Choice Without Inference

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Some researchers argued that consumers rarely form inferences. Others proposed ways for inference formation using: within-brand attribute information; other brands in the choice set (across-brand information); or average values. The authors found that choices made with and without inferences were significantly different from each other. Making inferences reduced choice difficulty and indecisiveness (choosing none of the options) and increased the attractiveness of chosen options. Contrary to the averaging hypothesis, inferences were different from mean attribute values. Supporting across-brand processing, inferences made for different attributes of multiple brands were significantly correlated. Need for cognition played a moderating role in inference making.

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about product attributes using these brands (Peterson and Ross 1972). Firms may also assign suggestive brand names contradicting with their products or referring to an irrelevant attribute. If the suggested product benefit is difficult to observe before product trial, the negative effect on brand image will be delayed until after product experience (e.g. HeavyDuty brand aluminum foil tearing easily during use). In summary, we observe that suggestive brand names may help customers focus on various product attributes and help them make more accurate choices; they may also misdirect consumers to choose inferior products based on fanciful brand names.

In two experiments, we show that on average consumers picked the alphanumeric brands with larger numeric portions whether or not they were the best options. Therefore, alphanumeric brands guided (misdirected) choices when the number portions of brands were (not) actually related to product attributes or product advancements. On the other hand, suggestive brands guided (misdirected) choices when they referred to superior (irrelevant or essentially inferior) product attributes. In general, missing attribute information increased the effects of brand name on choice.

Need for cognition moderated the effects of these brand names. When a suggestive brand was misleading, it was incongruent with the general perception of the product or with the attribute it was suggesting (e.g. an AbsoluteNoFee calling card with a high fee). High NFCs were more likely note the discrepancy whereas NFCs were more likely to get misdirected. For guiding suggestive brands, attribute information was congruent with the suggestions, and high NFCs were more likely to scrutinize this match and make more accurate choices. Alphanumeric brands equally guided and misled subjects with both high and low need for cognition. Low NFCs used the the higher the better heuristic, whereas high NFCs processed all the information and formed illusory correlations among alphanumeric brands and product attributes.

This research is an important attempt to discover the important effects of brand names on consumer choices. Despite their domination in technical product categories, alphanumeric brands have been largely neglected in past studies. Exploring the guidance roles and manipulative powers of brands will help us understand the underlying mechanism of consumer choices and especially inference making under incomplete information. With the increasing importance of technology nowadays, numerous electronics products are purchased over the internet by viewing product-attribute matrices on portals or e-merchants’ websites that seldom have complete information (see Kivetz and Simonson 2000). The systematic effects of brand names on choice indicate potential problems for consumers and opportunities for marketers to manipulate choice sets.

References

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Abstract
Some researchers argued that consumers rarely form inferences. Others proposed ways for inference formation using: within-brand attribute information; other brands in the choice set (across-brand information); or average values. The authors found that choices made with and without inferences were significantly different from each other. Making inferences reduced choice difficulty and indecisiveness (choosing none of the options) and increased the attractiveness of chosen options. Contrary to the averaging hypothesis, inferences were different from mean attribute values. Supporting across-brand processing, inferences made for different attributes of multiple brands were significantly correlated. Need for cognition played a moderating role in inference making.

Products and services are seldom described completely, therefore, consumers often need to form inferences that go beyond the information given (Kardes et al 2004). Some researchers argued that consumers rarely form inferences (Simmons and Lynch 1991). Others found that inferences for non-visible attributes occur on the basis of available attributes or via various rules of thumb (e.g. adding or averaging). Most found that inferred value of a missing value is often discounted (Huber & McCann 1982; Ford & Smith, 1987; Johnson & Levin, 1985). A comparative judgment context increases the salience of the missing information resulting in more spontaneous inference formation (Sanbonmatsu et al., 1997). In a recent study of choice under incomplete information, subjects faced with binary choice task with missing information reported making spontaneous inferences. Kivetz and Simonson (2000) argued that consumers might treat
missing values in a way that supports their preferences or tentative hypotheses. Following the motivated reasoning and motivated inference theories (Kunda 1990; and Pyszczynski & Greenberg 1987), authors explained that people who are motivated to arrive at a conclusion construct a justification, a rationale for it and they search for evidence to support it.

Linear aggregation models (Fiedler 1966) predict illusory correlation as an inferential bias that arises even in the absence of motivational or memory-based mechanisms (Kardes et al. 2004). Correlation-based inferences for missing attribute information may be heavily based on known information about other attributes of the focal brand (known as same-brand, within-brand or attribute-based processing—e.g. Ford & Smith, 1987; Johnson & Levin, 1985); on other brands in the product category or choice set (known as other-brand, across-brand or alternative-based processing—e.g. Huber & McCann, 1982; Ross & Creyer, 1992) or on both (e.g. Lee and Olshavsky, 1997). We propose that when consumers are explicitly asked to make inferences, they will engage in a different process and their choices will be affected by the values they infer. Choices made after inferences will be different compared to choices made without inferences.

In study 1, missing attribute information and inference making were manipulated. The choice sets consisted of product–attribute matrices for three product/service categories. A different attribute was missing for each of the three options in all product categories. Participants were randomly assigned to two conditions. Those in the No Inference condition were simply asked to make choices, whereas the ones in the Inference condition were asked to make inferences for missing attribute values before making choices. Results indicated that making inferences changed the nature of decisions. Choices made after inferences were significantly different from choices made without inferences. Assigning different values to missing attributes significantly decreased perceived choice difficulty and increased attractiveness of chosen options. In addition, inferences made across brands for different attributes were significantly correlated with each other. This finding was in support of the alternative-based correlation inducement (also known across-brand or other-brand processing) earlier proposed by Huber & McCann (1982) and Ross & Creyer (1992).

In study 2, an identical design was used with one exception. Besides the three options in each choice set, a “no choice option” was added, such that participants also had the alternative of not choosing any of the options as in real purchase situations. In addition to the replication of results from study 1, analysis showed that making inferences significantly decreased the selection of the “no choice option” (indecisiveness) as well as reducing perceived difficulty and risks of decisions. This effect was prevalent for all product categories.

It has been shown that at least a moderate level of cognition is typically required for correlation-based inference formation (Lee & Olshavsky, 1997) and when cognitive resources are required, spontaneous inference formation is more likely, if the motivation and the ability to deliberate are high (Kardes et al. 2004). Another important finding was that inferences were significantly moderated by need for cognition (NFC). High NFCs made more conservative assumptions regardless of product or attribute types.

While some researchers have argued that consumers do not make inferences, there have been numerous attempts to explain the underlying mechanism and heuristics for making inferences. Past studies have forced participants to make inferences about single attributes for one of the options in the choice set. Our research expanded these by including different missing attributes for multiple options; exploring the effects of multiple inferences; increasing the realism by including a no choice option; and demonstrating the differences in choices made with and without inferences.

References


Mental Visual Imagery, Authenticity and Consumers’ Attitude Formation towards Licensed Brands

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EXTENDED ABSTRACT

Licensing is no longer viewed merely as technology transfer or modes of entry. Firms are now licensing assets in forms of brands, designs, trademarks and etc. Many researchers (e.g. Holt 2002; Kozinets 2002; Thompson et al. 2006) have noted that such commercialization undermines the value of the brands. However some examples suggest differently. Haier, China’s largest home electronics manufacturer began its ascent by licensing refrigerator technology and the brand from German Liebherr Corp. in 1985 with the original brand name of “Liebherr”. Sanyo Fashion House Inc., a subsidiary of Sanyo Shokai in Japan, is licensed to manufacture and distribute “blue label” Burberry products in Japan since 1980. Despite their licensee image, they have both generated strong domestic sales and built strong and positive awareness internationally.

In this paper, we ask the question “when and how licensed brands achieve the same or even higher value than original brands?” and we reason that consumers’ assessment of authenticity may hold the key to this question. Most researchers agree that authenticity is not an attribute inherent in an object and is better understood and assessed by a particular evaluator in its particular context (Grayson and Martinec 2004). However, little research has studied the antecedents and consequences of authenticity. This is particularly relevant in brand licensing, as the cues for communicating authenticity of a licensed brand will help consumers’ assessment of the value of the licensed brand, and these cues may or may not be related to the attributes of the original brands. Thus this research proposes that there exist multiple dimensions of authenticity as perceived by consumers in the context of brand licensing.

Next, we examine literature in mental visual imagery as one of the mental processes that consumers use to make sense of cues (Richardson, 1999). Assessment of authenticity involves a complex perceptual process (Belk and Costa 1998; Pen aloza 2001). A person construes the cues via the formation of mental visual image before further deriving his/her perception about the authenticity of a licensed brand. Finally, we examine consumers’ attitude formation toward the licensed brands as consequences of their perception of authenticity.

Indexical and Iconic Authenticity

Grayson and Martinec (2004) identified two dimensions of authenticity based on the semiotic model developed by Peirce (1998): the indexical authenticity and iconic authenticity. Indexical authenticity refers to the physical or psychological link which distinguishes the “real thing” from its copies (Grayson and Shulman 2000). Iconic authenticity refers to the preexisting knowledge or expectations which a person perceives something being similar to something else (Grayson and Martinec 2004). In order for the licensed brand to be perceived as authentic, the cues for communicating authenticity are crucial, and this process of understanding and specifying these cues is called the negotiation of meaning (Grayson and Martinec, 2004).

Mental Visual Imagery

Past research (e.g. Adeyemo, 1990; Dahl and Chattopadhyay, 1999; MacInnis and Price, 1987) has shown that mental visual imagery is one of the mental processes which one uses to make sense of cues. Mental imagery is a form of internal representation in which information about the appearance of physical objects, events and scenes can be depicted and manipulated (Richardson 1999, P. 3). Research in marketing has distinguished different types of visual mental imagery: the image based on memory and imagination (Dahl and Chattopadhyay, 1999; MacInnis and Price 1987). These authors define memory image as the event or occasion that a person has personally experienced or observed whereas imagination imagery is a new, never-before-experienced event.

The Link between Authenticity and Mental Visual Imagery

Peirce (1998) explains that to view something as an icon, one usually creates a “composite photograph” (Grayson and Martinec 2004). For instance, to view something as iconically authentic, a perceiver must have some preexisting knowledge or expectations of something being similar to something else. Thus, memory imagery can be interpreted as the cue which links consumers preexisting knowledge toward the perception of iconic authenticity about the licensed brand. For example, when consumers encounter a licensed brand, they form image (i.e. original brand) from memory based on their existing knowledge or previous experience of the brand. Iconic authenticity may be achieved when cues are congruent with their memory. Therefore:

H1: Consumers’ memory imagery is positively correlated with perceived iconic authenticity.

Imagination imagery involves the creation of previously unseen image and the capacity of imagination imagery determines one’s ability to negotiate meaning out of novel information (Adeyemo 1990). To view something as an index, a perceiver must believe it actually has the “factual” and “spatio-temporal link” that is claimed (Grayson and Shulman 2000). Imagination imagery can be interpreted as acceptance of marketing communications from the licensee toward the perception of indexical authenticity by consumers. Therefore:

H2: Consumers’ imagination imagery is positively correlated with perceived indexical authenticity.

H3: The more the licensed brand is perceived with iconic cues, the more licensed brand will be perceived as authentic.

H4: The more the licensed brand is perceived with indexical cues, the more licensed brand will be perceived as authentic.
Although both iconic and indexical cues are likely to encourage consumers to believe that a licensed brand is authentic, iconic cues are likely to be more powerful because consumers possess some preexisting knowledge about the licensed brand or perceive similarities with something they are familiar with. Therefore:

H5: Iconic authenticity has greater influence than indexical authenticity for consumers’ assessment of authenticity.

Finally we examine whether assessment of authenticity will in turn influence consumers’ attitude toward the licensed brand. Attitude towards a brand can be defined as consumer’s overall brand evaluation (Aaker and Keller, 1990). Cognition is part of the belief formation and the salience of beliefs in term form attitude (Ajzen, 2002). Assessment of authenticity is one type of cognitive associations assisting consumers to negotiate the meaning of brand licensing. Therefore:

H6: Perceived authenticity is positively correlated with consumers’ attitude formation toward licensed brands.

Methods and Measures
There are three stages of data collection in this research: exploratory focus group studies, controlled experiments and survey. The focus group studies were completed. The purpose of the focus group studies is twofold. Firstly, we hoped to gain deeper understanding about how consumers perceive the connections among our three focal concepts and to develop a set of hypotheses. Secondly, it would help with the development of relevant measures to be used in the controlled experiments.

Exploratory Focus Group studies
The focus group interviews were carried out to ensure that the dimensionality of the concepts can be discovered as exhaustive as possible. Three focus group interviews were designed and conducted based on the guideline from Krueger (1994) and Yin (1984). Twenty-six informants (20 to 35 years of age) were recruited from both undergraduate and postgraduate students in a west midland university in the United Kingdom. Each focus group lasted around 60 minutes. The informants, 51% of which are female, have Chinese origin. These informants were recruited for the consistency with second stage of data collection in China.

The focus group results were content analyzed according to the guideline of Yin (1984). The preliminary results are the following:

(a) 22 of our informants pointed out that brand licensing activities were well covered in the Chinese media and were aware of the amount of brand licensing activities in the Chinese market.
(b) 20 of them stressed that authenticity was an important issue when facing licensed brands.
(c) 21 informants agreed that when facing licensed brand, they drew inferences from both their past experiences (memory) and their assessment based on the actual licensed brand product they encountered (imagination).
(d) Based on their past experience with the original brand, majority our informants indicated that quality, country of origin, and trademark were first to come through their mind.
(e) The novelty of the licensed product, level of involvement of the brand owner, and the distribution channel of the product helped with their assessment of authenticity of the licensed brand.

The focus group results shown that, firstly, the distinction between the use of memory and imagination imagery is important to assess authenticity of licensed brands. Secondly, there exist different antecedents for the two dimensions of authenticity. Two 7-point authenticity measures were developed based on focus group findings:

(a) Indexical authenticity in brand licensing: novelty, level of involvement of the brand owner, and perception about distribution.
(b) Iconic authenticity in brand licensing: quality, country of origin, and trademark.

Control Experiments
To examine the use of different imagery types upon the perceptions of authenticity (H1 and H2), the two experimental factors (memory and imagination imagery) will be manipulated in a between subjects design. One hundred and fifty students participated in the study are to be Chinese –origin from an UK university. Chinese market is chosen because of its market size and rapid growth in licensing activities (LIMA 2005).

The independent Variables will be the visual mental imagery types which will be manipulated by instructing participants to rely on images based on either memory or imagination during the experiments. Experimental design will consist of a 2 (imagery type) x 2 (authenticity type) + 1 control mixed model. Imagery types are between-subjects variables, with subjects exposed to a set of either memory or imagination stimuli. In the memory imagery condition, participants will be given a booklet containing a brief description of memory imagery and information regarding the fictitious brand. Participants will be asked to “dig” into their memory and visualize similar brand and product in their daily life when filling out questionnaire on the perception of authenticity. In the imagination imagery condition, participants will be given a booklet containing a brief description of imagination imagery and the same information as in the memory condition regarding the fictitious brand. Participants will be asked to visualize the fictitious brand based on the information provided in the booklet when filling out questionnaire on the perception of authenticity. The measurements for manipulation check will be adopted from Dahl and Chattopadhyay’s (1999) 7-point scale. Two 7-point authenticity measures were developed based on focus group findings:

(a) Indexical authenticity in brand licensing: novelty, level of involvement of the brand owner, and perception about distribution.
(b) Iconic authenticity in brand licensing: quality, country of origin, and trademark. The dependent variable is attitude toward the licensed brand. To measure attitude toward licensed brand, we will adopt Kind and Smith’s (2001) 7-point semantic differential scale.

Survey
To examine the effect of perceived authenticity on consumers’ attitude formation (H3, H4, H5, and H6), a set of questionnaire will be administrated on-line. Real licensed brands instead of fictitious brands will be employed as subject of study. The original brands will