

WORKING PAPERS

“Anticipating Returns: Preemptive Compensation As a Double-Edged Sword”

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Product returns are a costly experience for consumers and retailers alike. U.S. retailers received over \$100 billion in returns annually. Such costs are especially salient to consumers in remote retail environments where returns seem both more likely, due to a lack of “touch and feel” experience with the product prior to purchase, and more difficult, due to the necessity for shipping. Consumers return products for many reasons, but the one of the most common is that the product’s condition was worse than expected (Dubbs 2001). Paradoxically, extant research demonstrates both that consumers prefer lenient return policies and that they can experience suboptimal decision outcomes under such policies (Gilbert and Ebert 2002; Wood 2001).

Clearly, strategies that effectively attenuate return rates are of interest to both remote retailers and consumers. An innovative policy strategy recently observed in the marketplace (most commonly in e-commerce venues) is the use of non-solicited compensation to consumers for products that fall below average quality standards. In other words, retailers compensate consumers for poor products *before* consumers have the opportunity to complain or seek compensation and this compensation may arrive concurrently with the delivered product or service. We term this practice, *preemptive compensation* (PC).

Retailers who engage in preemptive compensation likely see such a strategy as benefiting consumers both financially and through “hassle” reduction. Retailers may also see this practice as self-enhancing as it communicates a commitment to quality, forestalls product return, and may increase customer loyalty.

However, while retailers might expect that the seemingly generous practice of PC will result in increased consumer satisfaction, we posit that non-solicited compensation can also serve to decrease satisfaction under certain conditions thus acting as a double-edged sword for the retailer. In this research, we describe and experimentally test two theoretical routes through which PC may negatively impact consumer satisfaction.

Two Routes: Emotional Venting versus Equity Signaling

Will retailers reap the rewards of preemptive compensation in the form of consumers’ increased satisfaction and loyalty? Based on two distinct research streams from economics and social psychology, we can develop hypotheses that suggest otherwise.

Emotional venting. A robust finding in social psychology about the study of negative affect is that people who feel bad will act to “repair” their bad mood. Such behaviors are labeled as mood maintenance or mood regulation effects (e.g., Larsen 2000). Thus, the act of complaining may serve some positive role in allowing individuals to release and “move on” from negative emotions. This benefit may be further impacted by individual difference characteristics such as assertiveness or aggressiveness. What happens, then, when retailers shut the tap on cathartic complaint? By anticipating and responding to product complaints before they happen, firms may take away the reasonable opportunity to vent negative feelings and keep consumers from working through feelings of dissatisfaction, leading to less favorable post-purchase evaluations.

Economic Signaling. It is well understood that retailer actions or advertising can signal a variety of messages to the consumer (e.g., Kirmani and Rao 2000; Simester 1995), and one might reasonably assume that PC might similarly send a signal to the consumer recipient. However, we posit that PC evokes two contradictory signals. First, PC may send a positive signal of the retailer’s commitment to an internally held standard of quality. Conversely, the PC offer may signal the unambiguous substandard quality of the received good relative to other comparable goods.

While each theory predicts the same overall effect, we can identify one difference, quality ambiguity, which will guide the design of a critical test. If the equity signaling theory holds, we should observe a cross-over interaction between PC and the presence/absence of another viable signal of quality. If another clear signal exists (unambiguous flaw), then PC will not hurt the product’s evaluation and will only have its intended positive effect in compensating the consumer for the unambiguous flaw. However, when no other signal exists (ambiguous flaw), the PC will exert a negative influence by explicitly signaling sub-standard quality. The emotional venting account does not predict this cross-over interaction. If PC negatively impacts satisfaction by thwarting the consumer’s desire to vent negative emotions through the complaint process, this effect should influence satisfaction regardless of other quality signals.

Study 1

Using an experimental methodology, we seek to create a test of the competing alternatives by manipulating the ambiguity of the product’s flaw in order to observe the pattern of results concordant with an equity signaling explanation or an emotional venting explanation.

A 2 (PC versus No PC) x 2 (Flaw Ambiguity) between-subjects design tested the influence of preemptive compensation on product evaluation. Participants were given a scenario where they ordered a used textbook online. They received a simulated mailed package containing a textbook and condition appropriate materials, and were then asked to evaluate the book. One hundred and fifty university students participated for course credit.

Results and Discussion

These results support an equity signaling explanation over an emotional venting account. Consistent with equity signaling, the PC x Flaw Ambiguity interaction was significant, showing that PC only helped when the product’s flaw was unambiguous and, when the product’s flaw was *ambiguous*, PC actually hurt satisfaction. Further, low and high scorers on Richin’s (1983) Assertiveness and Aggressiveness scale did not show evidence of differentially impact on satisfaction.

This research demonstrates that a retailer action aimed at forestalling product return through preemptive compensation may have negative consequences for purchase satisfaction. Participants who received PC reported decreased satisfaction with the purchase *only* when the product's flaw was ambiguous. This suggests that the PC signaled that an inequitable exchange had taken place and provided the consumer with a clear message that they had received a flawed product. However, when the product was more obviously flawed, the PC—as a signal of poor quality—was redundant. In this case, the PC had its intended positive effect on purchase satisfaction.

Conclusion

This research explores the practice of preemptive compensation and its potentially negative effect on consumer satisfaction. Empirical support from one major study demonstrates support for one of two competing theoretical explanations. A second study is currently under way to further investigate the role of signaling in preemptive compensation. This research is likely to appeal to a fairly wide range of ACR members, especially those with research interests in signaling, product return, and e-commerce practices.

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"Eat Bitter Food and Give Birth to a Girl; Eat Sweet Things and Give Birth to a Cavalryman: Multicultural Health Care Issues for Consumer Behavior"

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Abstract

Health care providers have recognized the importance of examining the multicultural influences affecting subcultural consumers' expectations and preferences. In many cases, products are used and hold special meanings that are unfamiliar to U.S. health care providers, potentially leading to conflict and misunderstanding. Customs are learned and brought to the United States that are thought to affect one's health and well being, yet they may be unknown or even interfere with commonly-accepted health care practice. The present paper provides an overview of the potential conflicts that can occur, plus suggests a framework for analysis, prediction, and understanding.

Paper Overview

The 2000 Census Bureau data indicate that 17.9 percent of the U.S. population aged 5 and older speak a language other than English as their primary language at home. Additionally, more than 11 percent of the people living in the United States were not born here, representing approximately 32.5 million people, as of March 2002. One significant part of such cultural heritage is found in the area of health care.

Multicultural folk remedies and healing practices are widely trusted within many subcultural communities, although they may be based on unfamiliar value systems. For instance, Hispanic communities in the Southwestern United States believe in a folk medicine system based on restoring harmony when disease occurs, most likely caused by an imbalance between hot and cold principles (Neff, 2004). Practices like these are often unfamiliar to U.S. health care providers, potentially leading to conflict and misunderstanding and possibly interfering with commonly accepted health care practice. As a result, health care providers have recognized the importance of examining the multicultural influences affecting subcultural consumers' expectations and preferences.

Medical care is well ingrained as a system of "things that must be done" in order to maintain one's healthfulness. The aspects of a subculture's medical care practices may not be viewed as discretionary, and instead become necessary for medical communities to understand. In some cases, the customs, rituals, and use of products associated with a specific ailment or condition are likely to be unfamiliar or even run counter to approved medical practice in the United States. It is likely that "resistance" may be encountered with unfamiliar health care practices that are not understood or seem to run counter to subcultural norms.

An assimilation model assumes that immigrants will tend to change their behaviors towards that of the host culture (Gentry, Jun, and Tansuhaj 1995). This is limited, since immigrant consumer acculturation is found to include "consumer movement, translation, and adaptation" (Penaloza, 1994). As Penaloza found in her work, Mexican immigrants assimilated U.S. consumption patterns, maintained aspects of the consumption patterns learned in their homeland, and resisted some aspects of both the new and old cultures (Penaloza and Gilly 1999). Assimilation is not an automatic progression towards the dominant host culture, which is certainly seen when analyzing health care in subcultural settings. I propose that Penaloza's framework can be usefully adapted when considering health care acculturation.

Kohn (1995) suggests that there are four types of barriers that are likely to impact health care acceptance, quality, and cooperation. These are based on differences in the cultural belief systems that form the backbone of the core value system. These barriers have great implications for consumer research into providing health care for multicultural communities.

1) *American medicine is an unfamiliar culture.* American medical care is based on Western cultural values and beliefs. For instance, many subcultures believe that illnesses are related to spiritual or religious beliefs and may be caused by some imbalance or misfortune. American medicine is based on science, with no causality attached to other beliefs. In addition, American medicine is based on a “master of destiny” approach, assuming that individuals can affect their health based on what they do. This is in great contrast to the notion that fate determines health. For instance, Flores et al (1999) report that “fatalismo” in Hispanic populations can affect clinical care. Fatalismo is the belief that an individual can do little to alter fate. Such a perspective can lead an individual diagnosed with a serious disease such as cancer to interpret it as a death sentence, rather than as a reason to seek and follow through with recommended treatment.

2) *American medicine is “delivered” primarily in Western communication styles.* The communications systems in medical care facilities are based on American communication styles, relying heavily on use of English, familiarity and access to telephones, and acceptance of Western style conversations. However, English may be understood only to a limited degree, greatly affecting access to health care (Flores, Bauchner, Beinstein, and Nguyen 1999). Some cultures find it unacceptable for male doctors to treat female patients in certain illnesses. While many medical systems have introduced courses in cultural communication and have recruited staff with various language skills, there still are many instances of grave miscommunication. Communication must be examined in terms of words, gestures, use of “things”, tone of voice, space used, formality, and so forth:

An elderly Thai man who immigrated to the United States . . . suffers from migraine headaches. He visits a clinic and, struggling with English, explains his symptoms to the nurse on duty. He notices that the nurse is using a red pen to record his medical history. Suddenly, the patient stiffens and his hands begin to shake. The nurse is unaware that red ink is used in criminal proceedings in Thailand (example from Chapman 1995).

3) *Feelings that one’s own subcultural practices are not understood or respected.* Patients in numerous subcultures rely on traditional folk medicine remedies. In many cases, these use specific food items as part of a cure. They are available, inexpensive, and acceptable. When mentioned to the American medical staff, however, they may be met by disrespect, skepticism, and rejection, rather than by attempts to understand the practices. For instance, it is common for pregnant women to experience cravings for certain types of foods. Some cultures go a step further by relating the foods that are eaten with the gender of the baby in a causal way.

In Turkey, custom has it that women who touch particular objects and eat certain foods are likely to experience cravings for specific foods. The substances that women eat are thought to affect the gender of their unborn child, as seen in the two expressions: “Eat bitter food and give birth to a girl; eat sweet things and give birth to a cavalryman”. Pregnant women are expected to avoid eating fish, rabbit, sheep, or chewing gum, while they are encouraged to eat apples, green plums, and grapes (“Traditions to Do With Birth”, *Ministry of Culture and Tourism, Republic of Turkey online, 2004*).

4) *Trust can be difficult to build.* Health care practices that are learned in one’s country of origin may form a fundamental part of an individual’s belief system. The practices may draw on and intersect with learned gender and family roles. Thus they may form the basis for trust in the familiar health care norms, and skepticism and distrust of American practices because of their unfamiliarity. Subcultural members may also have friends and relatives who have had unsatisfactory experiences from American health care providers, reinforcing the distrust and rejection that is felt.

This paper proposes a framework for analysis built upon the intersection between 1) the assumptions raised by U.S. health care professionals and 2) the components of Penaloza’s assimilation analysis. A central component of this framework is the range of possible responses by subcultural consumers. Such responses can include maintaining their own health practices, changing to and accepting U.S. health care practices, and/or rejecting each in favor of a combination of subcultural with U.S. practices. While such options are likely to be identified in other assimilation decisions, such as adoption of U.S. food and clothing practices, an important consideration is that when health care is considered, choices of rejection and/or hybrids may be dangerous to the patient’s health. Propositions are developed and implications for research are discussed.

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“Strategic Expectation Management and Judgments of Satisfaction”

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The traditional satisfaction paradigm of confirmation-disconfirmation of expectation predicts that confirmation of one’s expectation for an impending outcome should lead to satisfaction with the outcome. We suggest that this prediction may not always hold when one sets a low expectation level in order to minimize regret and disappointment. Specifically, we propose that one’s awareness of having set a low goal, or having followed an insufficient search process is likely to lead to dissatisfaction even when the initial expectation level is met. Preliminary study results are encouraging. Results from two studies show that when people are made aware of having set a low expectation, their satisfaction level is significantly lower than when they set a high expectation, holding the outcome constant.

“Consumption Fantasies: A Phenomenological View”

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In this age of consumerism, consumer fantasies are widely held. Advertisements and marketing media frequently refer to fantasy vacations, dream homes, ultimate sports cars and fairytale weddings. BMW promotes its car as the “ultimate driving machine” and a current Disney advertising campaign shows a dog dreaming of enjoying himself at the amusement park with the copy, “We all have our dreams.” Do we imbue products with the ability to make our non-consumer dreams come true is this all there is to our consumer fantasies, or is there more? Hallmark is currently running a campaign showing cards as having the power to transform their social relationships. Television shows like the classic *Lifestyles of the Rich and Famous* and the more recent MTV version, *Cribs* show the masses how the “other half” lives, giving them fodder to imagine the possibilities of homes. *Extreme Makeover: the Home Edition* brings the fantasy to ordinary people whose homes they transform into dream homes in a week. The tag line for this show explicitly evokes a fantasy stating that they are “Building dreams, changing lives.”

Magazines such *The Robb Report*, *Conde Naste Traveler*, *Outside*, *Modern Bride*, *Road and Track* and the even the classified real estate section of *New York Times Magazine* offer fodder for our fantasies showing the latest and greatest in technologies, ideas for entertainment, exotic locations and luxurious hotels and spas, and mansions and estates. If we can’t afford the 850,000 dollar Bugatti you can buy a poster for your wall. We can go to auto shows, and trade expos to sit in, touch, or try out the products of our dreams. Yet despite the fact that marketers capitalize on the fantasy concept, little of consumer research has attempted to systematically study consumer fantasies.

The word fantasy has its roots in the Greek word “phantasia” regarding the human capacity to imagine (Rook, 1988). Psychologists English and English defined fantasies as, “Imagining a complex object or event in concrete symbols as images, whether or not the object exists; or the symbols or images themselves: for example a daydream.” (Klinger, 1971). And a daydream has been defined as a self-induced shift in consciousness, which is sometimes a way of compensating for a lack of external stimulation or escaping from problems in the real world (Singer, 1966)

This definition of daydreaming relates closely to Klinger’s definition of fantasies. In his book, the *Structure and Functions of Fantasy* (1971) he attempts to arrive at a theory of fantasy that explains its universality, variations, and functions. Klinger considers fantasy as most similar to dreams and play. Play is the motor response to the fantasy ideation and sub vocal processes. Play and fantasy are the same process, but as we age, we repress the motor action of play because it is no longer understood as socially age appropriate behavior and only the fantasy remains (Klinger, 1971).

Freud defines fantasy, along with dreams and play as one of the ‘primary processes’ in which organisms behave without concern over their impact on their environment or feedback with which to correct their actions. These are opposed to “secondary processes, which are governed by rational, instrumental thoughts (Holbrook & Hirschman, 1982). This aspect of fantasies as juxtaposed with rational processes is useful for forming a definition of consumer fantasies.

Fantasies are seen as personal and unrestrained, related to easy solutions, escapism (Apter, 1982; Belk & Costa, 1998) as well as a misguided, selective or distorted view of reality (Apter, 1982; Nofz, 1984; Oettingen, 2002). Bruner believes we understand our world and reality through two modes of thinking: the paradigmatic mode, which is analytical, mathematical and formal versus the fictional or narrative mode, which may violate rules of logic, which opens up alternatives and possibilities. Fantasy on a nonacademic level, has been defined as unrestricted imagination, characterized by its improbability and fictional quality (*The American College Dictionary*, 1985)

In a recent article in *Journal of Consumer Research*, Belk, Ger, and Askegard (Belk, Ger, & Askegaard, 2003) characterize consumer desire as “a passion born between consumption fantasies and social situational contexts.” Clearly consumer fantasies are related to consumer desire, yet important distinctions exist. Consumer desire is described as passionate consumption, explained as, “overpowering, something we give into, takes control of us and dominate our thoughts, feelings and actions.” Fantasies on the other hand are consumer imaginations of and cravings for consumer goods not possessed, and returning to the dictionary definition, defined by their improbable and fictional quality.

A phenomenological approach, using in-depth interviews, is used to examine consumer fantasies as experienced by consumers. The basis of phenomenological research is to discover the structure of the phenomena under study from the perspective of the individual experiencing that phenomena (Sayre, 2001) and the interview is one of the most powerful ways to gain a deep understanding of another person’s perceptions (Thompson, Locander, & Pollio, 1989). The study seeks to learn what consumer fantasies mean to consumers, how they fantasize about products and experiences, what influences their fantasies, how they nourish their fantasies and what happens if the fantasies are achieved.

While research is at its most embryonic stage, preliminary research indicates that consumer fantasies change over time. Fantasies unsurprisingly are characterized by their distinction from the everyday and the easily accessible. And although fantasies are often conceived of in these terms of impossibility or improbability (Apter, 1982), consumer fantasies may involve compromise in order that they fit within situational contexts. This need to relate the fantasy to the reality of one’s circumstances seems to imply that the distinction between fantasy and reality is not entirely clear (Tuan, 1990).

Further research and analysis into the lived experience of consumer fantasies could help us understand how consumption effects are lives and futures.

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“The Genie in the Bottle: How Prize Level and Salience of Odds of Winning Affect Promotion Attractiveness and Consumption Intentions in Instant Monetary Prize Promotions”

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Abstract

The study investigates the effect of making odds of winning salient across three levels of instant monetary prizes. Results indicate for high-level prizes, promotion attractiveness do not vary significantly regardless if odds of winning are made salient or not; for low-level prizes, promotion attractiveness is marginally greater when odds of winning are present than when absent; finally, for medium-level prizes showing odds of winning significantly decreases promotion attractiveness. Consumption intention was not affected by odds of winning in any way, but did vary across prize levels; it was higher at the medium-level prize than at low- or high-level prizes.

Hypotheses Development

Despite widespread use of instant prize promotions in the marketplace, little academic research has been done in this area (Ward and Hill, 1991). We synthesized several concepts and principles for the purpose of hypotheses building such as the scarcity proposition (Brock, 1968), preference reversal (Slovic & Lichtenstein, 1968) and the principle of compatibility (Tversky et al., 1988). Our hypotheses addressed three specific research questions: 1) is the bigger prize always better; 2) what prize level generates the highest consumption intention; and 3) how does salience of odds of winning in a promotion offer (present/absent) affect both attractiveness and consumption intention.

Instant prize promotions can be perceived as ‘free’ lotteries. According to Brock’s (1968) scarcity proposition, any commodity will increase in perceived value as the extent of the availability of the commodity decreases. In other words, less available items are valued higher than more available ones. Larger prizes with lower probability of being won (very unlikely) are expected to be evaluated more favorably than lower prizes with high probabilities (very likely) of being won (Howard and Barry, 1990). However, higher evaluation does not necessarily lead to higher attractiveness. According to the preference reversal concept (Slovic and Lichtenstein, 1968), people typically value a gamble with a large payoff and low odds of winning more than an equivalent gamble with a smaller payoff and higher odds of winning. In a choice context, however, they prefer the gamble with the smaller payoff.

The preference reversal concept relies on the principle of compatibility (Tversky et al., 1988) which states the perceived value of any payoff is enhanced if the cost of participating and the offered prizes are expressed in the same units. In other words, if the cost of participating is stated in dollars (\$1 lottery ticket) and the prize is stated in dollars (\$1 million), the principle of compatibility applies.

In an instant prize promotion context, odds of winning may not be as salient as in a lottery context, or even a choice context, but considering odds of winning is critical for the preference reversal concept. We suggest that prize value will increase as its monetary value increases, but this relation will be moderated by the salience of odds of winning. We expect that when odds are salient consumers will, according to the preference reversal principle, prefer the instant prize promotion with the smaller payoff to the promotion with the higher payoff. Hence, when odds-of-winning is a salient element of the promotion offer, respondents will value lower level prizes more than higher (but almost improbable) level prizes.

Methodology

A between-subjects, 2x3 experiment was conducted to investigate how prize level (low, \$10; medium, \$5,000; high, \$1 million) and salience of odds of winning (present/absent) affect consumers’ evaluations of promotion attractiveness and consumption intention. Levels of prizes and odds used in the study were similar to those commonly offered by soft drink producers during instant prize promotions.

Major Findings

A significant interaction between prize value and salience of odds of winning was found using MANOVA for consumption intention and promotion attractiveness. Upon further investigation, the interaction for consumption intention was not significant while a marginal main effect of prize value was found; the interaction for promotion attractiveness remained significant.

The consumption intention means showed inverted U shape relationships across the three prize levels, indicating that the principle of scarcity does not apply for high value prizes. While the difference between the means (for medium and high value prizes) was significant, it was in the opposite direction than hypothesized by the principle.

Inverted U shape relationships across the three prize values were also observed for promotion attractiveness when odds of winning were not explicitly stated. However, when odds of winning were made salient preference reversal was observed at low and medium prize values but not at the high prize value. That is, when moving from the absent odds condition to the present odds condition, promotion attractiveness increased at the low prize value, decreased at medium prize level, and did not change at high prize level. In the odds present condition, attractiveness of medium- and high-level prizes was not significantly different but both were significantly lower than attractiveness of low-level prizes.

Overall, the study supported the scarcity proposition and preference reversal principle at low and medium prize levels, and failed to support them at high prize levels. One plausible explanation of absence of preference reversal at high prize level is that people always think about odds of winning when they are exposed to high prizes. High prizes encourage people to estimate odds of winning, thereby making salient the low probability of winning and thus discounting the perceived value of the prize. The high-level prize condition can be considered as a boundary condition for the preference reversal principle.

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“The Role of the Consumer’s Attitudes toward Direct-to-Consumer Advertising of Prescription Drugs on Ad Effectiveness and the Behavior of Consumers and Physicians”

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Data from 1081 adults surveyed by the FDA were analyzed to explore consumers’ attitudes toward direct-to-consumer advertising (DTCA) of prescription drugs, and the relation between these attitudes and health related consumption behaviors. We report the favorableness of consumers’ reactions to DTCA, and more importantly, demonstrate that consumers’ attitudes toward DTCA are related to whether they search for more information about a drug that is advertised, and ask their physician about the drug. Finally, we document how consumers’ attitudes towards DTCA relate to the prescription writing behavior of their physicians. Mediation analyses that more fully explicate these findings are discussed.

“Choice versus Judgment: Illustrating Choice as Pre-Decisional Differentiation”

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What is the nature of the process that leads to a decision? Several theoretical works have attempted to address this issue in terms of pre-decisional differentiation. Differentiation and consolidation theory views choice as a result of gradual differentiation between valuations of alternatives (Svenson, 1992; Svenson & Benthorn, 1992). Connectionist models of choice further specified the process, suggesting that the differentiation increases over time until it exceeds a threshold, at which point a decision is made (e. g., Guo and Holyoak, 2002a, 2002b; Thagard and Millgram, 1995). Note that this type of differentiation differs from the post-decisional differentiation predicted by cognitive dissonance theory, according to which people would further discriminate among alternatives *after* a decision has been reached (Festinger, 1957; Heider, 1946; Heider, 1958). For example, one might originally like Lexus just a little more than BMW, but the difference in liking would increase after he or she has decided to purchase a Lexus, as a result of justifying the buying choice.

Despite the existence of a theoretical framework, little empirical work has been done to investigate pre-decisional differentiation as the precursor of choice. This article reports three empirical studies that investigate this issue. The studies were based on the following rationale—If a large enough pre-decisional differentiation is a pre-requisite for reaching a decision, the magnitude of differentiation should be larger in choice than in judgment, as the latter does not involve a decision. In these studies, differentiation was measured by the magnitude of the difference in desirability rating across alternatives. The participants were students at University of California, Los Angeles, who participated as an optional class activity. Respectively, 128, 78, and 179 students participated in Study 1, 2, and 3.

Study 1 consisted of two scenarios, each of which had a choice version, in which a choice was to be made between two alternatives, and a judgment version, in which the same alternatives were to be evaluated without a decision. The dependent measure is desirability rating. The general instruction reads as follows, with differences across versions indicated by parentheses (the first phrase in each pair was from the choice version).

You need to make (a choice between two options/evaluation regarding two items) for the next two scenarios, and indicate your (choice/evaluation) by rating the two (options’/items’) desirability on a 100-point scale (1=Least desirable, 100=Most desirable).

One of the two scenarios is presented below.

Suppose that you want to buy a photo-quality inkjet printer to print out high-quality pictures and documents at home, and you are (*evaluating/choosing* between) the two brands listed below.

(Which one would you *choose*?/How *desirable* are they?)

- Epson ____ (← rating)
- Canon ____ (← rating)

Note that in the choice version participants were asked to indicate their decisions by giving desirability ratings. This means the ratings measured alternative valuations right at the point when decisions were made, and thus any differentiation effect should be due to pre-decisional rather than post-decisional processing. The other scenario used in the study concerned evaluating the type of food for a dinner between Vietnamese and Thai cuisines. The hypothesis of the paper, H1, is formulated as follows. The magnitude of the difference in desirability rating across alternatives (called *differentiation score* hereafter) is larger in choice than in judgment.

In data analysis, one issue concerning experimental validity was addressed. In the choice condition, even if a participant thought both alternatives were equally attractive, he or she would probably still rate the alternatives differently, just to indicate a choice. This would bias the results in favor of H1, which predicts a larger differentiation for the choice condition. To prevent this, in the choice condition very small differences in rating should be treated as reflecting equal valuation for the alternatives. Therefore, differentiation scores smaller than or equal to five (this criterion was arbitrarily determined) were converted to zero in the choice task. After this conversion, a two-way ANOVA with evaluation mode (choice or judgment) and the order of presenting the two scenarios as between-subjects factors was conducted. In both scenarios the mean differentiation score was larger in the choice condition than in the evaluation condition. For the printer scenario, the means were 26.45 and 13.23 for the choice and judgment conditions respectively, $F(1, 116)=9.35, p<.01$. For the dinner scenario, these figures were: 29.98, 14.65, $F(1, 116)=10.37, p<.01$.

Study 2 replicated Study 1 by using another two scenarios, one concerning evaluating colleges to attend, the other concerning evaluating DVD players. Again, the mean differentiation score was larger in the choice condition. For the college scenario, means were 35.03 and 21.92 for the choice and judgment conditions respectively, $F(1, 73)=4.03, p<.05$. For the DVD player scenario, these figures were: 26.32, 13.46, $F(1, 72)=4.52, p<.05$.

To further rule out the possibility that the larger differentiation observed in the choice condition was due to post-decisional justification, Study 3 was conducted, which was identical to Study 1 except that a third alternative was added to the choice set. For each participant, differentiation score was calculated for the 2nd and 3rd ranked (based on desirability rating) alternatives (called 2nd–3rd score) as well as for the 1st and 2nd ranked alternatives (called 1st–2nd score). If cognitive dissonance reduction or decision justification underlay the results from Study 1 and 2, for the 2nd–3rd score no difference should exist between choice and judgment, as evaluating them did not involve justifying a decision. Opposite to this prediction, difference was still obtained for the 2nd–3rd score (no conversion was performed). For the printer scenario, the means were 20.06 and 13.35 for the choice and judgment conditions respectively, $F(1, 166)=5.64, p<.05$. For the dinner scenario, these figures were: 19.74, 12.98, $F(1, 170)=4.63, p<.05$. The results further supported the pre-decisional argument, which views differentiation as a global mechanism that also occurs for the 2nd and 3rd ranked alternatives. Like in Study 1 and 2, difference also existed for the 1st–2nd score (the score conversion used in Study 1 was performed). For the printer scenario, the means were 21.63 and 17.45 for the choice and judgment conditions respectively, $F(1, 166)=6.91, p<.01$. For the dinner scenario, these figures were: 22.42, 14.78, $F(1, 170)=6.14, p<.05$. No effect of presentation order or interaction was found for any analysis in this paper.

These studies showed that deliberation process can be characterized as active differentiation among alternative valuations. In addition, the observed choice/judgment disparity leads to important applications. In studies involving discrimination among products, researchers should frame tasks as choice rather than judgment, because the former would lead to larger difference in valuation and therefore clearer statistical data. When evaluating products, one should be aware of whether there is an intention of choosing (e. g., product judges often give ratings in order to select the best product)—choosing might distort ratings in the direction of creating a large differentiation among products. In contrast, ratings in tasks involving only judging should better reflect the true quality of products.

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“Product Placement Effects: Product-Character Associations (PCAs) in Sitcoms”

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Abstract

The paper presents a new model of product placement effects in television sitcoms—the Product-Character Association model (PCA)—to explain character-driven influences on viewers’ attitudes to placed products. The character-centered model advances our understanding of placement effects by emphasizing the centrality of characters as drivers of consumer response. In this way, it extends prior product placement research on plot, in which findings indicated that a placed product’s high versus low connection to the plot is the driver of persuasion (Russell 2002). We propose that expanding the concept of plot to include characters, which accords with Aristotle’s definition of plot as—“characters in action” (Fergusson 1961, p. 82),—leads to an enriched understanding of attitudes toward placed products. From this perspective, attitudes are formed on the basis of viewer reactions to characters and perceptions of product-character associations.

The paper draws theoretical grounding from two disciplines: literary theory, the source of information about sitcom characters (Esslin 1976; Fowler 1982); and social psychology, the source of research on responses to characters (sources) and products (messages). Dual

sourcing enables the generation of hypotheses that link attributes of the sitcom stimulus to attitudes flowing from product-character associations (PCAs).

Stimulus Attributes

Sitcoms operate in accordance with three formulaic rules—in social science terminology, “attributes”—that govern the plot/character/product relationship: a repetitive cyclical plot pattern (Wolff 1988); recurrent (central) versus temporary (peripheral) characters that viewers can recognize as such (Pfister 1991); and product association with characters to reflect the realistic settings designed to represent a familiar social scene (Feuer 1992; Abrams 1993). The attributes are expressed in three hypotheses that predict the following:

- H1a: Viewers will recognize sitcom characters as temporary vs. recurrent
- H1b: Viewers will develop positive (negative) attitudes toward those characters
- H1c: Viewers will associate characters with products, thereby developing PCAs.

Response Effects: The PCA model predicts that the hypothesized PCAs will influence attitudes toward a placed product. If viewers perceive the association between a character and a product, they are likely to develop attitudes toward a placed product based on that perception. The model posits the following:

- H2: Viewers will make more PCAs with recurrent characters than with temporary ones
- H3: Positive (negative) attitude toward a character (AC) will drive the attitude toward the placed product (AP) associated with that character.

Study

The hypotheses were tested in a controlled exploratory study aimed at testing the influence of PCAs on APs. The stimulus was a taped 27-minute sitcom episode—*Ads R' Us*—made for product placement research, and it included a variety of characters (some recurrent, some temporary) and placed products. The episode is set in an advertising agency in which the employees function as a typical sitcom office family, and their task is to create an ad for *Supreme Ice Cream* and pitch it to the sponsor. The group of six characters is revealed by personality, behavior, and product uses/attitudes toward three main placed products: coffee, a signifier of power; ice cream, a locus of sexuality; and soda, a signal of surprise. Coffee is associated with the permanent characters' status in the group, and actions such as brand choice, preparation, consumption, and serving display the character's role in the power hierarchy. Ice cream has explicitly sexual connotations, and its function is to highlight the ad's “sex sells” theme. Soda signals the transformation of Joanna, the main character, from a nasty but small-minded manager to a full-fledged cutthroat executive.

Sample

The respondents were 106 undergraduate students at a large southwestern university, who were told a cover story about the study's purported aim of gathering reactions to a pilot episode of a TV sitcom developed at their university. After viewing of the episode, respondents completed a computerized questionnaire that collected quantitative attitudinal data (attitudes toward the sitcom episode, products, and characters) and qualitative data regarding respondents' perceptions of character recurrence vs. temporariness and product-character associations.

Findings

The predictions about viewers' perceptions of characters and product-character associations were supported. Viewers distinguished between recurrent versus temporary characters (H1A), developed positive or negative attitudes toward them (H1B), and associated products with characters (H1C). The respondents made significantly more PCAs with recurrent characters than with temporary ones (H2). To test the full PCA model (H3) predicting that attitude to the character (AC) would drive attitude to the product (AP) if it is associated with that character, PCAs were dummy-coded for each of the three products and six characters. A multiple regression analysis of AP was conducted on the ACXPCA interaction terms. All beta coefficients were significant, and the model yielded an adjusted R^2 of 14.7%: attitudes toward characters drove attitudes toward the products associated with them (H3).

Discussion

The study provides support for the role of PCAs in product placement effects. It indicates that viewers do perceive the distinction between recurrent and temporary characters in the sitcom genre, and that this perception influences the number of PCAs. Further, viewers are able to make associations between products and the characters who use them, and these associations mediate the relationships between viewer evaluations of characters and the development of attitudes to placed products.

Limitations and Future Research

The results are limited by the study's reliance on a college student sample and a made-for-research single genre stimulus. To overcome the limitations and enhance the external validity of the PCA model, additional studies are planned using real world television programs, non-student respondents, and other popular television genres such as soap operas and reality shows. The purpose of these future studies is to increase generalizability across program types and populations, including minority audiences in the US and viewers in other countries.

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"A Theory Based Explanation of Differential Consumer Response to Different Promotions"

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Traditionally, research in the sales promotions field has focused on consumer response to price promotions e.g. price offs and coupons (Blattberg and Neslin 1990, Blattberg, Briesch and Fox 1995, Gurumurthy and Winer 1995). In recent years, studies have attempted to compare consumer response to price versus non price promotions (Diamond and Sanyal 1990; Diamond and Campbell 1989; Diamond 1992; Chandon, Wansink and Laurent 2000; Smith and Sinha 2000). Results of the research have shown that consumer response varies as a function of the type of promotion and different promotions evoke differential preferences. However no adequate theoretical explanation provided as to why this differential response occurs.

This paper proposes a theoretical explanation for differential consumer response to different types of promotions. Based on the principle of 'segregation of gains' from mental accounting theory, it is proposed that a promotion that segregates the promotional benefit from the original product will be preferred to a promotion that integrates the promotional benefit with the original product.

Theoretical Discussion

When purchasing a product, a consumer expects an outcome x (i.e. the product) in exchange for the purchase price. However, during a promotion, he not only obtains x but also Δx i.e. the promotional benefit. The promotional benefit represents a surplus outcome to the consumer and creates a perception of a 'gain.'

According to the principle of segregation of gains, (Thaler 1985), segregating a gain, Δx from the original outcome as $v(x) + v(\Delta x)$ will provide greater psychological value rather than integrating it as $v(x+\Delta x)$. Based on this principle, it is expected that consumers will prefer a promotion that segregates the promotional gain, $v(\Delta x)$ from the original product rather than integrates it with the original product. This is discussed in context of three types of promotions—'extra product promotion', 'premium promotion' and 'price off promotion.'

A 'price off promotion' provides the promotion a consumer temporary price reduction from the regular purchase price. This temporary price reduction provides surplus money to the consumer which can be either spent or saved. This promotion segregates Δx in the form of extra money and enhances consumer perception of 'gain.'

An 'extra product promotion' provides the consumer an extra quantity of the product at the same price. As per the law of diminishing marginal utility, the marginal utility of the additional units of the product declines for the consumer. This promotion integrates Δx into the original product and results in lower perception of 'gain.'

A 'premium promotion' provides a separate product complement free¹ along with the original product. Obtaining the free product complement reduces the transaction cost² for the consumer in terms of money, time and effort. This promotion segregates the Δx as a separate product complement and results in higher perception of 'gain' in the consumer's mind.

Hypotheses

Based on above, it is hypothesized that

H1: A 'price off promotion' which segregates the promotional benefit in the form of extra money will be preferred to an 'extra product promotion' which provides the promotional benefit in extra units of the same product

H2: A 'premium promotion' which segregates the promotional benefit in the form of a separate complementary product will be preferred to an 'extra product promotion' which provides the promotional benefit in extra units of the same product

Method

The hypotheses were tested through an experiment with a within subject design. Subjects were exposed to pairs of promotions—'price off promotion' versus 'extra product promotion' and 'premium promotion' versus 'extra product promotion'—and asked to indicate preference between the pairs. The promotions were presented to subjects through concept cards. The order of presentation was counterbalanced across subjects. The testing of the promotions was initially done on burgers. A week later, the promotions were tested on a second product—torches—to see if the results could be extended to another category. The three different types of promotions had the same economic value. For the burger, the price off promotion was presented as a price discount of \$ 0.22, the extra product promotion was presented as an extra quantity of burger (incremental value of \$ 0.22) and the premium promotion was presented as a free cold drink worth \$ 0.22. For the torch, the price off promotion was presented as a price discount of \$ 0.31, the extra product promotion was presented as a larger sized torch (incremental value \$ 0.31) and the premium promotion was presented as free batteries worth \$ 0.31.

¹A premium promotion offers both product complements and non complements free with the original purchase. To control for idiosyncratic consumer preferences, we use the instance of a product complement as it has a known utility for the consumer.

²Transaction cost is the cost incurred in making an economic exchange above and beyond the cost of the good itself and includes the cost of effort, search and information costs involved in purchasing the product complement.

The dependent measure was the preference between the pairs of promotions. A sample of 49 subjects was used for the experiment. The sample was selected through a process of simple random sampling from a sampling frame of 360 students at a management institute.

Results

Results show that hypothesis 1 is supported as subjects prefer the 'price off promotion' to the 'extra product promotion.' ($z: 8.3; p < .05$). Hypothesis 2 is also supported as subjects choose the 'premium promotion' over the 'extra product promotion.' ($z: 14.3; p < .05$). Results for the torch promotion also provide support for hypothesis 1 ($z: 4.5; p < .05$) and hypothesis 2 ($z: 6.6; p < .05$). On the whole, findings support the proposition that consumers prefer the promotional benefit to be segregated from the original product.

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"When Feelings Matter: Determinants of the Use of Cognitive Subjective Feelings"

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Within the realm of social cognition research, two general paths of judgment formation are assumed. First, judgments and decisions are likely to depend on the information available at the time of judgment, i.e. the activated content ('what comes to mind'). Secondly, judgment and decision making may also depend on subjective feelings that individuals experience during information processing. These subjective experiences can be of an emotional, bodily or cognitive quality (Clore, 1992). The current research focuses on the latter ones, specifically the feeling of 'ease of retrieval', which Tversky and Kahneman (1973) initially defined as the "ease with which instances or associations come to mind" (p. 208). During the last decade, the powerful impact this feeling exerts on many different kinds of judgments has repeatedly been shown. In the domain of consumer research, for example, Waenke, Bohner and Jurkowitsch (1997) demonstrated that preferences for brands (here car makes, BMW versus Mercedes) are strongly moderated by the ease with which participants generate product-related information.

Whereas previous research in the domain of cognitive feelings mainly showed that subjective experiences indeed influence judgment formation, our work focuses on situational and dispositional factors determining their use. This is of prime importance, since both paths of judgment formation (on the basis of the activated content versus on the basis of subjective experiences) often yield similar results. For example, Tversky and Kahneman (1973) reported that people generally overestimate the number of words beginning with an 'r' compared to words having the letter 'r' on the third position. At least two explanations may account for this finding. On the one hand, individuals may base their judgment on the experienced ease with which the exemplars come to mind. On the other hand, however, one may assume that individuals based their judgments on the content that came to mind. Given that more exemplars came to mind under the 'r' in first position condition, this explanation also predicts an overestimation of words with 'r' at the first rather than the third position. A third explanation would be the notion that the two mechanisms are contributing jointly. Hence, having a given result, it is difficult to decide upon the relative influence of content versus subjective feelings.

Addressing the ambiguity of the ease versus the content explanation, Schwarz and colleagues (Schwarz et al., 1991) offered a paradigm by means of which the two accounts can be disentangled. By creating conditions under which different effects are expected given either a content or an experienced ease explanation, the authors provided support for the experienced ease assumption (for additional evidence, conceptual replications, and extensions see Dijksterhuis, Macrae, & Haddock, 1999; Rothman & Schwarz, 1998; Stepper & Strack, 1993; Waenke, Bless, & Biller, 1996; Waenke, Bohner, & Jurkowitsch, 1997; for an overview see Schwarz, 1998).

Given the evidence that participants do rely on the ease with which information comes to mind, the question arising next pertains to the conditions under which this process becomes more or less likely. Surprisingly little evidence is available on this question—especially if we accept the need to disentangle the ease versus content confound described above. Building on the few studies available on potential moderating factors (e.g., Rothman & Schwarz, 1998; Tormala, Petty, & Brinol, 2002; Waenke & Bless, 2000) we investigated the role of processing motivation and processing capacity.

In a series of studies we orthogonally crossed processing motivation (or processing capacity) with the methodological paradigm introduced by Schwarz and colleagues (1991). Specifically we asked participants to list either few or many arguments in favour or in opposition to a specified attitude position (e.g., introduction of a quarterly surgery fee). Importantly, through pilot studies it was assured that listing few arguments was perceived as easy whereas enumerating many arguments was experienced as difficult. Following this, attitude judgments towards the position advocated before were assessed. After the argument generation but prior to the assessment of attitudes, participants' processing motivation (Experiment 1) or their processing capacity (Experiment 2) was manipulated. The results confirm the moderating function of processing motivation and capacity. Theoretical and practical implications of these findings will be discussed.

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“Motives for Deception in Consumer Word-of-Mouth Communication”

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This research investigates an understudied facet of consumer word-of-mouth (WOM) communication—the transmission of intentionally deceptive information from one consumer to another. In four studies we examine whether contextual factors, including the relationship type between the sender and recipient and the lie magnitude, can activate a variety of interpersonally-based lying motives that, in turn, lead to deception in WOM. When consumers' self-images were threatened or the opportunity to profit was available, they were motivated to tell self-focused lies. Conversely, when consumers were at risk of hurting the feelings of a relevant other they told other-focused lies.

Consumer word-of-mouth (WOM) communication involves the transmission of product information from one consumer to another. The majority of research in this area has focused on the impact of positive WOM on consumer judgments (Bone 1995), as well as precursors of (Richins 1983) and reactions to negative WOM (Laczniak, DeCarlo, and Ramaswami 2001). However, one facet of WOM communication that has been largely overlooked is the role of deception in consumer-to-consumer interactions.

Defined as “intentionally try to mislead someone” (DePaulo et al. 1996), lying is not an uncommon occurrence. DePaulo and colleagues (1996) discovered that lies were told regularly and were often told for self-benefit. However, we argue that in interpersonal communication one must balance various motives. This research extends previous investigations by studying several motives related to lying in consumption contexts.

Study 1 examined the role of impression-management in deceptive consumer communication. Research suggests that people will tell lies to present positive self-images in consumption contexts (Sengupta et al. 2002). Given that consumers like viewing themselves as smart shoppers (Schindler 1998), we expect they are motivated to present this image to others. We predicted that, under conditions where self-image is threatened, consumers will be motivated to deceive a relevant communication recipient (i.e., one that is familiar and important). Impression-management concerns should be prominent when interacting with relevant others because they often confer valued outcomes (e.g., Bohra and Pandey 1984) and will be involved in future interactions (e.g., Schneider 1969). Because interaction with irrelevant others is often short-lived, consumers may not always be motivated to lie in service of impression-management. Consumers may lie to relevant others regardless of lie significance, but will be more likely to lie to irrelevant others when the significance of the lie is high rather than low.

A scenario depicting a recent car purchase was read by 105 participants. The participant was described as washing his/her new car when another person (a coworker/a stranger) asks about the car. The other person mentions that s/he purchased the same car last week for \$18,000. Unknown to the other person, the participant's car cost either \$200 or \$2,000 *more*. The other person asks how much the participant paid for his/her car. Participants then indicated how likely they would be to misrepresent the price of the car on a 4-item lying index ($\alpha=.94$). The results revealed that participants were willing to lie to relevant others regardless of lie significance. Conversely, participants were more likely to lie to an irrelevant other when the lie was high rather than low in significance.

Study 2 examines other-focused motives for lying. Research suggests that people will lie to manage social relations (DePaulo et al. 1996) and will most often tell other-focused lies to those who are important to them (DePaulo and Kashy 1998). Thus, we predicted that other-focused lies are most likely when the communication recipient is relevant and the lie is significant. When interacting with an irrelevant communication recipient, we do not expect that consumers will tell other-focused lies, regardless of lie significance.

A similar scenario to Study 1 was read by 105 undergraduates. However, the scenario indicated that, unknown to the other person, the participant's car cost \$200 or \$2,000 *less*. Thus, the scenario activates other-focused motives (i.e., to prevent the other person from looking like an inferior shopper). Participants then completed the lying items. As anticipated, participants were more likely to lie when the lie significance was high and the other person was relevant than in any of the other conditions.

Study 3 explored deceptive WOM communication when the participant is a seller. Unlike a buyer, a seller's primary objective is profit maximization. Indeed, research suggests that people will lie to gain or protect material resources (Lippard, 1988). We predicted that, when consumers are presented with an opportunity to maximize their own return, they will lie to irrelevant others regardless of lie significance. When interacting with relevant others, consumers may only lie when the lie is not significant. When the lie is significant and the other person is relevant consumers may be motivated to not appear to be taking advantage of the other person and will avoid lying.

One hundred-seven undergraduates read a scenario in which the participant was selling his/her car and either a coworker/stranger was interested in purchasing it. The other person says that cars of the same model and age initially cost \$18,000. Unbeknownst to the other person, the participant originally purchased the car for either \$200 or \$2,000 *more*. The other person then asks the participant how much s/he paid for his/her car. Participants completed the lying items and also indicated the price they would report. Participants were least likely to lie when the lie was highly significant and the other person was relevant to the self. In addition, the magnitude of the lie exceeded the actual cost in each condition except for the relevant other/ high significance condition.

Study 4 further examined consumer-consumer deception. As noted earlier, consumers have a pervasive desire to be viewed positively. However, when the consumer is a seller, an effort to manage impressions may not only involve a desire to be perceived as a smart-shopper, but also to not appear to be taking advantage of another person. A relevant communication recipient is someone the consumer knows, and the consumer has something to lose if the relationship dissolves (Kelley 1983). Thus, we expected that consumers will be less likely to lie while interacting with a relevant as opposed to irrelevant other.

The scenario from Study 3 was read by 100 undergraduates. The potential buyer indicates that other cars of the same model and age cost \$18,000. In this scenario, the participant originally purchased the car for either \$200 or \$2,000 *less*. As predicted, participants were significantly more inclined to lie to the stranger than to a coworker.

In sum, we demonstrate that consumers' motives for lying are highly dependent on situational factors such as relevance of the communication recipient, significance of the lie, and the communicators' role in the interaction.

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“An Alternative Account for Reference Price Effects: Repeated Transactions in Markets with Common Uncertainty”

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In this work we present an alternative explanation for reference price effects that is consistent with economic assumptions of rationality. To accomplish this, we model a market in which one seller offers one good to multiple consumers across multiple periods. We find situations where consumers with high reservation values fail to purchase the good from a high price seller in early time periods. By exploiting the seller's uncertainty about the market's conditions, such consumers trade small short run surpluses for larger long run surpluses. We find several new behavioral predictions regarding such behavior and test these insights in laboratory experiments.

'Reference prices' (c.f. Thaler, 1985) are described as price thresholds above which consumers fail to purchase goods even though the posted prices fall at or below their reservation prices. Economic theory prescribes that consumers gain from purchasing and consuming goods at any posted price up to their reservation prices, where a consumer's reservation price refers to the consumer's maximum expected worth of consuming the good. Nonetheless, a vast behavioral literature has demonstrated that consumers routinely fail to purchase goods at prices below their reservation values, but above their reference prices. By and large, marketing researchers agree that this behavior falls outside the boundaries of economic rationality. And, indeed, there has been no work showing that, in a multiple consumer context, such behavior is consistent with standard notions of economic rationality. This work shows that the behavior is consistent with standard notions of rational behavior.

In our model, one seller offers one good to multiple consumers across multiple periods. Heterogeneous consumers have either 'low' or 'high' reservation values for the good. Consumers derive utility solely from consumption of the good, i.e., there is no utility derived from the 'fairness' of the terms of the transaction, etc. The structure of the market, i.e., the number of high versus low valuation consumers, is initially unknown to the seller and consumers. Though the market structure is initially unknown, the seller and consumers share a common (fallible) belief about that structure.

We find a first period price threshold above which all prices, even those lower than high valuation consumers' reservation prices, are rejected by high valuation consumers. So, even though high valuation consumers could gain from purchasing at some of these prices, they do not. The reason for this behavior is straightforward. Consumers realize that the seller's uncertainty about the market's structure yields uncertainty about the demand for the good at 'relatively high' prices (i.e., higher than some reference threshold but lower than high valuation consumers' reservation prices). That is, they know that the seller does not know if the market supports more (or less) profit at a high or a low price. They also realize that refusing to accept high prices preserves this uncertainty. On the other hand, accepting a high price reveals to the seller how much profit the market supports at that price. It turns out that by keeping the seller guessing (i.e., by rejecting relatively high prices), consumers can cause the seller to offer lower prices in the future. So, consumers trade some short run surplus for larger long run surplus, and they are better off.

This result provides an alternative account for 'reference price effects' that is consistent with assumptions of rationality. Readers familiar with the bargaining literature will recognize the basic logic of this result, as it is similar to that of one-on-one bargaining under private information. Indeed, the consumer strategy employed in this model is a bargaining strategy. However, this work differs from the existing bargaining literature in an important way. Specifically, consumers' strategies do *not* rely upon exploitation of private information about their types; rather, the seller and the consumers share the same degree of uncertainty about the distribution of consumer valuations. Nonetheless, consumers are able to affect the seller's future pricing behavior by strategically withholding purchases in the current period. Moreover, they are able to affect such outcomes even though they do not explicitly coordinate their actions. In essence, our results say that reference price effects can be described as unannounced boycotts tied together by implicit coordination among intelligent (i.e., able and willing to put themselves in the seller's shoes), rational consumers.

Our model makes several behavioral predictions that may differ from previous work in reference prices. First, while existing work implies that intertemporal considerations play little or no role in reference price effects, our results imply that the behavior will be observed *only* if consumers expect to interact with the seller repeatedly. Second, previous literature suggests that above a certain price threshold, all consumers with the same valuation always withhold their purchases. Our model suggests that above a certain threshold, these consumers play a mixed strategy. Third, previous literature makes no prediction as to how consumers' behaviors change with their beliefs about the structure of the market. Our model predicts that consumers' mixed-strategy, i.e., the likelihood with which they will make a purchase, increases as does their belief that the market consists of many other high valuation consumers. Finally, our results imply that the price threshold above which consumers withhold purchases goes lower as their discount factors increase. Previous work has paid virtually no attention to how rates of time preference might affect reference prices. We subject these theoretical insights to laboratory experiments testing these predictions.

“Further Evidence of Public and Private Meanings: Moving from Possessions to Brands”

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Building on Richins (1994) work, which differentiated between the public and private meanings of possessions, the current study examines these two symbolic elements within the larger framework of the functional, symbolic and experiential brand benefits described in the literature (Park, Jaworski & MacInnis 1986; Keller 1993). A scale developed to measure the functional, symbolic, and experiential benefits of brands uncovered a fourth factor that differentiates between the public and private dimensions of symbolic meaning. This finding provides empirical evidence that public and private meanings extend beyond possessions to brands. Implications and directions for future research are discussed.

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"Positive Implicit Effects for Event Incongruent Sponsorship"

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One of the main research findings on event sponsorship is that the transfer of affect between an event and a sponsoring brand increases when the congruency between the event and the brand increases (Crimmins and Horn 1996; Gwinner and Eaton 1999). In our research congruency is defined as the perceived fit between a brand and the event sponsored by the brand (Speed and Thompson 2000). In practice, however, numerous brands are still sponsoring incongruent events. We attribute this apparent inconsistency to the exclusive use of explicit measures of sponsoring effects in prior research (Cornwell and Maignan 1998). In those past studies, subjects were aware that the brands they had to explicitly evaluate were sponsors hence demand effects could not be ruled out. Moreover, in studies on congruence effects, subjects were often offered the possibility to elaborate on the link between the meanings of the event and the sponsoring brands and this also increased chances of demand effects. In practice such an elaboration is nevertheless very unlikely.

In an experiment we reexamined the effects of event sponsorship on brand attitude. We used implicit measures of attitudes that are not sensitive to demand effects or to social desirability biases (Fazio and Olson 2003; Mitchell, Anderson, and Lovibond 2003). We hypothesized that (1) past findings can be mostly explained in term of demand effects or in term of social desirability biases and, when using implicit measures, (2) incongruent brands are as likely as congruent brands to benefit from event sponsorship, and (3) sponsorship is more effective when viewers process the sponsoring brands with few cognitive resources available. The third hypothesis is consistent with the findings of Walther (2002) who showed that the effects of evaluative conditioning increase when cognitive capacity is occupied by mental load. It appears that when viewers have the opportunity to elaborate on a sponsoring brand this will reactivate the existing memory associations surrounding the brand and this will reduce the likelihood that new associations are formed.

The events retained to test the hypothesis were the four Grand Slam tennis tournaments. The design of the experiment consisted of two between subject factors (sponsorship condition (1,2,3,4) and mental load during the exposition phase (no, yes)) and two within subject factors (congruence between the brand and the event (low, high) and measurement type (explicit, implicit)). Target brands were selected through a pretest. The congruent target brands were Canon and Nikon and the incongruent target brands were Camel and Lucky Strike. Each of the four sponsorship conditions consisted of two sponsoring target brands (one congruent and one incongruent), two non-sponsoring target brands (one congruent and one incongruent), two sponsoring filler brands and two non-sponsoring filler brands. The couple of sponsoring target brands and hence of non-sponsoring target brands, was different in the four conditions. Subjects under mental load had to remember six-digit numbers. Implicit attitudes were measured with the Implicit Association Test (IAT) (Greenwald, McGhee, and Schwartz 1998) and explicit attitudes were measured with self-report scales.

152 undergraduate students participated in the experiment. Students had to learn for each of the four tennis tournaments which brands did and which brands did not sponsor. Six action pictures from each tournament were used to present the sponsorships. Half of the students was under mental load whereas the other half was not. After the brand exposition phase, students had to complete two valence IATs, one for the congruent brands the other for the incongruent brands. Students then completed self-report evaluation scales for the four brands. Finally, students had to recall the brand sponsoring each tournament and had to indicate their familiarity with the target brands.

Scores from the IATs were prepared using the algorithm developed by Greenwald, Nosek, and Banaji (2003). Each IAT provided a relative attitudinal preference between either Canon and Nikon or between Camel and Lucky Strike. Similar differential scores were also computed from the explicit attitudes. We standardized the data to put both implicit and explicit scores on the same metric. To test the hypothesis we analyzed several planned contrasts on the variable sponsorship condition on different levels of the three other variables.

Consistent with past studies we found a transfer of affect at the explicit level for congruent brands. We found this result for subjects recalling the sponsoring brands whatever the level of mental load. For non-congruent brands we found a significant decrease (cancellation) in affect transfer at the explicit level. This was the case for subjects recalling the sponsoring brands whatever the level of mental load. Thus, at the explicit level, the amount of cognitive resources available for the processing of the brands has no direct effect on the transfer of affect. This relation is mediated by brand recall during the evaluation phase. When using implicit measures, we found a significant transfer of affect for both congruent and incongruent brands but only when subjects were under cognitive load. Those results are consistent with our hypotheses. Hence, it seems likely that demand effects or social desirability biases (against cigarettes) can account for certain past findings.

In sum, when demand effects or social desirability biases are ruled out, we showed that brands of cigarettes are as likely as any other brands to benefit from sponsoring. This is consistent with the fact that, in practice, numerous brands are sponsoring events with which they don't necessarily fit. We also showed that a lack of opportunity to process the sponsoring brands doesn't reduce the transfer of affect but actually increases this transfer. This goes clearly against common knowledge in the field of event sponsorship. Finally, our results can also make a good case against the sponsorship of brands of cigarettes that is far from being eradicated at a global level. Indeed, when sponsoring sporting events, those brands generate an automatic (hence not controllable) positive attitude toward them.

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"Is There Any Marketing Value in National Identity?"

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This study draws on the theories of self-concept (Hong et al., 2001; Ip & Bond, 1995; Reed 2002), social identity and intergroup relations (Brewer, 1999, 2000, 2001; Hong et al., 2003; Jones 1997; Tajfel 1978, 1981; Tajfel & Turner 1979) to present a conceptual framework for understanding consumption as expression of consumers' national identity. This framework suggests that certain consumer responses (attitudinal, emotional and behavioral) are associated with different expressions of one's national identity. The framework incorporates the concepts of patriotism, ethnocentrism, animosity and nationalism, shows their interrelationships, develops construct validity for each, and specifies their effect on consumer behavior.

"Predicting Ad Response Over Time: A Comparison of Arousal and Ad-Liking to Outcomes of Explicit Memory"

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How do we know whether or not a consumer will remember seeing a given advertisement? While the literature is full of different scales to assess advertising effectiveness, surprisingly, this issue is not well understood. Psychologists, and now neuroscientists, have explored the relationship between current emotion arousal and later memory. In our study we presented participants with ten commercials which they rated on a number of marketing scales (PAD, SAM, Thayer's AD/ACL, liking) in order to assess which measurement scale would be most likely to predict the participant's memory for the ad a week later. We are in the process of analyzing our results and plan to discuss the implications for advertising research.

Background

The debate over what constitutes the best measurement of advertising effectiveness has gone on ever since someone devised the first measurement technique. From recall to recognition, ad liking to attitude-toward-the-ad, measures have come in and out of favor in the marketing community. No one yet has proposed a paper and pencil measure that can predict later memory for advertising.

Memory is important for researchers to understand because it underlies all consumer decisions. Memory is a process that consists of three basic parts: encoding, storage and retrieval. Psychologists have studied the connection between arousal and memory for some time,

where greater arousal has been said to involve more elaborate encoding. It has been found also that an emotionally arousing stimulus may have a better likelihood of being retrieved at a later time (although the evidence is mixed).

Emotion, Arousal and Memory

Emotion has a strong link to memory. For instance, most people have a vivid recollection of where they were and what they were doing when the airplanes hit the Twin Towers on 9/11. This is a “flashbulb memory”, which represents a long lasting and deep memory in response to a traumatic event, and has a history dating back to the 1890s when a researcher inquired as to what people were doing when they heard that Abraham Lincoln had been shot.

Psychologists have suggested a “now print” mechanism in the brain that records highly emotional events. The emotional activation through neuromodulatory systems involving the amygdaloid complex (AC) are involved in this process (Cahill, Babinsky, Markowitsch and McGaugh 1995). The AC sends a signal to the hippocampus which is involved in memory consolidation. There has been shown to be increased recall when there has been more activation (glucose) in the AC.

Less traumatic emotional events, such as arousing stimuli, tend also to be well remembered. Psychological researchers have found that high arousal leads to benefits both in shorter and longer-term retention. Cordeen (1969) garnered results that suggested high arousal learning (as measured by Galvanic Skin Response) of aurally presented words led to superior shorter- and longer-term recall across testings at immediate, 20 minute and two week delays. Similarly, Maltzman, Kantor, and Langdon (1966) found that high arousal learning led to better recall immediately and 30 minutes after learning.

In their studies of emotion and memory, advertising researchers initially overlooked the arousal dimension and concentrated on message valence. They believed that negative information garnered more resource allocation—attention—and therefore should be better remembered. The literature in that area had been mixed, however, with some finding pleasurable ads better recalled. Lang and Bolls (1995) attempted to solve that inconsistency. They suggested that the researchers had overlooked a dimension of emotion—arousal—and that negative information leads to better memory because it is more arousing. They found when arousal is controlled across message valence there is no difference between memory for negative and positive information, but that in most cases, negative information produces more arousal. Therefore, the conclusion is it is the arousingness of a message’s content (where the messages might be still slides or television messages (Lang, Dhillon and Dong 1995) which improves viewers’ free and cued recall for messages but not necessarily their recognition of the messages.

Implications for Consumer Researchers and Research Questions

Because of the relationship between arousal and memory, it is likely that measures that purport to measure arousal may better predict an advertisement’s effectiveness than typical evaluation measures. Prior studies examining the relationship between ad evaluation and memory have looked retrospectively; for example, only asking liking measures to those ads that are recalled. In our study we look at what makes an ad at encoding memorable later on. As discussed earlier, messages that are emotionally evocative and distinct tend to be remembered better. We believe this type of advertising will be captured via our arousal measures (we use several here—PAD, SAM and AD-ACL). We also measure ad-liking in order to compare its effectiveness in predicting memory and behavior.

Initial Study

For our design we had to weigh realism versus interest on the relationship between our measures of interest. We wanted to compare the arousal and liking measures with one another, so for each commercial we had many scale items which took some time to complete. In addition, because we were interested in later memory, we also knew we needed to have at least ten or so commercials or there would be no challenge in the recall/recognition tests. As this was an initial probe into this area we settled on ten commercials which ranged on level of arousal. For the memory test, we looked at only recall and recognition for eight ads (first/last omitted) a week after exposure. Brand attitudes were also measured at that time.

We had two conditions in which the commercials were run in different orders to roughly two hundred undergraduates. Also, the rating scales appeared in different orders across and within individuals. We are in the process of entering and analyzing the data. Questions of interest will be: how related are the different arousal measures? What best predicts later memory, arousal (and what type of) or liking? Does this vary across commercial type, or generalizations be made across commercials? Can participants predict which ads they will later remember? Can a causal model be built upon these measures?

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“Identifying Advertising Appeals for Targeting Potential Volunteers: An exploratory Study on Volunteering Motives among Seniors”

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This paper examines whether senior volunteers share similar or diverse motives for volunteering. Previous research has often treated senior volunteers as a homogeneous group that is significantly different from other cohorts (Wymer, 1999). This paper argues that the senior segment is far from homogeneous in its motives for, and behavior towards, volunteering which may have a significant impact on the effectiveness of recruitment and promotional campaigns. An exploratory study was conducted and, as expected, interviewees identified a variety of benefits sought from volunteering. There was considerable variability in the importance of these benefits among respondents, suggesting that further clustering would be beneficial. Implications for recruitment and promotion campaigns are discussed.

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“The Perils of Not Knowing What We Don’t Know”

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Thirty years of confidence calibration research have resulted in two dominant findings. The first is that people are overconfident on hard tasks and underconfident on easy tasks. The second is that people are better calibrated on sensory tasks than on cognitive tasks. Both of these rather unintuitive findings have largely been based on *stated* measures of confidence. In this paper, we develop a confidence measure based on *revealed* behavior. The results of four experiments invert the traditional findings. Subjects displayed overconfidence on easy tasks and underconfidence on hard tasks. They were also better calibrated on cognitive rather than sensory tasks.

“When Women are from Mars and Men from Venus: The Effect of Gender Counter-Stereotypical Employees on Consumers’ Perceptions”

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Valerie S. Folkes, University of Southern California, Los Angeles

We compared effects of information about a stereotypical service provider with that about a counter-stereotypical service provider on consumers’ inferences about the service. In two experiments we varied the provider’s gender (stereotypical or counter-stereotypical for an occupation) and investigated (1) the perception of that service provider as compared to other service providers, and (2) the perception of the firm compared to other firms. Information about a counter-stereotypical employee whose behavior violated expectancies decreased the perception of similarity between the individual and other employees compared to when the employee was stereotypical. However, that same information increased the perception that the firm was superior to other firms.

“Toward a Satisfaction Response Taxonomy”

Christian Ioannou, University of Sydney
Iain R. Black, University of Sydney

Work by Oliver (1989, 1997) and Fournier and Mick (1999) proposes a number of satisfaction response “types”. The aim of this study is to develop these into a taxonomy in order to provide the foundation for building a consumer typology and theory of satisfaction responses. Items were developed to tap into Fournier and Mick’s types and these were combined with those previously developed by Oliver (1997). Exploratory factor analysis was conducted on data collected from 143 undergraduate students. Seven meaningful factors were derived, however further analysis suggests that different classes of satisfaction response types may exist. Further research is required.

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“Consumption’ of National Identity and Consumers’ Self Identity”

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Prior research has demonstrated that consumers symbolically consume objects in acquiring their individual self-identity. Therefore, objects that consist of multiple meanings should enhance various ways in which consumers construct and maintain their self-concepts. This ethnography research proposes to study products that contain national identity since they represent multi-layered senses of the individuality, history, or culture. The paper focuses on consumption of Thai local products because of their increasing demand and their

multiple implications to diverse customers. An outcome of this research should advance current theoretical understanding of self and symbolic consumption.

In 2002, the government of Thailand initiated the “One Tambon One Product” (OTOP) campaign to promote consumption of Thai local products, both domestically and internationally. The project started with injecting marketing into existing goods divided into three major categories: fashion, spa & health, and decoration. Each ‘tambon’ (or village) proposes one product to be its showcase. The development covers a process ranging from product development to selling and promotion. Within a year, this initiative successfully became a phenomenon. In December 2003, the government organized the exhibition, OTOP City, where almost six thousand products were presented and sold to the public. About 1.4 million people from all over the country visited the event, generating \$25 million revenue in one week.

In the past, the market size of Thai local products has only been about \$5 million. Since the OTOP campaign, however, this market has significantly grown to \$825 million of which 80% is from domestic consumption. Realizing such enthusiastic demand, I have undertaken this research project to help the government find a more suitable marketing strategy. Learning about consumers’ perspectives and experiences of ‘consuming Thai’ should help sustain the success.

Previous research in consumer behavior has illustrated that consumers use the objects they consume to constitute the self-identity (Belk 1988). Hence, goods and services comprised of multiple meanings should enhance various ways in which consumers cultivate their self-concepts. In this case, my interest has been to study products that contain national identity since they represent multi-layered senses of the individuality, community, culture, history, or myths. Prior research examined such products, mostly to the extent of an influence of country of origin on consumers’ decision making. What remains underdeveloped in this area is the study of how consumers utilize national identity embedded in the products to manage their self-identity. Thus, my research aims to explore this topic in light of the ‘consuming Thai’ phenomenon.

My ethnography research has been conducted with diverse consumers of Thai local products. The research site ranges from point of purchase (e.g., OTOP City exhibition, department store) to consumption venue (e.g., office, party, home). The idea is to cover different consumer experiences at different consumption stages. Through observation, participant observation, and interviews, this ethnographic inquiry yields a preliminary finding of consumer perspectives.

Generally, consumers relate to two major elements of national identity embedded in Thai local products: 1) national heritage and 2) cultural characteristics. Many consumers refer to the product heritage and associate their self-identity with the unique history of the nation. One respondent expressed her feeling toward a piece of cloth she saw in the OTOP City exhibition:

“Look at that pattern. They call it, Squirrel’s Tail. I am wondering how they produce this. It’s so beautiful. It looks just like the real pattern of a squirrel’s tail, you know, with these different colors mixing together. The seller told me that it takes months for a skilled weaver to finish this piece and it requires some special techniques known only in that one village. Looking at this cloth makes me feel so proud of our nation’s expertise and I feel grateful to be Thai.”

In this case, the respondent identified herself with the nation’s long-established wisdom. Previous research defined this identification (or conformity) as a means for individuals to create a sense of belonging that helps surviving social change (McCracken 1990). However, in this postmodern world of liberation and individualistic demands, I have found that in order to prevail over the social change, consumers also need to differentiate themselves from others. In my research, some consumers refer to their consumption of cultural characteristics that enhances their self-differentiation. At work, one respondent talked about his silk shirt:

“I like wearing this shirt, not that I care about this national campaign, ‘Thais wear Thai on Friday.’ I just like the fact that silk carries the meanings of refinement and authenticity...like me, like the way I am.”

This respondent utilized the Thai cultural characteristics communicated in silk (i.e., refinement and authenticity) to signify his sense of self apart from the sense of others. His response is congruent with the postmodern ideology which suggests that each individual expresses his or her desire to achieve diverse satisfaction in spite of their common historical and cultural beliefs (Firat and Venkatesh 1995). In a nutshell, both self-identification and self-differentiation come to be important parts of self-identity. Through the consumption of products that contain national identity, consumers employ national heritage in their self-identification, while they emphasize cultural characteristics in their self-differentiation.

In summary, I have demonstrated a preliminary finding in my research that aims to explore the ways in which consumers utilize the national identity embedded in products to cultivate their self-identity. A final outcome of this study will benefit the development of a more comprehensive national marketing strategy in Thailand. Moreover, it should contribute to a better understanding of the interrelationship between the consumption of product identity and consumers’ self concept.

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“Survival of the Fittest: The Multi-faceted Role of Fit in Co-branding”

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This study examines the impact of perceived similarity or “fit” on evaluations of composite brand extensions (CBEs). Building on brand extension and co-branding literature and drawing from categorization theory, we conducted a 2*2*2 experimental study. This experiment addresses the impact of product fit (between the parent brands and the CBE) and brand fit (between the parent brands), as well as the 2- and 3-way interactions between these different types of fit. The results of the study deliver insight into consumers’ evaluation processes of complex branded entities and provide practical recommendations for selecting a co-branding partner.

“Wanting a Bit(e) of Everything, The Role of Hunger on Variety Seeking”

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 Mario Pandelaere, Katholieke Universiteit – Leuven
 Luk Warlop, Katholieke Universiteit – Leuven

We examined whether having hunger during our shopping trip facilitates or inhibits variety seeking. The data show that hunger increases variety seeking when making multiple food choices. In a first study, hungry participants chose a more varied flavor set. Theoretically, we found that increased food attractiveness mediated this effect. Study 2 supported this idea: Presence of stale food increased the food attractiveness of participants low on disgust, and decreased the attractiveness of those high on disgust. Again, this changing attractiveness determined changing variety preference. In Study 3, we increased variety seeking by introducing an appetizing olfactory cue. The results confirm the crucial role of attractiveness shifts.

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“Self-Report and Behavioral Measures in Product Evaluation and Haptic Information: Is What I Say How I Feel?”

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The interest in haptic (touch) information in consumer behavior and marketing is growing. However, the correspondence between a self-report measure of whether touch is important to product evaluation and a behavioral measure of actual touching behavior during product evaluation has not been demonstrated. This paper demonstrates this correspondence and also examines an individual's preference for haptic information (“Need for Touch”) as a moderator of time touching for different types of touch information.

“The Advice Bounceback Effect: When Advice Undermines its Cause”

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Abstract

This paper contributes to the literature on the effectiveness of advice. Specifically, we examine conditions under which advice is not only disregarded, but actually undermines its cause. This *advice bounceback effect* occurs when a low credibility source recommends a product in opposition to the consumer's tentative preference. In other words, a low credibility endorsement of the product that is emerging as less preferred can strengthen the initial preference, resulting in greater selection of the leading product and greater choice confidence.

Introduction

Advice can have a powerful influence on consumer decision making (Duhon et al. 1997; Solomon 1986; West and Broniarczyk 1998), and recent advances in technology have increased this importance (Alba et al. 1997; Fitzsimons and Lehmann 2003). Most research on advice has focused on how it is integrated with well established prior preferences and how increased credibility of the advisor yields greater reliance on the advice (Birnbau and Mellers 1983; Yaniv 2004; Yates et al. 1996; Zarnoth and Sniezek 1997). However, people often

seek advice when they have only a scant trace of a preference. Moreover, recent research suggests that expertise and impact of advice are not always positively related (Fitzsimons and Lehmann 2003).

This article examines the influence of advice on tentative preferences, with particular emphasis on how credibility of the advisor and tentative preference interact to influence the impact of advice. We identify conditions under which advice is not only disregarded, but used to undermine the advisor's case. This *advice bounceback effect* occurs when a low credibility source advocates a product that opposes the consumer's tentative product preference. In other words, a low credibility disconfirming endorsement can strengthen an initial preference, resulting in greater selection of the leading product and greater choice confidence.

Study 1: Tennis Racquet Choice

Overview. Study 1 demonstrated the advice bounceback effect in a binary choice between two tennis racquets. The product information consisted of two attributes that described both racquets (swing feel and power) and the advice of a celebrity spokesperson regarding the durability of the racquets. Participants ($n=237$) were assigned to one of four factorial conditions created by crossing the advisor's expertise level (low versus high) with whether the advice confirmed or disconfirmed the participant's currently preferred racquet, hereafter referred to as the initial leader.

All participants saw the information in the same order (swing feel, advice, power). The swing feel attribute slightly favored one of the racquets, making it the initial leader for all participants. Whether the advice confirmed or disconfirmed participants' initial leader was manipulated by changing which racquet the spokesperson (Sara Michelle Gellar) claimed was durable. Her credibility was manipulated to be either high or low by jointly varying her prior tennis experience (vast or little) and whether she was trustworthy (she promoted select products) or untrustworthy (she promoted any products). After viewing all the information in sequence, participants selected one of the racquets and reported their confidence in their choice on a 100-point scale. Choice of the initial leader and final choice confidence were the main dependent variables.

Results. A binary logistic regression of choice of the initial leader on a credibility indicator, confirmatory nature indicator, and an interaction term yielded a significant interaction ($z=3.34, p<.001$). Not surprisingly, for high credibility advisors, choice of the initial leader was higher when the advice confirmed (92.8%) than when it disconfirmed (67.2%) the initial leader ($z=3.77, p<.001$). The interesting result (i.e., the bounceback effect) appeared in the low credibility condition, where choice of the initial leader was higher for disconfirming (94.6%) than confirming advice (84.4%; $z=1.65, p<.10$). This pattern was replicated with choice confidence, where a reliable credibility by confirmatory nature interaction ($F=23.66, p<.001$) was found. Additionally, confidence was higher for confirming advice (76.8) than disconfirming advice (69.9; $t(128)=3.13, p<.002$) in the high credibility condition, but the reverse was true for those in the low credibility condition (76.1 for disconfirming advice versus 66.7 for confirming; $t(99)=3.72, p<.001$).

Study 2: Wine Choice

Overview. Study 2 replicated study 1, with two exceptions. First, the domain was changed from tennis racquets to wine. Second, the last attribute slightly favored the opposite wine than the first attribute. The second change was that the advisor was a wine store clerk rather than a celebrity endorser. Credibility of the clerk was manipulated by varying experience with wine (extensive versus limited) and trustworthiness (the clerk had or did not have incentive to promote the recommended wine).

Results. The data mirrored those from study 1, with the bounceback effect appearing when the clerk had low credibility. For high credibility advisors, choice of the initial leader was higher when the advice confirmed (95.3%) than when it disconfirmed (63.3%) the initial leader ($z=4.39, p<.001$), but the reverse was true for low credibility advisors. That is, choice of the initial leader was higher for disconfirming (87.0%) than confirming advice (71.4%; $z=1.97, p<.05$). Again, the same pattern obtains for confidence, with high credibility participants indicating greater confidence after receiving confirming advice (73.0) than disconfirming advice (54.3; $t(100)=3.84, p<.001$), but greater confidence for disconfirming advice (69.6) than confirming advice (58.9; $t(101)=2.43, p<.05$) when the advisor had low credibility.

Discussion

Normatively, consumers should adjust their preferences very little in reaction to the low credibility advice. This is what they did when the advice confirmed the initial leader. However, even if participants heed the low credibility advice somewhat, they should not (normatively) reverse it to bolster their preference for the initial leader (i.e., the bounceback effect). This is precisely what happened when the advisor recommended the trailing product.

Additional data (not reported here due to space constraints) traces the bounceback effect to a reinterpretation of disconfirming advice when it comes from a low credibility advisor. The motivation behind this appears to be a defense mechanism that is activated by the disconfirming advice and can only get traction when the advisor's credibility is low.

The bounceback effect has implications for design and implementation of advertising appeals and advice provided by such sources as Internet recommendation agents. Specifically, our data suggests that in the absence of a credible endorser, a company may be better served to raise awareness than to attempt persuasion through comparative appeals. It also suggests that a company might be able to increase the loyalty of its current customer base by hiring a low credibility personality to promote the competition's product.

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“Westernization of Cultural Values in Korean Advertising: A Longitudinal Content Analysis of Magazine Ads from 1968-1998”³

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Studies on the role of culture in advertising have primarily dealt with cross-cultural comparisons (see Maheswaran & Shavitt, 2000, for a review). The main premise of these studies is that advertising themes in different cultures will reflect different cultural values, and that culture-congruent advertisements are generally more likely to be used and to be effective than culture-incongruent advertisements. Zhang & Gelb (1996) showed that U. S. participants responded more favorably to individualistic ad appeals than collectivistic ad appeals, whereas the reverse was true for Chinese respondents. Content analyses of advertising have also demonstrated that culturally matched ad appeals are more commonly used than are mismatched appeals (Han & Shavitt, 1994; Kim & Markus, 1999).

However, cultural values in a society change over time and the content of advertising is sensitive and subject to changes in cultural values (Tse, Belk, & Zhou, 1989). Indeed, research in consumer behavior has shown that advertising as a cultural artifact not only transmits and reflects existing values, but also plays a role in shaping new values (Pollay, 1986). Longitudinal content analysis of a society's ads offers an opportunity to examine the dynamic nature of cultural values and gain insight into the role of culture in advertising. This study examines how cultural values emphasized in Korean advertising changed since the 1960's as Korea evolved from a traditional-agrarian to a modern-industrial society.

Philosophers, sociologists, and anthropologists from Korea maintain that cultural values in the last few decades have changed from collectivism, humanism, authoritarianism, and tradition to individualism, materialism, equalitarianism and modernity (Cha & Chung, 1993; Ko, 1992; Lim, 1986). These shifts make the Korean context an important one for assessing how advertising reflects cultural change.

Korea has undergone dramatic economic growth as well as cultural change in recent years. In the past few decades, the growth of the Korean economy has been regarded as the *Han-river Miracle* (in reference to the river in Seoul). The per capita share of GNP in Korea increased from \$67 in 1953 to \$9,770 in 2000. The main industries in Korea have changed from agriculture in the 1960s to the most modern manufacturing industries currently (Bank of Korea, 2004).

More importantly, and related to these developments, the cultural and advertising environment in Korea has rapidly shifted since the 1960s. First, as noted earlier, Korea's modernization, economic development, and the influence of global marketing have encouraged Korean consumers to accept a new set of modern-western values. Second, multinational advertising agencies have flooded the Korean market since the Korean government opened the advertising market to foreign advertising agencies in the early 1990s. Currently, 8 out of the top ten advertising agencies operating in Korea are multinational agencies, compared to none in 1990. Agencies such as Leo Burnett and McCann-Erickson have had a noticeable influence on Korean advertising themes (Korea Association of Advertising Agencies, 2002). Third, a growing number of multinational advertisers buy advertising time and space in Korean media, and these companies tend to emphasize relatively modern-western values in their advertising. Fourth, the management style of Korean mass media companies has changed over time, and this also mitigates in favor of more westernized advertising appeals. Specifically, unlike in the 1960s and 1970s, the main targets of Korean mass media are the younger generations who are better educated, make more money than their parents, and have come of age in an environment of modernization and global marketing (see Zhang & Shavitt, 2003, for a related analysis in the modern Chinese context).

Our contention is that, fueled by dramatic changes in cultural, economic, and advertising environments, advertising themes in Korea have changed over time to reflect an increased concern with modern-western values. To support this contention, we conducted a longitudinal content analysis of Korean ad appeals. This analysis examined changes in the extent to which advertising content in Korea reflects its indigenous traditional-eastern values (collectivism, humanism, authoritarianism, and tradition) versus modern-western values (individualism, materialism, equalitarianism and modernity). A total of 1,248 magazine ads from the late 1960s to the late 1990s were analyzed every five years (sample years: 1968, '73, '78, '83, '88, '93, and '98). One popular news magazine (Shindonga) and one women's magazine (Jubusangwhal) were chosen for the study. May and November's issues were included in the sample. Approximately 100 product ads from each magazine (200 ads per year) were randomly selected. A manual for coding the ads was developed from factors identified by previous research on the focal cultural values (Han & Shavitt, 1994; Zhang & Shavitt, 2003). Coding was conducted by two independent coders who were unaware of the purposes of the study. Intercoder agreements of at least 85% for each value category were achieved during training.

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Our overall results revealed that, collapsed across time, more Korean ads emphasized modern-western values (53.3%) than traditional-eastern values (29.2%) as ad appeals ($p < .01$). In terms of specific value categories, more ads appealed to materialistic values than humanistic values (63.4% and 25.4%, $p < .01$), and more ads emphasized modernity values than tradition values (69.3% and 18.1%, $p < .001$). Individualistic and collectivistic values (48.6%, 44.4%), and authoritarian and equalitarian values (36.8%, 34.8%) were about equally represented.

More importantly, the data revealed a significant change in the use of modern-western and traditional-eastern values in Korean ads over the period of study. For example, collectivistic appeals were predominant in the late 1960s and 1970s (61.4% in 1968, 62.8% in 1973, 63.8% in 1978), whereas individualistic appeals were predominant in the 1980s and 1990s (51.9% in 1983, 62.2% in 1988, 55.6% in 1993, 69.7% in 1998; $p < .01$). A similar trend (traditional values prevailed in the 1960s and 1970s, but modern values did in the 1980s and 1990s) was also found for all of the other value categories. In all of the four value categories, modern-western appeals were increasingly used and traditional-eastern appeals were decreasingly used from 1968 to 1998. This change in ad content corresponds to the social and cultural changes in Korea during this period.

The present research contributes to the growing base of knowledge regarding the role of cultural shifts reflected in advertising. How culture influences ad content is well researched and recognized. However, longitudinal analysis of advertising content has the potential to uncover cultural dynamics reflected in advertising, a process not captured by traditional cross-cultural comparisons. Our results suggest that convergence toward western values is an increasingly important theme to investigate in the study of culture and advertising (see also Tse, et al., 1989; Zhang & Shavitt, 2003).

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"Self-Enhancing Through Consumption"

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Previous research suggests that possessions are the "extended self" (Belk 1988) and that individuals use various products to enact and confirm their different self-identities (e.g. Kleine et al. 1993; Shavitt and Nelson 2000). This line of research has revealed important insights regarding the issue of person-possession relations, however, questions remain as to: Can consumption be an effective remedy to help resume a positive self-regard when people's identities are temporarily threatened by negative events such as personal or group failures? If the answer is yes, what are the primary strategies people may adopt, through consumption, to self-enhance? Further, it may also be interesting to identify and test some moderators that help specify under what situations one strategy is more likely preferred than the other. Drawing on the self, the subjective well-being, and the possession literature, we attempt to address the above questions in our current study.

Is consumption an effective remedy to help resume a positive self-regard? An intuitive response may be yes. For example, possession studies do imply that various products offer both material and experiential rewards to individuals (Holbrook and Hirschman 1982; McCracken 1988). Some empirical evidence (Oropesa 1995) also demonstrates that the accumulation and even the anticipated accumulation of products can foster subjective well-being. All the findings seem to suggest that people can anticipate and enjoy both private material rewards and social values through their product preference or purchase. Presumably, such anticipation and enjoyment will effectively help restore their temporarily and partially lowered self-esteem. Therefore, we hypothesize that:

H1: When their identities are threatened by failures, people's lowered self-esteem will be boosted through product preference and/or purchase.

From a dynamic self perspective, we suggest that there are two primary strategies individuals may adopt to achieve the goal of maintaining a positive self regard, that is, they may either enhance directly the threatened self-identity or they may shift to other self-domains in order to boost the threatened one. Such dynamic relation between specific identities and the global self-esteem has received increased empirical support from previous studies (e.g. Hirt et al. 1997; Showers et al. 1998). To simplify our theorizing, we focus on two broad self-domains: the personal and the group self, and test how people either stick to one self-domain or shift to the alternative in order to resume a positive global self-regard.

The question left then is how the aforementioned self-enhancing mechanisms are manifested in people's different product preferences and/or purchase choices. We draw on Shavitt and Nelson (2000)'s study, which suggests that products differ in the degree to which they "engage social identity and utilitarian attitude functions." Specifically, some products, such as medicine and instruments, carry dominant utilitarian functions in terms of direct rewards or punishment associated with consumption. By contrast, other products, such as brand perfume and team banners, are more value-expressive. They are used more to reflect and symbolize particular values, styles, or status, that is, individuals' social identities. We thereby argue that when people engage in enhancing personal self, they should show higher preference for functional products, whereas when they engage in boosting group self, they will show higher preference for value-expressive ones.

Individuals' reliance on either self-enhancing strategy may differ due to their personal characteristics and the situation. We propose two such moderators. First, perceived self-control, that is, the extent to which the person perceived that he or his group is able to influence the process and/or outcome of the event. Lower perceived control is closely associated with depression and lowered self-esteem (e.g. Seligman 1975). It is thus plausible to argue that when self-control is low, it may be more difficult for individuals to face straight up to their threatened self-domain, in other words, they are more likely to adopt a shifting strategy, turning to the alternative self-domain in order to resume a positive global self-regard. We therefore propose that,

H2: Individuals in the lower self-control condition are more likely to shift to the alternative self-domain and, as reflected in their product preferences, when their personal identity is threatened, those with lower self-control are more likely to prefer value-expressive products, whereas when their group identity is threatened, they are more likely to prefer functional products.

The second moderator is self-complexity. Initially proposed by Linville (1987), the self-complexity theory suggests that greater self-complexity "entails cognitively organizing self-knowledge in terms of a greater number of self-aspects and maintaining greater distinction among self-aspects" and that it can moderate the adverse impact of stressful events on physical and mental health outcomes. However, so far it is still unclear what is the exact mechanism for such buffering effect. Our research context provides a great opportunity to gain more insights on this issue. This is because individuals' self-enhancing strategies can be unobtrusively and subtly captured through the products they prefer or choose. Specifically, two alternative explanations can be offered. One is called a salience effect, that is, the less self-knowledge people have and the less distinctive their self-aspects are, the more salient the incoming negative information becomes. Therefore, regardless of which self-aspect is threatened, it is more difficult for those lower in self-complexity to face up and effectively enhance that threatened self-aspect. That is,

H3: People lower in self-complexity are more likely to shift to the alternative self-domain when one identity is threatened and as reflected in their product preferences, those in personal failure condition are more likely to prefer value-expressive products, whereas those in group failure conditions are more likely to prefer functional ones.

However, an alternative explanation may argue that people with lower self-complexity may be completely occupied by the negative information of a specific self-domain because their self-aspects are less differentiated and other self-information may be easily colored by the negativity of this particular self-domain. In other words, those lower in self-complexity become more committed to the threatened self-domain. Therefore, we hypothesize that,

H4: People lower in self-complexity are more likely to stick to the threatened self-domain and, as reflected in their product preferences, those in personal failure are more likely to prefer functional products, whereas those in group failure are more likely to prefer value-expressive ones.

The above theorizing is examined in two experiments. Study 1 tests perceived self-control. Sixty subjects are asked to recall and relive sports failure events either of their own or of their favorite sports team. Self-control is manipulated by asking subjects to describe sports events in which they or their groups have either high or no control of the outcome. There is also a control condition, in which subjects simply write down an introduction of the recreation center. We test two dependent variables: a modified version of the Rosenberg (1965) self-esteem measure, and subjects' product preferences for both functional (key chain and vitamins) and value-expressive (perfume and team banners) products. The self-esteem measure is taken twice: after the failure manipulation and after product preference measure. Results from Study 1 show that people's self-esteems are lowered after the failure manipulation, but they are boosted significantly, as compared to those in the control condition, after showing product preferences. Further, when people's identities are threatened by personal failures, those with lower control are more likely to shift to the alternative group self (as reflected by their preference for value-expressive products). However, when their identities are threatened by group failures, those with lower control are more likely to stick to the group identity. That is, they show higher preference for value-expressive than functional products, but there is no preference difference in the high self-control condition. Our H1 is thus partially supported.

Study 2 tests the second moderator: self-complexity. The design is similar to Study 1 except that we include a self-complexity measure (Linville 1987) and different products. Results show that again people's global self-esteems rise significantly after showing product preferences. Moreover, in conditions of personal failure, people lower in self-complexity prefer functional products to value-expressive ones, whereas those higher in self-complexity show relatively higher preference for value-expressive products. By contrast, when their social identities are threatened, those lower in self-complexity show higher preference for value-expressive products, whereas those higher in self-complexity tend to prefer functional ones. In other words, individuals higher in self-complexity are more likely to shift to other self-domains to "buffer" the negative self-regard. H4, or the commitment explanation of the self-complexity buffering hypothesis, is thus supported.

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"Experience Design for Optimal Service Outcome"

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In today's era of super-grocery stores, it is no longer the branded items that bring in store business, but rather the full-service deli, the fresh baked goods, the premium meats, and an elaborate array of produce. Simply stated, perishable products drive grocery store traffic. The growing importance of perishables for store profitability and store image is supported by the following facts: sales of perishable goods rose 4.5% in 1999 and accounted for 69.4%, or about \$305 billion, of all retail food sales that year (*Supermarket Business*, 2000), produce represents 12.7% of total store sales and is the second most profitable category in the store next to frozen foods (Bernier 1999), and meat and produce tend to be the departments upon which consumers make value judgments about the store (Kerin, Jain and Howard 1992).

Managing perishable products is a complex process due to their random weights, the lack of specific UPC codes for different product variations, the different forms of sale (e.g., raw, semi-prepared, fully prepared), and the lack of standardized data to track sales, to name a few. In fact, perishable categories are so complex that many retailers have become paralyzed to implement any type of category management strategies in these categories (Litwak, 1997). According to Blattberg, Chaney and Associates (Chicago), "the key to successful category management is to understand how the consumer makes category decisions" (Litwak, 1997).

A better understanding of the way in which consumers behave in perishable categories is of importance to grocery managers, consumers themselves, and public policy makers alike. Studies have shown that supermarkets lose the most money in fresh-food departments due to shrinkage (waste due to spoilage). Categories such as produce, bakery and meat lose anywhere between 4.1%-4.6% of their goods to spoilage (compared to 2% overall), costing a grocery store anywhere from \$70,000-\$340,000 per year, depending on the size of the store (*Supermarket News*, 1997). A better understanding of consumers' awareness and perceptions of expiration dates, and their behavior as a result, could encourage grocery store managers and consumer advocates to better educate consumers about expiration dates.⁴ It can also help them make more effective managerial decisions in these categories.

A better understanding of behavior in perishable categories can benefit consumers as well. Insights that prompt managers to educate consumers about expiration dates will only help consumers make better, more informed purchasing decisions. Furthermore, managers who discount aging perishables are in fact signaling the age of the product and providing consumers the opportunity to make trade-offs between buying more expensive fresher items versus ones that are discounted and approaching their expiration dates, but are still safe to consume. This type of signaling and concerted effort not to sell a perishable close to its expiration date at full price could go a long way for creating good will and trust with consumers. But it seems that most managers are reluctant to implement such policies without a deeper understanding of consumer behavior in these categories.

Finally, from a public policy perspective, educating consumers about expiration dates and implementing policies that would help sell aging inventory could eliminate millions of dollars a year in waste in these categories—an improvement that should be of interest to food safety and food preservation advocates as well as grocery store managers.

Despite the importance of grocery store perishable goods to consumers, retailer and the public in general, these categories have received little to no attention in the marketing literature (Krider and Weinberg 2000). Hence, the main objective of this paper is to examine 1) consumers' awareness of expiration dates across different categories and 2) their willingness to pay (WTP) for different perishables over the shelf-life of the product. We develop a conceptual framework that suggests behavior in perishable categories is moderated by the perceived risks associated with buying and consuming a perishable good. Using this framework we develop a set of hypotheses that we test empirically via a survey of consumers' perceptions and behaviors in the following important perishable categories; chicken, beef, milk, yogurt, lettuce, and carrots.

Our findings show that risk does in fact play a part in explaining consumers' behavior in perishable categories. To begin, identify two main constructs of risk (via factor analysis) that affect consumers' behavior in perishable categories: "Product Risk", comprised of functional, performance and physical risk, and "Personal Risk", comprised of social, psychological and financial risk. We find that Product Risk and category experience are good predictors of the frequency with which consumers check expiration dates (i.e., salience), with little to no variation across different demographic segments. In examining WTP for a perishable over its shelf-life, we find some interesting differences across categories that are also explained by perceived risks. Our findings support many of our hypotheses and we use them to make recommendations for the management of grocery store perishable goods and to develop a research agenda for future studies in these under-researched, but important categories.

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"Personality Typology and Thinking Styles: Their Role in Framing and Prospect Theory"

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Abstract

The postulates of prospect theory are routinely used to explain an individual's failure to adhere to normative decision-making rules. Studies have shown systematic errors in a subject's attempts to make 'rational' decisions. This research explores the possibility that these 'systematic' errors are the result of an individual's personality type and thinking style, as assessed by the MBTI and the Rationality-Experientiality Index. It is hypothesized that personality and thinking style contribute to the likelihood that an individual adheres to normative decision-making rules. This paper extends Kahneman & Tversky's (1979) theoretical contributions, discusses practical applications, and suggests future research possibilities.

Introduction

This research investigates the relationship between personality type (Marcic *et. al.*, 2001), the Rationality Experientiality Index (Epstein *et. al.*, 1996), and decision-making as described by specific components of prospect theory (Kahneman & Tversky 1979; Tversky & Kahneman, 1986). Bounded rationality and multiple heuristics influence an individual's response to information frames. Prospect theory demonstrates that by manipulating situation frames and simple probabilities, a significant proportion of people will not follow expected utility theory. Prospect theory cannot invariably predict all individuals' behavior. Research has shown that some individuals will follow normative decision-making rules according to the expected utility model. The research proposed here explores the correlation between personality typologies and REI scores, and the likelihood of an individual's adherence to the expected utility model. This extended abstract will review prospect theory, the Myers-Briggs Type Indicator, the Rationality-Experientiality Index, the research methodology utilized, hypotheses, and contributions to the field of consumer behavior.

Prospect Theory

Prospect theory (Kahneman & Tversky, 1979) provides an alternative explanation to expected utility theory that better predicts decision behavior. It suggests that, when making decisions, individuals fail to meet four principles upon which expected utility theory is based: cancellation, transitivity, dominance, and invariance (Tversky & Kahneman, 1986). The latter two principles are the primary focus of this project, as failures of these principles are most easily demonstrated through the manipulation of decision frames, probabilities, and certainty effects. The failures of adherence to these principles are demonstrated through a replication of original research (Kahneman & Tversky 1979; Tversky & Kahneman, 1986). In every decision-making situation where a choice or preference is involved, personality and thinking-style variables are expected to moderate the relationship in some capacity. The outcome of an individual's decision-making task depends upon his or her psychological composition.

⁴Our research shows that 61% of consumers believe that an expiration date represents the last day in which the consumer should *consume* the product, when in most cases it represents the last day the product should be *sold*.

Myers-Briggs Type Indicator (MBTI)

The Myers-Briggs Type Indicator is “based on valuable differences in the ways human beings use their minds...it is based on basic differences in the ways human beings take in information and make decisions” (McCaulley, 2000). The MBTI divides humans into groups based on their attitudes (whether they are primarily extraverted or introverted), and on the functions that classify individuals: intuition, feeling, sensing, and thinking, judging, and perceiving. Jung, whose personality typologies this classification is based upon, believed that we use each of these functions every day, but that we rely primarily on only one of them. A Personality Inventory (PI) originally developed by Marcic & Nutt (Marcic *et. al.*, 2001) was used to categorize subjects’ personality types based on this framework. This inventory was used because it has demonstrated validity and reliability, and it is length-appropriate.

The Rationality Experientiality Index (REI)

The Rationality Experientiality Index (Epstein *et. al.*, 1996; Pacini & Epstein, 1999) provides a measure of rational and experiential thinking styles. The rational system operates by reasoning; it is analytical, slower, and mostly affect-free. The polar opposite of rational thinking is the experiential system, which functions rapidly, is largely automatic, laden with affect, and preconscious (Pacini & Epstein, 1999). Thinking style, as assessed by the REI, is likely to have some predictive validity in determining whether an individual will adhere to the normative model of decision-making.

Method

Two versions of a questionnaire were administered to a convenience sample of undergraduate and graduate students at a public university. A single method was used to demonstrate the shortcomings of expected utility theory; framing was manipulated to achieve this goal. Information provided to subjects was modified to fit negative/loss and positive/gain frames. Consumers’ responses to the frames have been analyzed with respect to their self-reported personality typology and REI scores.

Hypotheses

Because ‘Rationality’ is described by the REI as the slower, analytical, more rational approach to decision-making, and ‘Experientiality’ is associated with rapid automatic decisions, I hypothesize that:

H1a: Individuals scoring high on Rationality are more likely to adhere to the expected utility model.

H1b: Individuals scoring high on Experientiality are more likely to adhere to the prospect theory model.

The Personality Inventory’s classification of extroverts and introverts characterizes individuals based on whether they rely on stimuli from the outside world or the inner psyche.

H2a: Extroverted individuals rely on external cues for behavior and are more likely to adhere to the expected utility model.

H2b: Introverted individuals rely on self-reference and are more likely to adhere to the prospect theory model.

Preliminary Results

Subjects were assigned a Rationality Score and an Experientiality Score based on their responses to the questionnaire. The results partially support H1a and H1b, suggesting differences between Rational and Experiential thinkers with respect to uncertainty of gains and losses and the calculation and processing of information frames. Individuals scoring high on the Experientiality scale are more likely to adhere to prospect theory and be more swayed by the framing of information. The subjects’ responses to decision frames with respect to personality characteristics provided interesting results. The results partially support H2a and H2b. Extroverts are more comfortable with uncertainty with respect to both gain and loss frames. Extroverts and introverts are strongly swayed by the framing of information, but in opposite directions. The relationships between the Thinking, Feeling, Sensing, Intuiting, Judging, and Perceiving functions and adherence to prospect theory were inconclusive and require further analysis.

Contributions

This study will help define the limitations of two theories which purport to explain decision-making and also determine the level of generalizability of these theories among groups of consumers. Consumers can be segmented based on insights provided by this type of research. The results suggest methods of communication that may be more effective for certain personality or learning types. From a social marketing perspective, learning to communicate more effectively with a larger number of consumers is of critical importance. One method of communication does not fit all consumers; the more we learn about which messages are effective for which consumers (tailoring), the more cost effectively we will be able to reach them.

Further Research

Many affective and cognitive components influence choice behavior. This project is investigating only two of several independent variables that moderate and/or influence consumer decision making. The independent variables measured were chosen in part due to existing accurate and validated measurement tools. Additional research in this area of study would enable marketers to develop increasingly cost effective methods of communication.

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"Dragging One's Feet in Bargaining: Effect of Response Time on Perceptions of Bargaining Outcomes"⁵

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Bargainers typically evaluate the quality of a potential bargaining outcome relative to a reference point and the outcome is coded as a gain or a loss based on this reference point. While extant research unambiguously shows that bargainers are reference-dependent, these studies generally use reference points that are clearly specified and easily available. Often, however, bargaining situations are much more complex as they are characterized by uncertainty and asymmetric information. When clearly specified reference points are not available, bargainers may be uncertain regarding the mutual gains from trade. In the absence of a priori, objective, externally specified reference points, bargainers' evaluations of potential bargaining outcomes may be influenced by internal cues that emerge from within the bargaining context.

In bargaining with incomplete information, bargainers may use features of the bargaining process as referents to infer their own and/or opponents' payoffs in at least two ways based on opponents' active or passive behavior. Bargainers may infer some information about payoffs when opponents actively respond to an existing offer positively (i.e., accept) or negatively (i.e., reject and make a counteroffer). Another important cue that may emerge from within the bargaining context, and the focus of this research, is opponent's passive behavior or the time taken by an opponent to respond to an existing offer (positively or negatively). While a few studies have examined bargainers' inferences based on active behavior (e.g., Srivastava 2001), relatively little research has focused on how opponents' passive behavior affects perceptions of bargaining outcomes.

This research explores how internal cues that emerge from the bargaining environment influence perceptions of bargaining outcomes, particularly in incomplete information situations where there are no externally specified reference points. Specifically, this paper examines the role of time taken to respond to an offer in influencing bargainers' perceptions of bargaining outcomes. Since bargainers' perceptions of their opponents' payoffs play an important role in evaluating potential bargaining outcomes (see Loewenstein et al. 1989), internal cues such as the time taken to respond to an offer may be used to infer own and opponents' payoffs and thereby evaluate potential bargaining outcomes. A series of five experiments show that perceptions of bargaining outcomes are significantly influenced by the time taken to accept/reject offers.

Study 1 is a simple two factor (no delay, delay in accepting an offer) scenario based study where subjects are purchasing a Persian rug. In the no delay condition, the Persian rug vendor accepts an offer immediately, whereas in delay condition it is accepted after a 10-minute delay. We find that despite the same objective outcome, participants were significantly more satisfied, more successful and happier when there was a delay in accepting their offer. Study 1 demonstrates that perceptions of bargaining outcomes are susceptible to internal cues such as response time that emerge from within the bargaining environment and often are completely independent of actual outcomes. The basic premise underlying the influence of internal cues such as response time on perceptions of bargaining outcomes is that these cues play a dominant role in information poor conditions where individuals do not have access to reference points on the basis of which outcomes can be evaluated objectively. Studies 2 and 3 therefore test the boundary conditions for the effect of response time on perceptions of bargaining outcomes.

Study 2 employs a 2 (delay, no delay) x 2 (information, no information) between-subjects experimental design where students are negotiating the price of a used car with the owner. In the no delay condition, the owner accepts an offer immediately whereas in the delay condition, the offer is accepted after 2 days. The second factor is manipulated by supplying blue book value in the information condition and not supplying the book value of the car in the no information condition. The results of this study are consistent with those in study 1. Importantly, we find support for the hypothesis that individuals use the time taken by the opponent to respond to make inferences about opponents' bargaining position or payoffs only when there is paucity of information.

While study 2 shed light on the inferences by examining bargaining perceptions in the presence and absence of external referents, study 3 controls for the attributions triggered by the time taken to respond by explicitly providing reasons for the delay, that are unrelated to the bargaining. Subjects participated in a three factor (no delay, delay with no reason, delay with reason) between subjects study where they are negotiating the rent for an apartment sublet. The conditions are manipulated by accepting the offer immediately for no delay condition, asking the buyers to come back the next day for delay condition and asking the buyers to come back the next day as the seller has to attend an important phone call at that time for delay with reason condition. The analysis shows that delay can be attributed to unrelated reasons, the time taken to accept an offer does not influence perceptions of bargaining outcomes.

While studies 1 through 3 examine the influence of response time when an offer is accepted, study 4 extends the inquiry in the negative domain and examines the influence of time taken to respond to an offer on perceptions of bargaining outcomes when the offer is rejected. Subjects participated in a 2 (delay, no delay) x 2 (accept, reject) between subjects design where subjects are negotiating the price of a used

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car. The analysis shows that the time taken to respond to an offer influences perceptions of opponents' reservation price or payoffs even in the reject condition. While estimates of opponents' reservation price were lower when the offer was accepted in the no delay condition (relative to the delay condition), estimates were higher when the offer was rejected.

Although the four studies demonstrate the influence of time taken to respond to an offer, these were all scenario-based studies. To extend our inquiry to an actual bargaining setting, study 5 was conducted within the context of a salary negotiation. In the no delay condition, the subject's salary offer was accepted immediately whereas in the delay condition, the offer was accepted after a delay of about 6 minutes. We find that although there is no significant difference between the final agreed upon salaries in both conditions, subjects were significantly more satisfied, happier and more pleased when their salary offers were accepted after delay rather than immediately.

Together, the results from the five studies demonstrate clearly that internal cues which may emerge from the bargaining environment influence perceptions of bargaining outcomes, particularly in incomplete information situations where there are no externally specified reference points. In the absence of referents, people are highly susceptible to internal cues such as the time taken to respond to an offer.

“Activation of Salesperson Stereotypes Affects Perceptions of Word-of-Mouth Referral”

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Introduction

Friestad and Wright's (1994) Persuasion Knowledge Model proposes that persuasion involves an interaction between a persuasion agent and a persuasion target. In this interaction, targets are not “helpless” victims of the persuasion tactics employed by the agent. Like persuasion agents, targets possess a certain amount of persuasion knowledge, which allows them to “...recognize, analyze, interpret, evaluate and remember persuasion attempts and to select and execute coping tactics believed to be effective and appropriate” (Friestad and Wright, 1994, p.3). The activation of this knowledge affects a persuasion target's perceptions of a persuasion attempt, which in turn influences its impact on (purchase) behavior. Although most research on persuasion has focused on advertising and personal selling, persuasion episodes also occur among consumers (cf., Hamilton, 2003). Applying the persuasion knowledge model to such settings broadens its scope, and helps understanding how marketers might leverage the effectiveness of such consumer-consumer interactions including word-of-mouth (WOM) referral (Verlegh, Peters and Pruyn 2003). One of the reasons behind the effectiveness of WOM is the (perceived) absence of marketing involvement. This might change when marketers try to actively stimulate WOM referral, as in buzz marketing (Dye, 2000). To better understand the effectiveness of stimulated WOM, we examine when a WOM message is no longer perceived as genuine anymore, but rather as an intentional attempt of the source to persuade a target. Our goal is (1) to find out when persuasion knowledge is activated in interpersonal influence situations, and (2) to assess the consequences of such activation.

Conceptualization

Campbell and Kirmani (2000) propose that persuasion knowledge activation depends on the accessibility of ulterior motives and on the availability of cognitive capacity. They confirmed this notion in a series of scenario studies, manipulating for example whether a salesperson recommended a product either before (high accessible ulterior motive) or after (low accessible ulterior motive) the purchase decision had been made. If the ulterior motive was highly accessible, consumers always made inferences of persuasion intentions and (hence) perceive the salesperson as less sincere. If the ulterior motive was less accessible, inferences of persuasion intentions were made only if the persuasion target had ample cognitive capacity available.

We extend this finding by looking at a third variable, agent type. A persuasion agent is not by definition a salesperson, but can also be a fellow consumer. We expect that the kind of influence agent interacts with the perception of ulterior motives. Previous research shows that people have a stereotype of salespersons that includes perceptions of salespersons being pushy, insincere and outgoing (e.g., Babin, Boles and Darden, 1995). Such stereotypes become activated automatically upon the perception of a salesperson, and color the perception of behavior in a way that is consistent with the stereotype (Devine, 1989). This implies that the activation of the salesperson stereotype would facilitate the recognition of ulterior motives, and in turn, the perception of underlying persuasion intentions. Note that cognitive capacity is needed to correct the first, automatic, impression (Gilbert, Pelham and Krull, 1988). Thus, when the salesperson stereotype is activated, but behavior is inconsistent with this stereotype, consumers only correct stereotypical inferences if cognitive capacity is sufficient.

Method

We tested the hypotheses in a 2 x 2 x 2 between subjects design (N=198). We used a lexical decision task to unobtrusively prime half of the respondents with sales related constructs in order to activate the salesperson stereotype. Cognitive capacity was manipulated by making respondents remember eight or one digit(s) during the task. All read an ambiguous scenario in which the description of a fellow student's behavior was varied in order to manipulate the likelihood of ulterior motives underlying his action (i.e., a positive referral regarding a study-related magazine). Dependent measures included the evaluation of the student and of the referred product.

Results

The most interesting result was a significant three-way interaction on a multi-item measure of perceived sincerity. Further analyses reveal partial support for our hypotheses: the persuasion agent is perceived as less sincere when the stereotype is activated, under low capacity and with underlying ulterior motives, in comparison to conditions without stereotype activation or ulterior motives. The agent

is also perceived less sincere when the stereotype is not activated but there is an ulterior motive and enough capacity to process this behavioral information. Contrary to our expectations, stereotype activation without an ulterior motive being present did not lower perceived sincerity. A positive initial impression of a persuasion agent can become less positive when the target perceives an underlying ulterior motive, and has the capacity to integrate this motive in evaluations of the agent. Activation of a salesperson stereotype can reverse this effect: It facilitates the perception of ulterior motives, and makes initial impressions less positive. Additional effort is then required to improve this perception in light of agent behavior that is inconsistent with this stereotype.

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"What Do You Mean I Was Rejected? An Investigation of Consumer Responses to Rejection"

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Consumers are often in the position of being rejected by organizations after applying for credit cards, loans or membership into certain clubs. However, research in consumer behavior has not examined how consumers respond to this rejection. This research aims to address the void in the literature. Results demonstrated that consumers who experienced rejection were less satisfied with their purchase and experienced more negative affect as compared to consumers whose application was accepted. Further, results demonstrated that consumers who were rejected perceived their outcomes as more unfair. Future research directions are also discussed.

"Service Validity and Service Reliability of Search, Experience and Credence Services: A Vignette Study"

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This study investigates the effect of service reliability and validity (*is the 'correct' service produced?*) on satisfaction with search, experience and credence services. A total of 120 consumers participated in a 2x2x3 design. Results support the notion that validity independently affects satisfaction, especially in case of experience services. Therefore, in research on service satisfaction, more attention should be paid to service validity. Prior to consumption, consumers tend to have only a vague idea about the validity of the (experience) service. Once being realized, service specifications take shape and consumers gain insight into the fit between service outcomes and their needs.

"Does Direction of Prediction Impact the Self-Prophecy Effect?"

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Merely making a prediction regarding one's future behavior (i.e., self-prophecy; see Spangenberg & Greenwald, 1999) has been shown to positively affect the performance of normative behaviors (e.g., Sprott, Spangenberg, & Fisher, 2003). Yet to be determined, however, is whether the "direction" of people's predictions has an influence on observed effects. The current research investigates this unexplored question in the context of implicit gender stereotyping behavior. Theoretical expectations were made based on expected gender-based information processing differences (e.g., Meyers-Levy & Maheswaran, 1991). The experimental evidence showed an interaction between participant gender and direction of prediction with regard to implicit gender-biased responses.

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“Building Loyalty in an Online Environment: The Moderating Role of Flow”

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This paper investigates the trust-loyalty relationship in an online environment. Study 1 reveals that trustworthy web sites yield high levels of loyalty due to the strongly held positive beliefs about the web site. Study 2 investigates the moderating role of flow, characterized by the perceived balance between skills and challenges at a website. The results indicate that higher perceptions of flow strengthen the effects of trust on loyalty, as compared to lower perceptions of flow. In Study 3 we propose to investigate the influence of two kinds of flow (task oriented and experiential) on the trust-loyalty relationship.

“The Role of Online Browsing and Prior Knowledge on Pre-purchase Search and Purchase Behavior”

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Abstract

This paper examines the effects of online browsing and prior knowledge on pre-purchase search in an online shopping context. An exploratory study investigated the potential influence of experiential browsing on the extent and patterns of pre-purchase search online. Results suggest that there is an association between these variables for people who browse online for experiential reasons. A follow-up experimental study empirically tested the effects that experiential browsing online and prior knowledge have on future goal-directed search online. We found support for our hypotheses on some of the main and interaction effects. Implications for these findings are discussed.

A significant trend in buying behavior is increased consumer information search online. As information search and e-commerce continue to grow, it seems important to better understand the goals that motivate consumers' online search behavior and the patterns of search that accompany those goals. Although search behavior has long been accepted as a pivotal part of the consumer decision-making process, online search has yet to receive the same level of attention. A more thorough understanding of online search behavior is required to assess the relationship between online search visits that are motivated by different goals. Specifically, this study examines the potential relationship between browsing and goal-directed search online and the role of prior knowledge.

Traditional offline research on search behavior has studied the amount and sources of pre-purchase search (e.g., such as the economics of information and information processing/cognition research streams) as well as the experiential aspects of search behavior (Holbrook and Hirschman, 1982; and Bloch, Sherrell and Ridgway, 1986). It is, however, much more recent that online studies started examining the impact of search behaviors that are motivated by both economic and non-economic goals. Bloch and his colleagues introduced the dual model of search that divides external search type into ongoing and goal-directed search based on search goals and level of involvement. Non-economic goals include fun, recreation/entertainment, play and information. This type of online search is referred to as experiential browsing behavior (Hoffman and Novak, 1996; Wolfinger and Gilly, 2002; Zhou, 2002; Novak, Hoffman and Duhachek, 2003). In this study, we posit that experiential browsing is likely to influence the extent and patterns of goal-directed search that consumers conduct online.

In an online environment, the influence of browsing behavior is likely to be more important due, in part, to the frequency with which consumers can browse. Compared to traditional shopping mediums the ease, access and convenience with which consumers can search online is vastly superior (Bakos, 2001; Alba et al., 1997). We contend that the same arguments apply to browsing behavior online. Patterns of online search behavior are also more transparent online as consumer click-stream studies show that the type of search that consumers conduct, either browsing or goal-directed search, can be readily identified through their click-stream paths (Moe and Fader, 2001). Further, Bucklin and Sismeiro (2003) developed a click-stream model of search that takes into account page views and duration of page views. This ability to track consumers' click-stream paths allows for more extensive study of search behaviors, even those motivated by different goals. However, neither of the online studies discussed takes into account the role of different types of prior knowledge, the inter-relationships between different types of search and purchase behavior, and patterns of search across Web sites.

To gauge the level of influence that experiential browsing could have on goal-directed search and, ultimately, purchase behavior, we consider the interactive effects of browsing and consumers assessment of what they think they know (i.e., prior subjective knowledge). Definitions of subjective knowledge appear to vary according to researcher. Park, Mothersbaugh and Frieck, (1994) contend that it is “what people think they know;” while, Reinecke-Flynn and Goldsmith (1999) refer to it as “a feeling of knowing.” A number of studies have also investigated the effects of subjective knowledge on search; however, the results of these studies have been equivocal. A positive relationship was found by Brucks (1985), Srinivasan and Ratchford (1991) and Raju, Lonial and Mangold (1995). Whereas, a negative relationship was found by Selnes and Gronhaug (1986), Radecki and Jacard, (1995) and Klein and Ford (2003).

Similar to Park, Gardner and Thuskal's (1998) experiment, regarding the effects of subjective knowledge on consumers' acceptance of additional and conflictual information, we examine the interaction effects of subjective knowledge (i.e., prior to online browsing) and experiential browsing online on extent of goal-directed search online.

Two research studies were conducted—Study 1 was exploratory in nature and utilized focus groups; and Study 2 was an experimental study, with a factorial design. Study 1 seeks to explore the notion suggested by several researchers (Bloch, Sherrell and Ridgway, 1986; Hoffman and Novak, 1996; Moe and Fader, 2001; and Moe, 2003) that a relationship exists between ongoing search or experiential browsing and goal-directed search behavior. Results from Study 1 support the notion that experiential browsing and goal-directed search are in fact related behaviors. Respondents' self scripts also revealed that the motivations for online browsing were exploration, information seeking, fantasy/fun escapism/boredom and inspiration. These findings are consistent with the results of more recent qualitative research studies online (Wolfenbarger and Gilly, 2002). However, utilitarian motives for browsing were also found that related to the ease or convenience with which consumers can browse online and the extended access to store sites compared with traditional mediums. Importantly, focus group results showed that online browsing influences later external search when consumers have a planned purchase in mind. Self scripts indicated that even when browsing was for fun, versus for information, consumers would remember information or save it for later (e.g. in favorite places). Thus, information could be recalled or reactivated for use in future purchase related decisions. The primary drivers for experiential browsing online, followed by goal-directed search (i.e., sequential search), were to be better informed, to confirm information discovered and for reassurance.

Consistent with Study 1, Study 2 shows that a relationship exists between browsing and extent of goal-directed search online. Moreover, two-way interaction effects between prior subjective knowledge and experiential browsing were found with regard to the extent of goal-directed search online in the vacation travel category. Specifically, high levels of prior subjective knowledge at high levels of experiential browsing online resulted in extended goal-directed search activity online.

Study 2, demonstrates the effects of type and level of knowledge (i.e., prior subjective, knowledge, high and low) and the interrelationships between different measures of search online. Indeed, Klein and Ford (2003) state that further research is required to determine the effects of type and level of prior knowledge on online search. This research addresses this notion in the context of online search motivated by different goals.

The results from our study suggest that for heavy browsers, consumers may reassess their feeling of knowing (i.e., when they have high prior subjective knowledge) because high browsing activity highlights that they could learn more. Implications from these findings are: 1) consumers search further in goal-directed search to maintain their previous subjective knowledge assessment, and 2) turning browsers into buyers may not be as simple as identifying the type and amount of search that consumers conduct through their online click-stream behavior.

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"The Differential Effects of Guilt Appeals in Persuasive Marketing Communications"

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Limited research in the persuasive effects of negative affective appeals indicate that some negative emotions, such as guilt, have a strong motivational quality. In particular, anticipatory and reactive guilt have fundamentally different characteristics and correspondingly are likely to have differential effects on attitudes and behavior. As hypothesized, felt guilt, negative emotions, and unintended emotions were reported to be higher in the reactive guilt condition, and positive emotions, positive attitudes, and intentions (to try product) were all reported to be higher in the anticipatory guilt condition. Several interactions suggested that reactive guilt ads led participants who were lower in self control to feel more unintended emotions and feel more negatively toward the firm relative to other participants.

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"Male Body Image and the Fear Appeal"

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Extensive research in marketing and social sciences has been conducted which addressed body image. The subject of the vast majority of these studies has been the female body with focuses on self-esteem, media and race (Richins 1991; Martin and Kennedy 1994; Richins 1995, Milkie 1999). Multiple studies have pinpointed the media's use of an idealized image as a cause of significant body image problems (Richins 1996). The theoretical base for the majority of the research has relied upon Festinger's social comparison theory (1954) whereby individuals have a natural response to compare themselves to others. Recently, other theoretical themes have been discussed in the context of body image including Rosenberg's (1979) self-esteem scale and Thompson's and Hirschman's (1995) poststructuralist analysis.

Until recently, limited research had been conducted that focused on male body image. With the increased reporting of steroid use among athletes (Barry Bonds, Lance Armstrong), unparalleled growth in muscle supplement sales and the extensive use of the male body in advertisements, male body dissatisfaction has risen. The male body image problem has permeated all groups of men. According to surveys in *Psychology Today* from 1972 to 1985 and 1997, males have increased their body dissatisfaction at similar rates to women. When asked about muscle tone, 45% of men in 1997 were dissatisfied, compared to 25% in 1972. Male disappointment in their overall appearance

has grown at a faster pace than females between 1972 to 1997: 187% for men as compared to 124% for women. The gap between female and male body dissatisfaction has decreased dramatically (McCaulay, Mintz and Glenn 1988).

The work of Pope, Phillips and Oliverdia (2000) has addressed male body image problems and coined one such extreme behavior as the *Adonis Complex*. A trend in advertisements has contributed to the image of the male as strong, muscular and upscale (Kolbe and Albanese 1996). Given the influx of the muscular male body in advertisements, men now have a multitude of images to evaluate themselves against as women have in the past (Riccardelli and McCabe 2001) reinforcing social comparison theory. However, how these images are displayed in advertising and in what context has not been adequately researched.

Since the central theme of advertising is persuasion and the male body is prominently displayed in these ads, both an intentional and unintentional consequence of advertising has developed (Pollay 1986). In some cases, there has been an overt message of a new norm for body image (Pope, Phillips and Oliverdia 2000) frequently seen in specialized magazines (fitness and weight lifting) and television advertising (health clubs, diet ads). Problematic is the covert representation or unintended display as seen in television programs and non-health related advertising. Although not directly a part of advertising, these actors function as “informal advertisements persuading consumers to adopt a particular lifestyle” (Hirschman and Thompson 1997). The ability to adequately measure overt and covert representations is significant in the study of male body image.

More recently, the overt representation of the muscular male body has become even more rampant not only in advertising but also in television content. Programs such as NBC’s *Average Joe*, MTV’s *Real World*, and daytime network soap operas continually display the male physique, shirtless and muscular, in their programs. For instance, recent episodes of *Average Joe* on NBC had multiple shots of shirtless muscular men throughout each episode. An adequate study of programming content’s use of the male physique has not been completed as was done by Kolbe and Albanese (1996) in advertising.

Advertising messages utilize several persuasive techniques in order to achieve a goal whether awareness or attitude change. While consumer attitude toward the advertisement has been a central topic in most literature (MacKenzie, Lutz and Belch 1986), the analysis of persuasive attempts has not concluded consistent results (LaTour and Tanner 2003).

One persuasive technique used consistently is the fear appeal. Currently, the fear appeal is being employed in the context of male body image. Unfortunately, the study of the fear appeal has been misunderstood in advertising and marketing (LaTour and Rotfeld 1997). Within the fear appeal, there exists both a threat and an individual arousal (LaTour and Pitts 1989). The threat is the communication mechanism that attempts to evoke the fear response or arousal (LaTour and Rotfeld 1997). With body image ads, the fear is manifested in the feelings of “embarrassment” and “non-masculinity” if the body representation is not muscular or toned (Kearney-Cooke and Steichen-Asch 1990). According to several researchers including Michael Signorile (1997), advertising creates a cult of masculinity with its constant display of the male physique originally targeting gay men and now pinpointing teenaged males. These advertisements both indirectly and directly have diffused into the heterosexual population causing the body image to become more idealized across all segments of the male population. This subculture of heterosexual men concerned with body and “looks” has recently been coined *metrosexual*.

Discussion and analysis of the fear appeal has been explained using several theories including the protection motivation theory (Rogers 1975), activation theory (Thayer 1986; LaTour and Pitts 1989; LaTour and Rotfeld 1997), and the extended parallel process model (EPPM) (Witte 1992). Recent advances by Nabi (1999, 2002) using the cognitive functional model (CFM) has been gaining increased acceptance.

The basis of the protection motivation theory is a cognitive appraisal process whereby an individual follows a step-by-step process that involves coping and coping behavior (Rogers 1975). Tanner, Hunt and Eppright (1991) refined the model by incorporating social and emotional elements into the motivation model as well as the ordered presentation of the threat. When the body image is activated, in what context, and how the receiver responds to the threat in order to protect him is the central component of the theory. If coping, the male may activate another role in his self-schema putting salience on an alternate identity (i.e. father, businessman) or he may activate the body as a major component of his self-esteem by engaging in muscle building (Markus 1977; Laverie, Kleine and Kleine 2002; Forehand Deshpande and Reed 2002). Hargreaves and Tiggeman (2002) found the self-schema activation pronounced among males when body image became more prominent in advertising.

The activation theory approach to fear appeals involves the level of arousal, tension and energy that is produced from the appeal (Thayer 1986; LaTour and Pitts 1989; LaTour and Rotfeld 1997). The recipient of the fear appeal is threatened and subsequently generates energy. If the fear appeal is too strong, the energy is converted into anxiety and then the appeal is rejected. While the protection motivation theory includes coping mechanisms, the activation theory limits itself to the message itself and whether it primes the body as the central core of self-esteem.

Two current theories utilized to explain the fear appeal are Witte’s extended parallel process model (EPPM) (1992) and Nabi’s cognitive functional model (1999). In the EPPM, two processes occur. In one path, the viewer of a fear appeal sees the advertisement and responds to it by controlling the danger using adaptive behavior. The adaptive behavior is following what is recommended in the advertisement. For body image fear appeals, it may include diet, exercise, or the use of supplements. The alternative path is to control the fear by engaging in maladaptive behavior including a defensive avoidance strategy like the rejection of the message, the rejection of the source, and the shifting of the focus. Both adaptive and maladaptive strategies can result in deviant behavior.

For a body image fear appeal, a male may take issue with the appearance of the hyper muscular male believing the model is a steroid user or gay (if the viewer is heterosexual). Another common maladaptive behavior for body image fear appeals is the surrender. The subject believes he can never achieve the idealized image and becomes dissatisfied with his body resulting in depression, lower self-esteem and possible over-eating (McCarthy 1990).

Unfortunately, most research neglected to include the impact of attitude formation. Many researchers believe attitude formation should be incorporated into the fear appeal model (Roskos-Ewoldsen, Arpan-Ralstin, and St. Pierre 2002). The question being posed is “does the fear change the long-term behavior of the subject” directly impacting the efficacy?

Nabi’s CFM incorporates a long-term impact of the fear appeal with an information processing context. The core of her model is that the fear appeal acts as a catalyst for change in attitude. The message is reflective of the person and the environment causing one of two actions: motivation to attend or motivation to avoid. A major difference is seen in the depth of processing of information and it does not

rely totally on efficacy. When an individual in fear control response suppresses the thought of the threat, the subject can continue to reflect upon the image (Wegner, Schneider, Carter, and White 1987; Wenzlaff, Wegner, and Reger 1988). The reflection on the advertisement and the image results in significant cognitive processing resulting in an attitude change.

This study analyzed the impact of diverse fear appeals on self-esteem and body image. The study compared how a male interprets the advertised fear appeal verses other body image appeals. Male subjects, from a local health club, were divided into two groups. Group one was shown print advertisements that included various body image fear appeals (punishment) while group two was shown alternative appeals (positive). Both groups were surveyed and measured on self-esteem, attitude toward the ad, fear arousal (Mewborn and Rogers 1979) and role identification.

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"Think It's Good, but Feel It's Bad: Country-of-Origin Effect on Cognition, Affect, and Behavior"⁶

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The country of origin of products has substantial influence on consumers' judgment about the product and the perception of advertising claims (Hong and Wyer 1989; Verlegh and Steenkamp 1999). The country of origin effect (COE) is primarily rooted in cognitive aspects of information processing such that country of origin sometimes signals product quality (Johansson 1989), or other times it is viewed as a product attribute (Hong and Wyer 1990). Accordingly, the COE is often considered a type of schema-based stereotype in that consumers classify products into categories (i.e., country of origin) and apply prior knowledge about the categories (Maheswaran 1994). This view presumes that COE is context-dependent and may vary across situations (e.g., product type) and culture-specific factors (Gurhan-Canli and Maheswaran 2000; Han and Shavitt 1994; Klein, Ettenson, and Morris 1998). For example, the same country can bring about cognitively positive associations (e.g., Russian caviar) or negative associations (e.g., a Russian automobile) depending on the product category under consideration. Further, it is generally assumed that consumers are capable of factoring out country of origin information if it is perceived to be irrelevant to product evaluation. However, in this paper we argue that COE can exert its influence on consumer behaviors via affect without influencing one's cognition. That is, even when an advertised product's country of origin does not have a negative impact on the cognitive component of attitudes, it can still result in negative consequences for affect, and hence, behavior.

The national image of South Korea among Americans tends to be negative (Han 2001; Shin 1999). For example, Shin (1999) reported the ratio of positive to negative US news reports dealing with South Korea to be 4:1. However, in certain product domains such as consumer electronics and automobiles, American consumers do not seem to view Korean brands as low-quality. For example, Samsung, a major South Korean brand in consumer electronics, is known as one of the fastest growing brands (Corstjens and Merrihue 2003) and ranked 25th in Interbrand's ranking of the best global brand (Doonar 2003).⁷ This presumed discrepancy (i.e., overall negative image but positive image in certain product domains) leads us to the following hypotheses: An advertisement featuring an automobile or a computer monitor manufactured in South Korea (i.e., a positive product category), compared to US-manufactured counterparts, will arouse 1) a more negative overall response (H1), 2) a similar cognitive response (H2), 3) a more negative affective response (H3), and 4) a more negative behavioral response (H4), from the American consumers. These were tested in Experiment 1 (conducted in 1998), Experiment 2 (conducted in 1998), and Experiments (conducted in 2000).

In Experiment 1, two magazine advertisements for South Korean-manufactured automobiles and computer monitors were selected from *Sports Illustrated* and *Business Week*, and the original brand names were replaced with fictitious brands. Country of origin was manipulated by inserting either "Made in Korea" or "Made in USA". The study has a 2 x 2 (South Korean/American brand; Automobile/Computer monitor) between-subject design. 120 participants were recruited from a major shopping mall and a major electronics store in mid-sized town in the Midwest. Participants were randomly assigned to one of the four conditions, viewed the ad, and completed the questionnaire for dependent measures and manipulation check.

11 nine-point scale items were used to measure cognitive (believable, informative, clear), affective (interesting, appealing, impressive, attractive, eye-catching), and behavioral components ("buy/seek out/intend to buy the product") of attitudes (Baker and Churchill 1977). The scale was reliable: alphas were .72, .80, and .80 for cognitive, affective, and behavioral components, respectively.

The manipulation was successful: most people had not seen the ads before the experiment (87%), and correctly identified the country of origin (89%). The data were first analyzed using a 2 x 2 MANOVA (Country x Product) to compare participants' overall attitudes. As predicted in Hypothesis 1, there was a significant main effect for Country ($F(3, 114)=6.04, p<.001$). Three separate 2 x 2 ANOVAs supported the remaining hypotheses: cognitive ($M_{US}=5.84, M_{Kor}=5.78; F(1, 116)=.05, n.s.$), affective ($M_{US}=3.64, M_{Kor}=2.74; F(1, 116)=6.61, p<.01$), and behavioral ($M_{US}=5.02, M_{Kor}=3.95; F(1, 116)=16.02, p<.001$). Findings suggest that when American consumers

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⁷Sony, the leading brand in electronics, was ranked 20th.

are exposed to the ads featuring positive Korean products, the overall negative image of the country does not influence the cognitive components of attitude, but does influence affective and behavioral components of attitude.

Experiment 2 was a replication of Experiment 1 except that the original advertisements used as stimuli were Japanese and European brands, which were replaced with two other fictitious brands. The manipulation was successful: most people had not seen the advertisements before the experiment (94%), and correctly identified the country of origin (89%). The scale was reliable: alphas were .62, .71, and .76 for the cognitive, affective, and behavioral components, respectively. All hypotheses were supported: overall attitudes differed ($F(3, 114)=4.64, p<.001$), cognitive attitudes did not differ ($M_{US}=5.83, M_{Kor}=6.00; F(1, 116)=.52, n.s.$), affective attitudes differed ($M_{US}=4.91, M_{Kor}=4.56; F(1, 116)=3.43, p<.05$), and behavioral intentions differed ($M_{US}=3.76, M_{Kor}=3.02; F(1, 116)=4.67, p<.05$). Participants showed an overall preference for the advertisements featuring American brands over the advertisements featuring South Korean brands, and this was primarily rooted in affect and behavioral intentions. Yet participants did not show such a preference in the cognitive variable.

Experiment 3 was a replication of Experiment 1 except that 120 participants were recruited from a shopping mall and a major electronics store in a major city, and the study was conducted in 2000. Contrary to Experiments 1 and 2, non-significant effects were observed between two countries for overall attitudes (H1), affect (H3), and behavioral intention (H4), although the mean differences were in the expected direction. This may reflect South Korean brands' aggressive marketing activities in recent years. American consumers in 2000 have less negative attitudes toward, and more intend to purchase, South Korean brands than consumers in 1998. Although without clear evidence, this imbalance is presumed to arise from the fact that American consumers are becoming more exposed to, and more familiar with South Korean brands. Future research may look into a moderating effect of familiarity of South Korean brands.

We attempted to demonstrate that the COE can guide consumer behaviors through affect. Consumers may rationally think that a certain country is expert at some product categories, but overall negative feelings associated with the country may lead to negative behavioral consequences. Leading advertisers from developing countries should strive to elevate not only its company's image but also the overall image of the country. On the surface, consumers seem to sufficiently rational to partial out irrelevant country images when making a purchase decision for a foreign product, but the results reported in this paper present a different picture: consumers may be still guided by their feelings even when they do not acknowledge it. Implications for advertisers and policy makers in developing countries are very clear in order to improve the results of their advertising efforts in developed countries: more attention should be given to 1) "consumer feeling" at the company level, and 2) improvement of overall national image at the country level.

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“Effects of Positive Versus Negative Word-of-Mouth”

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An experiment was conducted to determine the effectiveness of positive versus negative WOM on intended future behavior. This experiment was designed to test prior research findings that suggest negative information is more influential—perhaps even more prolific—than its positive counterpart. Results suggest that positive WOM is at least as prolific and has as strong an effect as negative WOM, calling into question the historically cited yet unproven disproportionate influence of negative WOM.

“Why Fads Fade: The Abandonment of Cultural Tastes”

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Abstract

Many cultural practices, products, or styles become widely popular only to later decline or disappear. While conformity provides some suggestion about taste adoption, we know much less about divergence or what may cause people to abandon tastes they once liked. Building on research in psychology, sociology, and marketing we suggest individuals prefer greater divergence in taste domains that signal social identity. We test this notion in several studies and go on to show how adoption by various social groups may influence individual taste abandonment. Finally, we use these findings to provide insight into the behavior of macro phenomena such as trends.

“It seemed only yesterday that Von Dutch trucker hats were worn by half the aggressively stylish people in the world. Now they are scorned in the hipster circles that only recently flaunted them.” (Lindgren, 2004)

Cultural history is littered with practices, products, and styles that were once widely popular then declined (or disappeared): page boy and beehive hairdos, swing, disco, Tickle-Me-Elmo, wide ties, skinny ties. Some practices become popular, then wane, then wax again: short hair / long hair; short skirts / long skirts, martinis, red meat.

These facts about social life are so obvious they hardly need stating save for one important observation: social science theories are generally unable to account for them. While conformity is widely documented (Sherif, 1936; Asch, 1955), it predicts people will converge, and is much less useful in predicting divergence or understanding when a cultural practice will decline. Indeed, models of the diffusion of innovations and cultural practices, which are based implicitly on conformity dynamics (Rogers, 1983; Bass, 1969), are well equipped to explain adoption, but poorly equipped to account for almost anything else. We know that people abandon cultural practices but why?

While lay theories of fads and fashion might suggest people abandon cultural practices because they “get tired” of them, this does not explain why certain practices get abandoned faster than others, or why certain domains of cultural practices (e.g. high fashion clothing or teenage slang) tend to see greater turnover than other domains.

Considering what we do know about divergence raises just as many questions as it answers. Research on uniqueness (Snyder & Fromkin, 1980) suggests people are motivated to seek difference relative to others but says nothing about domains in which this drive should be greater. Additionally, if uniqueness is such a strong drive, why have previous studies so easily found conformity? Taken together, these two literatures present an interesting puzzle: if people experience opposing pressures towards convergence and divergence, how do they resolve the conflict?

Optimal distinctiveness theory proposes that people reconcile opposing needs for assimilation and differentiation by defining “themselves in terms of distinctive category memberships” (Brewer, 1991, p. 475). Similarly, uniqueness researchers suggest people desire a state of moderate similarity. But, while these notions suggests why there isn’t total convergence or divergence in cultural practices, they still don’t explain how people go about the process of trying to be moderately similar or why certain domains of cultural practices seem to induce more divergence than others. There are certain domains of choice where people care more about being different than others, but why? Why are people more upset when they wear the same dress to a party than when they bring the same toothbrush to a camping trip?

We suggest that divergence and abandonment are driven by a desire to self-express a unique identity; (H1) *people should be more likely to diverge from the actions and choices of others in more self-expressive domains*. Importantly, however, identities are not arbitrarily defined by individuals, they come pre-packaged by the social environment; while individuals may adopt aspects of various social identities, the meaning of the identities and the tastes that constitute them are specified by the culture at large (Bourdieu, 1979; Douglas & Isherwood, 1978). Thus we suggest (H2) *certain domains will be particularly important for expressing identity because others look at these domains as signals of identity*. While these two hypotheses are important in understanding why divergence may occur in certain domains, it provokes an additional question: why are certain domains in particular used in self-expression?

We suggest that some domains operate more effectively as signals of identity because their interpretation is more straightforward. Standard theories of psychological discounting (Kelly, 1973) predict that people will have greater difficulty identifying the self-expressive component of a cultural practice when the functional component is higher. Thus we suggest (H3) *a domain’s signaling value will depend on how much behavior in that domain can be given a functional interpretation; people should draw more inferences about others in domains that are less functional*.

In our first study, we find support for these three hypotheses using questionnaires and a variety of preference domains (e.g. dish soap, stereos, hairstyles, favorite CD, etc.). People chose to diverge more from others in choice domains that are rated as being more self-expressive (hairstyle or favorite CD as opposed to stereo or sunglasses) or more likely to be used to make inferences about others (these

are highly correlated and were collapsed to form one item). Additionally this effect holds even controlling for how visible choice in a domain is to others (which is not significant). Finally, there was a significant negative relationship between functionality and self-expression, such that the less choice was seen as based on function, the more it was seen as expressing the self.

We next move our focus from divergence to taste abandonment. The signaling value of a taste relies on its ability to carry information, but if a taste becomes too popular, or enough people from another social group adopt it, it may dilute its value, both as a signal of identity and as a unique attribute. If individuals desire distinctive identities and if identities are compromised when others outside their preferred group adopt a particular taste, then we suggest (H4) *individuals should abandon cultural tastes when other social groups adopt them*. But is adoption by all others the same, or does adoption by certain social groups lead to more abandonment? One could conjecture that people might abandon a taste if people they don't like start adopting it, but in addition, as adoption by very dissimilar others may dilute the signaling value of tastes, we suggest (H5) *abandonment should increase with the dissimilarity of the adopting group*.

Our second study examined change in tastes based on adoption by other groups and using various questionnaires and university undergraduates. For a variety of social groups (suburban teenagers, janitors, 40 year old business executives, etc.), one set of respondents rated how their usage of a catchphrase they and their friend liked saying would be influenced if they found out members of a given social group started using it. Other set of respondents rated these groups on liking, similarity to the average student, and status (as some previous literature suggests this, rather than the other factors, should drive taste loss). Supporting our hypotheses, we found that the more disliked or dissimilar a given group was rated, the more likely adoption by that group would lead people to abandon that taste. Status did not influence abandonment.

We expect to have at least one additional study to present at the conference.

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"Situational, Contextual, and Personality Variables that Increase Consumer Focus on Non-Alignable Attributes"

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Introduction

Consumer preferences are often determined by comparing products on similar (alignable) and dissimilar (non-alignable) features. Many researchers theorize that consumers engage in an attribute-based approach (cf Tversky 1969; 1977) in which they compare attributes one-by-one in a choice task. Findings consistently show that consumers tend to choose the product that is superior on alignable attributes and justify those choices by focusing on the alignable features in the choice task (Markman and Medin 1995).

The impetus for this project was the belief that consumers do not ignore non-alignable attributes (cf. Zhang and Markman 2001), and thus, we sought to examine the conditions under which consumers will increase their focus on non-alignable features. We first replicate and extend previous research manipulating the contextual descriptions of the product features, such as whether tradeoffs are present among the alignable features and the degree of variability between products on the alignable attributes. We also examine whether situational variables, such as anticipated regret and anticipated satisfaction, and personality variables, such as risk-seeking tendencies and need for cognition, also increase the use of non-alignable product information during choice.

General Research Design

All participants in each study were presented with a choice between two microwave popcorn products (A and B). Each product was described on five attributes: two common attributes (Cost per serving and sodium level), two alignable attributes (crunchiness and calories), and one non-alignable attribute (flavor or ease of swallowing). Our product descriptions were modified from Zhang and Markman (2001).

The primary design for the studies was a 2 (Tradeoff: Absent vs. Present) by 2 (Variance: Low vs. High) between-subjects design. When tradeoff was absent, Product A was always superior to Product B on the alignable attributes; in the tradeoff present condition, A was superior to B on alignable attribute #1, but inferior to B on alignable attribute #2 (B was always superior to A on the non-alignable attribute). In the low variance condition, the difference between A and B on the alignable attributes was small (e.g., Prod A: "crunchiness lasts 3.5 hours" vs. Prod. B: "crunchiness lasts 3 hours"); in the high variance condition, the difference between A and B was larger (e.g., Prod A: "calories equal to a slice of bread" vs. Prod. B: "calories equal to a spoonful of sugar"). The "baseline" condition is the condition

in which tradeoff is absent (A is better than B on both alignable attributes) and variance is high (the difference between A's and B's alignable features is large).

Hypotheses

Increasing consumers' focus on the non-alignable better brand (B) should occur as we (1) reduce variance on the alignable attributes, (2) introduce a tradeoff on the alignable attributes, (3) encourage non-comparison based processing, and/or (4) see lower levels of risk avoidance and higher levels of need for cognition.

Study 1

One hundred and twenty-six participants were randomly assigned to one of four conditions. They read both product descriptions, made a choice between Products A and B, listed their thoughts about the choice, and rated the importance of all product attributes.

Results: All analyses examined the choice shares for Product A versus Product B among the four between-subjects conditions. In the baseline condition (tradeoff absent, variance high), 61% of participants preferred A to B. As hypothesized, when we reduced the variance on the alignable features, the choice shares of B increased to 65% in the tradeoff absent, variance low condition, $t(60)=2.11$, $p<.05$. Also as predicted, when we introduced a tradeoff among alignable attributes, choice shares of B increased to 60% in the tradeoff present, variance high condition, $t(56)=1.64$, $p<.05$. These findings are also confirmed with a significant tradeoff by variance interaction in a logistic regression, $B=2.322$, $p<.003$.

Study 2

Study 2 was a 2 (Tradeoff: Absent vs. Present) by 2 (Variance: Low vs. High) by 3 (Situational Manipulation: None, Anticipated Regret, vs Anticipated Satisfaction) between-subjects design. Sixty-eight participants received no situational manipulation, replicating Study 1's design.

Prior to making their product choice, sixty-five participants in the Anticipated Regret manipulation were asked to think about how much regret they would feel if they chose one brand and later found out that the other brand was better. Participants were told to pick whichever of the two brands would minimize their future regret. Prior to making the product choice, sixty-four participants in the Anticipated Satisfaction manipulation first rated how satisfied, how happy, and how good they would feel with each brand. After making their product choices, participants in all conditions completed the thought listing and attribute importance rating tasks. Based on parallels between our stimuli and the evaluability hypothesis (Hsee 1996; Hsee and Leclerc 1998), we hypothesized that the regret and satisfaction manipulations would cause subjects to engage in non-comparison based decision-making, thereby enhancing the choice shares of Product B in the baseline condition (tradeoff absent, variance high), compared to this same baseline condition with no situational manipulation.

Results: Choice shares in the baseline condition (tradeoff absent, variance high) for the "no situational manipulation" replicate Study 1 with 72% of participants choosing A to B. As predicted, these choice shares reversed in both the anticipated regret manipulation, baseline condition (62% choose B) and the anticipated satisfaction manipulation, baseline condition (73% choose B). In addition, encouraging non-comparison based processing reduces the effect of presenting tradeoffs and lowering variance seen in Study 1.

Study 3

Study 3 is a 2 (Tradeoff) by 2 (Variance) between-subjects design with the same stimuli as Study 1. Participants are asked to complete several personality measures after reporting their product choice, thought listing, and attribute importance rating tasks. We hypothesize that consumers who are: *high* in need for cognition (Cacioppo, Petty, and Kao 1984), *high* in need for cognitive closure (Webster and Kruglanski 1994), or *low* in risk aversion (Burton, Lichtenstein, Netemeyer and Garretson 1998) should focus more on the non-alignable attributes within the choice task, thereby preferring Brand B to a greater extent than those consumers who are opposite on these dimensions. Study 3 results are not available yet, as data collection is on-going.

Conclusions

Our manipulations of tradeoff and variance in Study 1 demonstrate that we can focus consumers' attention on non-alignable attributes in a choice task within the context of the brand description. Our manipulations in Study 2 show that, if we can engage participants in non-comparison based decision-making prior to the choice decision, we can increase their focus on the non-alignable attributes. Taken together, these contextual and situational manipulations result in a higher preference for Product B, which was superior on the non-alignable attribute. The results of Study 3 will hopefully speak to the effect of different personality characteristics which focus a consumer on non-alignable features in a choice task. Thus, we can show that evaluation of alternatives is not as dominated by alignability as is current believed.

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"Social Norms and Shelf Space Strategies: Influencing Consumer Purchase Decisions at the Retail Shelf"

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Retail shelf management is considered an essential component of in-store merchandising for both retailers and manufacturers. As an industry rule-of-thumb, approximately 80% of all sales are attributed to products sold off the shelf. Additional shelf space is typically given to a product with more sales (Campo, Gijsbrechts, Goossens, and Verhetsel, 2000; Curhan, 1972; Desmet and Renaudin, 1998; Lee and Brown, 2001; Mulhern, 1997). However, research on the impact of changes in shelf space on sales has been mixed. Curhan (1972) and Drèze, Hoch, and Purk (1994) found that an increase in shelf space minimally effects sales, relative to the effects of other retail variables (Curhan, 1972; Dreze, Hoch, and Purk, 1994). However, a positive relationship was still found to exist between shelf space and sales. Drèze, Hoch, and Purk (1994) found that when a less frequently purchased product was moved to a more prominent position on the shelf near a more frequently purchased product, sales increased for the less frequently purchased product. Although shelf reorganization was credited for the increase in sales, it is still unclear *why* the less frequently purchased product benefited more from the change in shelf position. Kahn and McAlister (1997) suggest that this increase may be attributed to a novel display. The less frequently purchased product was now a more prominent feature on the shelf.

Shelf space allocated to different types of brands may account for some of the discrepancies in past studies. Curhan (1972) found that private labels were more space elastic versus a national brand. Shelf space is considered to be a less important component of the merchandising mix for national brands than for private labels. Premium brands are more salient on the shelf than low tier brands (Kahn and McAlister, 1997). Thus, an increase in shelf space for a premium brand may not have a significant effect on purchases, whereas a low tier brand may benefit more from an increase in shelf space.

One important element that proposed shelf space allocation models (Borin and Farris, 1995; Campo et al., 2000; Desmet and Renaudin, 1998; Dreze et al., 1994; Lee and Brown, 2001; Urban, 1998; Yang and Chen, 1999) ignore is the effect of social influence on purchase decisions. For instance, shelf space may be an indicator of how others shop that category. In order to reduce cognitive effort, consumers may simply choose the brand that they perceive most others are buying. Thus, the *perceived* purchase decisions of other consumers may be influencing purchase decisions.

Without direct interaction with other consumers, social influence may take the form of perceived behavior of others, or social norms. Social norms are defined as what is commonly done or what is approved by others (Cialdini, 2003; Cialdini, Kallgren, and Reno, 1991). By activating a norm, or making it more salient, people are more likely to conform to the behaviors of others (Cialdini et al., 1991). If consumers perceive shelf space as a representation of others' purchasing behavior, then significant changes to the shelf layout may activate the norm. Venkatesan (1966) demonstrated that subjects defaulted to the group norm when it was difficult to objectively evaluate products. Surprisingly, even when confronted with two options that are unequal in quality or performance, consumers may choose the inferior product based on the purchase behavior of others. Social norms are more influential when decision making is done under spontaneous processing (Terry, Hogg, and White, 2000). With approximately two-thirds of purchases characterized as unplanned (Kahn and McAlister, 1997), it is imperative for marketers to understand the presence of social norms in a retail environment.

We hypothesized that a low tier brand will benefit from an increase in space because the social norm of shelf space is made more salient and is an indication that most other consumers are purchasing this product. Conversely, a premium brand will not benefit from an increase in shelf space because consumers already perceive this brand as being commonly purchased.

An empirical study was conducted to test these hypotheses. Subjects were shown a picture of a grocery store shelf and presented with two options, a premium and low tier brand. Subjects were asked to indicate their willingness to buy each brand and then choose one brand to buy. An analysis of variance was conducted and as hypothesized, willingness to buy increased for a low tier brand when it had the majority of shelf space. Additionally, willingness to buy did not increase for the premium brand when it had the majority of shelf. As hypothesized, choice for a premium brand did not significantly increase when it had the majority of shelf space. However, choice for the low tier brand increased when it had the majority of shelf space.

A pretest indicated that quality rating, price impression, and product familiarity were not moderators for willingness to buy and choice based upon shelf space. A second study is proposed to investigate the influence of social norms, as well as other potential moderators, on purchase decisions at the retail shelf. Social norms are stronger when a person identifies with the particular reference group (Bearden and Etzel, 1982; Campbell, Tesser, and Fairey, 1986; Fisher and Ackerman, 1998; Knight, Alpert, and Witt, 1976; Park and Lessig, 1977; Terry et al., 2000; Venkatesan, 1966). Thus, the level of identification to other consumers will be investigated. Involvement may also indicate when a consumer is more likely to be influenced by social norms. Susceptibility to social norms is increased when category involvement is low (Crawford, 1974).

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