Today, It'S New! and Tomorrow? Perceived Product Newness in Relation With Product Liking Over Time

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Today it's new! Great! And tomorrow? Perceived product newness and its relationship with liking over time. Anne Michaut-Denizeau, HEC, School of Management Stan Knoops, IFF

With the plethora of new products on today's markets, consumers' response to these products has aroused a great deal of interest over the past years. This paper particularly focuses on perceived newness and its relationship to liking over time. The conceptual framework suggests that, from the consumer's perspective, newness can be seen as lying along two dimensions: (1) mere perception and (2) understanding. Results show that, in product usage conditions, product newness perception increases in the short run (3 weeks), as consumers simultaneously become more able to make sense of the product. In the longer run (12 weeks), newness remains rather persistent despite daily product usage and exposure. Moreover, the study points out newness as a good determinant of liking in the short run only.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/12331/volumes/v33/NA-33

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**Consumer Preference Between Price and Feature Changes**
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Over time, a firm may be required to either cut features or raise price in order to maintain profitability. Conversely, a firm may decide to deliver additional value to customers and will have to choose between increasing features and reducing the price. In this paper, we explore these trade-offs across multiple product categories to better understand consumer preferences. We expect to find that consumers prefer feature changes to price changes due to loss aversion. We also expect to find that consumers prefer non-alignable gains and alignable losses. We are currently conducting experiments to test our predictions.

**Today It’s New! Great! And Tomorrow?**
Perceived Product Newness and Product Liking with a Time Perspective
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With today’s companies innovating at the speed of light, it’s no wonder that consumers’ response to new products has aroused a great deal of interest in the past years. But are consumers as fast? Most prior research has addressed the issue of product newness or innovativeness from a firm perspective (e.g. Garcia and Calantone, 2002) but the psychological approach of newness from a consumer point of view has received little attention in the marketing and consumer behavior literature. In this research, we propose that, from the consumer’s perspective, newness can be seen as lying along two dimensions with distinct effects on product liking: (1) mere perception (perceptual newness) and (2) an epistemic dimension linked to the difficulty of understanding a new product. Besides, if a large number of studies focused on exposure effects on new stimuli evaluation (e.g. Bornstein, 1989), product newness perception over time has been relatively poorly addressed. This paper examines the effect of time and exposure on product newness evaluation and product liking separately, as well as on the relationship between these two variables; it also examines the effect of product trial on perceived product newness.

Building on Berlyne’s (1960) theory of ‘collative’ variables (i.e. variables of comparison), we conceptualize newness as a two-dimensional construct, but how do we expect these two dimensions to evolve over time? As newness involves a comparison in time between a previous and a current status, we expect newness perception to decrease over time. Yet, previous research suggests that repeated exposure results in perceptual fluency when encoding is based on perceptual information, but also conceptual fluency with meaning-based representation (Shapiro, 1999; Janiszewski and Meyvis, 2001). Consequently, we argue reaching a better understanding of the new product (conceptual fluency) with repeated exposure, actually leads to a temporary increase in perceptual newness.

With respect to liking, Mandler’s theory (1982) and empirical findings in the consumer behavior context (e.g. Meyers-Levy and Tybout, 1989; Moreau et al., 2001), suggest liking increases with newness as long as newness remains cognitively manageable; otherwise the effect is reversed. As a result, the type of newness considered should greatly influence product liking. More precisely, product liking is expected to increase with perceptual newness, whereas it is expected to drop when epistemic newness increases (i.e. makes the problem-solving task more difficult for consumers). Over time and with repeated exposure there is reason to believe that although the differential effect of perceptual and epistemic newness on product liking will remain, consumers should also develop new criteria to form their judgment over the new product (e.g. resulting from their experience). Hence the explanatory power of newness for liking is expected to decrease over time and with exposure.

In the first study, we examine the evolution of newness perception and its relationship with product liking in product usage conditions. With the collaboration of a market research agency, 420 Dutch consumers were randomly assigned one of five new products (in the fabric care category) and data were collected throughout the 2.5 months of the experiment at t0 (start of the experiment), t1 (after 3 weeks), t2 (after 6 weeks) and t3 (after 9 weeks). After confirming the two dimensions of product newness in a consumer’s perspective, we find opposite effects of these two dimensions of product liking. Namely, a positive effect of mere perception versus a negative effect of the epistemic dimension. We also find that the mere perception of product newness increases in the short run (3 weeks), as consumers simultaneously become more able to make sense of the product. Finally, we find that, in the longer run (12 weeks), newness remains persistent despite daily product usage and exposure, yet, its explanatory power for product liking decreases.

In a second study, we examine the particular impact of product trial on the evolution pattern of perceived product newness and liking. In a test-retest context, we ask 160 consumers to rate perceived product newness and liking before and after trial for three new food products. Similar to the first study, we find that mere newness perception is higher after product trial compared to before trial. We also find that consumers become more able to make sense of the product after product trial.
Overall, these findings suggest that getting consumers exposed to the product fosters understanding and simultaneously facilitates perceiving change, thus potentially product advantage. This may be emphasized in this study where consumers where in a context of daily product usage and exposure. Interestingly, consumers acknowledge the fact that the product is new on both dimensions, hence both perceptually and cognitively, however it seems that the benefits/disadvantages of being new vanish. Consequently, it seems that although product newness is critical to determine innovation trial rates, it may not be an appropriate determinant for long-term success.

References

Brand Equity and Shadow Diffusion in the Music Industry: Implications of Familiar and Popular
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Extended Abstract
Explicitly or implicitly, it is generally accepted that brand equity plays a role in the sales of entertainment products. For example, new novels by established authors such as John Irving or J.K. Rowling generally sell better than a first novel by an unknown author. In this research we recognize that consumers are subject to a number of influences when consuming entertainment. Two broad forces, one’s own prior consumption (personal consumption capital) and other consumers’ consumption (social consumption capital) constitute the brand equity effect that we consider. Of particular interest and note relative to prior diffusion models, we focus on how the sales of a current offering are complementary to the sales of prior offerings.

Record executives, book publishers, and film studios have increasingly focused on selling the products of established artists. While new bands, authors, and movies are breakthroughs on occasion, it is perceived that there is less risk to offering the known or familiar. Movie sequels and new books or albums by established names are generally believed to perform better in the market. The charts of top selling offerings (e.g., Billboard 200, New York Times Bestsellers) are primarily populated with established artists, providing ample support for this perception.

In many cases, preference is a function of one’s own past consumption and experience as well as the consumption of others (e.g., Becker 1996; Zajonc and Markus 1982). One area where this may hold is in entertainment goods. For example, Backstreet Boys albums are phenomenally successful with teenagers, but these consumers were not born with the inherent desire to buy Backstreet Boys albums. Instead, it is the consumption of these albums by their peers and their own consumption of prior Backstreet Boys album(s) that contributes heavily to their current preference and the album’s sales.

We contribute to the existing knowledge in this area by constructing an estimation model that explicitly captures the effect of consumption of a previous generation entertainment product, as well as the effect of peer consumption of the current generation. This model allows us to investigate differences in consumer purchase patterns for new and established artists. By estimating diffusion parameters for several generations of albums by numerous music groups, we are able to provide insight into the diffusion pattern for music purchases. This decomposition of sales provides knowledge that allows managers to more proactively manage new product introductions and better manage multiple generations of offerings.

The estimation model is a modified diffusion model (e.g., Bass 1969). While this model has generally been applied to product categories, it also fits many entertainment markets quite well. With many entertainment products there is a distinct consumption cycle for each product generation. Within a cycle, a population of potential consumers may buy based on an innovative influence or buy because of social influence, but few consumers will buy the product more than once.

While Norton and Bass (1987; 1992) investigated the situation where a latter generation cannibalizes, we investigate the converse, incorporating complementarity by expanding the basic diffusion model to include an across generation imitation influence in addition to the traditional within generation effects of innovation and imitation. This framework is consistent with Becker’s (1996) conception that prior consumption and social consumption (consumption by others) will affect an individual’s current consumption.