Why Consumers Rely on Affect in the Distant Future: Effects of Temporal Construal in Affective Situations

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WHY CONSUMERS RELY ON AFFECT IN THE DISTANT FUTURE: EFFECTS OF TEMPORAL CONSTRUAL IN AFFECTIVE SITUATIONS Hakkyun Kim, University of Minnesota Akshay R. Rao, University of Minnesota SHORT ABSTRACT

How does mood influence our evaluative judgments about future events? In two experiments, we show that temporal distance influences the tendency of people to use their feelings as information when making evaluative judgments. Specifically, among people who expect the actual consumption to occur in the distant future, a positive pre-existing mood results in more favorable evaluative judgments than a neutral or negative pre-existing mood. In contrast, among people who expect the actual consumption to occur in the near future, the pre-existing mood has a reduced effect on evaluative judgments.

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How Far Do Feelings Go? How Attachments Influence Brand Extensions
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EXTENDED ABSTRACT

Today, most new product introductions are brand extensions (Aaker, 1990). Hence, this area is of paramount importance for both marketing practitioners and academics. Academic research in marketing has looked at a number of important factors determining the success (or failure) of extensions (Broniarczyk & Alba, 1994). Research has suggested that the perceived fit or conceptual similarity between a parent and extended brand is a major factor driving the evaluation of brand extensions (Park, Milberg & Lawson, 1991).

Research also indicates that when consumers have favorable attitudes toward parent brands, they tend to evaluate extensions positively as well (Boush & Loken, 1991). That is, while brand extension researchers have previously studied the role of affect, the focus has been on affect either as a component of attitude (Boush & Loken, 1991; Broniarczyk & Alba, 1994) or as mood (Barone, Miniard, & Romeo, 2000). In these cases, affect as attitude is understood as a relatively less potent or “cold” (Cohen & Areni, 1991) form of affect, while mood is a relatively mild affective state that is often not directly traceable to a specific reason or stimulus.

In the current paper, we introduce the attachment construct into the brand extension literature and suggest that it acts as a powerful determinant of consumers’ reactions to brand extensions that could help marketers overcome a lack of fit. Unlike previous research on the effects of attitude in brand extension research, attachment is a “hot” stimulus-induced affect that describes certain emotionally-laden relationships between consumers and brands (Ball & Tasaki, 1992). We argue that attachment to the parent brand goes beyond both fit/similarity and attitude in determining brand extension success.

Attachment is a relationship-based construct that reflects the emotional bond connecting an individual with a specific target object (Bowlby, 1979). High attachment to a particular target (i.e. object, person) induces a state of emotion-laden mental readiness that influences one’s allocation of emotional, cognitive, and behavioral resources towards the object of attachment (Holmes, 2000). It is evidenced, among other things, by such psychological and behavioral outcomes as proximity-seeking behaviors, separation distress, a sense that the attachment object offers a safe haven, and mourning of its loss (Bowlby, 1979).

The first study examined the attachment construct using a fictitious brand through manipulations of both the fit between a parent and extended brand (low, medium, or high) and the attachment (low or high) to the parent brand. Attachment was manipulated by invoking separation distress that accompanies high levels of attachment. As hypothesized, participants in the high attachment condition showed higher purchase intentions towards (M=4.41) and willingness to pay (M=94) for the extensions as opposed to those in the low attachment condition (3.52 and 84 respectively). The effect was pronounced at the high (sneakers and shorts) and medium (sneakers and sunglasses) levels of fit (for high fit, PI: 5.35 vs. 4.10, willingness to pay: 114 vs. 98; for medium fit, PI: 4.50 vs. 3.61, and willingness to pay: 98 vs. 78. When the fit was low, as in the case of sneakers and grills, even the strong emotional bond implied by high attachment did not help.

The second study replicated the above results in the context of real brands to which participants were strongly or weakly attached. Different product categories were used for both the parent brand and the extension (jeans vs. casual shirts, sandals, or desk lamps). We also measured attitude strength and included it as a covariate, to make sure the attachment construct had an effect above and beyond attitude. Furthermore, the effect of attachment on evaluations of the extended brand was partially mediated by brand commitment.

In summary, this paper introduces an important variable of consumer attachment to the brand extension literature, and adds to the emotional richness of this important area of consumer research. Drawing from two studies employing real and fictitious brands, this paper shows that emotional attachment has a positive effect on consumer reactions to brand extensions, even when controlling for the effect of attitude favorability and strength.

REFERENCES

SESSION OVERVIEW

The purpose of this session was to present recent research on mental accounting in consumer research. Together these papers demonstrate the scope and consequences of mental accounting effects and provide evidence for different processes underlying these effects. The session brought together three papers that address different aspects, and provide distinct perspectives reflecting on the biases that result from mental accounting practices in consumer behavior. The first two papers adopt a consumer’s point of view, whereas the third paper takes a managerial approach.

The literature on mental accounting refers to mental accounts at different levels of generality (Kahneman and Tversky, 1984). Consumers can have transaction-specific accounts (Prelec and Loewenstein 1998) or expenditure type accounts (Heath and Soll, 1996). Transaction-specific accounts link specific acts of consumption and corresponding payments, whereas expenditure type accounts group similar expenditures together under a single budget. While all three papers examine mental accounts, the Zhang and Hsee paper considers transaction-specific accounts, the Ülkümen, Thomas and Morwitz paper and the Cheema and Soman paper look at expenditure type accounts.

Mental accounting is essentially a beneficial practice that consumers use strategically to simplify cognitive calculations (Schelling 1992; Shefrin and Thaler 1988) and to self-regulate expenses (Thaler 1999). Nevertheless, biases introduced by mental accounting practices have been widely documented (Arkes and Blumer 1985; Heath 1995; Heath and Soll 1996). The three papers add to this stream of literature by identifying further mechanisms through which mental accounts can have biasing effects on consumption decisions and subsequent utility.

Consumers’ evaluation of an expense may depend on certain by-products of mental accounting in addition to the product price and benefit accrued from consuming it. The Ülkümen et al. paper shows that budget limits consumers set for their mental accounts are susceptible to temporal framing effects. The same expense, then, could be evaluated more or less favorably depending on how the budget period is framed and ensuing perceptions of account surplus. Cheema and Soman find that willingness to spend from an account depends not only on the amount of surplus in an account, but also on the transgression costs associated with the account. Zhang and Hsee demonstrate that the temporal pattern in prices, along with the current price of a product can affect contentment with the price and product evaluations. In sum, different aspects of mental accounts can systematically alter consumers’ willingness to spend, and introduce biases in evaluations.

The papers in this session also shed light on a relatively under-researched but crucial aspect in the area of mental accounting: the temporal dynamics of mental accounts. Specifically, they demonstrate that when an annual frame is salient, or when an account has been newly transgressed into (consumers have spent from a hitherto protected account), or with a specific temporal pattern of prices, consumers may have more favorable evaluations of a target expense, and may be more likely to purchase, as compared to when they are provided a monthly frame, face an unopened account, or encounter an unfavorable temporal pattern of prices, respectively.

SESSION SUMMARY

New Advances in Mental Accounting: Underlying Mechanisms and Resultant Biases
Gülden Ülkümen, New York University
Vicki G. Morwitz, New York University

ABSTRACTS

“Biasing Effects of Temporal Framing on Budget Estimates”
Gülden Ülkümen, New York University
Manoj Thomas, New York University
Vicki G. Morwitz, New York University

In this paper, we uncover a temporal framing bias in budget estimates such that the estimates provided by participants considering their budgets for the next year were three times as high as the comparable estimates provided by those considering their budgets for the next month. We investigate this bias through a series of four studies.

Study 1

Study 1 aims to demonstrate this temporal framing bias. We had four between subjects conditions. In the Next Year/Next Month condition, participants considered their expenses during the next year/next month. In addition to these two main conditions, we had Typical Month and Month Next Year (a month, starting one year from now) conditions. We asked all participants to list different accounts they consider when they are budgeting for the next month/next year/typical month/month next year. Next, participants indicated their budget for the corresponding period.

Our primary expectation was that the budget estimates for the next year and the next month would be significantly different. We did not expect Month Next Year and Typical Month to be different from Next Month; they serve to test several explanations for the effect.

We converted all estimates to a common, monthly basis by dividing annual estimates by 12. The results suggest that the budget for the Next Year was significantly higher than that for the Next Month ($M_{nextyear} =$1,773, $M_{nextmonth} =$ 576). There was no difference between the Next Month and the two additional month conditions. We counted the number of expense categories listed and calculated per category budget by dividing indicated budget by number of categories. The average size of expense categories in the Next Year was higher than that in the Next Month ($M_{nextyear} =$243, $M_{nextmonth} =$114).

Study 1 was designed to test several alternative accounts of this substantial discrepancy in budget estimates. For all DV’s, the three month conditions were significantly different from the Next Year condition but not from each other. These findings indicate that the observed effect cannot be qualified by expenses unique to the month following the experiment, temporal construal effects or optimism about one’s financial future. Part of the reason for this discrepancy is that a greater number of expense categories are considered for the next year than for the next month. However, this alone can not account for our results, since there is a significant difference between the average size of budgets between conditions.

Study 2

Would the framing bias still manifest when the number of expense categories is held constant across conditions? To find out, we asked participants in study 2 to estimate only their food and entertainment budgets. We also wanted to see which frame lead to