Heuristic and Systematic Information Processing When Valuating Multiple Gains and Losses

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Based on prospect theory (Kahneman & Tversky, 1979) individuals are predicted to violate simple economic principles when evaluating consolidated versus segregated gains and losses (Thaler, 1985). Resting on the heuristic-systematic model of information processing (Chaiken, 1987) this paper attempts to enhance our understanding of the motivational and cognitive underpinnings of these evaluations. We predict that valuations of multiple gains and losses are influenced by the mode of information processing (systematic versus heuristic) and the prevailing motivation (high versus low accuracy motivation). The predictions were partly confirmed in an experimental study.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/12827/volumes/v34/NA-34

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To test our hypotheses, we redesigned the appearance of a Nokia phone. The 2-D stimuli were designed by a professional designer and differed on the degree of line and surface modifications. Stimuli were black and white sketches, no brand name was included. Our benchmark stimulus was a sketch of the most sold Nokia cell phone among our respondents. In study 1 (N=17), we assessed perceived line and surface changes to check our manipulations. Experts (Bachelor in design) compared 6 stimuli with the benchmark. Our stimuli indeed differed in line and surface modifications. Next to assess brand recognition, we asked the same respondents to indicate the brand of the stimuli and their degree of certainty on this. To test hypothesis 1, we correlated the perceived line and perceived surface modifications with brand recognition. Analyses showed a significant negative effect of both line (Pearson R=.47; P<.001) and surface changes (Pearson R=.28; P<.01) on brand recognition. Partial correlations showed that controlled for surface changes [line changes] the correlation remained significant (Pearson R=.41; P<.001) [correlation become insignificant (Pearson R=.10; P=.32)]. This confirms our hypothesis.

In a second study (N=17), we tested hypothesis 1 and 2. We asked respondents to compare our stimuli (differences in degree of line and surface change based on study 1) with our benchmark stimulus on newness and aesthetic evaluation. Results in this study for hypothesis 1 are comparable to those in study 1. Hypothesis 2 was tested with the use of partial correlations because of high correlation between surface and line change. Partial correlations showed that controlled for surface changes [line changes] the correlation was significant (Pearson R=.26; P<.001) [correlation was insignificant (Pearson R=.10; P=.32)]. This partly confirms our hypothesis 2.

As a next step we will make experiments with a bigger sample and with different products. In addition to that we will measure the interaction between line and surface changes on brand recognition and novelty as well as overall preference. The results will be presented at the conference.

The contribution of this research to consumer science is two fold: Firstly, it shows how different types of visual characteristics (line and surface) affect brand recognition, novelty and preference. Secondly, it provides an in-depth understanding of processes of product perception and should motivate further research into that direction. Whereas consumer information processing has mostly concentrated on the part of categorization and knowledge representation, this research focuses on the mostly overlooked part of (product) perception.

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Extended Abstract
This research attempts to enhance our understanding of people’s preferences for separating or combining gains and losses. According to the normative decision theory of rational choice, people should demonstrate indifference towards the combination or separation of negative and positive events (Thaler, 1985). However, there are many examples and empirical studies demonstrating that preferences systematically violate normative decision theory (Kahneman & Tversky, 1979, 1984). E.g. winning $90 all at once is not perceived as being equal to winning $40 and $50 separately. Inspired by Kahneman and Tversky’s Prospect Theory (1979) a substantial body of literature has investigated the patterns of preference formation when judging consolidated versus segregated gains and losses. Thaler’s hedonic editing rules are based on the value function of the prospect theory and predict a preference for consolidating multiple losses and integrating multiple gains; empirical research confirmed these predictions (Thaler, 1985). Later studies confirmed the preference for segregating gains but stated—contrary to theory—a preference for segregating losses also (Linville & Fischer, 1991; Thaler & Johnson, 1990). Explanations for these findings refer to the theory of renewable resources (Linville & Fischer, 1991) or to the quasi hedonic-editing hypothesis (Thaler & Johnson, 1990). However, this previous research focuses on the emotional impact of segregated versus integrated gains and losses and the role of motivational underpinnings of preference formation for multiple gains and losses remain unclear.

Based on the heuristic-systematic model (HSM) of human information processing (Chaiken, 1987) this research attempts to shed light on the underlying logic of judgment of multiple gains and losses. The HSM differentiates systematic from heuristic information processing. Whereas heuristic processing is characterized by a relatively effortless application of simple decision rules, systematic processing is marked by a more cognitively demanding comprehensive analysis of judgment-relevant information. Which mode of information processing predominates depends on the individual’s current motivation (Chen, Shechter, & Chaiken, 1996). It is stated that accuracy motivation will enhance systematic processing (Chaiken & Maheswaran, 1994). Numerous studies have demonstrated the differential influence of the two modes of information processing (heuristic and systematic) on judgment and decision making: Hsee and
Rottenstreich’s (Hsee & Rottenstreich, 2004) experiments demonstrate the influence of the two modes of information processing on valuation and subsequently on preferences for segregation and integration of gains and losses. Additionally, research by Agrawal and Maheswaran (Agrawal & Maheswaran, 2005) lends support to the assumption that accuracy motivation eliminates outcome-biased judgments.

Based on the previous research on dual process models and valuation we predict that accuracy motivation will foster systematic information processing and will therefore take a substantial impact on how segregated versus integrated gains and losses are perceived and valuated. To test the predictions an experimental study was conducted. 160 undergraduate students completed the study for a payment of $5. Participants were randomly assigned to one of four groups. They were primed either to be accuracy motivated or to valuate by feelings and assigned to either a gain or a loss scenario. They were presented both an integrated and a segregated scenario and indicated their preference for one of the scenarios.

In general, the current research establishes that accuracy motivation strongly influences or even reverses preferences when people valuate segregated versus integrated gains. However, the results obtained by this research raise interesting issues on how the type of event (gain versus loss) elicits different valuations of multiple events. We assume that loss aversion and specific emotions related to losses influence the way outcomes are valuated. Therefore, further work is needed to scrutinize the effects of emotions in the context of the valuation of segregated versus integrated losses.

References

On the Importance of Non-dominant Cultural Dimensions: Effects of Vertical Individualism on Consumer Behaviour in Norway
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Introduction
Countries and cultures are typically characterised in terms of some dominant cultural variables. For example, the US is described as a vertical individualistic country, whereas Japan is vertical and collectivistic (Triandis 1995). Scandinavian countries are typically found to score high on horizontal dimensions (Nelson and Shavitt 2002; Silvera and Seger 2004). In this paper we promote the point that non-dominant cultural dimensions may play a more important role in explaining culturally related consumer behaviors than dominant dimensions.

Individualism-collectivism (INDCOL)
The original typology was later expanded with a new dimension of vertical vs. horizontal INDCOL (Singelis et al. 1995; Triandis and Gelfand 1998). Vertical dimension of INDCOL captures the degree of status and inequality present in this orientation whereas horizontal dimension captures the degree of egalitarianism (Singelis et al. 1995; Triandis and Gelfand 1998). Intracultural variation in INDCOL is conceptualised as idiocentric vs. allocentric tendencies (Triandis et al. 1985).

Effects of vertical and horizontal INDCOL
Vertical individualist subjects preferred domestic products only when they were perceived as superior, whereas vertical collectivist subjects were found to prefer domestic products regardless of product superiority (Gurhan-Canli and Maheswaran 2000). When individuals with independent self-construal where presented with promotion focused appeals, i.e. emphasizing gains, hopes and aspirations, the messages were more persuasive than when they were presented with prevention focused appeals, i.e. emphasizing avoidance of losses, duties and obligations (Aaker and Lee 2001). The reverse was true for individuals with interdependent self-constructs. There is also evidence that these effects may hold only for vertical cultures.
The Norwegian culture
The Norwegian culture has been characterized as horizontal rather than vertical (Nelson and Shavitt 2002; Silvera and Seger 2004). The literature points to the predominance of the horizontal value orientations in the Norwegian culture so the researchers tended to use these to explain consumer behavior. However as we argue further and as our data shows other non-dominant dimensions may account for important differences in consumer behavior.

Cultural Embeddedness of Products (CEP)
The concept of CEP is defined as the degree of the various types of national cultural meanings that are transferred from the culturally constituted world (McCracken 1986) to the product category by means of various cultural media (Jakubanecs and Supphellen 2004; Jakubanecs and Supphellen 2005). For instance a product category that has high degree of CEP can serve as a symbol of the national culture. Consumers can draw on the meanings embedded in the product category in order to build their private and social self-concepts as a certain national, promote their national identity and distinguish themselves from other nations (Jakubanecs and Supphellen 2004; Jakubanecs and Supphellen 2005). The dimensions of INDCOL are in turn likely to have effects on CEP due to the importance of INDCOL in the definition of self.

Hypotheses formulation
Intracultural variation becomes an important factor when non-dominant dimensions are likely to account for important consumer behavior. The case is illustrated by the Norwegian example. The horizontal dimensions of INDCOL do not focus on hierarchies or status, which are important in the concept of CEP. Consequently we do not expect these dominant cultural orientations to have effect on this consumer behavior variable. Vertical individualists are likely to engage in national identity construction in order to enhance their status, provided that having strong national identity has a positive connotation. Being a good citizen is valued in the Norwegian culture.

Based on this discussion we formulate the following hypothesis:

H1: Vertical individualism has a strong positive effect on CEP (Cultural Embeddedness of Products) even in countries where vertical individualism is a non-dominant dimension (e.g., Scandinavia).

Methodology
The hypothesis was tested on a non-student sample from Norway (N=158). Vertical-horizontal INDCOL construct was measured by a 16-item, 7-point Likert scale (Singelis et al. 1995). The survey included 8 product categories: ketchup, bunad (a Norwegian national costume), cars, meat cakes (a national meat dish), make-up, goat cheese, pizza, cross-country skis. The concept of CEP was measured by a 22-item, 7-point Likert Cultural Embeddedness of Products (CEP) scale (Jakubanecs and Supphellen 2004; Jakubanecs and Supphellen 2005). The CEP Scale items included such as: “If I traveled abroad, and was asked about a typical Norwegian product, I could mention this one”, “When I was a child my family referred to this product as one of the symbols of our Norwegian identity”, “If other Norwegian were to see me using this product, he or she would perceive me as a typical Norwegian”.

Results
Consistent with earlier studies, horizontal collectivism is the most dominant dimension in the Norwegian culture followed by vertical collectivism. Norwegians are also high on horizontal individualism and as expected rather low on vertical individualism.

EFA of CEP Scale resulted in the three-dimensional structure (Tradition, Identity-building and Relationship CEP) for the eight product categories. The data was subjected to path analysis via LISREL (Joreskog and Sorbom 1993). Some of the LISREL model fit indices were: for ketchup-chi-square/df=2.895, GFI=.981, CFI=.974, RMSEA=.110; for pizza-chi-square/df=2.122, GFI=.983, CFI=.979, RMSEA=.085. The results strongly support H1. Vertical individualism has strong effects on the Tradition CEP (e.g., .359*** for meat cakes, .239** for cars; ** *=p< .01), Identity-building CEP (e.g., .510*** for meat cakes, .335*** for ketchup) for most product categories, whereas very few effects are observed for the other INDCOL dimensions.

Discussion
The most dominant cultural orientation of the Norwegian society-horizontal collectivism has little explanatory power when it comes to perception and construction of the national identity. The same conclusion applies to the other dominant dimension-horizontal individualism. Instead the dimension of vertical individualism, existence of which previously was ignored in the studies of the Norwegian culture, provides consistent explanations in this behavior cluster across the product categories. It could be the case that in the Norwegian culture, the national cultural meanings could serve status-enhancing purpose of being a good citizen which is important to vertical individualists.

Implications
We find support for importance of recognising and measuring allocentric and idiocentric tendencies when conducting cross-cultural consumer behavior studies. Reliance on nation-level studies and ignorance of the intracultural variation may weaken research validity.

References
Flip-Flopping of General Action and Inaction States: A Study on the Mental Representation of Action and Inaction Goals

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Extended Abstract

Being active or inactive is essential to human life. People, cultures, and eras appear to vary in requisite levels of energy and productivity. Thus, we examined the possibility that general tendencies to engage in or abstain from behavior irrespective of the domain (e.g., buying, using drugs, exercising) can be due to the setting of general action and inaction goals. We have investigated general action goals that reside at the meta-level of goal systems (for goal-facilitation of specific behaviors, see Ajzen & Fishbein, 1980; Chartrand & Bargh, 1996; Kruglanski, 1996; for the concept of general action and inaction goals, see Albarracin, in press). Action goals are generalized goals to engage in action (e.g., activated with instructions such as “go”). The counterpart to these action goals are general inaction goals, which are generalized goals to not engage in action (e.g., activated with instructions such as “rest”). Importantly, general action/inaction goals are diffuse desired ends that can mobilize the execution of more specific activities. Hence, their activation may trigger the pursuit or interruption of any particular (overt or covert) behavior that is subjectively relevant to the goal. Action goals imply a need to “do” irrespective of what one does; inaction goals imply a need to abstain from doing, irrespective of the domain of abstinence.

Research by Albarracin and her colleagues (see Albarracin, in press) have shown that people with general action goals preferred action-oriented tasks, identified more behaviors, performed better on a text comprehension task, and formed attitudes on a novel topic more than people with inaction goals. Given these differences in performance across these domains, we wanted to further explore these goals at the level of mental representations. In this study, we explored the activation of the action/inaction goals via a priming task with icons related to action and inaction and in turn, identified the conditions that led to the satisfaction of those goals. Our basic hypothesis is that the action goal is “turned off” via satisfaction of that goal and as a result, the inaction goal is “turned on.” Thus, the purposes of this study were 1) to identify if general action and inaction goals are mentally represented and 2) to examine the “on and off” manner of action and inaction goals.

In the first part of study, half of the participants were exposed to the action primes while the rest were exposed to the inaction primes. To prime action goals, black and white icons concerning specific actions (e.g., running, throwing, and dancing) were employed. To prime inaction goals, black and white icons concerning specific inactions (e.g., lying down, meditating, and relaxing) were used. Participants in the action prime condition were exposed to 10 pictures related to actions and 14 pictures neutral to action. Those in the inaction prime condition were exposed to 10 pictures related to inaction and 14 pictures neutral to inaction. The participants’ task was to identify whether the black part of a picture was larger than the white part.

After the priming task, all participants were given a lexical decision task (LDT) to measure the activation level of action-related and inaction-related concepts. The LDT contained 10 action-related words (e.g., go, move, and create), 10 inaction-related words (e.g., relax, stop, and halt), 20 words neutral to action/inaction matched with inaction/action words on word length and frequency, and 20 other neutral words. The task had 10 blocks and each block contained 12 words. The blocks were divided into first and last five blocks to examine if the participants changed their action/inaction goal states.

Following the LDT, the participants were given an opportunity to either choose to work on questions from GRE (graduate record examination) or to rest. The choice made by participants served as our measure of the “on-off” nature of these goals. For instance, participants who are primed with action and then perform the LDT should “flip” to an inactive state and choose to rest.
First, it was hypothesized that action/inaction priming should lead to activation of associated concepts. Results showed differences in activation, such that the participants primed with action goal icons identified action-related words more quickly than the participants primed with inaction goal icons in the first five blocks of the LDT. However, in the last five blocks there was no significant difference between these two goal conditions on reaction times for action-related words. These results suggest that after performing half of the LDT, participants primed with action might have satisfied this goal by performing the LDT.

Second, it was hypothesized that participants in the action goal condition should flip to an inaction state following the LDT. Results showed that participants primed with an action goal were more likely to choose to rest than perform the GRE, and were more likely to do so than those primed with inaction. In sum, the results verified that these general goals can be activated, and suggest the “on and off” nature of these goals.

The study of these general goals may yield many practical applications in tandem with theoretical advances in goal theory and self-regulatory processes. For instance, action goals may exert effects inadvertently by being included in the title of an intervention such as “Youth in Action Against Drugs” (Lowell Housing Authority, 2005; the emphasis is ours). The richer effect here is that not only might people be primed for action, but that people with action goals are more likely in some instances to be persuaded as well. Albarracin and her colleagues (see Albarracin, in press) have shown that people are more likely to employ external information when they do not have prior attitudes about the topic, hence, are more apt to be persuaded. However, once the primed action goal is satisfied, then perhaps the window for persuasion is closed.

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How Do Consumers Categorize Websites?
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Background
Similarity judgments have been used in many fields of research to serve as a cognitive categorization mechanism. This research presents the results of the perceptual mapping of stagnant (or mouse-free) images of multiple websites from the consumer perspective. The goal of our research is not from a decision making perspective, but more from a consumer perception framework. We aim to disentangle the internet into multiple separable pieces or frames, gather information from consumers on those frames, and then elaborate on ways in which they are categorized and conceptualized.

One of the key foundations of this pilot research effort is the de-activation of an otherwise interactive medium. Our effort was to gain insight as to how consumers may initially view websites—as images rather than “clickable” interfaces. We contend, then, that at first glance, a user categorizes websites according to some set of attributes. Those attributes, if further understood, can help guide our understanding of deployment of “effective” websites, from a consumer-centric viewpoint. Although the foundations of cognitive categorization are principally psychological, many other fields have employed them through use of mathematical techniques. Broken down at the lowest level, we see or discuss “things”, which then, in order to control for chaos and cognitive boundaries we have, we must categorize. (Smith and Medlin, 1981)

The fields of human factors, information systems, and marketing have also focused on the interesting implications of the internet as an interactive medium. Marketing research often studies the internet as an advertising medium and sees similarities with other forms such as television, where we have visual cues to stimulate action on the part of the consumer. Yet, we make note of something entirely unique in internet environments—the ability to have constant interaction with our consumer. (Hoffman and Novak, 1996) Consumer choice and decision making thus drives much of the literature on how a consumer can interact with the internet. (Peterson et al, 1997; Mandel and Johnson, 2002)

Hence, the contribution of this initial study is to break down and attempt to ascertain “first impressions” of consumers by using static as opposed to dynamic images. We posit that clickstream data, by focusing on either one consumer or one website, and presenting the internet in its full interactive complexity, may not be able to capture those initial categorizations which consumers make.

Experiment
Sixty-seven marketing undergraduates participated in this within subject study by completing a two part survey. Due to the subject matter of this study, namely internet websites, and the experience level of the participants, we considered this a homogeneous data set. Given a total of ten websites, part 1 of the study design called for a set of forty-five paired similarity/dissimilarity judgments. Two context areas, cameras and tourism, were selected, within which we selected five websites each. Our conjecture is that the participants in our study
had approximately equal exposure to these two context areas and thus would not show significant experience or gender bias. The ratings were given from 0 to 10 with 10 being the most similar and 0 being the most dissimilar. Since ALSCAL and INDSCAL algorithms expect dissimilarity measures, the results were converted into dissimilarity measures before being entered into a matrix. (Kruskal, 1984; Schiffman, Reynolds and Young, 1981).

**Results**

The three steps completed during the analysis phase of our study, namely ALSCAL, INDSCAL, and preference mapping, allowed us to determine four possible attributes which could explain the dimensionality of our stimulus configuration. In order to visually examine the resultant vectors, we plotted these four attributes. Studying this plot indicated that uniqueness and trustworthiness showed the closest match to two possible representative dimensions for our model. Interestingly, we could see domain clustering of the websites on two different sides of the uniqueness vector, i.e. the “C” websites on one side and the “T” websites on the other. The concept of uniqueness as a representation of this dimension, therefore, is intuitive. The remaining three vectors, classifying the website images as trustworthy, personalized, or educational, were all considered as possible attributes for the second dimension. We chose trustworthiness as the second dimension mainly based on its geographic representation.

There are several possible interesting implications when thinking of these two attributes as our dimensions. One of the interesting facets of the attributes we chose is their interpretation if viewed in terms of temporal significance, or what we are terming dynamism. Essentially, we are asking the question, “Does the consumer have to interact with the website in order to make this determination?”

**Conclusions**

The most interesting finding of this study centers on the relevance of several “non-dynamic” attributes as salient. This, given that we are making the web a static interface for the study, is a significant result. One may ask the question of whether or not it is effective to freeze a website and assess a consumer’s perception of it—or cognitive categorization of it. Our reasoning behind this study centers on what we see as a very important facet of the internet as an advertising medium. The fact that consumers constantly assess corporations using not only their websites, but the entire picture the consumer creates of that corporation. This assessment may consist of experience gleaned from other advertising media (television, magazines, newspapers, store presences, to name a few) as well as interaction with the website itself. But where does the consumer classify the website he/she interacts with? What motivates the consumer to interact with one website over another? These are questions we believe are at the foundation of the need to be able to classify key attributes consumers identify at an initial, static, level.

The quantitative analysis in this paper resulted in the finding of four salient attributes for mouse-free website impressions—uniqueness, educational value, personalization, and trustworthiness. The implications of this study are that we truly can freeze this otherwise interactive medium, allow consumers to categorize the images, and possibly use this information to help design the navigational aspects of a website.

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**The Use of Images of Dead Celebrities in Advertising—History, Growth Factors, Theory, Legality, Ethics and Recommendations**

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**Extended Abstract**

A practice that has increased in frequency and scope in the advertising and merchandise licensing industries is that of the use of images of dead celebrities. According to some in the advertising industry, this interest in dead celebrities is part of a larger trend that is currently taking place in America, namely an increasing interest by an aging baby-boom generation in imagery and experiences from yesteryear (Rodkin 1989).

One indication of the importance and significance of this practice is the annual exercise that Forbes magazines started in 2001, of compiling information on and ranking the “top earning dead celebrities” in America (see DiCarlo (2003), DiCarlo and Patsuris (2004), Fong and Lau (2001) and Kafka (2005) and Schiffman (2002)).

In this paper, we examine this practice, its history, growth, causes, dynamics, legality and ethics in detail.

First, we take the reader through a brief, but comprehensive survey of the most significant developments that have taken place in this area of the advertising (and the related law) industry, beginning in the mid-1800s and extending up to the present time. Detailed time-line. We include a detailed time-line, to help the reader keep track of these developments and their sequence.

Next, we analyze some of the major demand-side and supply-side factors that have caused this practice to become so significant, especially lately. Some examples of these demand-side factors include the demographic ‘bulge’ moving through the American population, loosely referred to as the ‘baby-boom’ generation and their increasing (as they grow older) yearning for imagery and experiences from yesteryear (Rodkin 1989), which we refer to as ‘nostalgia’ in this paper.

Some examples of these supply-side factors include the increasing consolidation and shakeout that is taking place in the Archival (Digital) Image Acquisition, Storage and Licensing industry, as exemplified by the rise of Corbis, owned by Bill Gates (CNN 2006) and the challenge it is beginning to pose for the older, more established giant in the industry, namely Getty Images.

Following this, we look at two streams of literature to: (a) see how similar the practice we are interested in (i.e., consumer interest in dead celebrity images) is to the related practice, namely consumer interest in live celebrity images, and, (b) to see how different the
practice we are interested in (i.e., consumer interest in dead celebrity images) is different from the related practice, namely consumer interest in live celebrity images.

Nostalgia theory (e.g., Holbrook and Schindler 1994, 1996) is the first stream of literature we look at, because: (a) nostalgia is one of the most important factors driving demand for images of dead celebrities, and, (b) we wish to see if there are any new insights which this dead celebrity image preference trend can add to the extant base of theory on how Nostalgia drives consumption behavior.

A second stream of literature we look at is that pertaining to the use of celebrities (dead or alive) in advertisements (e.g., Kamins 1990). This stream of literature is important to look at because many of the principles/generalizations that dictate the use of live celebrities in advertising may not be substantially different from those that govern the use of dead celebrities as well. However, it must also be said that we are equally interested in seeking out those principles/generalizations/issues that: (a) must be different when the celebrity is dead (e.g., rights of heirs/estates), and (b) could be different (e.g., working with a static/time-frozen image versus a dynamic image).

Following this, we look briefly at some of the major legal issues in the area of dead celebrities’ image rights. Because the state of the law vis-a-vis the rights of those who claim ownership of the images of dead celebrities’ images is ‘not as developed’ in America as it is in other countries (e.g., France) we do the following legal thing: we examine some of the major ethical issues (i.e., harms and benefits) that surround the usage of images of dead celebrities. This is because in the absence of clearly-defined law (especially at the Federal level), the responsible user of these images must let their sense of ethics (i.e., who is harmed and who is benefitted) to guide how they use these images.

Finally, we conclude, by offering the reader a set of recommendations, for deciding when it is most appropriate, effective &/or efficient for using a dead celebrity’s image in advertising and when it is not.

In conclusion, in this paper, we are interested in the issue of how and why images of dead celebrities are being increasingly used in Advertising (and Merchandise licensing), with a particularly close examination of: (a) the confluence of events (i.e., the history) that made this practice possible, (b) the factors (both demand- and supply-side) that are driving this trend, (c) two major streams of literature that could explain why this practice works and is growing, (d) the legal issues that are intertwined with this type (i.e., dead) of image-usage, (e) a set of ethical issues that must be noted, for those who are concerned with responsibly using these images, and (f) a set of recommendations, for those who are concerned with using these images effectively.

References available on request.

Coping with Mixed Emotions
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EXTENDED ABSTRACT

Consumer purchase decisions, particularly those that are important or highly involving, can be very stressful. The current research considers the effect of corporate social responsibility information on the dynamic relationship between consumer emotional responses and subsequent coping strategies in a purchase decision context. Discrete and mixed emotional responses are assessed and open ended responses are evaluated for the specific coping processes that consumers use when presented with either positive, negative, or conflicting information (i.e. both positive and negative information) about a company they are either considering a product purchase from or have already made a product purchase.

Theoretical Background

Coping occurs when a situation is sufficiently important to consumers and when they perceive a potential threat to their goals. This situation is often characterized by negative emotions, which have been the focus of the majority of coping research. Recently, however Folkman and Moskowitz (2000) considered positive affect in the presence of negative affect in the coping process. The relationship between emotions and coping is complex and people are likely to experience multiple and conflicting emotions (Folkman and Lazarus 1988). Our research focuses on coping in the context of positive, negative, and conflicting mixed emotional states.

Three coping strategies are emphasized in this research: problem-focused coping, emotion-focused coping, and social support coping (Folkman and Lazarus 1988; Folkman and Moskowitz 2004; Duhachek and Iacobucci 2005). Problem-focused coping relates to ways the consumer can solve or manage the problem or change the conditions surrounding the stressful situation. Two specific examples of problem-focused coping include confrontive coping or planful problem solving. In confrontive coping, consumers stand their ground, try to get the company to change or express displeasure at the company, whereas with planful problem solving, consumers make a plan of action or make an effort or come up with solutions.

In emotion-focused coping, consumers attempt to change their understanding or the meaning of the perceived source of stress. There are four different areas of emotion-focused coping: distancing (e.g., acting as if nothing is wrong), self-control (e.g., keeping things to oneself), accepting responsibility (e.g., realized brought the problem on by oneself), and positive reappraisal (e.g., seeing the situation differently).

Social support coping is a form of coping where consumers seek either instrumental support, such as talking to someone who can do something about the problem or emotional support by accepting understanding from a friend (Folkman and Moskowitz 2004). This type of coping was identified by Duhachek and Iacobucci (2005) as important in consumer research because of its similarity to word-of-mouth behavior.
Method
Participants were undergraduate students enrolled in business administration classes. The information was presented via a series of internet websites and emotional responses and comments were collected with a web based survey. Participants were asked to read corporate social responsibility information about a fictitious company. The corporate social responsibility information was presented as if it were from an objective third party, The Calvert Group. This information was used to present positive information (e.g. the company was environmentally friendly, produced high quality and safe products, etc.), negative information (e.g. the company was not environmentally friendly, produce low quality and unsafe products, etc.), or mixed (e.g. the company was environmental friendly but produced low quality and unsafe products, etc.). Participants were either asked to imagine they were about to make a purchase from this company or they were told they had just made a purchase from this company. Their emotional response toward the purchase situation was assessed, and in an open-ended response format they were asked what thoughts and feelings they had, what decision they would make, and what they would do in this situation.

Results
As expected, respondents receiving positive information experienced significantly more positive emotion (M=5.24) than either the negative or the mixed conditions (M=2.59; t(161)=10.79, p<.01). Additionally, the negative condition was rated as being significantly more negative (M=4.98) than either the positive or mixed conditions (M=2.66; t(161)=10.68, p<.01). Finally, participants exposed to conflicting information experienced significantly higher levels of subjective emotional ambivalence (M=3.59) compared to participants in either the positive or negative conditions (M=2.54; t(161)=4.68, p<.01).

Based on the content analysis of three independent coders, consumers exposed to positive information did not seem to actively engage in coping strategies. However, consumers exposed to negative information engaged in problem-focused coping, both confrontive and planful problem solving, as well as social support coping. Those exposed to conflicting information seemed to engage in emotion-focused coping.

For participants exposed to negative information, specific examples of confrontive coping included statements about their displeasure with the company’s behavior, switching companies, and writing letters to the local paper about the company’s substandard levels or writing letters to the company or CEO to inform them of their displeasure. Planful problem solving strategies included plans to return the product, look for alternatives, or buy from another company. Following a purchase decision, respondents were still upset about their situation and engaged in similar coping strategies, however it seemed they were less likely to engage in complaining behavior and seemed more likely to keep the product.

Instances of social support coping were also found with the negative information. Participants stated intentions to engage in negative word of mouth or complaining behavior, stating they would talk to friends and family to tell them about this company’s negative business practices and to avoid this company and any of its products.

Consumers presented with conflicting information engaged in emotion-focused coping, mostly distancing and positive reappraisal. Some respondents were found using social support coping. Prior to purchase, participants tried to see the company in a positive light, wanted the company to be good, and thought they weren’t doing anything wrong by thinking about this purchase. Following a decision, participants tried to justify or rationalize their decision and continued to reappraise the situation.

These findings are consistent with research in the area of coping and emotions. Negative emotions have been found to be negatively related to some emotion-focused coping (reappraisal) and positively related to some forms of problem-focused coping (Folkman and Lazarus 1988). Coping responses related to conflicting mixed emotions have not been assessed in previous research but it is understandable that consumers would try to reappraise the purchase situation, especially after having already made a purchase decision. Future research should further examine the relationship between emotions and consumer coping responses.

References

Website Image Transfer: Perception of Uninformative Online Ads
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Extended Abstract
This paper examines the role of context effects in online advertising, aiming to provide marketers with appropriate strategies to promote products in the new media. In the traditional media, effective ads typically provide vivid and specific information. An online ad is considered effective if it arouses curiosity and induces consumers to click through it. Thus, unlike traditional advertising, online ads often contain low level of information, due to high interactivity of the new media (Sicilia, Ruiz, and Munuera, 2005). Such ads may omit two types of information, product category related and personality related (Aaker, 1997).
Studies in social psychology have found that human judgment is highly context-dependent. Ad context can influence consumers’ perception and evaluation of ads, and thus ad effectiveness (e.g., Singh and Churchill, 1987). In the present paper, we address one important emerging context on consumers’ judgment due to the development of Internet–website image. From an associative memory net viewpoint, we define *website image* as “consumers’ perception of a website as reflected by the associations related to the website (including sub-sites) held in memory.”

We study website image from two dimensions: function and personality. Function of a website refers to the types of products and services it provides, which is reflected in the context and design of the website. Following the literature, we use brand image of a website to define its personality.

In this paper, we propose that function and personality of a website will impact consumers’ perception of and attitude towards online ads through an image transfer process. Site image transfer is defined as “consumers use their perceived site image to infer product-category related- and brand-personality related-information in uninformative online ads.”

The first set of hypotheses is concerned with the contingency under which such image transfer occurs. Website function is more likely to influence consumers’ perception of the product category of a brand, while website personality is more likely to influence their perception of brand personality in ambiguous online ads than in unambiguous ones.

The second set of hypotheses is related to the psychological process of website image transfer. We propose that consumers can “restore” or “interpret” the two types of omissions in online ads through either a systematic or heuristic way, depending on the level of cognitive resources.

The third set of hypotheses deals with specific context (website image) of an online ad. With a high (low) level of cognitive resources, consumers systematically (heuristically) interpret or “restore” the missing product category related-information in an ambiguous online ad. In contrast, when cognitive resources are highly available, personality-based image transfer is less likely to occur (Martin, 1991; Meyers-Levy and Tybout, 1997), while consumers engage in personality-based image, with a low level of cognitive resources at the time of ad exposure.

The last hypothesis indicates the consequences of site image transfer. Depending on the relevance between the actual and perceived (through a process of site image transfer) information, consumers’ attitude-toward-website may vary. The higher the relevance, the more favorable is consumers’ attitude-toward-website, and vice versa.

**An Influential Minority: Reaching the New Values-Based Consumers**

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**Introduction**

According to Morris Holbrook (1996), consumer *value* refers to the experience of a relativistic consumption preference, while consumer *values* are “the standards or criteria on which the former depends.” Beyond this clarification, the exact definition of *values* remains fuzzy throughout the social sciences (see Rohan, 2000 and Hitlin & Piliavin, 2004). For the purposes of this paper, *values* will be defined as “desirable transsituational goals, varying in importance, that serve as guiding principles” (Schwartz, 1994, p. 21).

As guiding principles, values operate in all consumption contexts. Yet the plurality of consumer values is not well understood. Much consumer behavior theory has assumed that “mainstream” American values are the ones that matter most. If we are concerned with trends, history would suggest that the “mainstream” is not the place to look. Significant social change begins not at the center but at the margins. There are many indications that a values-based social trend has been emerging in recent years, not from the center but from what was an initially a marginal edge. Evidence of this can be seen in the social responsibility clauses of corporate mission statements, the appearance of organic and fair trade food sections in “mainstream” stores, and consumer demand for hybrid cars.

**One Quarter of American Consumers**

To understand this trend, sociologists Paul Ray and Sherry Anderson analyzed the role of “transformational values” in American life (Ray & Anderson, 2000). Over thirteen years, they gathered more than 100,000 survey responses and conducted hundreds of focus groups. Ray and Anderson’s 70+-item scale assessed consumer views related to gender, success, spirituality, altruism, optimism, financial solvency, corporate power, cultural diversity, violence, political polarization, environmental destruction, and global interconnectedness. This combination of values is not normally captured by national values surveys.

Ray and Anderson found that over 50 million adults in the United States (about one-quarter of American consumers), and approximately 80-90 million in Europe, hold values that are markedly different from the mainstream in the measured dimensions. These values drive consumption decisions for this mostly middle-class group. They have money to spend ($228.9 billion per year, according to www.lohas.com/about.htm), but their spending is not typical of mainstream American consumers.

Ray and Anderson see these consumers as catalysts of cultural change, and thus call them “cultural creatives.” They are difficult to reach through typical media and publicity channels because they hold worldviews that are in opposition to most national media and are not covered by, or targeted by, mainstream media (Ray and Anderson, 2000).

**Research Questions and Methodology**

Interviews conducted during the initial phase of this study suggest that these new values-based consumers watch little to no television, read multiple independently published news sources, and get most of their news online. However, it is not clear what forms of marketing they consider valuable. Specifically,
1. What are the media habits of “cultural creatives”?
2. How do they understand the role of their values in their media habits?
3. What challenges would they expect marketers to have in reaching them?
4. What forms of marketing are consistent with their values?

The second phase of this study involves structured interviews with ten “cultural creatives.” Potential informants are being approached outside stores where organic foods are sold, and screened using Ray’s criteria. Demographic diversity is being sought for a theoretical purposive sample with maximum variation. Each interview begins with a written media habits questionnaire, addressing each media type, including new forms such as podcasting and online communities. Each of the four research questions guides a section of the interview, following McCracken (1988). In the final section, informants are asked to imagine a marketing environment consistent with their values and needs as consumers. They are then asked to compare this projected scenario with marketing resources currently available. Analysis is concurrent with data collection.

Preliminary Findings

Completed interviews confirm that these individuals consume media very selectively and that they are skeptical of mainstream media for values-based reasons. The most salient values informing their media consumption decisions relate to the importance they attach to truthfulness, spiritual purity, education, and connections with people around the world. These informants interpret financial incentives and corporate ownership as an inevitable loss of objectivity and credibility in media content. They want uncompromised honesty in reporting, and they believe that while marketers are not usually deliberately or overtly deceptive, accuracy is reduced because “there are motives that are not for the bigger picture.” These interviewees envision ideal media environments in which they can access accurate information easily via light or sound, without being “bombarded,” which is their experience of the current media environment.

Each of these informants spontaneously talked about personal transitions from former mainstream media consumption habits to more selective media habits. These transitions occurred 5-15 years prior to the interviews, and involved discoveries of specific information about media ownership and psychological impacts of mass media. These informants applied their values to this new information to arrive at new meanings of the role of media in their lives and in the world, catalyzing more selective search behaviors. This suggests a developmental process of personal evaluation of media use driven by the application of personal values to new information received about the media and its impacts. Parallel developmental processes may operate in other contexts where consumers apply personal values to new information received.

References


Look Who’s Talking!

Technology-Supported Impression Formation in Virtual Communities

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EXTENDED ABSTRACT

The growing availability of consumer-generated information on the Internet about products, services, and companies has increased market transparency. Power is shifting from producers to consumers who share their knowledge, experiences, and opinions via virtual communities, electronic discussion forums, online opinion platforms, chat rooms, and weblogs. However, this abundance of readily available information also comes at a cost. How do you distinguish an expert from a fraud? Who is credible and trustworthy, and who isn’t? We form impressions of others based on cues such as age, gender, manner of dress and speech (e.g., Hamilton & Huffman 1971). But how do we construct and evaluate impressions in an online environment that lacks social cues normally present in face-to-face settings?

Cyberspace is in many ways distinctly different from the physical world. Two characteristics stand out. Firstly, interaction takes place through a technological interface, i.e., a computer, mobile phone, or an interactive television with Internet access. This means that the primary relationship is not between the sender and the receiver of information, but rather with the technology-mediated environment (Hoffman & Novak 1996). The second defining characteristic of cyberspace is its textuality. Communication and interaction online is based on the written word, audio, images, icons, and hyperlinks to other Web sites. This allows for new ways of self-presentation in which the physical self does not necessarily have to coincide with the digital self (Schau & Gilly 2003).

Schau and Gilly (2003) have demonstrated that consumers make active use of signs, symbols, material objects, and places to construct a digital self on their personal Web site. In this paper, we want to extend their research into online self-presentational strategies by looking more closely at the receivers’ side. The objective of our research is to investigate how consumers form impressions of senders in the context