Positive Effects of Negative Publicity

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Can negative publicity increase consumer choice, and if so, when? Three studies, using both econometric analysis and experimental methods, delineate contexts under which negative publicity will have positive versus negative effects. While prior research have shown only downsides (e.g., decreased sales), the studies demonstrate that negative publicity can increase choice and sales when it increases awareness. While a negative New York Times review hurt book sales for well-known authors, for example, it increased sales for unknown authors. The studies underscore the importance of a delay between publicity and purchase and the mediating role of increased awareness in these effects.

[to cite]:

[url]:
http://www.acrwebsite.org/volumes/15111/volumes/v37/NA-37

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SESSION OVERVIEW

A substantial body of research has established the critical effects that a consumer’s encompassing environment has on his or her judgments and decisions. A cohesive framework that can be used to conceptualize the different ways in which environmental cues can impact how consumers think, feel, and behave is illustrated in Figure 1.

Moving from the more concrete to the more abstract, our environment can not only increase our awareness of our available choices and influence the specific goals we pursue, it can also alter how we process external stimuli as well as affect our attributions of outcomes.

This session brings together an integrated set of four recent papers that document these four dimensions. Berger, Sorensen, and Rasmussen show that, contrary to lay beliefs, negative environmental publicity (e.g. rumors and reviews) can have an unexpected upside—creating greater awareness and boosting consumption of available options (e.g. books), particularly if these options come from relatively unknown producers. Environmental cues also change the goals we pursue and influence how we evaluate brands, even brands that are irrelevant to our goals, e.g. Dalton, Fitzsimmons, Fitzsimmons, and Chartrand found that priming a creativity goal not only improved evaluations of goal-relevant options (e.g. Apple laptops) but also hurt evaluations of goal-irrelevant options (e.g. Dell or IBM laptops). More generally, adopting a dual-system model, cues in our environment can also influence whether we rely on intuitive experiential processing or deliberative cognitive processing in responding to external stimuli. For example, Lee and Thomas show that environmental music can induce greater experiential processing, which in turn, increases consumers’ penchant for hedonic products and innate retrieved preferences. Finally, Pham, Goukens, Stuart, and Lehmann demonstrate the surprising power of seemingly trivial environmental artifacts (e.g. mirrors, video cameras)—heightening consumers’ self-awareness and increasing their own-attributes of both positive and negative outcomes; in a retail context, for instance, these cues can increase customer satisfaction for an unfavorable service interaction but decrease satisfaction for a favorable service interaction.

Interestingly, many of these effects occur outside of consumers’ conscious awareness, whether it’s the potentially positive effect of negative publicity on product evaluation, or the consumption goals or processing style that external cues activate, further highlighting the counter-intuitiveness of these findings. Overall, given the fundamental relevance of these effects to consumers’ daily lives, this session should be of substantial interest not only to marketing researchers and psychologists, but also to anyone who is fascinated by how environmental factors can affect consumer judgments and behavior, be it consciously or unconsciously.

EXTENDED ABSTRACTS

“Positive Effects of Negative Publicity”
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Negative publicity often hurts. Negative reviews (e.g., a company uses worm meat in their hamburgers) decrease brand evaluations (Tybout, Calder, and Sternthal 1981) and negative reviews hurt purchase likelihood and sales (Basarouy, Chatterjee, and Ravid 2003; Huang and Chen 2006). At the same time, however, some intriguing examples seem to contradict these findings. A wine reviewed as being “redolent of stinky socks,” for example, saw its sales increase by 5%, and after a popular movie made relentless fun of Kazakhstan, there was a 300% increase in requests for information about the country. Can negative publicity actually have a positive effect? And if so, when?

We argue that negative publicity can positively affect consumer choice by cueing, or priming people to think of the product. Just as environmental cues, such as advertising, can make people more aware, even negative cues can be useful by making products more top of mind. Accordingly, we suggest that whether negative publicity has positive or negative effects will depend on existing product awareness. When product awareness is already high, negative publicity should have little ability to boost awareness (see Nedungadi 1990), but should lower product evaluation, and consequently, decrease consumer choice. When product awareness is low, however, negative publicity should increase awareness and may boost choice if awareness and publicity valence become dissociated in memory. Similar to the sleeper effect (Hannah and Sternthal 1984), people may have a feeling of awareness, or remember they heard something about the product, but the valence may be forgotten. Due to decreased processing and encoding in memory of unknown product information, this dissociation should be particularly likely when product awareness is low. Three studies test these hypotheses using a combination of experimental methods and econometric analysis.

Study 1 investigates the effect of publicity valence and product awareness on actual book sales. We estimate the impact of New York Times book reviews on sales of over 200 hardcover fiction titles. To avoid potential endogeneity bias, our analysis focuses solely on reviewed books, and we examine whether positive and negative reviews have different effects on post-review sales patterns. We systematically classified reviews as positive or negative using a textual search algorithm. We then examine the post-review sales patterns among new and well established authors (i.e., those that have published more than 10 books).

As predicted, analyses revealed a review valence by product awareness interaction. While a positive review increased sales of both new and established authors (between 32% and 52%), the effect of negative publicity depended on whether the author was well known. Negative publicity decreased (-15%) sales of established authors, but it had the opposite effect on relatively unknown (new) authors, increasing sales by 45%.

Study 2 investigates these effects in a more controlled laboratory setting. We suggested that positive effects of negative publicity might be caused by the dissociation of valence in memory over time for unknown products, so to test this possibility, we manipulated whether people reported purchase likelihood either right after reading a product review, or after a delay. We also manipulated review valence and product awareness (i.e., whether an unknown or well-known product was reviewed).

As expected, analyses revealed a 3-way interaction. For well known products, there was only a main effect of review valence: Participants reported they would be more likely to purchase well
known products that were positively (vs. negatively) reviewed, regardless of whether they reported purchase likelihood right away, or after a delay. In contrast, for unknown products, delay moderated the effect of review valence on purchase likelihood: Review valence had an effect when participants reported purchase likelihood right away, but this dissipated such that after delay, purchase likelihood was similar after a positive or negative review.

Study 3 directly examined the mediating role of increased awareness. First, participants reported their awareness of a number of books. They were then exposed to either a positive or negative review about either a well known or unknown book from the set. Finally, after a long delay, participants again reported product awareness (which allowed us to calculate whether publicity affected awareness) as well as product evaluation and purchase likelihood.

Results support the expected pattern. For well-known products, being reviewed did not affect awareness. But while positive reviews increased purchase likelihood, negative reviews decreased it, and these outcomes were mediated by product evaluations (which were driven by review valence). For relatively unknown products, in contrast, review valence had little effect on product evaluations. Both positive and negative reviews boosted purchase likelihood, however, and this was mediated increased product awareness.

Overall we demonstrate that even negative cues can sometimes have positive effects. Our findings delineate conditions under which negative publicity will have positive versus negative effects on purchase likelihood and actual sales, while also shedding light on the mechanism behind these effects.

“**When does Priming Cause Us to Value or Devalue a Brand?”**

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Activating (or priming) a mental construct can produce wide-ranging effects on choices, behaviors, and evaluations. In terms of evaluations, priming nonconsciously boosts evaluations of prime-relevant stimuli relative to prime-irrelevant stimuli. Although several studies have documented this effect, few studies have decomposed it to address whether priming is boosting evaluations of stimuli associated with a primed construct (valuation), and/or hurting evaluations of stimuli that are irrelevant to a primed construct (devaluation). Moreover, the few studies that have separated valuation and devaluation effects have not reliably yielded evidence for each, nor have they revealed when priming causes one effect or the other. It is possible that prior research has not reliably obtained both valuation and devaluation effects because these effects are associated with the priming of different types of mental constructs, i.e., priming of semantic associations versus goal associations. Along these lines, we propose that both goal priming and semantic priming can unobtrusively boost evaluations of prime-relevant stimuli (valuation), but only goal priming can reduce evaluations of prime-irrelevant stimuli (devaluation).

The purpose of Experiment 1 was to demonstrate nonconscious valuation and devaluation of consumer products as a function of brands and goals. Experiment 1 used a 2 (creativity prime vs. neutral prime) X 2 (evaluate Apple vs. IBM brand) between-subjects design. First, a scrambled sentence task was administered to supraliminally prime a creativity goal (or no goal). Participants then read a description of a new laptop that was supposedly designed by Apple or by IBM and were asked to evaluate it. We predicted that the Apple laptop would be more attractive following creativity goal priming because the Apple brand image is one of innovativeness and uniqueness. We further predicted that the IBM laptop would be less attractive following creativity goal priming because the IBM brand image is irrelevant to creativity. This pattern is precisely what we found. Thus, experiment 1 demonstrated the basic effect: that priming can simultaneously boost evaluations of a prime-relevant brand and hurt evaluations of a prime-irrelevant brand.

Experiment 2’s purpose was to replicate and extend the basic valuation and devaluation effects in two ways. First, we manipulated product features in addition to brands and second, we used an entirely different product domain, automobiles. Thus, experiment 2 used a 2 (morality prime vs. neutral prime) X 2 (Prius vs. Echo brand) X 2 (fuel efficient vs. inefficient car) between-subjects design.

In experiment 2, after being supraliminally primed with a morality goal (or no goal), participants evaluated one of four vehicles. Two vehicles were the brand Prius, which is associated with morality via fuel efficiency and environmental consciousness. The other two vehicles were the brand Echo, which is not associated with morality. Within each brand category, one vehicle was described as having a low environmental impact, while the other excelled on other dimensions, including performance. We predicted and found that morality goal priming caused valuation of fuel-efficient vehicles and devaluation of fuel-inefficient vehicles. But this effect was qualified by an interaction. The Prius brand gave a fuel-efficient vehicle an extra evaluative boost and buffered a blatantly fuel-inefficient vehicle against evaluative costs. These findings suggest that products are valued and devalued based on brand and features, and as a function of consumers’ goals. But do valuation and devaluation occur independently?
We posit that semantic activation can produce valuation through a non-motivational process of spreading activation, but only goal activation leads to both valuation and devaluation. Experiment 3 tested this hypothesis using a satiation paradigm. Satiation should eliminate goal-based but not semantic priming effects—devaluation, but not valuation, according to our hypothesis.

Experiment 3 used a 2 (creativity prime vs. neutral prime) X 2 (evaluate Apple vs. Dell brand) X 2 (satiation vs. no satiation) between-subjects design. The methods were identical to experiment 2 except that the brand Dell was used (not IBM) and satiation was manipulated such that half the participants satisfied their creativity goal before evaluating a laptop. As we would expect, the results of the no satiation condition replicated experiment 1. Moreover, as predicted, satiation reduced devaluation but not valuation. Thus, experiment 3 showed valuation for goals and semantically-activated constructs, but devaluation only for goals.

Taken together, these studies show that product evaluations can be colored by 2 independent evaluative biases—valuation and devaluation. These effects occur nonconsciously and can be based on tangible product attributes and brand names. Moreover, valuation occurs following either goal or semantic priming, while devaluation is unique to goal priming. Devaluation, therefore, is one way to disentangle goal-based from semantic priming.

“The Effect of Music on Retrieved and Constructed Preferences”
Leonard Lee, Columbia University, USA
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The effects of music on diverse facets of human emotion and cognition have been well documented (Kellaris 2008). As the number of headphones-wearing iPod owners sauntering through the streets continues to skyrocket, it is important to understand how music can influence how we think, feel, and behave. Building upon extant research on music and preference, we examine the effects of music on retrieved and constructed preferences.

In Experiment 1 we examine the effect of music on preferences for books. Based on a pre-test, we gathered that men are more likely to prefer books on power/politics relative to those on pain/suffering. We hypothesized that listening to music will increase the propensity to retrieve these pre-existing genre-based preferences rather than constructing preferences based on the details of the book. One hundred and fifty-two undergraduate and graduate students participated in this study. They were randomly assigned to one of the two conditions: music or control. Pairs of books were used as stimuli in this experiment. In each pair, one book was on power and politics while the other book was on the pain and suffering in life. In one of the pairs, participants chose between “The Federalist,” a series of essays on the constitution of America, and “Candide,” the adventures of a youth forced into the army, flogged, shipwrecked, and separated from his beloved. In the other pair, they chose between “An American Slave,” an autobiographical account of slavery in the United States, and “Lost Illusions,” on the disastrous journey of a naive young poet who left his home to seek fortune in Parisian society. The experiment was titled “Book Evaluations” and was conducted on computers. The music was introduced subtly such that it would appear as a natural element of the study. After the audio instructions, participants saw an hourglass-wait icon, requesting them to wait for a minute as the computer sorted the books to be tested in a random order for each participant. Participants assigned to the music condition heard background music as they waited for the book evaluation task to begin. After a minute of waiting, they saw the pairs of books on the screen, one pair at a time. On each screen, they saw descriptions and posters of two books, and indicated their relative preference for these two books by clicking a button on an 11-point scale shown below the two books. Consistent with our hypothesis, we found that under conditions of music, men were more likely to prefer books on power and politics than women. Further analyses revealed that gender had a significant effect on preferences in the music condition (p=.01) but not in the control condition (F<1).

In Experiment 2, we wanted to replicate and extend these results to a different context. Further, we wanted to examine the effects of different types of music. A total of 211 participants were recruited for a study on “Foreign Movie Evaluation” and randomly assigned to one of three conditions: control, slow music, and fast music—we included two music conditions to rule out the possibility that any observed effects were caused by idiosyncratic effects (e.g. tempo or fit) due to any particular piece of music. Participants in both music conditions listened to background music on headphones during the primary task while those in the control condition did not. Participants were shown eight pairs of movies and asked to rate (on a 11-point scale) their relative rental preference between each pair. For four of the movie pairs, one movie belonged to the action/crime genre, whereas the other, the romance/comedy genre; the remaining four pairs were designed as control movies and were all documentaries. Consistent with our hypothesis, we found that in the music conditions (compared to the control condition), males and females were more likely to rent action/crime and romance/comedy movies respectively, suggesting a stronger preference for retrieved preferences when listening to music. This effect was mediated by participants’ self-reported movie genre preferences and did not apply to the documentary movies.

Experiment 3 is a field study conducted in a mid-size convenience store selling a variety of common grocery products. Ninety-three customers entering the store received a $2-off coupon each and were randomly assigned to one of two conditions—approximately half of the customers were handed an iPod pre-loaded with instrumental music and asked to listen to the music while shopping (music condition), whereas the other half were not handed an iPod (control condition). Subsequently, we collected these customers’ receipts when they redeemed their coupons after shopping and asked them to complete a short post-shopping survey. Consistent with our prediction, we found that participants in the music condition bought significantly more items from hedonic categories (p=.04) based on product ratings from two independent coders (inter-rater reliability=80%); however, customers across both conditions did not perceive any difference in changes to the amount they had spent compared to previous visits (p=.3), suggesting that customers in the music condition were not consciously aware of the effect that the music had on their shopping.

Together, these experiments demonstrate how music-induced experiential processing can influence consumers’ preferences and shopping behavior.

“Shaping Customer Satisfaction through Self-Awareness Cues”
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Improving customer satisfaction is obviously of great importance to marketers. Although satisfaction is obviously a function of the level of product/service performance vis-à-vis customers’ expectations, it also depends on the outcome attributions that are made. Studies generally find that, in case of delivery failure, dissatisfaction with the provider is stronger if the failure is attrib-
uted to the provider than if it is attributed to the customer or to an external cause. On the other hand, in case of delivery success, satisfaction with the provider tends to be greater if the success is attributed to the provider than if it is attributed to the customer or to an external factor.

Findings from the social psychology literature suggest a person’s state of self-awareness can influence people’s attributions. In particular, high self-awareness prompts people to make more internal attributions, and does so independently of the outcome to be attributed. If customer satisfaction is a function of the perceived locus of responsibility for product/service performance, and if the perceived locus of responsibility can be shifted by states of self-awareness, it should be possible to influence customers’ satisfaction by varying the customers’ level of self-awareness while holding objective product/service performance constant. This prediction was tested in a series of six studies (including one field experiment) involving four different types of service interactions and four different manipulations of self-awareness.

In each study, participants whose self-awareness was manipulated were exposed to information about different service interactions and asked to rate their satisfaction with the service. The first two experiments tested the basic prediction that mere exposure to innocuous cues that heighten self-awareness can influence customers’ satisfaction with a service provider. It was found, across two different service interactions and across two different self-awareness manipulations, that heightened self-awareness increased satisfaction when the outcome of the interaction was unfavorable, but lowered satisfaction when the outcome was favorable. These effects were mediated by an increased perceived responsibility of the self for the outcome under high self-awareness.

The third experiment tested whether the effects of self-awareness on customer satisfaction are driven by changes in the encoding of the service interaction or by changes in the summary interpretation of the interactions. The results favor the latter explanation. Given these results, the next experiment examined whether the same effect would hold if the service interaction occurred much earlier (e.g., several months ago). College students whose self-awareness was manipulated were asked to assess their satisfactions with college courses they were currently taking versus courses they had taken earlier. The results showed the self-awareness on satisfaction extends to current satisfaction with real service interactions that occurred much earlier. This latter finding reinforced Study 3’s interpretation that the source of self-awareness effects on satisfaction lies at the moment of impression formation rather than at the encoding of the service interaction. From a substantive standpoint, the finding suggests that marketers may be able to shape not only satisfaction with recent service interactions but also satisfaction with past ones.

The fifth experiment identified a boundary condition for the above-found effects. That is, the results of this study showed that while raising self-awareness may increase the overall satisfaction with service interactions with an unfavorable outcome, it will only do so when there is mixed responsibility for the outcome. If responsibility for the outcome rests entirely with the provider, raising the customer’s self-awareness may backfire and further decrease his or her satisfaction. This backfiring effect seems to be due to the triggering of ego-defense mechanisms under high self-awareness when the customer bears no responsibility for the outcome.

A sixth, field experiment, shows that the key effect—the increase in satisfaction after negative outcome interactions—also holds in a real retail setting. The study was conducted in a clothing retail store in New York City. The results show that customers who were about to return or exchange merchandise at the store’s customer service desk were more satisfied (less dissatisfied) with the merchandise they were about to return when mirrors were placed in the customer service desk area than when they were no mirrors.

In sum, these six studies provide strong evidence that subtle cues that raise self-awareness can influence satisfaction with service providers, even if the objective service performance remains constant. This effect has obvious managerial implications for marketers looking for ways to improve their customers’ satisfaction following delivery failures. Satisfaction-through-self-awareness tactics can be implemented relatively inexpensively (e.g., mirrors at customer service desk, addressing customers by their names, etc.), especially compared to the cost of true product/service delivery improvements.