The Impact of Preannouncements and Rumors on Consumer Evaluations

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We conducted two studies investigating preannouncements and rumors of new high-tech innovations. We found consumers’ first impressions of new products were formed by rumors rather than by preannouncements. We also found an interaction between rumor ambiguity and product innovativeness leading to a positive effect on consumer curiosity towards high-tech innovations.

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Working Paper Abstracts

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In the contemporary high-tech markets, products are rarely launched unexpectedly, as new product preannouncements have become common practice (Kohli, 1999; Lilly and Waters, 1997). Besides new product preannouncements, or “formal, deliberate communication” (Elisabeth and Robertson, 1988), informal communication, such as rumors, often take place prior to the launch of a new product. Rumors provide signals on the incoming new product and together with preannouncements develop market anticipations (Schatzel and Calantone, 2006) and build prior-to-launch expectations of the forthcoming new product (Nagard-Assayag and Manceau, 2001).

Rumors have become especially important due to the internet, in which rumors spread quickly through online-blogs and various websites. The most active participants of online-blogs often are lead users and early adopters (Dorge, Stanko and Pollitte, 2010), who play an important role in new product adoption (Rogers, 1962). Despite their increasing importance, the role of rumors in new product adoption has received little research attention (Kamins, Folkes, Perner, 1997). The present two studies explore the impact of rumors and preannouncements on consumer evaluations of new high-tech products. Specifically, we investigate the role of two factors—(1) type of innovation (incremental versus radical) and (2) extent of ambiguity of the rumors—on the consumer curiosity and purchase intentions towards high-tech innovations. We propose that rumors stimulate consumer curiosity towards a new product, which subsequently influence consumers purchase intention. In addition, we hypothesize that rumors about a radical innovation involve more novel content that could create greater curiosity than that about an incremental innovation.

Study 1 used a content analysis to explore both preannouncements and rumors about two types of innovations: radical versus incremental innovations. We selected the iPhone as a radical innovation as it was the first touch-screen mobile phone that radically changed how consumers interact with their Smartphones. Sony’s PlayStation 3 was chosen as the incremental innovation as it was an improvement over the previous two generations of the PlayStation gaming consoles. We followed the preannouncements and rumors about these two innovations through press releases and blogs from credible sources. As rumors are mainly transmitted through blog postings, we chose Engadget and Gizmodo as the main research sites because of their consistently high ratings, popularity and focus on new product information (Dorge, Stanko, Pollitte, 2010).

We collected a sample of 49 postings on the iPhone (1999–2007) and 47 postings on the PlayStation 3 (1999–2006). We analyzed the content as well as the timing of these postings. The content of the postings was classified based on the core elements of the marketing mix: namely, content related to product (including product name and performance features), price, distribution and promotion. The majority of the content was related to the product (iPhone: 80%, PlayStation 3=79%). There were more discussions on the price of PlayStation 3 (16%) than that of the iPhone (6%). Nearly a quarter of the postings discussed launch timing (iPhone 18%, PlayStation 3: 26%), while only a few mentioned distribution (iPhone: 4%, PlayStation 3: 4%) and promotional programs (iPhone: 2%, PlayStation 3: 4%). An analysis of the timing revealed that the rumors started well in advance of the company’s official preannouncement. Rumors on Apple’s iPhone and Sony’s PlayStation 3 started eight and six years, respectively, before the two companies officially preannounced the product releases. One major difference between the preannouncements of the two products was the ambiguity of the information. Apple remained ambiguous in their responses to rumors. It did not discuss product specifics before the official announcements. In contrast, Sony’s executives responded to rumors and made specific comments about the product features in the press.

In Study 2, we decided to further investigate the effect of ambiguity of rumors on consumer curiosity and purchase intention. We used a 2x2 between-subjects design manipulating product innovativeness (radical innovation versus incremental innovation) and rumor ambiguity (ambiguous rumor versus unambiguous rumor). Consumer curiosity served as a mediator and the dependent variable was purchase intention. We collected data from 71 participants aged between 18 and 42, who first read a rumor about a new product, and we measured their extent of curiosity about the product. Subsequently, they read an official preannouncement about the product by the firm, and we measured their purchase intentions. The type of innovation (radical versus incremental) and the ambiguity of the rumor (ambiguous versus unambiguous) was manipulated in the scenarios read by the participants.

We found a significant effect of product innovativeness on consumer curiosity [F(1,69)=25.612, p<0.001]. The mean score on curiosity towards the radical innovation (M=5.026, SD =0.877) was significantly higher than that for the incremental innovation (M=3.888, SD=1.019), t(69)=5.061, p<0.001. Rumor ambiguity did not have a significant influence on curiosity [F(1,69)=0.067, p=0.797]. We further found an interaction between product innovativeness and rumor ambiguity leading to a positive effect on consumer curiosity (F=8.242, p<0.01). Respondents have stronger curiosity towards the radical innovation in an ambiguous rumor (M =5.253, SD=0.718) than the radical innovation in an unambiguous rumor (M=4.800, SD=0.978). Conversely, respondents are more curious about the incremental innovation in an unambiguous rumor (M=4.244, SD=0.866) than that in an ambiguous rumor (M=3.460, SD=1.051). Finally, we found that consumer curiosity had a positive effect on purchase intention (regression coefficient=0.456, p<0.001).

The results of our two studies suggest that new product rumors spread much earlier than the official preannouncements, indicating that consumers’ first impressions of a new product are formed based on rumors rather than on preannouncements. Moreover, the preannouncements for an incremental innovation were less ambiguous than that for radical innovations. Companies intentionally remain ambiguous about radical innovations, while being clear on incremental innovations. This strategy is supported in study 2, which shows that people are more interested in radical innovations when the rumor is more ambiguous, while they are more interested in an incremental...
innovation when the rumor is unambiguous. It suggests that companies should be clear about their incremental innovations, while remain ambiguous about their radical innovations in order to make their product interesting in the eyes of the consumers.

References


Frisbee for Friends, Furniture for Family:
The Influence of Products on Network Activation and WOM Intentions
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People use different products to signal desired identities to different social networks—iPods to impress their friends, briefcases to impress their employers. We suggest that this behavior causes those products to become linked to specific social networks, such that mere exposure to products can prime different social networks, making some relationships more salient than others. We furthermore explore how people perceive the closeness of these salient networks as a possible mechanism to examine subsequent WOM intentions. Previous research has demonstrated that situational and environmental cues or primes can activate associated representations, making them more accessible (Berger and Fitzsimons 2008; Higgins, Rholes, and Jones 1977). As priming a given construct leads to the activation of related constructs in memory, it can also have impact on the perceptually-related objects, and furthermore on the product choice and evaluations (Lee and Labroo 2004; Whittlesea 1994). In this project, we use products belonging to different categories as our primes, and explore whether exposure to these primes makes certain social networks more accessible.

The literature on goal instrumentality previously showed that active goals lead to the activation of different relationship partners, specifically of those who are goal congruent (e.g., Fitzsimons and Shah 2008). We, however, look at the salience of relationship partners in relation to product categories rather than personal goals or motivations. Moreover, we argue that the products as primes influence social perceptions and as a result offer people’s changing perceptions of network closeness as a mechanism for following WOM behavior. To examine this linkage of products to networks to WOM, we ran three studies.

In Study 1, we investigated whether exposure to products belonging to various categories make related networks more salient than others in the minds of people. One hundred and thirty-five participants were randomly assigned to one of four conditions: family, friends, co-worker priming and control conditions where they were presented with products belonging to family, friends, co-worker categories respectively, and asked to indicate their preference in a set of four. Those in the control condition didn’t see any products. Subjects went through a total of twenty trials, viewing eighty different options. Afterwards, participants were asked to write down the initials of the first five people that came up to their mind and subsequently, instructed to indicate their relationship to each of the five people they listed.

The dependent variable was the number of family members, friends and co-workers listed in each of the four conditions. Our results showed that participants in the family priming condition listed significantly more family members than those in the friends priming, co-worker priming, and control conditions. These results were parallel for the friends and co-worker priming conditions, such that when primed with friends related products, people thought of their friends more so than when they saw family or work related products. Finally, those people in the co-worker priming condition reported significantly more number of colleagues than the participants in the other conditions.