



ASSOCIATION FOR CONSUMER RESEARCH

Labovitz School of Business & Economics, University of Minnesota Duluth, 11 E. Superior Street, Suite 210, Duluth, MN 55802

Reconsidering Uncertainty in Preannouncements

Roland Schroll, University of Innsbruck, Austria

Reinhard Grohs, Private University Seeburg Castle

Drawing from signaling theory, extant preannouncement literature views uncertainty as generally negative. We introduce a more nuanced perspective and show that the effect of preannouncement uncertainty on market anticipation depends on the immediacy of a decision. Thus, this article suggests a novel strategy for increasing market anticipation.

[to cite]:

Roland Schroll and Reinhard Grohs (2015) ,"Reconsidering Uncertainty in Preannouncements", in NA - Advances in Consumer Research Volume 43, eds. Kristin Diehl and Carolyn Yoon, Duluth, MN : Association for Consumer Research, Pages: 684-685.

[url]:

<http://www.acrwebsite.org/volumes/1019720/volumes/v43/NA-43>

[copyright notice]:

This work is copyrighted by The Association for Consumer Research. For permission to copy or use this work in whole or in part, please contact the Copyright Clearance Center at <http://www.copyright.com/>.

Reconsidering Uncertainty in Preannouncements

Roland Schroll, University of Innsbruck, Austria
Reinhard Grohs, Private University Seeburg Castle, Austria

EXTENDED ABSTRACT

Firms use preannouncements to create market anticipation for upcoming events, such as launches of new products or services (Lilly and Walters 1997; Schatzel and Calantone 2006). Largely rooted in signaling theory, existing literature sees uncertainty in preannouncements as generally negative (Eliashberg and Robertson 1988; Su and Rao 2010). Uncertainty refers to a lack of information about whether, where, when, how, or why a future event will occur or how this future event will look like (Knight 1921). The underlying assumption is that uncertain preannouncements are less costly signals and, thus, less effective. Su and Rao (2010) argue that since “vague preannouncements have less influence on the targeted audiences, firms ... need to be clear and informative in their NPPs” (661).

Many preannouncements follow this suggestion (e.g. Sony 2015). Some preannouncements, however, deviate from this suggestion and appear to be deliberately uncertain. For example, Apple preannounced its MacBook Air line using the slogan “There’s something in the air” (Block 2008), and Facebook preannounced a recent event using “Come and see what we’re building” (Murph 2013). Conceptual support for potential positive effects of uncertain preannouncements comes from recent studies on the pleasure of uncertainty (Lee and Qiu 2009; Wilson et al. 2005). These studies demonstrate that, at times, consumers enjoy a sense of uncertainty surrounding a positive and self-relevant event. Lee and Qiu (2009), for example, show that not exactly knowing what prize one will get from a lucky draw leads to more positive feelings than exactly knowing the prize.

Across two studies, this paper investigates under which conditions positive effects of uncertainty in preannouncements occur. Our main assumption is that the effect of uncertainty on market anticipation depends on whether or not a preannouncement prompts an immediate decision. Thus, we predict a disordinal interaction between uncertainty and decision immediacy.

Hypothesis 1a: The immediacy of a decision moderates the effect of preannouncement uncertainty on market anticipation, in that when a decision is prompted certainty leads to higher market anticipation than uncertainty.

Hypothesis 1b: The immediacy of a decision moderates the effect of preannouncement uncertainty on market anticipation, in that when no decision is prompted uncertainty leads to higher market anticipation than certainty.

Study 1a used 105 U.S. consumers (MTurk sample; 45 % female, Mage = 35 years) that were randomly assigned to one of only four conditions. In Study 1a, we preannounced the release of a fictitious new novel by Dan Brown. Uncertainty was manipulated via the content of the preannouncement. Decision immediacy was manipulated through time-to-launch. In the near launch condition, we told participants that the novel would be released tomorrow, while in the far launch condition the novel would be released in four months. Thus, Study 1a used a 2 (preannouncement content: certain vs. uncertain) x 2 (time-to-launch: near vs. far) between-subjects design.

Study 1b replicated Study 1a by applying a different decision immediacy manipulation. Participants were 232 U.S. consumers

(MTurk sample; 44 % female, Mage = 33 years) that were randomly assigned to one of only four conditions. The preannouncement was the same press release as in Study 1a (far launch condition). The certain and uncertain content conditions were identical to those of Study 1a. Decision immediacy was manipulated via an opportunity to pre-order. In the pre-order condition, we added a “Pre-Order Now!” button at the end of the press release, while in the no pre-order condition no such button was added. Thus, Study 1b used a 2 (preannouncement content: certain vs. uncertain) x 2 (pre-order opportunity: yes vs. no) between-subjects design.

In Study 1a, a two-way ANOVA of market anticipation revealed neither a significant main effect of content uncertainty nor time-to-launch ($ps > .479$). More importantly, we found a significant (disordinal) interaction between uncertainty and time-to-launch ($F(1, 101) = 6.38, p = .013$). Planned contrasts revealed that when launch was near, certainty led to higher market anticipation than uncertainty ($M_{\text{certain,near}} = 5.18$ vs. $M_{\text{uncertain,near}} = 4.43; F(1, 101) = 2.45, p = .121$). This difference was not significant though. In support of H1b, when launch was far, uncertainty led to significantly higher market anticipation than certainty ($M_{\text{certain,far}} = 4.14$ vs. $M_{\text{uncertain,far}} = 5.02; F(1, 101) = 4.15, p = .044$).

The results of Study 1b further support our assumptions. A two-way ANOVA of market anticipation revealed neither a significant main effect of content nor pre-order opportunity ($ps > .759$). We again found a significant (disordinal) interaction between uncertainty and pre-order opportunity ($F(1, 228) = 7.83, p = .006$). In support of H1a, planned contrasts revealed that when a pre-order opportunity was given, certainty led to significantly higher market anticipation than uncertainty ($M_{\text{certain,pre-order}} = 4.98$ vs. $M_{\text{uncertain,pre-order}} = 4.30; F(1, 228) = 5.05, p = .026$). In support of H1b, when no pre-order opportunity was given, uncertainty led to a higher market anticipation than certainty ($M_{\text{certain,no_pre-order}} = 4.33$ vs. $M_{\text{uncertain,no_pre-order}} = 4.87$). This difference was marginally significant ($F(1, 228) = 2.97, p = .086$).

Together, these results enhance preannouncement literature in several ways. First, our work introduces a more nuanced perspective on uncertainty in preannouncements. While extant literature draws mainly from signaling theory and, thus, focuses on processes for which uncertainty is generally negative, our work suggests that preannouncements trigger different processes depending on the immediacy of a decision. Most notably, when no decision is immanent, uncertainty outperforms certainty in creating market anticipation. Second, our work suggests that preannouncements (made at least one month before launch) and announcements (made within one month before launch) require different amounts of information. In announcements, managers should provide enough details to facilitate consumers’ decision-making processes. In preannouncements, however, providing too much information might be counterproductive. We find that being too specific too early decreases market anticipation and thus, unnecessarily turns away consumers. Overall, our work suggests a novel strategy managers can use to increase market anticipation of upcoming events by varying the degree of uncertainty depending on the immediacy of consumers’ decisions.

REFERENCES

- Block, Ryan (2008), "Macworld 2008 banners popping up: 'There's something in the air'," <http://www.engadget.com/2008/01/11/macworld-2008-banners-popping-up-theres-something-in-the-air/http%3A%2F2F20082F11%2Fmacworld-2008-banners-popping-up-theres-something-in-the-air%2F>.
- Eliashberg, Jehoshua, and Thomas S. Robertson (1988), "New Product Preannouncing Behavior: A Market Signaling Study," *Journal of Marketing Research*, 25(August), 282–92.
- Knight, F. H. (1921). *Risk, uncertainty and profit*. Boston MA: Houghton Mifflin Harcourt.
- Lee, Yih H., and Cheng Qiu (2009), "When uncertainty brings pleasure: The role of prospect imageability and mental imagery," *Journal of Consumer Research*, 36(4), 624–33.
- Lilly, Bryan, and R. Walters (1997), "Toward a Model of New Product Preannouncement Timing," *Journal of Product Innovation Management*, 14(1), 4–20.
- Murph, Darren (2013), "Facebook Invites the Media to 'Come and See What We're Building' Next Week," <http://www.engadget.com/2013/01/08/facebook-invite-see-what-were-building/>.
- Schatzel, Kim E., and Roger J. Calantone (2006), "Creating market anticipation: An exploratory examination of the effect of preannouncement behavior on a new product's launch," *Journal of the Academy of Marketing Science*, 34(3), 357–66.
- Sony (2015), "Sony Introduces New 4K and Full HD Action Cams at CES 2015," <http://blog.sony.com/press/sony-introduces-new-4k-and-full-hd-action-cams-at-ces-2015/>.
- Su, Meng, and Vithala R. Rao (2010), "New Product Preannouncement as a Signaling Strategy: An Audience-Specific Review and Analysis," *Journal of Product Innovation Management*, 27(5), 658–72.
- Wilson, Timothy D., David B. Centerbar, Deborah A. Kermer, and Daniel T. Gilbert (2005), "The pleasures of uncertainty: prolonging positive moods in ways people do not anticipate," *Journal of Personality and Social Psychology*, 88(1), 5–21.