

Emotions, Advertising and Consumer Choice

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Emotions, Advertising and Consumer Choice

With research assistance
by Steen Lundsteen, MSc

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Foreword

Two developments in the late 20th century have together formed the background for the writing of the book "Emotions, Advertising and Consumer Choice".

On the one hand, the growing realisation of the problems inherent in exploring consumer choice and advertising effects departing in traditional cognitive models of choice and communication effects. Multi-attribute models modified with levels of involvement, attitude attribution, degrees of self-regulation etc. have left large parts of consumer choice behaviour unexplained. Effect hierarchies as a basis for studying communication effects have proven unsatisfactory.

On the other hand, recent insight gained among brain neurologists and psychologists, often with the use of brain scanning devices such as PET and fMRI Scanning, have drawn attention to the row of very basic emotional processes in the brain and their governing influence on human behaviour, not only in disabled individuals under medical treatment but also in the behaviour of ordinary individuals in everyday life.

It is time that emerging fields of "neuroeconomics" is introduced into the traditional consumer choice theories. In the present book consumer choice is dealt with in a more narrow sense than consumer behaviour in general. Such topics as social influence, learning, segmentation, retailing consumer policy and many others are not included. Rather focus is on the role of the more affective aspects of contemporary approaches to the study of emotions and their relations with feelings. In this sense the book will present a new view on affective factors.

Center for Marketing Communication (CMC) was started at the Copenhagen Business School in 1999 with the purpose of studying the effects of advertising and other mass communication. Over the years a number of projects have been completed in cooperation with the many company sponsors of the center, many of which were guided by a search for explanation beyond those proposed by traditional cognitive thinking.

The authors are particularly grateful to all our colleagues at the CMC who in different ways all have influenced the work leading to the present book.

As of the fall 2006 CMC comprises the following researchers: Flemming Hansen (ekon. dr., professor), Birgitte Tufte (doctoral degree in Pedagogy, professor), Lars Grønholdt (PhD, professor), Larry Percy (PhD, visiting professor), Christian Alsted (PhD, adjunct professor), Steffen Gulmann (MSc, adjunct professor), Joergen Kai Olsen (senior associate professor), Anne Martensen (PhD, associate professor), Richard Jones (PhD, associate professor), Tore Kristensen (PhD, associate professor), Jeanette Rasmussen (MSc, PhD-

student), Lars Bech Christensen (MSc, PhD-student), Kristina Birch (MSc, PhD-student), Sverre Riis Christensen (MSc, senior researcher), Jens Carsten Nielsen (MSc, Centre Director), research Assistant Steen Lundsteen (MSc) and Maiken Lerche Møller (MSc).

In the years 2000 to 2004 important contributions also have been made by the PhD candidates from the center, Lars Pynt Andersen and Pernille Schnoor.

Particularly two major research activities have been of importance for the publication which is introduced here. First very extensive work sponsored by Taylor Nelson Sofrès/Gallup Denmark on emotions quantified through responses to brands and products with the use of batteries of feeling words. This has been crucial to several of the chapters of the book. The authors are particularly grateful to the Managing Director Henrik Hansen and Research Director Rolf Randrup at TNS Gallup in Copenhagen. In early phases of this work the cooperation with visiting professor, Larry Percy has been extremely valuable.

Other very important contributions have come from research done on the TNS/Carlton Television single source database from UK 1985-89. CMC was given access to these data in the late 1990'ies thanks to the efforts of Colin McDonald in London. Much advice on the analysis of these data has also been received from Professor John Philip Jones.

From its start in 1999 work, which also feeds into the present book, has been going on on this database. Particularly research has been carried out and reported by the senior author of this book with the assistance of research assistants Lotte Yssing Hansen and Lars Bech Christensen. A special thank is due to research assistant Steen Lundsteen, who in the last phases of the project has been responsible for the huge task of editing and data analysis. In this work the advice of Colin McDonald, Robert Heath and John Phillip Jones has been very important. The authors are grateful for these contributions.

Other projects have been carried out in the first part of the 20th century and here the contributions by research assistants Jens Halling, Morten Hallum Hansen and Pernille Christiansen have been instrumental. Also projects have been carried out in close cooperation with the various sponsors of CMC. Particularly the cooperation with the Danish Cancer Association has been valuable and the contributions by this organization's marketing director Poul Møller and his co-workers are highly appreciated. Research assistants Katrine Kristensen and Ina Andresen Mance have also been very instrumental in finalizing the project.

CMC has been able to support the work published in the present book not the least by the sponsoring members of the center and through budgets made available by the management of the Copenhagen Business School. In this process the support of the president, Finn Junge Jensen, has been instrumental but also valuable support has been granted from the Dean of the Business Faculty, Ole Sten-

winkel Nilsson and the Head of the Department of Marketing, Ricky Wilke. The sponsor members of CMC to whom the authors wish to express their gratitude are:

- DAF
- DMU
- DMF
- DRRB
- FMD
- Initiative Universal Media A/S
- Kræftens Bekæmpelse
- TV2/Reklame A/S
- Danish Award for Research in Marketing
- Bates A/S
- BRF Kredit A/S
- Carat Danmark A/S
- Danske Spil A/S
- Danske Bank A/S
- DDB
- DSB
- Ekstra Bladet
- Epinion A/S
- Forbruger-Kontakt a-s
- GordioS A/S
- House of Prince A/S
- IAA - International Advertising Association
- idé-nyt a-s
- Ingeniøren A/S
- JP Politikens Hus
- Lowe
- Lån&Spar Bank A/S
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- Sepia Proximity A/S / BBDO
- Stryhn's A/S
- TDC A/S
- TNS-Gallup A/S
- TrygVesta

Findings from projects, many of which are integrated into the present book have been presented over the years at numerous conferences organized by the European Advertising Academy (EAA), the European Marketing Academy (EMAC), the Association for Consumer Research (ACR), the European Association for Research in Economic Psychology (EAREP), the American Academy of Advertising (AAA), the Advertising Symposium International (ASI) and others. Particularly the cooperation with other researchers established through the EAA Annual Advertising Research Conference has been valuable. But also ASI, at whose Annual Advertising Symposium the senior author and colleagues have presented findings and received valuable feedback each year since the late 20th century, is to be thanked. This thank is particularly directed to its never tiring organiser, Mike Sainsbury.

The book draws more upon applied research than many other theoretical works. It does so because the concern with emotions – as different from feelings – in many ways have appeared earlier amongst researchers working with applied research rather than

among consumer and communication academics. Thus the present book is not written as a text book in the strict sense of the word although the authors are using it as such. To do this they work with selections of papers complementing the text and by giving the students access to the databases based on which several of the chapters of the book are written. The book as a whole is written aimed at graduate students in their final year, PhD students, and practitioners with an MBA or similar background.

The book focuses on how traditional measures of feelings in consumer behaviour and psychology can be interpreted in the light of contemporary neuro-physiological insight in emotional processes. Also it makes suggestions as to how psychologically based measures can be used meaningfully when working with an emotional concept rooted in brain research.

The background of both authors with many years of practice in marketing management together with the close contact with sponsors of CMC has made the book different from most traditional books in the area in the sense that it is more practically oriented and closely related to managerial decisions as they occur in the marketing context.

We hope that this will help the book finding many readers not only within the academic marketing community but also in business and practitioner circles.

Part I

Emotions in Consumer Choice

In the first part of the book we look at the development of the traditional cognitive theories of consumer choice. From here the attention is directed to more recent treatments of affect among consumer researchers. Next a distinction between feelings and emotions is introduced, with emotions seen as the more physiological unconscious mechanisms governing simple choices and influencing more complex ones. Following this some important observations made by neurologists are introduced, and a measurement procedure enabling the researcher to estimate emotions based on questions about feelings that may be activated by the emotions is suggested. The use of this procedure is illustrated in the last two chapters of Part One, where also emotionally based mental brand equity is estimated for 126 brands, some of which in two upon each other following years. This enables the researcher to demonstrate the stability of mental brand equity, and show major changes in market conditions from one year to the next may influence these.

Chapter I

The Origin of Consumer Choice Theory

1. Marketing Theory

Interest in consumer choices grew up among marketers in the process of formulating a more general marketing theory. Some of the factors accounting for marketing becoming an important element in society were mass production, mass distribution, and product branding. With the economic advantages of mass production, producers became fewer and fewer, and their distance to their final consumers became larger. In the traditional small city society, there was an affluent number of shoemakers in each town, each with their own small shop and each with their own personal contact with a smaller or larger number of customers. When the shoe manufacturing moved into factories the direct contact between the consumer and the manufacturer disappeared. The shoe maker had to make shoes to fit average feet at averagely acceptable prices and to make them available in larger markets, and eventually, in specialized stores offering shoes made by many different manufacturers. In the process, the need grew for the manufacturer to understand what kinds of shoes, what kind of people demanded, what they were willing to pay for them, and how they preferred to have them made available in special stores, department stores, supermarkets etc.

As a function of this process, a parallel development in retail stores emerged. Where in the traditional city society the baker sold bread, the butcher sold meat, the tailor sold dresses, the shoe maker sold shoes etc, stores began to emerge where the same store sold shoes from many manufacturers, the same confectionary stores sold dresses from many manufacturers etc. Already in the traditional society, the "general store" grew up. This combined store was selling most fast moving consumers goods, and maybe also other more durable items. However, in the 19th century, and with accelerated speed in the 20th century, stores combining different product lines grew up. The department store, the super market, the mail order store were early such inventions. Later, additions were such as the building shops, brown goods shops (radio, television, VCR etc.), white goods shops. Still later in the development, as manufacturers found themselves becoming more and more dependent upon large retailers, they began again to take interest in having own retail facilities. This was of course only possible in areas where a sufficient demand could be accumulated around a rather limited assortment. The automobile dealers, banks, insurance companies were early such phenomena. In later years, highly specialized stores carrying only one brand of fashion clothing, television, radio equipment etc. emerged. In this entire

process, the need grew for understanding what consumers prefer, what they are willing to pay, and how much time they are willing to spend on the purchasing process. The bulk of decisions made by consumers are made in the many different types of stores. To understand how these choices are made is mandatory to the student of consumer behaviour, and this realization initiated early studies of consumer behaviour.

A particular development in this process was the invention of the branded goods. Essentially, brands appeared as the single manufacturer's attempt to maintain a link to his final consumer by providing a standardized product, at a standardized quality and sold at a standardized price in a standardized packaging with a standardized name. For instance the butter market moved from cask butter to branded butter, soap moved from loose weight to hard soap etc. Some of the earliest brands invented still exist in the market today such as Lurpak, Colgate, Coca Cola, Levi's, Nestlé etc. These brand manufacturers needed still more information about consumers. How they used their products, what they preferred, what they disliked etc. As a curiosity, one may in later years observe a development in the branded product areas where all the different brands in a particular area become more and more alike. All the manufacturers are able to provide the same quality at the same price and sell it through the same stores. Left for the manufacturer to differentiate his offer to the market was the branding and the building of confidence in the brand. The brand name has become an extremely important issue in contemporary market thinking. "Pleasures of the Mind" more and more dominate pleasures of the body provided by the product and brands (Kubovy, 1999).

Summing up this brief description of the development of marketing as a field, we can observe that what has happened has been that the proportion of cost associated with selling the product and that of manufacturing it, has changed dramatically over the last centuries. In many product areas today, manufacturing costs are but a fraction of the total sales price, and estimates at the aggregate level are that in the economically most developed countries, more costs go into marketing products than into manufacturing them. With the shoemaker example again in the little village in the 17th century, he spent most of his time on making shoes and only a few hours on talking to customers. The shoe manufacturer of today spends a majority of his total budget on packaging, communication, distribution etc.

2. Early Consumer Behaviour Research

Consumer choice is that part of consumer behaviour theory that focuses on how the individual consumer goes about making choices.

As concern with marketing theory grew, topics such as merchandising, personal selling, and retailing became early issues at international universities, and eventually, formed the background for the

business schools of today. The concern with advertising came a little later and not the least derived from this an interest in understanding consumer motivation and consumer use of information emerged. In the early days, consumer behaviour took up a few pages in the chapter on advertising in marketing textbooks. The real development of consumer behaviour as a discipline began, following the Second World War. The very first academic approaches to the understanding of consumer behaviour may be ascribed to four outstanding personalities, three of which were Jews moving out of Vienna in the 1930s.

George Gallup's contribution was first and foremost the development of the marketing research instrument as a tool for getting information about consumers. But also on the theoretical level, he made important contributions. His concept of proven recall as a measure of advertising effectiveness was a very early contribution (Lipstein, 1985). Ernest Dichter, a psychologist, also made important methodological contributions. He is more or less father of qualitative consumer research as we know it today, and the group-depth interview was one of his tools. A major work from his hands "Handbook of Consumer Motivation" (1964) is still an inspiring source for hypotheses regarding motives behind many different kinds of consumption. The third outstanding Viennese Jew in early consumer behaviour research is Lazarsfeld (Katz and Lazarsfeld 1955). His and his co-workers' work with personal influence, originally in connection with American elections, but later at a more general level finds its expression in the two-step hypothesis of personal influence suggesting that some people, relatively few, pick up the new products, political opinions etc. from external sources media, books etc. and then transmit this information on to other members of the social groups to which they belong.

A final contribution to the very early foundation for contemporary consumer behaviour research comes from social psychologists such as the Hovland group at Yale University (Hovland et al., 1953). These researchers examined factors influencing attitudes covering a wide range of topics such as order of presentation, use of positive versus negative argumentation, assimilation and contrast effects in reaction to communication attitude change and personality etc. Hovland also was one of the earlier proponents of cognitive multi-attribute theory based on comparison with computer programming (Hovland and Janis, 1959). Neither of these authors were particularly concerned with consumer choice behaviour, but rather their approach to the study of human behaviour in a more general way became the fundament for consumer behaviour theory.

Other researchers made early contributions to how consumers behaved in real life. Ferber (1954) was concerned with the decision process preceding particularly major purchases of durable goods (Ferber, 1954). But he also became interested in how information about consumers' expectation about their purchasing, income and saving could predict actual economic behaviour (Ferber, 1967). In

this area, other important contributors were Katona (1955) and Juster (1964) who, based at Michigan State University, made the foundations for the continuous measures of consumer expectations, still an important instrument in American economic policy. To other researchers household behaviour became an issue (Foote, 1961) and so did household purchase decisions Mueller (1958). In continuation of the work on consumer expectations, Katona (1955) also contributed with his more speculative "The Powerful Consumer". Here he anticipates much of what today is considered consumer policy research, i.e. research on how consumers may influence the products and brands they are being offered.

Out of this early work on consumers also grew the family-life cycle hypothesis (Clark, 1955). Here the researcher studied how consumption changes as the family develops from the single individual to young, married couples, couples with younger children, couples with older children, elderly families without children and single, elderly people. This typical pattern of life development was a good description of how things were in the 1940s and 1950s. Today, divorces, second marriages, single mothers etc. have made the concept less useful.

3. Consumer Behaviour as a Discipline

Today, the number of business schools all over the world offering courses in consumer behaviour is astronomical. The number of different basic textbooks available in the market exceeds 100, and a number of copies sold makes it one of the most profitable textbook markets for publishers. In the same manner, the number of scholars concerned with consumer behaviour has grown. The Association for Consumer Research (ACR) was founded at a small meeting at Ohio State University in 1968.

Today, ACR has two annual main conferences, one in the US, and one outside the US mostly in Europe and the Far East. The total number of members of the Association for Consumer Research now exceeds 4000. To this comes that the concern for consumer behaviour has spread out all over the world, first with a large number of universities offering consumer behaviour courses in different locations in Europe, and the number of researchers concerned with consumer behaviour growing in a manner like it has been seen in the US. In the later 10-15 years, the same development has been observed in the Far East, not the least in Australia, Hong Kong, Korea, New Zealand, China, India and Singapore.

The Journal of Consumer Research was started in 1972 and is now the highest rated publication among academicians in the area. In addition to this, today 20-30 other English language journals on consumer behaviour exist, such as Journal of Consumer Behaviour, Journal of Consumer Policy Research, Journal of Economic Psychology etc.

As mentioned before, the first contributions concerning consumer behaviour appeared as parts in marketing textbooks and were part of the curriculum in classes teaching marketing at a basic and at a graduate level. Today, however, the discipline exists in its own right with, in addition to the many textbooks, an extremely large literature on more specialized topics in the consumer research area.

Typically textbooks exist, targeted for the undergraduate market, and more extensively covering books aimed at the graduate market. Examples of such textbooks are Engel et al., now in its 11th edition; Peter and Olson (1987), Solomon et al. (1999), Walters (1978), and Schiffman and Kanuk (1978). At the PhD level, but also at the graduate level in major marketing schools, the discipline is offered in terms of a number of different specialized sub- areas. Examples are such as Innovations, consumer values centering on such extensive systems as VALS, Risk, Kompas (Hansen et al., 1998) etc, but also companies as customers is being studied.

Basic work on business to business marketing was done by Webster and Wind (1972), on consumer policy research (Ölander, 1986) sponsoring (Waliser, 2003) satisfaction research (Mooradian and Oliver, 1997), direct marketing (Roberts and Berger, 1989) and information processing Bettman (1979) etc. The typical textbook defining the discipline as it is being taught in most places includes such topics as motivation, personality, life style, attitudes, buying behaviour, social influence, opinion leadership, income, effects, innovation, culture, perception, learning and involvement, etc.

The core of all these areas is the understanding of the individual choice the consumer makes between brand, product types, price levels, stores, saving versus spending, public services etc. This core itself, however, in most textbooks take up only a little percentage of the total material presented. The chapters on choice-models and attitudes typically cover 15 to 20 per cent of the material presented in most textbooks.

In the present book also affective processes are given much more attention than in traditional consumer behaviour books. This is so because contemporary findings in areas such as neuroeconomics demonstrate the extreme importance of particularly emotions for consumer choices.

4. The Content of the Present Book

The purpose of the present book is to focus on the core of consumer choice theory: How choices are made and how information influences this. In this context the book relies heavily on attitude measurement, attitudes and choice. Thus consumer choice is here studied in its broadest sense, looking at all the factors influencing the individual consumer. It is intended to do so aimed at an audience of graduate students in the advertising and marketing field. In the existing literature, attempts to understand choices all depart in cognitive theories.

That is computer-like models of brains making choices based upon choice criteria along which alternatives are evaluated. As we shall see in following chapters, these attempts have far from always been successful. A number of observations have been made over the years suggesting that other fundamentally different processes may be of importance for consumer choice behaviour. Extended research into affective aspects of choice and, particularly, into the role of emotions governing individual behaviour has given consumer behaviour research a new direction, which is the main theme for the present book. Apart from seeing consumer choice in the light of the traditional cognitive multi attribute models (Chapter II), we shall look at the role of affective elements in influencing choices. We shall do this in Chapter III by reviewing available evidence, and we shall more directly approach the topic in Chapter IV where we shall introduce contemporary thinking about emotions in a manner made appropriate for studies of consumer choice. In Chapter V, we present findings from an initial study of emotional responses to brands and product areas, covering 66 brands in 16 product areas. Here we confirm the importance of emotional responses and demonstrate operational ways of quantifying emotional response potential associated with brands, products etc.

In the process of working with our first project (Chapter V), we learned a lot of things, not the least concerning limitations and possibilities of different methodologies used for quantifying emotional response. Also the importance of large samples has become obvious from the results from the first study. Therefore, TNS/Gallup also sponsored the second study covering 4,000 respondents using a modified measuring methodology and in many ways improving the approach based upon experiences from the first round of data collection. Still, comparability between the results from the first and the second study is maintained. This whole major 2nd study is reported in Chapter VI.

Next in the second main part of the book, we narrow our focus on effects of advertising and other marketing communication. This is done in an attempt to understand the feasibility of using emotional response measures in tracking advertising and other campaigns and in using emotional response tendencies in pre-testing of communication.

Prior to this, however, we introduce the reader to the basic theories about advertising and advertising effects in chapters VII, VIII, IX and X, where we more specifically review traditional and contemporary approaches to measuring advertising effects in pre-testing and tracking. In Chapter XI, we look into a number of specific cases where we can see the role of emotions in understanding market structures. In Chapter XI, we also raise the question to what an extent, emotional response potentials remain stable over time, and we ask the question about what kind of factors seem to be causing the

changes. Then, in Chapter XII we suggest ways in which net emotional response strength (NERS) can be used as an instrument in measuring the effects of the marketing communications of the company and in testing alternative ways of organizing such communication. In the final chapter (XIII) we summarize the major views put forward in the preceding chapters, and we discuss the need for future research in the area and point at the directions researchers may go to make useful contributions to the whole area.

5. The Aim of the Book

The book in its totality is a useful textbook at the graduate level focusing on consumer choice and communication effects.

In one of the early formulations of marketing theory, the so-called Copenhagen School (Kjær Hansen, 1960 and Mickwitz, 1959), demand for a particular product is seen as a function of three kinds of determinants.

- 1) The price, the quality, the availability (distribution) and the
- 2) Price, promotion for the product, quality, availability and promotion for competing products.
- 3) Other variables such as income, basic needs of the consumers etc.

In this model the concept of elasticity, as it is also known in economic theory, is important. The elasticity of advertising reflects how much a certain amount of increased advertising spending (dA) in relation to the total amount of advertising (A) influences the sales (dq) relative to the total sales, (q). This elasticity concept is borrowed from economic theory where it is important when studying the effect of income changes and price changes. Applied to advertising it looks

$$\frac{dq / q}{dA / A}$$

Closely related to the concept of elasticities is the way in which we look at markets. Markets somehow have to be defined. When should we talk about the market for cola drinks and when should we talk about the market for soft drinks? Generally, in marketing theory when defining markets, the cross elasticities between the items on the different markets are important. In the ideal situation, a market is one where changes in price, advertising, distribution or quality of the products have no effect on demand of products in any other market, and similarly no other market exists where changes in product quality, price, availability and promotion have any effect on the market in focus. Put formally, when the marketer will talk about a pure market then he says that the cross elasticities must be zero. The cross price

elasticity between prices on apple juice and prices on Coca Cola for instance is defined as

$$dp = \frac{dq_{\text{apple}} / q_{\text{apple}}}{dp_{\text{cola}} / p_{\text{cola}}}$$

The larger this price cross elasticity (or any other elasticity) between two products, the larger the competition, and vice versa, the smaller the more independent the particular market is. In essence of course, cross price elasticities of a certain magnitude exist between all markets since income is limited, and price increases in one product area make less money available for spending in other areas. Generally, however the marketer disregards this kind of price cross elasticity. Also, in practice the marketer requires the cross elasticities to be of a certain magnitude before he includes a particular type of product into the market.

However, some of the major disasters in applied marketing have had to do with this cross product competitive phenomenon. In the 1940s, the large Hollywood moviemakers considered themselves as moviemakers. With the appearance of television and other means of distributing entertaining material, they too late realized that they were not in the market for movies, but rather in the market for entertainment, and found their major competitors being not the other moviemakers, but the large national television companies; ABC, NBC and CBS.

In our book we are particularly concerned with those aspects of consumers' behaviour that determines – in different markets - what products and what brands they purchase, where they purchase them, in what quality they purchase them and to what prices, and particularly in its 2nd part, how communication influences this.

Overview

It may be useful to the reader to have an overall view of how the many topics taken up in this book relate to each other.

In its simplest form consumer behaviour can be seen as consisting of three groupings of elements (Peter and Olson, 1987):

- Consumer cognition and affect
- Consumer behaviour
- Consumer Environment

The three elements are interrelated so that elements in the environment (an ad, a product on a shelf in a supermarket) may interact with consumer cognition and affect (increasing awareness of a brand, increasing positive responses toward a brand) and so influence behaviour (purchase of the brand) at some later time.

Most textbooks on consumer behaviour will elaborate on these three basic elements, however not many contemporary textbooks are