

Hierarchy models of customers responses to advertising



Vakratsas and Ambler (1999) analyzed large amount of research on the effects of advertising and found that there were mainly three kinds of models of how advertising works. The first category is “ market response” model, which no intermediate advertising effects considered. Typically, advertising, price, and promotional measures have been related to behavioral measures such as sales or brand choice. Vakratsas and Ambler (1999) held the positive view towards market response models due to its advantages. First, secondary data or objective data could be used in research, and most important, the uncertainties which are caused by intermediate measurement could be eliminated.

Furthermore, there are two levels of studies, namely “ aggregate-level” and “ individual-level” studies, the former uses market-level data, such as brand advertising expenditures or market share; the latter use single source data such as individual brand choice (Vakratsas and Ambler, 1999, p. 28). One of the examples of aggregate-level studies could be the research on the relationship between the impact of advertising sales and advertising spending (Lodish et al., 1995).

The second category of models grouped by Vakratsas and Ambler (1999) are hierarchy effect models, although there are several different hierarchy models and they all focus on the process of advertising effects. In other words, hierarchy effect models assume that the influence of advertising on consumers is a process, and there are several steps and intermediate advertising effects in this process. One of example of hierarchy advertising effect model is “ AIDA” model: “ Attention-Interest-Desire-Action” studied by

E. St. Elmo Lewis in 1989 (Vakratsas and Ambler, 1999, p. 26; Ehrenberg, 2000, p. 41).

The steps and the process of how advertising affects consumer need to be studied, although the validity of hierarchy models is argued by researchers because very few evidence can be found (Palda, 1966). Given that customers may not change their brand preference immediately from one brand to another, how consumers move from one stage up to next stage and finally move to actual purchase stage is an essential problem for understanding customers' brand-switching behavior, and it is also useful for increasing the effectiveness of marketing communication. Lavidge and Steiner (1961) argued that the changes of all the stages of influence should be evaluated, rather than only measure the development of brand awareness or sales stimulation. These three aspects of consumer responses could be derived from a classic psychological model (Lavidge and Steiner, 1961), and similarly, Beerli and Martin Sartana (1999) suggested that the best way to measure personal responses is three-component behavior evaluation, namely " cognition, affection and conation" or " rational, emotional and striving states" (Lavidge and Steiner, 1961, p. 60). Moreover, Ehrenberg (2000) suggested that the work of advertising could be studied from three aspects: product awareness, product trial, and repeat purchase.

1. 2 Definition of Brand

' Brand' can be defined as a " name, term, symbol, or design, or mixture of these words, which its purpose is to distinguish one's services and product from other competitors (Keller, 1993). Brand image is all about how a consumer's view of a particular brand in their mind. These either were <https://assignbuster.com/hierarchy-models-of-customers-responses-to-advertising/>

developed from direct experience with the product or services or from information communicated by the company, or from other consumer's review about the company which had caused an influence on the particular person (Martinez, 2003).

1. 2. 1 Brand Equity

Brand equity is, according to Aaker (2005, p. 173) “ a set of assets and liabilities to a brand's name and symbol that adds to or subtracts from the value provided by a product or service to a firm and/or a firm's customers”. These assets and liabilities can be grouped into four categories: brand loyalty, brand awareness, perceived quality, and brand associations.

Brand Loyalty

Brand loyalty is a “ form of repeat purchasing behaviour reflecting a conscious decision to continue buying the same brand” (Solomon et al. 2001, p. 259). Moreover, in order for brand loyalty to take place, customers must have a positive attitude towards a brand, as well as being involved in repeated buying. If, in actual fact, a brand has been greatly advertised and been around for some time, it can generate an emotional attachment by either being integrated into the consumer's self-image or linked to past experiences (Ibid).

Brand Awareness

Brand awareness entails that recognition is communicated onto a brand, which allows consumers to identify with the brand product, and thus providing companies with constant competitive advantage (Aaker, 2005). For

low involvement products, products “bought frequently and with a minimum of thought and effort” (buseco.monash.edu.au), awareness can affect a consumer’s buying decision through a sense of familiarity, whereas for high involvement products, brand awareness provides consumers with a sense of presence and assurance (Aaker, 2005).

The literature in marketing explains the concept of brand awareness for the application of two important measurements in order to understand it (Alba & Chattopadhyay, 1986; Keller, 1993; Gómez & Rodríguez del Bosque, 1996): (1) the reminded that fits with the spontaneous recall and that refers to the brand being present in the memory of the consumer and is mentioned by the latter without the need of any external stimulus; and (2) the recall attended that the brand name is knowledge as an offer of a category of products amongst a set of suggested brands.

Brand awareness is a dimension of brand equity that affects the decisions of the consumer both at the affective level and at the behaviour level. In the affective area, a brand known by the consumers creates a feeling of pleasure and familiarity in them (Aaker, 1991) that increases the probability of purchasing it from among alternatives. In low-implication decisions, the brand knowledge is established as the only criterion of customer behaviour (Petty & Cacioppo, 1986). Brand awareness is an instrument of predominant selection amongst consumers without experience of use of the product and stops experimentation with new products and brands (Hoyer & Brown, 1990).

Finally, brand awareness favours the creation of associations brought about by the product, which are in the origin of the creation of brand image (Keller,

1993). This equally facilitates the forming of the arrival of new information that serves to guarantee the knowledge and to support and assure the image perceived by the consumer.

Perceived Quality

Perceived quality can be defined as “ the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives” (Aaker, 1991 p. 85). Perceived quality is initially a consumer’s perception about a product, and thus is a tangible overall opinion about a brand. Nevertheless, this feeling is usually based upon fundamental dimensions, such as product features and performance. Furthermore, perceived quality is often differentiated from the actual quality, and can derive from past experiences involving former products or services (Ibid).

Brand Association

Brand association can either be linked directly or indirectly with a customer’s thought about a brand. Those associations that have the clearest significance are built upon product attributes, such as physical product characteristics and non-material product characteristics (Armstrong et al. 2005), and customer benefits – “ the desirable consequences consumers seek when buying and using products and brands” (Peter et al. 1994, p. 87), which provide customers with a motive to buy the product, consequently resulting in brand loyalty (Aaker, 1991).

1. 2. 2 Brand image

Brand image helps in the process of purchase decision by the consumer since it is the basis of (1) differentiation of product; (2) brand name extension; (3) providing a reason to buy, and (4) creating positive feelings about brand, simultaneously (Aaker, 1992). Brand image provides the basis of developing the company strategy of communication (García Rodríguez, 1998), facilitating (1) knowledge of product, (2) associations with different tangible and intangible attributes and (3) positioning.

As Aaker (1991) reported in the classification of the dimensions of brand equity, associations of brand name, positioning and brand image have been thought of in a very connected way, to the point that both the association and the image are thought perceptions organised in a rational manner, which can reflect the objective reality (identity) or not, but will influence the purchase decision. The positioning implies a frame of reference with regard to the competition, linked with the previous concepts. The position occupied by competitors will depend on the idea that the consumers keep in mind of the place that they grant to every product or brand (Ries & Trout, 1993).

Keller (1993) defines brand image as the set of perceptions (...) that are demonstrated by the different associations and that are kept in the memory of the customers. Schneider (1990) considers it to be the set of objective representations -characteristics, materials, results- to which is joined the subjective ones, such as the attributes and the symbols perceived by the individuals of a product or a company.

The Marketing Science Institute considers brand image as the set of associations elaborated in the imaginative capacity of the consumer, who allows the brand to reach a more important volume of sales than if it did not have a brand name. This supposes recognising brand image as having the possibility of generating value for the company and its positive repercussion on product sales.

For the companies, the determination of brand image, the creation of brands positioned in privileged places, and its communication to the customers may motivate them to shift their purchase decision.

1. 2. 3 Relationship between brand awareness and brand equity

Brand awareness is a key element in the generation of brand equity. If a company knows the degree of recall that its brand reaches in the market that is used as an instrument to expand the product in the market, since brand awareness affects the purchase intention, even being able to positively affect the perceptions and attitudes towards the brand (Aaker & Álvarez del Blanco, 1995).

This way, we speak of four forms of adding value to the brand (Aaker, 1991): (1) the knowledge as an anchor to which other associations link themselves, (2) the familiarity and the pleasure felt towards the known brands, (3) the commitment that is established between company and consumer, and (4) considering the brand among the alternatives in the choice of a product category.

The effort in communication that the company carries out must centre on trying to link to the name a series of attributes or characteristics that the consumer considers to be important. The name acts as a file cabinet in the mind of the consumer which can be filled with linked names, facts and feelings (Aaker, 1991).

The familiarity is determined by the brand recall and is highly influential in products of low implication in the purchase. For Alba and Hutchinson (1987) it is a constant variable that reflects the direct or indirect experience of the consumer with regard to the brand. For the products of habitual consumption and that form a part of domestic consumption, the familiarity of the brand consumed for the whole life and recognised by its presence in our homes since childhood consistently determines the purchase decision.

For advertising efficiency, the recall based on familiarity can improve the relationship between exposure and recollection (Aaker, 1991) since the words and the known names provide a major sensation of pleasure. The studies also reveal the presence of familiarity obtained by the advertising intensity and by the experience of use, which favours the knowledge and the posterior revitalisation of old brands in which, the communication effort being eliminated, the aspect of familiarity and pleasure affect behaviour and the inclination towards these brands. This aspect is equally studied (Kent & Allen, 1994) to demonstrate how the competitive interferences via advertising have a minor effect when the brands that they interfere with are less known than the ones interfered.

Brand awareness, influenced by the advertising recall, affects the decision of purchase not only in the aspect of the behaviour, but even at the affective level, forming positive attitudes towards the product that lead to the buying of this product and to obtaining major quotas for the company (Aaker & Day, 1974).

A known brand is the result of a big effort by the company. A brand attains acknowledgement because it represents for the consumers the commitment of a company: the company puts its name at risk and communicates that the product has a set of attributes valued by the consumers. As Aaker (1991) reported, if a brand name is recognised it is logical to think that this is due to some motive: the company carries out an intensive advertising campaign, it has been present in the market for many years, it possesses the best and most intense channels of distribution or is successful and is being used satisfactorily by a great number of consumers.

A consumer who has not been exposed to the advertising impact of the known brand, but knows that many consumers use it, can manage to believe the brand is superior and attribute this to it a great advertising effort.

A last form of contribution of value of brand awareness comes from the known brands being in mind at the stage of selection and evaluation of alternatives within the process of the purchase decision. The recall of a brand or its knowledge can be decisive in incorporating it into the small group of alternatives that will be in mind at the moment of choosing goods. Of equal consideration is the image in mind that vitally affects the buying

decision of frequent purchases as a decision taken before leaving home (Aaker, 1991).

1. 2. 4 Relationship between brand image and brand equity

One of the dimensions of brand equity is associations that the consumers link with the brand name. This is why the image is often placed in the origin of the purchase decision and in that of the maintenance of the brand loyalty. In this way, the brand associations contribute an important value for the consumers and for companies and also guarantee a relationship based on the repurchase decision maintaining the degree of satisfaction. As Aaker (1991) reported, there are five sources of value for the company: (1) the contribution to the process of obtaining information, (2) the differentiation of the brand, (3) the attainment of reasons for the purchase, (4) the creation of positive attitudes towards the product, and (5) the establishment of the bases for brand extension strategy.

The associations help the companies to transmit to the consumer, in a simple way, information about the specifications of the product, the advantages that it provides, the solutions that it contributes and the personality of the brand. Besides, brand image helps in the process of purchase decision, facilitating information and evoking recalls and satisfactory experiences to customers that positively affect their behaviour.

An association strongly-linked to the brand, means for the product a solid base for differentiation and a competitive advantage in the face of the competitors who will have a more complicated approach to the position of

the brand (sustained on a solid and credible association). This means a handicap for the competition.

When the associations rely on the attributes and/or on the benefits of the brand for customers, these grant a good reason for purchasing the brand. There are associations that provoke sensations of pleasure and positive feelings in the brand. These associations are created or reinforced by the presence of famous prominent figures loved by public opinion, or with the creation of symbols or nice prominent figures of fiction who seek to create an affectionate sensation in the consumer.

When a brand achieves a strong association it can tackle brand extension strategies, launching other products with the same brand name. It achieves the penetration of its brand in the new category taking advantage of the pull of brand image reached by its principal product

1. 2. 5 Brand positioning

Researchers claim that positioning can provide benefits to the consumer through a set of different product attributes (Albaum et al. 2002). Thus, companies must position their brands/products clearly in the minds of the target consumers. This can be done through the positioning on product attributes, however, companies must bear in mind that these attributes are easily copied by competitors. More specifically, consumers are often not interested in attributes as such, but are rather concerned with what the attributes will actually do for them (Armstrong et al. 2005). Another way in which marketers can position brands is by associating a brand with a name that encompasses pleasing and desired benefits (Peter et al. 1994).

However, strong brands go beyond attribute or benefit positioning, and instead are positioned on strong beliefs and values. (Armstrong et al. 2005).

1. 3 Sponsorship

Previous research has shown that although various definitions of sponsorship exist, they all certify that sponsorship is primarily a commercial activity, where the sponsoring company attains the right to promote an association with the sponsored object in return for benefit (Polonsky et al. 2001).

Sponsorship activities are used for a number of reasons, but three of the most common objectives comprehend overall corporate communications, which include building and strengthening brand awareness, brand image, and corporate image (Gwinner et al. 1999). More specifically, strategies that are aimed at increasing brand recognition, are typically employed using a wide range of advertising tools which are designed to expose the sponsoring brand to as many potential customers as possible (Cornwell et al. 2001).

However, certain factors such as the sponsor industry and company size influence the choice of sponsorship activity and thus the objectives vary between companies. For example, manufacturers often look for extensive publicity opportunities and media coverage, whereas service sponsors are more motivated to enhance employees' morale (Björn, 2003).

1. 3. 1 Event Sponsorship

As a result of the amount of leisure events in today's society, event sponsorship has become extremely popular. By connecting a brand with an event via sponsorship, companies can better gain consumers' attention and interest by associating with an event that is important to consumers (Roy et al. 2003). More specifically, event image can be transferred through <https://assignbuster.com/hierarchy-models-of-customers-responses-to-advertising/>

association to the sponsoring product and is created from a number of external and internal factors as indicated in figure 1. 3

Figure 1. 3, A model of image creation and image transfer in event sponsorship (Gwinner, 1997)

Event Type

Different types of events exist, such as sports, music and festival related, and affect event image in a number of ways. An event's image is strongly influenced by an individual's attitude towards the event, through past sponsorships or other types of exposure. Event image can also be impacted by non-evaluative perceptions of an event that are formed through associations held in the consumer's memory (Gwinner, 1997).

Event Characteristics

A number of characteristics within a particular event type differ from event to event. Event size can for instance be regarded along a number of dimensions, such as length of event and level of media exposure. Moreover, it is believed that the performers' professional status or the venue of the event, such as temperature and convenience, will influence recipients' overall assessment of the event's image (Ibid).

Individual Factors

An event may entail different images for different people as a result of the different factors that affect event image and the way in which recipients may interpret those factors. Examples of such events are those that are regarded

as having a number of images, and thus are more difficult to associate with than an event with one identity. Furthermore, a person's history with a certain event could also influence one's perception of an event's image, as a long history will generally cause a more deep-rooted and constant image (Ibid).

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1. 3. 2 Sports Sponsorship

Sports sponsorship is the most common sponsorship activity, as it can emanate very strong images through for instance, extensive television press coverage, as well as being appealing to all classes in society and consequently has a mass international audience (Jobber, 2004). Moreover, it can transcend languages, hence national boundaries, as it is comprised of a range of nonverbal components, such as “ universal messages of hope, pain or victory” (Quester et al. 1998, p. 540). As a result of this, many international marketers are looking to create icons associated with specific meanings, which are universally recognized (Fahy et al. 2004). The

increasing amount of money spent on sports events, such as the Olympics as well as the growth in the number of sports-oriented radio talk shows and television networks, such as Sports Programming Network (ESPN), clearly illustrate the growing importance of sports in today's society. Not only will sports sponsorship continue to be a popular and growing form of marketing, but according to Gwinner et al. (2003, p. 275), " sport generates fanship that is more intense, more obtrusive, and more enduring than it is for other forms of entertaining social activities without direct participation in the spectated events".

1. 3. 3 Celebrity Endorsement

Celebrity endorsement has developed tremendously in the past decades and has been acclaimed as " a ubiquitous feature of modern marketing" (Hsu et al. 2002, p. 19). According to McCracken (1989, p. 20), a celebrity endorser is " any individual who uses his or her public recognition on behalf of a consumer good by appearing with it in an advertisement". Based on the notion that celebrities are successful spokespersons for a company's brand or product, in that they deliver a company's advertising message and persuade consumers to purchase the sponsored brand, a substantial amount of money is annually spent on celebrity endorsement. Accordingly, it has been confirmed by scholars and marketers that celebrity endorsement is a very effective marketing tool, as celebrities have considerable influence on consumers' attitudes and purchase intentions (Hsu et al. 2002).

Advantages of celebrity endorsement include its ability to differentiate an advertisement from surrounding advertisement clutter by providing the product(s) with instant character and appeal. Furthermore, celebrities who
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are particular popular and recognized worldwide, have the capacity to enter international markets, and thus go beyond cultural borders (Erdogen, 1999). However, a risk with celebrity endorsement is that a celebrity's image may have a negative impact on the brand or product that he/she endorses as a result of negative news or publicity, or simply not appealing to everyone, seeing as a celebrity's image often transmits itself to the endorsed brand, and accordingly the brand's image transmits itself to the endorser (Till et al. 1998).