

# ADVERTISING PSYCHOLOGY

Dr. Julia Pitters

Lecture 1 Universität Salzburg

# Introduction

- What do you connect with advertising?
- Can you imagine a world without advertising?

# Definitions

- **Advertising** is defined as any form of paid communication by an identified sponsor aimed to inform and/or persuade target audiences about an organization, product, service or idea.
- **Market psychology** deals with human behavior in markets.
- Explains and makes forecast about market behavior in terms of supply and demand.
- The study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.

## Origins of modern day advertising

- First type of *outdoor advertising*, archeological tradesmen's and tavern signs from ancient civilizations as Egypt, Greece and Rome.
- E.g. Ancient Roman baking mold imprinted with the name of the baker and some gladiators, served to spectators as snack during gladiatorial games, and the inscription reads: "Miscenius Ampilatus makes [this] in Salonae."

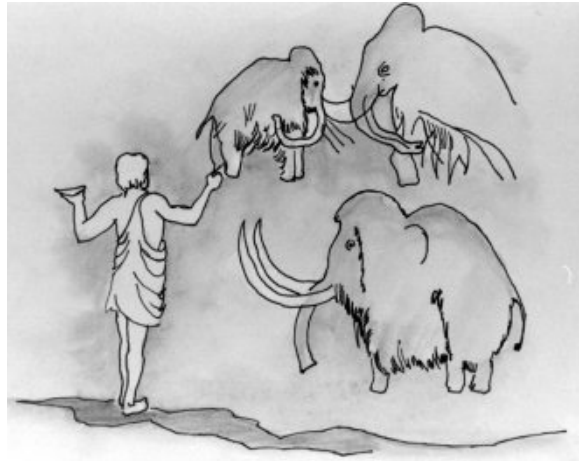


---

# Origins of modern day advertising

- Industrial revolution between 1730 and 1830 boosted advertising practice.
- Growing importance of **consumer brand**: The label with which to designate an individual product and differentiate it from competitors.
- Unique selling proposition (USP) summary statement used to differentiate the brand from the competition.
- American Civil War/ World War I temporarily slowed down production.
- After Depression and World War II, advertising volumes increased tremendously.
- Post war economic boom enabled ever more consumers by new technologies, TV, today internet.

# Advertising reflecting Zeitgeist



CIGARREN-  
&  
TABAK - FABRIK



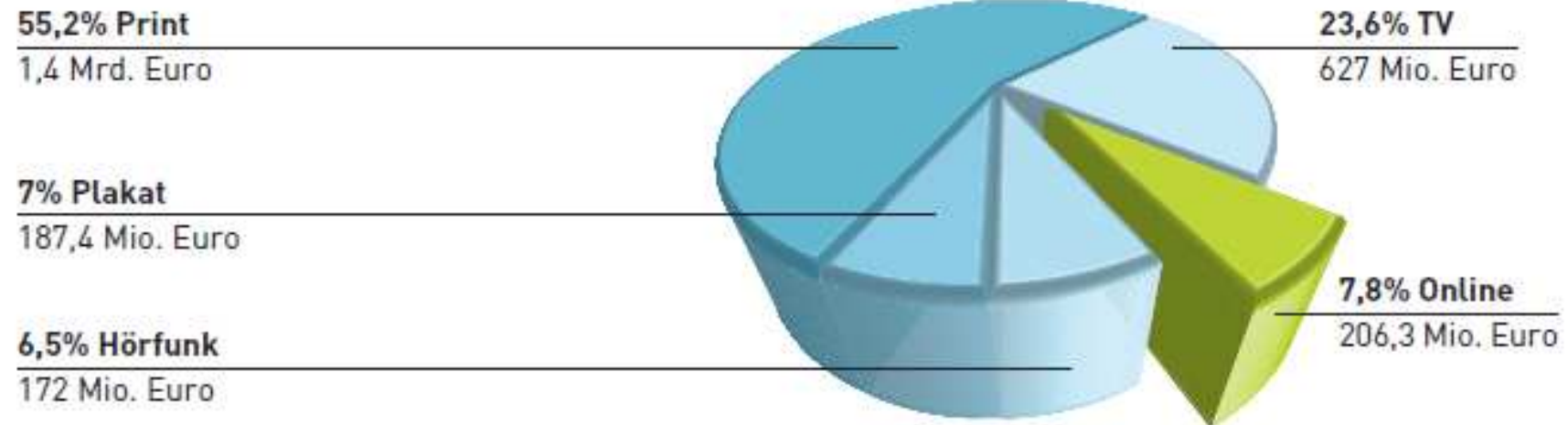
---

# Functions of advertising

- Commercial sponsorship
- Facilitates competition among firms
- Funding mass media
- Serving as key employer to thousands of professionals worldwide
- Informing and persuading

# Advertising in Austria

## Der Gesamtwerbekuchen 2009



Quelle: Werbeplanung.at 2010



---

# Approaches to Advertising

- **Naive approach**, assumes, advertising must be effective because it is omnipresent, expenditures are large and ever increasing.
- **Economic approach**, tries to address efficiency by correlating expenditures with aggregated changes in sales volume.
- **Media approach**, effectiveness is defined as number of persons in target population who have been exposed to message.
- **Creative approach**, equates effectiveness with creativity, widespread among advertising agencies.
- **Psychological approach**, aims at identifying effects of advertising at the individual level. Investigates intrapersonal, interpersonal or group-level psychological processes responsible for relationship between ad stimuli and consumer responses.

---

# Psychological approach

- Psychological approach goes back to Walter Scott, publishing a paper about *The Psychology of Advertising* in 1904.
- Focus on types of **consumer responses**, types of advertising stimuli affecting these responses, and the types of postulated, causal relations between advertising stimuli and consumer responses.
- *Cognitive* consumer responses are beliefs and thoughts about brands, also attitudes and preferences.
- *Affective* consumer responses entail various more or less transient emotions and moods towards an ad, e.g. warmth, fear, pride, anger.
- *Behavioral* responses include the intention and actual behavior in response to advertising.

---

# Assessing ad effects on consumer responses

- Relationships between consumer thoughts, feelings and behavior affected by advertising can be *correlational* or *causal*.
- Although correlation is a necessary condition for causality it is not sufficient, to infer that A causes B, three conditions must be met.
- 1. the antecedent A must precede the consequence B, 2. changes in the antecedent must be associated with changes in the consequence, and 3. no other explanation for the change in the consequence (3rd variable problem).
- Common research design is *experiment*, antecedent is independent variable and consequence is dependent variable.

---

# Source and message variables in advertising

- *Source credibility*, includes source expertise and trustworthiness
- *Source attractiveness*, e.g. by appealing to sexual attraction and physical beauty
- *Argument quality and message structure*, e.g. taking benefit from primacy/recency effect
- *Message sidedness*, in two-sided advertisements supporting and counterarguments are included.
- Argument-based and affect based appeals, for *experiential products* (wine, perfumes, paintings) affect based appeals are more effective, For *functional products* ( computer, washing machine, toothpaste) argument based appeals are more appropriate.
- *Fear-arousing* communication, scare consumer into action (physical, social, financial)

## Direct marketing

- **Direct marketing**, direct and individual communication with potential customer, one of the fastest growing sectors of the US economy (Belch & Belch, 2004), includes database management, direct response advertising or e.g. Tupperware home parties.



---

# Direct marketing

- **Word-of-mouth marketing**, influence agent is not a sales representative but a committed user of the product.
- **Event marketing**, e.g. sports event is used to get in touch with prospective costumers.
- **Sponsorship**, of an existing or new event, closely associated with the sponsoring brand e.g. AOL Arena.
- **Direct mail**, personalized form of advertizing, addressing costumers by their names and needs.

# Interactive marketing

- Shares the feedback between sender and receiver with direct marketing, involves using the potential of the internet, allows the customer to become "co-producer" e.g. [Nike](#).



# Sales promotion

- Is focused on generating an immediate behavioral response from the customer = action communication.
- **Five basic functions**, increase market size, reward loyal customers, make existing customers more loyal, stimulate trial by new consumers, support other communication tools (De Pelsmacker et al. 2001).





---

# Public Relations (PR)

- Instrument to promote favorable perceptions about the organization as a whole.
- Broad “theater“ includes sponsoring of public events, communication with media, gatekeepers, political stakeholders, pressure groups, government bodies and internal employees.
- **Financial PR**, aims at informing and persuading financial audiences, essential for the long term money-raising potential of the costumer (e.g. banks, potential investors, shareholders)
- **Marketing PR**, entails promotion of new products and services through free publicity.



# Personal selling

- By definition a two way face-to-face communication
- Aims at informing and at persuading a potential buyer of an initial purchase of a product or fostering repeated purchases and creating customer loyalty.
- Social psychological topics, such as attitude change, influence techniques come into play (e.g. Cialdini, 2009)

## *Advantages*

Higher overall impact than many other tools

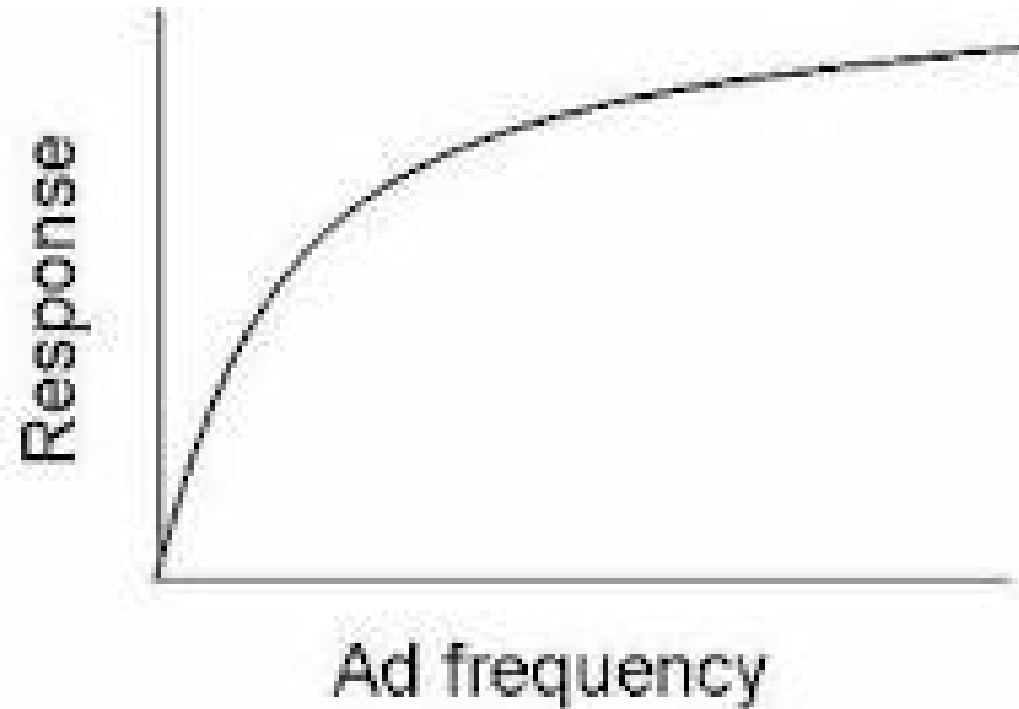
- Possibility of demonstrating the product and negotiating the price
- No waste, target person is reached

## *Disadvantages*

- Expensive form of communication
- Limited reach and frequency
- Company cannot control the content of its messages

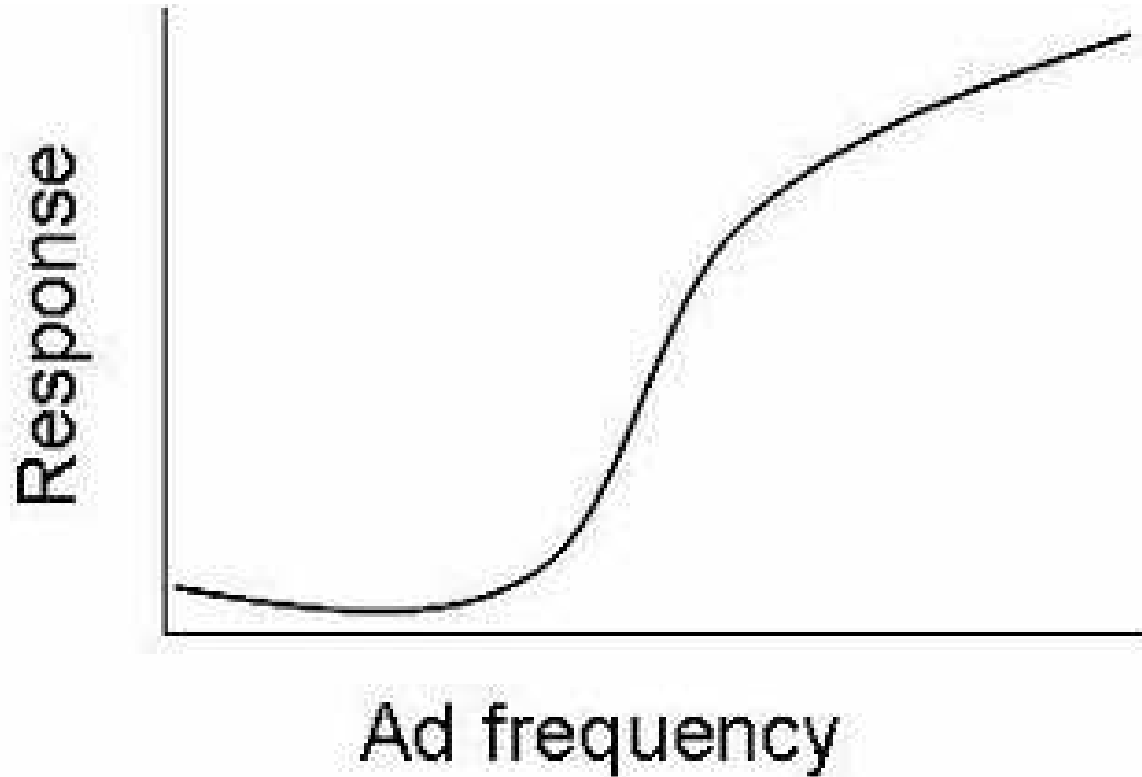


## Concave sales response model



- Incremental impact of advertising diminishes with increasing communication budget.
- Once entire population of non-buyers has been reached, additional efforts will not add much impact.

## S-shaped sales response model



- Initial impact of advertising is low
- After “wear-in“ phase exponential increase up to saturation point

## Hierarchy-of-effects models

- No direct link between ad message and consumer response
- Instead, several intermediate steps
- Assumption that *consumer learning* takes place
- Three stages,
- *Cognitive* stage, consumers engage in directing conscious attention to the target ad and thinking about its content.
- *Affective* stage, emotional responses and formation of attitudes and preferences associated with the brand.
- *Conative* stage, behavior that might arise from advertising.

## AIDA model (Elmo Lewis, 1898)

### ATTENTION

Attention of the customer is activated (cognitive stage)

### INTEREST

Interest in the product

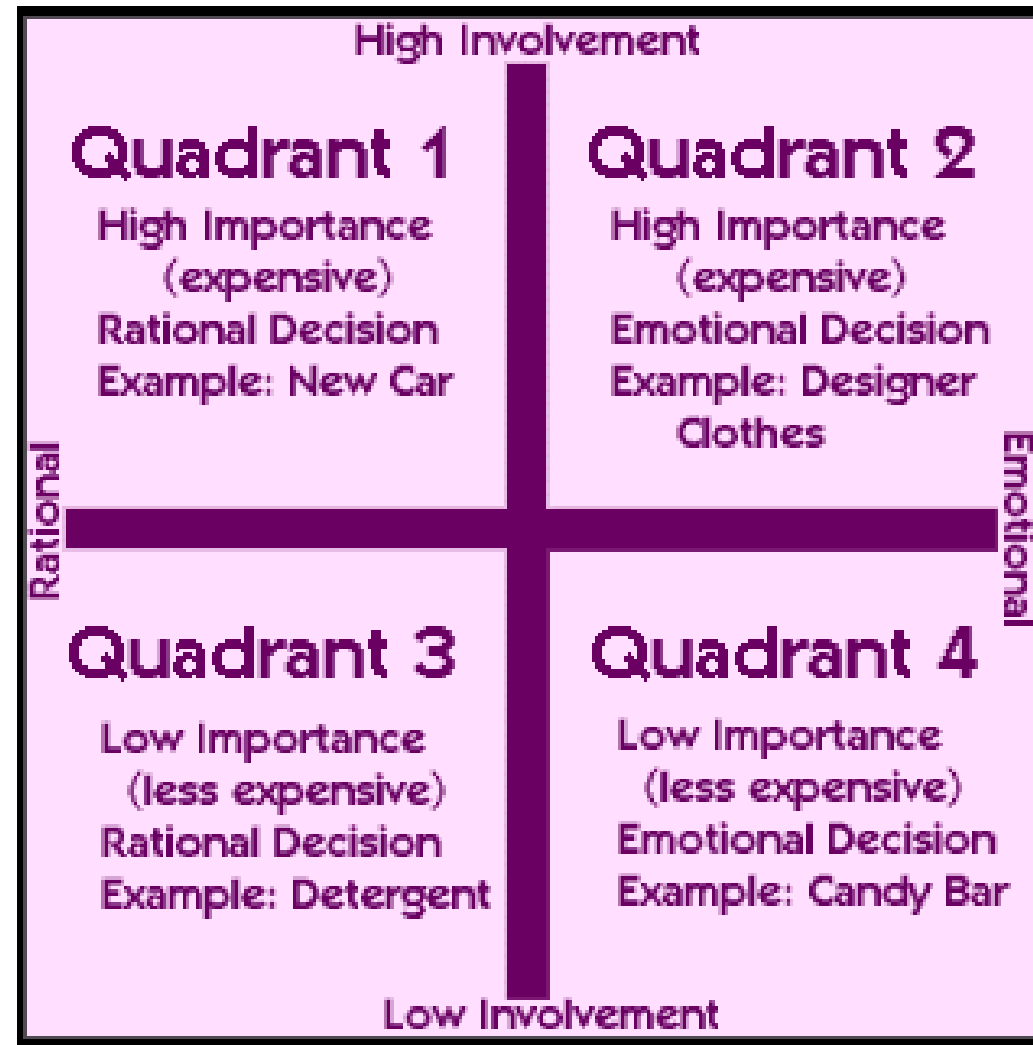
### DESIRE

Desire to possess the product (affective stage)

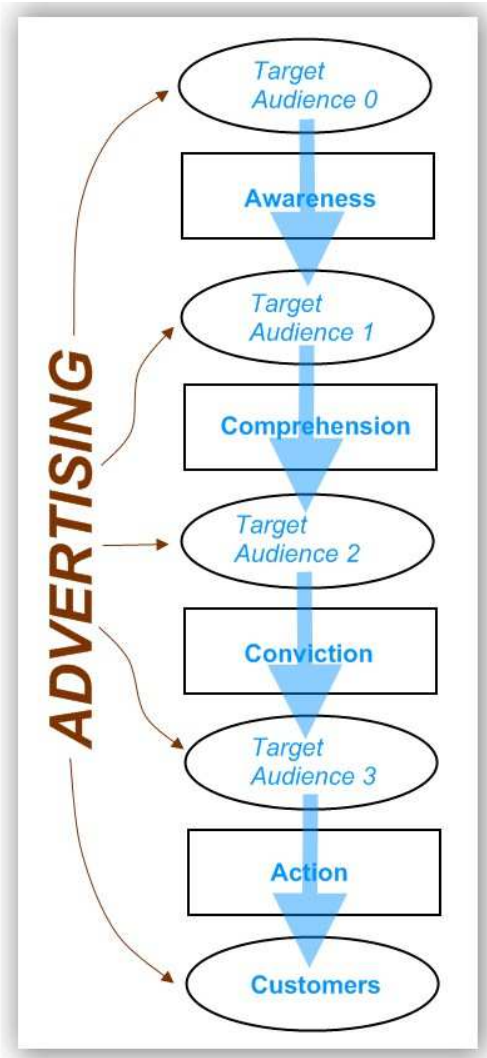
### ACTION

Purchase of the product (conative stage)

## Foote, Cone-Belding grid (Vaughn, 1980)



# DAGMAR (Dutka, 1995)



- Defining **A**dvertising **G**oals for **M**easured **A**dvertising **R**esults
- Highlights a basic distinction in evaluative versus non-evaluative consumer responses to advertising
- Compatible with two essential functions, such as informing and persuading.



---

## Problems of hierarchy-of-effects models

- No convincing evidence that advertising affects consumer in the sequence suggested by the models.
- Only concerned with the effects of advertising as discrete media messages (in reality various other marketing factors come into play)
- Represent a simplistic view of human behavior and response processes without any regard at underlying processes and moderating conditions.
- Models are inflexible assuming that all ads have the same specific effects.

---

# Cognitive response approach

- Cognitive response model spearheaded new attention to information processing issues.
- Shares with hierarchy-of-effects model that learning takes place.
- However emphasized mediating role of cognitive responses when being exposed to persuasive message.
- No longer passive recipient of ad, but tries actively to make sense of it.
- Cognitive responding may lead to persuasion, active resistance or a neutral position.
- Major shortcoming, does not account for the processes that occur when ability or motivation is low.

---

# Dual process approaches

- Information processing, judgment and decision-making must be viewed as a continuum.
- At the one end, information processing is characterized by controlled, explicit, conscious, deliberate, analytical, effortful, reflective, rule-based, bottom-up processing and judgment.
- Other and, information processing involves automatic, fast, implicit, impulsive, immediate, experiential, non-conscious, effortless, associative, top down processing and judgment. In this mode, prior knowledge, simple decision rules (heuristics), stereotypes are referred to.

---

# Literature

## Books

- Aronson, E., Wilson, T. & Akert, R. (2010). *Social Psychology*, 7th edition. New York: Pearson.
- Cialdini, R. (2006). *The psychology of persuasion*. Harper Paperbacks.
- **Fennis, M. & Stroebe, W. (2010). *The Psychology of Advertising*. New York: Psychology Press.**
- Kirchler, E. (2011). *Wirtschaftspsychologie*. Göttingen: Hogrefe.

## Literature

- Allison, R.I & Uhl, K. P. (1964). Influence of beer brand identification on taste perception. *Journal of Marketing Research*, 1 , 36-39.
- Becker, J. (1998). Marketing-Konzeption, Grundlagen des Strategischen und Operativen Marketing-Managements, 6. Aufl., München:
- Cline, T.W., Kellaris, J.J. & Machleit, K.A. (2011). Consumer's needs for levity in advertising communications. *Journal of Marketing Communications*, 17 (1), 17-35.
- Felser, G. (2007). Werbe- und Konsumentenpsychologie. Heidelberg: Springer.

---

# Literature

- Foxall, G.R., Goldsmith, R.E. & Brown, S. (1998). *Consumer Psychology for Marketing*. London: Thomson.
- Haugtvedt, C.P. & Wegener, D.T. (1994). Message order effects in persuasion: An attitude strength perspective. *Journal of Consumer Research*, 21, 205-218.
- Kotler, P. & Armstrong, G. (1996). *Principles of Marketing* (7. edition). New Jersey: Prentice Hall.
- Mattenklott, A. (2007). *Emotionale Werbung*. In K. Moser (Hrsg.) *Wirtschaftspsychologie* (S. 86-106). Heidelberg: Springer.
- McDonald, C. & Scott, J. (2007). A brief history of advertising. In G.J. Tellis & T. Ambler (Eds.), *The Sage Handbook of Advertising* (pp. 17-35). Thousand Oaks, CA: Sage.

---

# Literature

- Moser, K. (2007). *Werbewirkungsmodelle*. In K. Moser (Hrsg.) *Wirtschaftspsychologie* (S. 12-29). Heidelberg: Springer Medizin Verlag.
- Solomon, M., Marshall, G. W. & Stuart, E. W. (2006). Advertising and Public Relations. In M. Solomon, G. W. Marshall & E. W. Stuart. *Marketing: Real people, real choices*. (p.393-426). Upper Saddle River: Pearson.
- Verwijmeren, T., Karremans, J.C., Stroebe, W. & Wigboldus, D.H.J. (2011). The workings and limits of subliminal advertising: The role of habits. *Journal of Consumer Psychology*, 206-213.
- White, P. & Harkins, S.G. (1994). Race of source effects in the elaboration likelihood model. *Journal of Personality and Social Psychology*, 67, 790-807.