

Stockholm School of Economics, Department of Marketing and Strategy  
2350 Master Thesis in Marketing | Spring 2015

*Authors:* Berglund, Flora 50089@student.hhs.se | Ludvigsson, Julia 50150@student.hhs.se

# Design versus Advertising

A quantitative study comparing the signal effects in marketing

**Keywords:** Signal effects, Marketing strategy, Design, Advertising, High-involvement, Low-involvement, Third Person Effects, Brand Management.

## Abstract

This thesis investigates the signal effects generated from the two marketing approaches design and advertising. Signal effects, advertising and design are all concepts that contain previous research and testing. However the concepts defined and combined in the way as in this thesis is up until now untested. By combining theory from these research areas and conducting a quantitative study, the authors show that brands using a design approach generate more positive signal effects than brands using an advertising approach. Main variables measured are attitudes, quality, ability and purchase intentions. The thesis also show that the variable Attitudes will be moderated by the level of involvement and that Third Person Effects can mediate the result.

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## Thank you to

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# 1.0 INTRODUCTION

*“Our products are so good that they sell themselves, we don't need traditional marketing”* - Mikael Schiller, CEO Acne Studios

*“The products should be brand driven and not market driven”* - Johan Hesslefors, Brand Union

## 1.1 BACKGROUND OF THE STUDY

### 1.1.1 Marketing

Firms annually spend hundreds of billions of dollars to implement their marketing strategies (Ataman et al 2010) and for good reason too, there are a lot of positive effects from marketing efforts. Marketing initiatives increase brand image, cause greater awareness, differentiates the products, and builds brand equity (Aaker 1991; Keller 1993). The repeated exposure and brand visibility leads to brand recognition (Jeong et al 2012) and signals qualities like leadership, success, quality, excitement and energy, all parameters building a strong brand identity (Joachimsthaler and Aaker 1997).

However increased marketing is a double-edged sword, it brings new opportunities and can help companies build their brands (Aaker 1991; Keller 1993), but it also puts more pressure on marketers to deliver and prove return on the investments. It's the simple fact that with more money comes more pressure to prove results. Unfortunately marketers today are often stressed into increasing marketing budgets, and they overinvest to avoid being left behind (Romaniuk 2012). Due to this, companies regularly find it hard to prove the effects of their increased marketing initiatives (Taylor et al 2013), they seem to use non effective marketing strategies where the input does not create enough output (Romaniuk et al 2013).



### **1.1.2 The new media landscape**

Today's media landscape creates a lot of new opportunities for companies, however the adoption of the new media channels and techniques has expanded at a faster rate than the marketers knowledge of how to leverage them (Romaniuk et al 2013). Marketers have a harder time operating in today's more complex media and marketing environment. Due to technology the number of media communications sources and outlets, as well as the number of consumer touch points are constantly increasing (Gobé 2011; Bardhi et al 2009). The new media channels and the effectiveness of the first wave of social media platforms are still challenging marketers, meanwhile the second wave are already upon us (Romaniuk 2012).

### **1.1.3 Advertising clutter**

Increased advertising competition has led to clutter, diminishing advertising effectiveness, by reducing attention and processing (Nan and Faber 2004; Webb and Ray 1979), by increasing avoidance, and by impairing recognition (Hammer et al 2009), making it harder for brands to attract and hold consumers attention (Pieters et al 2002).

Advertising clutter across media is at an all-time high (White and Dawson 2007) and as the number of advertising messages increase, so do consumers ad avoiding behaviour (Elliott and Speck 1998). Highly practiced skills, such as sequential or simultaneous multitasking across sources of media, are developing as strategies to deal or cope with the vast amounts of media communications sources and outlets (Sinan et al 2007). When exposed to ads which are of no interest to them, consumers skip pages, change channels, or direct their attention elsewhere (Pilotta and Schultz 2005), reducing the effectiveness of the ad (Ha and Litman 1997).

### **1.1.4 The consumer**

Not only is it becoming harder to break through the clutter to reach the consumers, today's consumers sometimes also hold negative attitudes towards marketing (Heath and Heath 2008). They have become more critical and put their guards up when encountering marketing from sources that seem partisan, making the marketing less effective (Hoch 2002).

Further, consumers are no longer passive media spectators; they are active media seekers

choosing what forms of media they prefer, when, and how often (Pilotta and Schultz 2005). They have developed abilities to filter the marketing noise and actively decide for themselves what and what not to take part of (Bardhi et al 2009; Pilotta and Schultz 2005), as well as becoming more skilled in navigating between multiple media content, only giving their partial attention to the ads they choose (Bardhi et al 2009).

### **1.1.5 Signal effects**

Signal effects from companies and their brands act as an indicator of quality and help consumers make informed and proper choices (Boulding and Kirmani 1993). All marketing variables send signals about the brand to the consumer and helps in their evaluation process (Kirmani and Rao 2000).

It's important in this new competitive and intense marketing climate for companies to, with their marketing strategy, send out the right signal effects so that the consumers perceives the brand the way they were meant to be perceived.

Marketing expense is one way to signal good products to the consumer, the higher marketing expense the more the consumer perceive the company as believing in their products (Ambler and Hollier 2004). However this phenomenon has an inverted u-shape, too much marketing makes the company seem desperate and has a wear out effect (Kirmani and Wright 1989).

So in a media landscape where it's becoming harder to handle all of the marketing outlets (Romaniuk et al 2013), where it's a battle to break through the clutter (White and Dawson 2007), and where the consumer is becoming more sceptical towards advertising (Heath and Heath 2008) as well as developing skills to avoid it (Bardhi et al 2009; Pilotta and Schultz 2005), is advertising really the most effective marketing strategy?

### 1.1.6 Design

The authors believe that a design approach can help companies build more efficient signal effects leveraging and justifying the marketing expenses better. Product design is an opportunity for differential advantage in the marketplace (Hammer 1995; Kotler and Rath 1984; Lobach 1976; Lorenz 1986; Pilditch 1976; Veryzer 1995). Design has been proven to draw consumers' attention, as well as be a good basis for the consumers' formation of product beliefs (Creusen and Schoormans 1998), such as quality impressions. Further product appearance can provide value in itself; many people like to buy a product that looks aesthetically pleasing (Creusen and Schoormans 2005).

This study will examine and compare the signal effects from an advertising approach versus a design approach. The authors hope to prove which one of the two approaches yields the most effective signal effects, and thereby which is the most effective marketing strategy.

## 1.2 THE PURPOSE OF THE STUDY

The main purpose of the study is to explore which approach of design and advertising that is the most effective marketing strategy for brands. More specifically this thesis will investigate whether focusing your budget on advertising activities respectively on design activities will make a difference on consumers' evaluations and action intentions towards brands. The sub purpose is to clarify and explain different signal effects derived from marketing activities and how they impact the brand as well as influence the consumer, illuminating what marketing strategy is more advantageous.

Therefore the main research question of this study is:

- **Do brands with a design approach gain more positive signal effects compared to brands with an advertising approach?**

And the sub research questions of this study are:

- **Does the level of involvement moderate the anticipated effects?**
- **Do Third Person Effects have a mediating effect on the results?**

## 1.3 EXPECTED CONTRIBUTION

There is a great lack of research and academic studies comparing advertising and design from a marketing perspective. Research comparing an advertising approach versus a design approach defined and executed as in this study is today non-existent. There is research proving the positive and negative effects from advertising as well as for design activities. However research and literature are in lack of confirmation up to now, on how one of these approaches might master the other.

Through theoretical and empirical research the thesis aims to contribute to the existing literature on marketing strategies as well as illuminate the signal effects retrieved from advertising and design. By reading this thesis, marketing practitioners, package designers, retailers and brand owners will get a deeper understanding regarding what marketing strategy to use, filling the knowledge gap both from an academic and from a managerial perspective.

The practical contribution, the authors hope will help company's marketing strategies as well as being a practical input and support for advertising and brand bureaus. The results are important in arguments on how brands should divide and focus their marketing budgets between advertising and design, making the budgets more effective.

The theoretical contribution, aims to develop existing research on the subject. The authors hope to contribute to a more relevant conceptual model on the topic marketing and brand management.

The findings in the form of expected practical contribution as well as the expected theoretical contribution are of value both to the field of marketing as well as to further research within the field.

## 1.4 DELIMITATIONS AND PREREQUISITES

Due to restrictions in time and in scope there are several delimitations worth mentioning. All of these delimitations have important implications for the interpretations of the results and for the outcome of the thesis.

There are some limitation in terms of the stimulus investigated, this study solely studied the effect of the variables; purchase intentions, willingness to pay, price perception, brand attitude, quality perceptions, ability perception, desperation, trust, and creativity, and third person effects, as well as the level of involvement. These variables have been used in a lot of previous research and are, by the authors, condemned as highly relevant for the purpose.

This study will only focus on testing situational involvement (involvement in a purchase situation) since the enduring involvement (involvement going beyond the purchase situation) in a fictional study is impossible to manipulate (Bloch and Richins 1986).

The signal effects from the two approaches will only be analysed in three industries, the fashion industry, the spirits industry and the crisp industry. Using three different industries will make the study more general and less industry specific. Further all three industries are big industries that represent great consumer groups, making it relevant for a lot of companies.

The study is focused on a business to consumer market and thus generalization to other categories like business-to-business or consumer-to-consumer markets, are considered to be far fetched.

The surveys were designed featuring fictional brands to eliminate prior learning and experiences that could influence the result and would make it harder to generalize. It is possible that well known brands may have a different impact on consumers, why the results are delimited to concern unknown, or fictive brands.

To avoid biases and to facilitate comparison all three brands were given as similar scenarios and backgrounds as possible in the surveys. Only a short background was given so that the

respondent would not lose focus. Since only the respondent attained this short and fictive “experience” of the brand, it cannot be claimed to be a completely authentic setting, normally the relationship with the brand would be more extensive.

## 1.5 DEFINITIONS AND CLARIFICATIONS

Following concepts will be central and used through the study, and to prevent the reader from misunderstandings they will now be explained.

### **Advertising approach**

A commonly held definition is that advertising refers to a paid message, from an identified sponsor, in mass media, with the goal of trying to persuade (Belch and Belch 2011). If any of these features are missing, the marketing communication should not be labelled advertising (Jin and Lutz 2013) and so this study holds the same definition.

In this study the authors define the advertising approach as a brand that invest a substantial part of its marketing budget in advertising activities rather than in design activities.

### **Design approach**

The focus on design in this study is the physical execution of a products packaging, and other product related visuals that constitutes the brands visual identity; brand logos, colours, typeface, symbols and pictorial language.

In this study the authors define the design approach as a brand that invest a substantial part of its marketing budget in design activities rather than in advertising activities.

**Signal theory:** signal effects from companies and their brands act as an indicator of quality and help consumers make informed and proper choices (Boulding and Kirmani 1993).

**Signal effects:** all marketing variables that sends signals about the brand to the consumer and helps in their evaluation process (Kirmani and Rao 2000).

**Third person effects (TPE):** refers to a consumer's tendency to believe that other consumers much easier fall victims for communication effects than themselves. It's the discrepancy between perceptions of the communication effects where they tend overestimate the communication effects on others and underestimate the effect it has on themselves (Eisend 2008).

**High-involvement purchase:** Purchases associated with high psychological, social, financial, and physical risk (Sarathy and Patro 2013).

**Low-involvement purchase:** Purchases associated with low psychological, social, financial, and physical risk (Sarathy and Patro 2013).

**Clutter:** the perceived excess of advertising messages within a medium. It comprises all ads that consumers do not want to be exposed to (Speck and Elliott 1997a).

## 1.6 THESIS OUTLINE

This thesis is divided into 7 main chapters – introduction, theory and hypotheses generation, methodology, results and analysis, summary of results, discussion, and finally implications. Chapter 1, *Introduction*, includes an introduction to the research area, consisting of a background, the purpose of the study, expected contributions, delimitations, and definitions. Chapter 2, *Theory and Hypothesis Generation*, comprises the theoretical foundation of the thesis and the supporting evidence behind the hypothesis. Chapter 3, *Methodology*, starts of with a description of the scientific approach and research design used to conduct the study, including a discussion of data quality in terms of the reliability and validity of the study. Here the authors will also describe the pre-study, as well as give a more detailed explanation of the main study and the variables tested. Chapter 4, *Result and Analysis*, presents the proposed hypothesis of the study and weather they are supported or rejected. Chapter 5, *Summary of Results*, summarizes all

of the results to facilitate for the reader. Chapter 6, *Discussion*, will analyse the results in the context of presented literature presented in chapter 2. Lastly chapter 7, *Implications*, will discuss potential implications and critique of the study as well as mention possible future research related to the subject.



## 2.0 THEORY AND HYPOTHESIS GENERATION

*This chapter presents the theoretical foundation as well as the supporting evidence behind the thesis. The chapter is divided into seven parts and six hypotheses are presented.*

### 2.1 SIGNALING EFFECTS

Quality is hard for consumers to perceive with just a glance when evaluating brands (Gerstner 1985). However signal effects from companies and their brands act as an indicator of quality and help consumers make informed and proper choices (Boulding and Kirmani 1993). All marketing variables send signals about the brand to the consumer and helps in their evaluation process (Kirmani and Rao 2000).

It's important in today's competitive and intense marketing climate for companies to, with their strategy send out the right signal effects for the consumers to perceive the brand the way the brand wants to be perceived. Further due to increased scepticism towards advertisements (Heath and Heath 2008), increased clutter (White and Dawson 2007) and decreased time for the consumer (Alba and Hutchinson 1987), signal effects are becoming even more important, as they work as a fast way to evaluate brands and facilitates decisions.

Common for all of the chosen theories presented here is that they all concern the theme signal effects; how they influence the consumer, as well as how they effects the brand perception. Themes that will be discussed are signal effects in the form of advertising expense, design novelty, creativity, and third person effects, as well as how these influence consumers purchase intentions, willingness to pay, price perception, brand attitude, quality perceptions, ability perception, desperation, and trust as well as how the level of involvement might moderate the results, and how Third Person Effects might mediate.

## 2.2 ATTITUDES

### 2.2.1 Design versus Advertising

Product design has been shown to be important to consumers (Bloch 1995; Creusen and Schoormans 2005), and can in a number of ways influence consumers product preferences (Creusen and Schoormans 1998; Bloch 1995). The aesthetic value of a product is the pleasure the consumer experience by just seeing the product without consideration to its utility aspects (Holbrook 1980). This can provide value in itself; many consumers like to buy a product that looks aesthetically pleasing, they value “the look” of a product by seeing looking at something beautiful as a reward in itself. In situations when product alternatives are similar in price and functional aspects, consumers will prefer the one that appeals the most to them aesthetically (Creusen and Schoormans 2005).

Advertising on the other side has been shown to generate negative attitudes for most consumers. There is an increased scepticism towards advertisements (Heath and Heath 2008) and overexposure of brands can negatively affect advertising liking (Jeong et al 2012).

When consumers see what they perceive as marketing coming from a partisan source they immediately become critical and put their guards up, making the message less effective. However when it comes to product experiences where the consumer is not under the impression that he or she is being influenced from a partisan source the consumer will lower his or her guard and they will trust the experience a lot more than when it’s coming direct from the marketing source. This is because the consumer first of all can interpret the experience in whatever way pleases or fits him or her circumstances, but also because product experience is more seductive due to higher engagement from the consumer (Hoch 2002).

The authors believe that the design approach including materials, visuals, packaging etcetera will be something the consumer can experience and interpret in his or hers own way, making it more beneficial for the consumer, as well as perceived as less partisan and more trustful.

The advertising approach however is believed that the consumer will perceive as more of a pure marketing initiative, resulting in them putting their guards up more. The source is more obviously partisan, making the effect less effective since the consumer will be more critical, less trustful and have less positive attitudes towards it.

### **2.2.2 Third Person Effects**

Perceived value has been shown to be the principal driver of behaviours and thus purchase intentions (Zeithaml 1988). Scarce products makes consumers evaluate them as more valuable and thus increase purchase decisions (Eisend 2008). The reason for this is consumers' aspirations to feel unique and distinct (Snyder and Fromkin 1980).

Third-person effects refer to a consumer's tendency to believe that other consumers much easier fall victims for communication effects than themselves. It's the discrepancy between perceptions of the communication effects where they tend to overestimate the communication effects on others and underestimate the effect it has on themselves (Eisend 2008). But when the communication is seen as positive it leads to an enhanced value proposition, that in turn increases the consumers purchase intentions (Eisend 2008). For example a scarcity appeal make people perceive a higher persuasive effect on themselves since they see it as smart to be influenced by this valuable message (Cohen and Davis 1991; Gunther and Thorson 1992; Hoorens and Ruiter 1996).

The authors therefore think that consumers will perceive that the customers to the brands that uses the design approach just like they are smarter and better, and that the brands are of higher value, because the brands with a design approach will be less recognized by the average Swede. This in turn might lead to them formatting more positive attitudes to the brands using the design approach than the brands using the advertising approach, who makes the products more easily available for the average Swede.

Thus, the following hypothesis is stated:

*H1: Consumers have more positive attitudes towards the brands using a design approach than towards the brands using an advertising approach.*

## 2.3 QUALITY

Product design can help brands to draw the consumers' attention as well as be the basis for the consumers' formation of product beliefs (Creusen and Schoormans 1998). Time pressure and lack of motivation are typical of many consumer situations (Alba and Hutchinson 1987). Many purchases take place with no extensive evaluation of alternatives, even major ones (Olshavsky and Granbois 1979). According to the theory of bounded rationality people don't rationally evaluate products even if they have information, instead they often make decisions by choosing the first satisfactory alternative to emerge, (Merwe and Heerden 2009) resulting in more superficial processing of products (Creusen and Schoormans 1998). The design of a product determines the consumers' first impression of the product and can quickly communicate product advantage in the form of functional characteristics as well as give quality impression (Creusen and Schoormans 2005). The authors, therefore also believes that the design approach can be a way for consumers to quickly evaluate the quality of a product. It is believed that an advantageous design will lead to assumptions of higher quality.

### 2.3.1 Effort and desperation

The quality is also connected to the fact that a brand that is advertised extensively shows an advertising effort, which is giving away positive signals to people, both about its economic stability and the product's quality (Kirmani and Wright 1989). This is due to that the expense is seen as an indicator of the marketer's confidence in its own product quality, a general perceived correlation between advertising expense and quality but also because it says something about the firm's financial strength (Ambler and Hollier 2004). On the basis of this conceptual model, brands should generate more positive signal effects by advertising a lot. Although, some authors

have showed that this phenomenon has an inverted u-shape, excessive advertising will make the company seem desperate and could have a wear out effect on the brand (Kirmani 1989). According to Kirmani (1989), too much marketing can lead to negative associations, making the company seem desperate and like they are trying too hard. Kirmani (1989) also says that the desperation only appear when the advertising expenditure seems excessive or more than reasonably for the product benefits while the authors of this study believe that design expense will always generate a less desperate image.

### 2.3.2 Creativity

Definitions of creativity are many and often encounter consideration of newness, divergence, unexpectedness, originality as well as relevance (Haberland and Dacin 1992; Sternberg and Lubart 1993; Ang and Low 2000; El-Murad and West 2004; Smith and Yang 2004; MacKenzie et al 2007). Creativity often ensures success (Dahlén 2008), while advertising creativity is shown to have many positive effects for brands. Advertising creativity enhances brand interest and perceived quality (Dahlén et al 2008). Higher levels of creativity also increase revenues (Dahlén 2005; Friberg and Nilsson 2009). Further, it's a correlation between creative choices of media and positive consumer attitudes (Tesch and Zeng 2010). Creativity act as a signal that the company is smart, flexible and superior (Dahlén 2008).

In a study by Bonnevier and Boodh (2011) results show that non-advertising brands was perceived as much more creative than advertising brands.

Thus, the following hypothesis is stated:

*H2: Consumers experience a higher level of quality for brands that use a design approach than for brands using an advertising approach.*

## 2.4 ABILITY

According to Warren and Campbell (2014) a brand is considered to have a cool image when it is perceived as autonomous, something widespread mass-market brands have a hard time being perceived as. They also argue that it is hard to seem cool to a lot of people at the same time,

making cool brands only appealing to smaller groups of consumers (Warren and Campbell 2014). The authors therefore believe that brands who use the advertising strategy will communicate to more people and be more widespread, while the brands using the design strategy only will communicate to some interested consumers, and maybe in different ways to different consumers since they all will put focus on different design aspects, making the brands using design approach perceived as cooler and thus having a better ability as a brand.

Thus, the following hypothesis is stated:

*H3: Consumers will experience a higher level of perceived ability for brands that use a design approach than for brands using an advertising approach.*

## 2.5 PURCHASE INTENTIONS

### 2.5.1 Design increases sales

The importance of product design for product sale success is widely acknowledged. Since differences in technology between products are decreasing (Lobach 1976; Pilditch 1976; Veryzer 1995), and since marketing activities are increasing it is becoming increasingly important to use product design as an opportunity to differentiate a product in the marketplace (Kotler and Rath 1984). This is supported by a number of companies that successfully focus on product design as a competitive tool (Dumaine 1991; Nussbaum 1993; Smith 1994), as well as several studies indicating the influence of good product design on commercial success (Black and Baker 1987; Bruce and Whitehead 1988; Gemser and Leenders 2001; Roy 1994; Thackara 1997).

### 2.5.2 Design draws attention

Attention is defined as the allocation of information processing capacity to a stimulus, and is an important first step in getting a consumer to buy a product (Engel et al 1995). Product design can help draw the consumer attention to a product. When a product stands out visually from

competitive products, chances are higher that consumers will pay attention to the product in a purchase situation, as it “catches their eye” (Creusen and Schoormans 2005).

Further design novelty positively impacts sales performance (Talke et al 2009). The visual novelty for fast moving consumer goods determine whether a product alternative is included in the consumers attention set, from which the consideration set is formed (Garber 1995). Visual novelty draws attention (Bloch 1995; Lobach 1976). The consumer likes a product that gratifies all of the senses in a coherent way, but still incorporates some sort of surprise (Schifferstein and Zwartkruis-Pelgrim 2008). This is what a design approach often entail, the product designers works to create a consistent message to the consumer, while still every now and then surprise them by renewing the designs.

Due to the discussion above the authors believe that design can be used as a tool to gain consumers attention, and in turn increase the purchase intentions.

This leads to the formulation of the hypothesis:

*H4: Consumers have higher purchase intentions for products from brands that use a design approach than from brands using an advertising approach.*

## 2.6 LEVEL OF INVOLVEMENT

### 2.6.1 The industries as different levels of involvement

Everyday the consumer make dozens of decisions, some which may be of importance and for the rest it may be incorrect to assume an active information processor (Kassarjian 1978). Therefore theorists often discuss the involvement as either low involvement consumer behaviour or high involvement consumer behaviour (Engle and Blackwell 1982). Further the level of involvement varies by consumer, and not by product although some products typically require a low or high involvement for the general mass (Tanner and Raymond 2012). When the customer does not search for information or evaluate alternatives, these are most often, low involvement decisions. These products are often relatively inexpensive and pose a low risk to the buyer (if making the wrong choice by buying them). Tanner and Raymond (2012) suggest that a bag of crisps is of

this nature and therefore the authors of this study believe that this industry will have a lower level of involvement than the fashion and spirit industry, which are more expensive, and/or hold a higher level of risk as well as requires more thought to it. Further involvement is contextual and individual (Richins and Bloch 1986), hence the authors does not expect any discrepancy between the fashion and spirits industry in terms of involvement.

### **2.6.2 Involvement as a moderator**

A lower level of involvement is associated with purchases where the consumer spends less time and energy evaluating the alternatives (Richin and Boch 1986), there is therefore the possibility of low involvement industries to get a stronger signal effect than the high-involvement industries, due to the nature of it as being attention drawing (Creusen and Schoormans 2005) and through that facilitating for the consumer to choose the alternative sticking out. However it could also be the case that a high-involvement industry will generate stronger signal effects due to its nature of being scrutinized more, and the design aspects thus becomes even more important. Either way the authors of this study believe that the level of involvement I will moderate the results.

Thus, the following hypothesis is stated:

*H5: The level of involvement will have a moderating effect.*

## **2.7 THIRD PERSON EFFECTS**

As discussed above the authors think that consumers will format more positive attitudes towards the design-approached brands due to third person effects. The authors also believe that Third Person Effects could have a mediating effect between the relationships of the two marketing approaches; design and advertising, as well as the main research variables (attitudes, quality, ability, purchase intentions).

Thus, the following hypothesis is stated:

*H6: Third Person Effects will have a mediating effect.*



## 3.0 METHODOLOGY

*This chapter starts of with a description of the scientific approach and research design used to conduct the study. It includes a discussion of data quality in terms of the reliability and validity of the study. This chapter will also describe the pre-study, as well as give a more detailed explanation of the main study and the variables tested.*

### 3.1 CHOICE OF SUBJECT

To gain a deeper insight into various ways to research and define marketing strategies an extensive literature review was made by reading books and articles. Start-up discussions concerning the choice of topic were then held with PhD-Student John Karsberg at Stockholm School of Economics, and the problem area and the purpose of the thesis were then decided.

A lot of previous research often divide marketing strategies into traditional and less traditional marketing, and then compare the effects generated from the two. The authors of this study felt that dividing it like previous research has done in this way is no longer relevant in today's fragmented media landscape, where what are old and new changes faster than most marketers can keep up.

Their first thought was therefore to continue the work of some other researchers comparing companies using a non-marketing strategy against companies using a marketing strategy. However after some discussion the realization appeared that there is no brand that uses a pure “non-marketing strategy”, they just uses more or less acknowledged marketing strategies. The authors then decided to divide into comparing two different marketing focuses, approaches even if you may; an advertising approach versus a design approach.

After considering different types of industries it was decided to use the fashion industry and the spirits industry, this since they both have a history of focusing more or less on one of the two approaches. The fashion industry is often reliant on heavy advertising while the spirits industry,

at the Swedish market, due to laws and restrictions have been forced to put their marketing budgets into other communication like packaging design.

In a more detailed description, the choice of the spirits industry came naturally since the authors expected to get a result that was standing out from other industries both due to the moral reason to not advertise alcohol in a traditional matter and that advertising is proven to at least moderately correlate with consumption (Garfield et al 2003). Spirit companies have therefore the history and experience of finding other ways to market their products and brands. Although the rules and regulations of marketing has eased up and that could be one of the reasons of the increase in advertising by the spirit industry. In 2000, 1.42 billion of dollars was spent on advertising through different channels. That's a 17% increase from the year before. The beer industry is the leader, followed by distilled liquor and then wine (Garfield et al 2003). Internal advertising and marketing documents from alcohol companies show that the use of new media to market their beverages is a growing trend. Smirnoff and other similar alcohol companies put significant sources into the development of digital marketing strategies. (Anderson et al 2009). Due to the history and these changes, the spirit industry was an obvious choice to investigate in this study.

There was a discussion about conducting the study both on the Swedish and the American market, but after talking to their mentor John Karsberg the authors decided to focus on the Swedish market solely. This is to not make the study too wide and complicated, but to gaining more of a focus. It was believed that the result would still be applicable on most market due to the globalisation of markets today, although diverse rules and regulations might have an effect that would segregate the results from one another.

Lastly a third dimension was added, after discussing the choices of industries with the professor John Karsberg a second time it was concluded that another, less high involvement category was added, the crisp industry. While the history of crisps is expected to have more of an advertising approach, smaller artisan brands are fighting their way into the shelves and to be able to compare whether these kind of FMCG goods gain more or less from choosing the right approach

compared to the other high(er) involvement industries crisp was chosen as the third dimension to compare in this study.

Conclusively the study was limited to comparing the different signal affects obtained from the two marketing approaches design and advertising, on both low and high involvement categories i.e. the industries spirits, fashion and crisps.

## 3.2 CHOICE OF APPROACH

A hypothesis-testing approach where both knowledge and theories have been used has been the primary focus of the thesis (Olson and Sörensen 2007).

Further the thesis uses a deductive reasoning (where you answer to previously formulated hypothesis and test them in an experiment) where a survey was carried out to answer the two different marketing scenarios in the three different industries, and what signal effects they generated. This method was chosen since an inductive method (where empiric data forms the base for the analysis and with the analysis and conclusion is drawn from) would be difficult to do, as it exists limited empirical data in this relatively new subject, and since a new area of research wanted to be tested (Malhotra and Birks 2007). The hypothesis were defined by the authors, tested and analysed with help of existing theory and empirical data in order to draw conclusions (Alvesson and Sköldberg 2008).

Further a quantitative approach (research strategy that emphasizes quantification in the collection and analysis of data) on a large and random sample was used in order to generalize the results across industries and markets, thereby enabling an external validation of the study (Bryman and Bell 2007).

### 3.3 PRE STUDY AND TESTING OF MANIPULATIONS

To ensure the quality of the main study a pre-study was carried out. Using the online survey software Qualtrics, a questionnaire consisting of multi-item questions were created and 124 responses, a minimum of 20 per group was collected. Only structured questions were used in line with the recommendations from Malhotra (2004), and the questions were on a Likert scale ranging from 1 to 7 with numerically equal distances and with bipolar labels consisting of “*strongly disagree*” and “*strongly agree*” (Malhotra, 2004).

The pre-study was to make sure that the manipulations were “good enough” to be used in the experiment, that the respondents perceived the two approaches the way as it was designed to be perceived. It tested if the design approach manipulations were perceived as a brand using a design approach, and that the advertising approach manipulation was perceived as a brand using an advertising approach. Based on the outcome, it could be concluded that the respondents perceived the manipulations, the way that was hoped for by the authors. All of the advertising scenarios had higher values regarding the variables measuring advertising effort (advertising care, advertising expense and advertising money), and all of the design scenarios had higher values for the variables measuring design effort (design care, design expense, and design money). This confirms that the written advertising manipulations were perceived as brands using more of an advertising approach, as well as the design manipulations were perceived as brands using more of a design approach. The scenarios were thus good enough to be used in the main study (Attachment 1).

Further the pre-test wanted to make sure that the right stimuli and the proper research variables were selected to be included in the main study.

The results showed that the questionnaire design in the form of questions is acceptable to use for the main study since all of the mean values pointed in the direction that was hypothesized. All of the design manipulations had higher perceived price and quality perceptions as well as perceived as being more successful than the three advertising manipulations (Attachment 1).

A third objective of the pre-study was to control for the level of involvement in the chosen industries. The authors wanted to select both product categories with a high level of purchase motivation, and of low level of purchase motivation. The manipulations were designed in the hope that the crisp industry would work as an industry perceived to be of lower involvement than the spirits and fashion industry. The results clearly supported this argument by showing a respondent perception leaning towards that direction, resulting in crisp being an approved low-involvement category (Attachment 1).

To generalize the results even more between the two approaches the 6 groups were also divided into two big groups consisting of one group with all advertising manipulations, and one group with all of the design manipulations, in other words one design group and one advertising group. The results for these two groups showed the same indications as when all of the groups were analysed separately, supporting the pre-study further (Attachment 2).

Further the pre-study also consisted of a control question *“Is the brand using advertising as part of their marketing strategy”*. Here the results showed that most respondents had understood and read the whole survey. 34,9% answered that the design groups used advertising as their primary marketing strategy, and 95,2% answered that the advertising group used advertising as their primary marketing strategy. This shows that the marketing scenarios including the advertising approach were understood by almost all respondents. The design scenarios were understood by a majority, however not by as many as the advertising were, something the authors believe is due to advertising being a more known and established marketing strategy, or that some respondents perceive advertising and marketing as synonyms. The results are still believed to show valid comprehensive scenarios appropriate for the main study.

Lastly to make sure that the questions regarding advertising and the questions regarding design are suitable to use as a design index and as an advertising index, a reliability analysis tested for internal consistency by performing a Cronbach’s Alpha test. The result showed an alpha of 0,944 for the design index and 0,927 for the advertising index, indicating a high internal consistency (Table 3).

## 3.4 PILOT STUDY

To decrease potential misinterpretations and to increase the quality of the questionnaire, a pilot study testing the survey was executed before the main experiment. The pilot questionnaire was distributed to 14 people, men and women in various ages and occupations. From the feedback the authors adjusted errors and improved the comprehension of the survey.

## 3.5 MAIN STUDY

### 3.5.1 Experiment design

The experiment design was configured using six different manipulations, testing the two approaches; design and advertising in three industries; fashion, spirits and crisps. The six manipulations all had similar stories, independent of stimuli, only differing in marketing approach (design or advertising) and product industry (fashion, spirit or crisps). Before the respondents were exposed with a description of the scenario they were given instructions and information about the survey as well as being encouraged to read the scenario in detail. Each survey started with a short description of a brand and respective scenario that the respondent had to read (Attachment 4). The brands were all fictitious, ruling out possible former attitudes and associations to the brands that could distort the results. The respondents then had to answer to questions regarding what they had read and their perceived perceptions towards the fictitious brand.

This created a manipulation comprising six different groups divided as follows:

#### **Advertising groups:**

- Fashion Advertising approach
- Spirits Advertising approach
- Crisps Advertising approach

#### **Design groups:**

- Fashion Design approach
- Spirits Design approach
- Crisps: Design approach

A control group, not exposed to one of the manipulated variables (Bryman and Bell 2007), was decided not necessary since the aim of this study was to show the relative effects between groups, one using a design approach and one using an advertising approach, and not to measure the absolute effects of advertising as has been shown in other studies.

Different product categories were used to eliminate possible context effects connected to respective industry. However the main reason for including the crisp industry as well was to involve a product category in the study that is perceived to be of lower involvement. The authors wanted to test if the level of involvement has a moderating effect on the results.

### **3.5.2 Sample selection and Data collection**

Both primary and secondary data has been used in this study. The secondary data has been derived from former studies, articles and other academic literature relevant for this subject and is considered to be of high credibility. Since there is no former research in this specific area, it was impossible to rely solely on secondary data, and the primary data therefore comprises of this particular study.

The data collection was entirely conducted online with the use of Qualtrics Survey Software and distributed through e-mail after using a form that arrange items of a list in random order. The randomness comes from atmospheric noise, which for many purposes is better than the pseudo-random number algorithms typically used in computer programs. Different forums with both geographically differences and age differences were sought in order to get a more spread sample. The respondents were randomly assigned one of the manipulations, and none of the surveys were tested on the same respondent twice. To obtain generalizable results the statistical rule of thumb states that it is necessary to collect a sample size of a minimum 30 respondents in each group. This resulted in 475 responses, of which 181 were valid, and used, for final analysis.

### **3.5.3 Questionnaire design**

The survey was structured in a way to facilitate for the tests the authors wanted to do.

Each of the six surveys had identical questions to make it possible to generalize the results. Further the questionnaire consisted of mostly structured questions, which were the only ones analysed at a later stage, to get less variation in the responses, and since those according to Malhotra (2004) are most appropriate for online surveys. The questions were measured with a semantic differential scale ranging from 1 to 7 (Lange et al 2003) with numerically equal distances and with bipolar labels; “*strongly agree*” vs. “*strongly disagree*” (Malhotra 2004). As recommended by Söderlund (2005) the response “*strongly disagree*” was placed to the left in the scale and was represented by number (1), and “*strongly agree*” was placed to the right and was represented by number (7) in the interval scale. The design made it possible for the respondents to apply a neutral response to all of the questions, and the interval scale made it possible to carry out regressions were the authors could investigate what variables drives what.

To achieve a high internal consistency and thereby increase the reliability, a multiple question method was used where multiple questions were used for every hypothesis. A reliability test was performed to verify internal consistency and indexes were created for the questions receiving a Cronbach's Alpha of 0.7 or higher.

The questions were spread out in the survey so that they would have as little impact on each other as possible. There was a limited set of questions so that the respondents wouldn't lose interest and the language used were made as simple as possible for the respondents understanding. The main questions considered being most relevant for the study was distributed in the beginning of the survey, while demographics were placed in the end due to a lower level involvement needed from respondents to answer these questions accurately.

The questions were divided into main variables, other variables, potentially moderating variables, control questions, and other questions. The choice of variables results from the theoretical discussion as seen in the method chapter.

The questions and the structure of the layout was modified and approved by PhD-Student John Karsberg at Stockholm School of Economics.



### 3.5.4 Main variables

To answer the thesis question - *Do brands with a design approach gain more advantageous signal effects compared to brands with an advertising approach?* - The questionnaire was designed to measure following variables:

**Perceived quality** was measured with a four-item semantic differential scale (1-7). Following questions were used: I perceive this brand as exclusive and luxurious, I perceive the quality of these products as better than their competitors, I perceive the quality as high, I perceive the quality of these products as outstanding (Dahlén et al 2008) The correlation between the four questions produced an Index with a Cronbach's Alpha of 0,919.

**Brand attitude** was measured with a three-item semantic differential scale (1-7). Following questions were used: My perception of the brand is positive, My perception of the brand is advantageous, My perception of the brand is good (Dahlén et al 2008). The correlation between the three questions produced an Index with a Cronbach's Alpha of 0,905.

**Purchase intentions** were measured with a three-item semantic differential scale (1-7). Following questions were used: I am interested in visiting one of the stores, I am interested in trying some of their products, I am interested in buying some of their products (Dahlén et al 2008) The correlation between the three questions produced an Index with a Cronbach's Alpha of 0,858.

**Perceived level of ability** was measured with a three-item semantic differential scale (1-7). Following questions were used: I perceive the brand as successful, I perceive the brand as leading in the fashion/spirits/crisp industry, I perceive the brand as better than their competitors (Dahlén et al 2008) The correlation between the three questions produced an Index with a Cronbach's Alpha of 0,88.

**Price perception** was measured with the question: I consider this brand to have a high price/low price (1-7) (Karsberg 2015).

**Willingness to pay** was measured with the question: For this brand I am willing to pay a high price/low price (1-7) (Dahlén et al 2008).

### 3.5.5 Other Variables

**Perceived desperation** was measured with a three-item semantic differential scale (1-7). Following questions were used: I perceive the company as desperate, I believe the company is in need of more clients, I believe the company is not as successful as it wishes to be (Gadd and Bragg 2011). The correlation between the three questions produced an Index with a Cronbach's Alpha of 0,838.

**Perceived trust** was measured with a three-item semantic differential scale (1-7). Following questions were used: This brand always meets my expectations, I can always trust this brand to be good, This brand is reliable (Garbarino and Johnson 1999). The correlation between the three questions produced an Index with a Cronbach's Alpha of 0,896.

**Creativity** was measured with the question: I perceive this brand as creative (1-7) (Dahlén et al 2008).

### 3.5.6 Potentially moderating variables

**Level of involvement** was measured with a five-item semantic differential scale (1-7). Following questions were used: I would be interested in reading information about how the product is made, I would be interested in reading the consumer reports article about this product, I have compared product characteristics among brands, I think there is a great deal of difference among brands, I have a most-preferred brand of this product (Zaichkowsky 1985). The correlation between the five questions produced an Index with a Cronbach's Alpha of 0,754.

### 3.5.7 Potentially mediating variables

**Perceptions of the average Swede** was measured through third person effects and will in this study be called TPE1. It was measured with a two-item semantic differential scale (1-7). Following questions were used: The average Swede knows the brand, The average Swede uses the brand (Bonnevier and Boodh 2011). The correlation between the five questions produced an Index with a Cronbach's Alpha of 0,821.

**Perceptions of the average Swede** was measured through third person effects and will in this study be called TPE2. It was measured with a seven-item semantic differential scale (1-7). Following questions were used: I perceive the average client of the brand to be confident, I perceive the average client of the brand to be informed, I perceive the average client of the brand to be reflecting, I perceive the average client of the brand to be intelligent, I perceive the average client of the brand to be successful, I perceive the average client of the brand to be has connections to my social network (Bonnevier and Boodh 2011). The correlation between the five questions produced an Index with a Cronbach's Alpha of 0,92.

### **3.5.8 Manipulation check**

A manipulation check of the data was used to make sure that the respondents had read the introduction text carefully as well to make sure that they had perceived the marketing approaches in the right way; the design manipulations as brands using design approaches and the advertising manipulations as brands using advertising approaches. The question "*The company's primary communication strategy is based on*" was asked and the alternatives given were: *Traditional advertising, Product design, Internet advertising*, where traditional advertising should be the response for the advertising approach, product design for the design approach and the internet advertising only working as an extra option to provide a control alternative. The results are shown in the table below:

**Table 1. Manipulation check**

---

	<b>Traditional Advertising</b>	<b>Product Design</b>	<b>Internet Advertising</b>
Design (Crisp)	20,0%	76,7%	3,3%
Design (Fashion)	12,9%	83,9%	3,2%
Design (Alcohol)	10,0%	76,7%	13,3%
Advertising (Crisp)	76,7%	16,7%	6,7%
Advertising (Fashion)	76,7%	13,3%	10,0%
Advertising (Alcohol)	80,0%	13,3%	6,7%

	<b>Traditional Advertising</b>	<b>Product Design</b>	<b>Internet Advertising</b>
Design	14,3%	79,1%	6,6%
Advertising	77,8%	14,4%	7,8%

---

It was tested in the pre-test, but to control for the level of involvement between the industries, to make sure that it's possible to define the spirits and fashion industry as of higher involvement than the crisp industry, an analysis over the perceived level of involvement between the industries was carried out in the main test as well. This was done by conducting a One-Way ANOVA. The results showed that there are significant differences in involvement between the three industries. The crisp industry (mean = 4.02) is considered to be of lower involvement than the fashion industry (mean = 5.03) and the spirits industry (mean = 4.68). The results also supports that there are no significant differences between the industries fashion and spirits.

**Table 2. Means of industry involvement**

				Difference	Significance
High Inv. 2 (Fashion)	5.03	Low Inv. (Crisp)	4.02	1.01	0.000
High Inv. 1 (Spirits)	4.68	Low Inv. (Crisp)	4.02	0.66	0.003
High Inv. 2 (Fashion)	5.03	High Inv. 1 (Spirits)	4.68	0.35	0.200

Significance level = 5%

Scale 1-7

### 3.5.9 Other measurements

Other variables and measures than the one used in the main analysis was also made but are not presented in this thesis since the authors believe them not to be of the preliminary purpose of the study. However readers are welcome to ask for them since they might illuminate other interesting areas and provide further insight to the results.

Demographic questions were asked to get a picture of the population of the study and to be able to control for a more heterogeneous sample. The questions asked were: gender, age, and occupation.

All the variables above were chosen after careful discussion of what has been used in previous research, what is relevant for this study, and what's needed to get a result that's as reliable and multifaceted as possible.

## 3.6 STATISTICAL ANALYSIS

All of the collected data was analysed using the statistical computer program IBM SPSS Statistics. A significance level of 5% was used for all tests.

### 3.6.1 Preliminary tests

The six different groups was divided into two big groups; one design group consisting of the spirits, fashion and crisp brands using a design approach, and one advertising group consisting of the spirits, fashion and crisp brands using an advertising approach.

Most questions were multi-items questions that were grouped into indexes to answer to the stipulated hypothesis. To make sure that the correlation was high enough, the internal consistency of these multi-item measures was accepted if the Cronbach's Alpha exceeded 0.7. By indexing these items, stronger support for the results could be obtained, as the questions measuring the same variable did not have to be individually analysed.

**Table 3. Indexes**

Index	Cronbach Alpha	Index	Cronbach Alpha
Advertising Index	0.927	Quality	0.919
Design Index	0.944	Ability	0.880
TPE (1)	0.821	Desperation	0.838
TPE (2)	0.920	Trust	0.896
Purchase intentions	0.858	Subjective knowledge	0.895
Attitude	0.905	Involvement	0.754

Accepted Cronbach's Alpha: 0.7

### **3.6.2 Main tests**

After indexing an understanding of the differences between the groups advertising and design had to be obtained. The result was analysed by comparing the means between the two groups by conducting a One-Way ANOVA. The questions and indexes included in the ANOVA was attitudes, desperation, quality, ability, trust, creativity, TPE (1), TPE (2), purchase intentions, price perception, and willingness to pay. A second One-Way ANOVA was then conducted with the same indexes, but this time the means between all six groups were analysed.

A two-way ANOVA was then carried out to investigate whether the level of involvement acted as a moderating variable, increasing the effect of the signal affects: attitudes, quality, ability and purchase intentions. Here the three industries were divided into one high-involvement group, consisting of the fashion and the spirits industry, and one low-involvement group, consisting of the spirits industry.

A mediation analysis was then employed to understand the known relationship by exploring the underlying mechanism by which the research groups (design, advertising) influence the main variables (attitude, quality, ability, purchase intentions) through the mediator (TPE1, TPE2).

Lastly regression analyses were carried out on the main variables; attitudes, quality, and ability, to see if they correlated with the consumers purchase intentions, willingness to pay, and price perception. This was conducted in order to stipulate some form of conceptual model.

## **3.7 QUALITY OF RESEARCH**

According to Bryman and Bell (2007) validity and reliability are the two most important variables to consider to ensure proper data quality. These two concepts have therefore been taken into consideration throughout the entire study.

### **3.7.1 Reliability**

Reliability is in a quantitative approach like this one dependent on the experiment executed. The surveys' reliability is about the consistency of measure and refers to the extent the results are applicable in a second study, that the experiment was implemented in the right way so that the results are correct (Bryman and Bell 2007).

#### **Internal**

Internal reliability refers to whether or not the indications that make up an index are consistent (Bryman and Bell 2007). The authors assured internal reliability by only using secondary sources from well-cited journals, articles and books. Further extensive research was conducted with the intention to find previous tested questions measuring the same variables as in this thesis. The most appropriate questions for the purpose of this thesis were then chosen, securing internal reliability by solely using tested and well-established multi-item measurements. To increase the internal reliability further a reliability test was carried out on all indexes and only a Cronbach's alpha over 0.7 was accepted, indicating strong internal consistency and thus high reliability.

#### **External**

External reliability refers to the extent to which a study can be replicated (Bryman and Bell 2007). External reliability was obtained by slump generating the questionnaires to different respondents during different times for a period of 9 days (see; 3.5.2 Sample selection and Data collection).

### **3.7.2 Validity**

Validity measures how well the results correspond to reality (Söderlund 2005), and that the measurement instruments are actually measuring what was intended to be measured (Jacobsen 2011; Mikael Hernant 2013). The authors ensured a higher validity by conducting a pre-test, testing the quality of the variables and measures to ensure reliable answers.

#### **Internal**

Internal validity means that the study examines what was originally intended to be measured. That it analysed the right things in order to get the answer to the original question (Jacobsen 2011; Mikael Hernant 2013).



This was attained by only using fictive brands so as not to influence the respondents' perception of the brands or their actual marketing strategies. To strengthen internal validity further the authors only used pre-tested sets of questions. The choice not to reveal for the respondents what was intended to be measured in the study by giving respondents limited information, decreased the bias on the respondents and reduced the risk for potential distortion of the study's results. Lastly a systematic randomization was used when distributing the questionnaires, the respondents were also given identical information about the study and the examined products when conducting the survey.

### **External**

External validity is how well it's possible to generalize and transfer the results from the study to other areas (Jacobsen 2011; Mikael Hernant 2013).

Since the population of the study consisted of 475 randomly selected respondents, people from a broad demographical and geographical scope were represented, the experiment can be considered to have a high external validity. Further each manipulation had a minimum of 30 respondents and only a significance level of minimum 5% was supported. Overall the authors judge the external validity of the research as high.

## 4.0 TESTING OF HYPOTHESES

*This chapter presents the proposed hypothesis of the study and whether they are supported or rejected.*

### 4.1 THE POPULATION

From the analysed population 53,9% were women and 46,1% were men. The ages ranged from 20 years to 59 years with a majority between the ages of 23-29 years. 47,5% were full-time employees in various occupations, and 52,5% were students.

### 4.2 ATTITUDES

The results show that brands that use a design approach generates more positive attitudes (mean = 5.22) than brands using an advertising approach (mean = 4.23). The hypothesis is thus empirically supported.

The results also show that brands using a design approach (mean = 4.93) will be more trusted than brands using an advertising approach (mean = 4.14).

The results also support that brands will be perceived as having lower recognition among the average Swede, when using a design approach (mean = 4.21) compared to when using an advertising approach (mean = 4.79). A design approach also generates higher TPE2 (mean = 4.82) than brands using an advertising approach (mean = 4.08).

**Table 4. Mean of Attitude, Trust and Third Person Effects**

	Design	Advertising	Difference	Significance
Attitude	5.22	4.23	0.99	0.000
Trust	4.93	4.14	0.79	0.000
TPE (1)	4.21	4.79	-0.58	0.005
TPE (2)	4.82	4.08	0.74	0.000

Significance level = 5%

Scale 1-7

*H1: Consumers have more positive attitudes towards the brands using a design approach than towards the brands using an advertising approach. **SUPPORTED***

## 4.3 QUALITY

Consumers perceive the quality as higher for the brands with a design approach (mean = 4.69) than for the brands with an advertising approach (mean = 3.95). The hypothesis is thus empirically supported.

The results also show that brands using an advertising approach are perceived as more desperate (mean = 4.17) than brands using a design approach (mean = 3.21).

Lastly the results show that brands using a design approach are perceived as more creative (5.07) than brands using an advertising approach (3.58).

**Table 5. Mean of Quality, Desperation and Creativity**

	Design	Advertising	Difference	Significance
Quality	4.69	3.95	0.74	0.000
Desperation	3.21	4.17	-0.96	0.000
Creativity	5.07	3.58	1.49	0.000

Significance level = 5%

Scale 1-7

*H2: The consumers will perceive the brands using a design approach to have a better quality than the brands using an advertising approach. **SUPPORTED***

## 4.4 ABILITY

The results show a higher perceived ability for brands with a design approach (mean = 5.01) compared to brands with an advertising approach (mean = 4.29). The hypothesis is thus empirically supported.

**Table 6. Mean of Ability**

	Design	Advertising	Difference	Significance
Ability	5.01	4.29	0.72	0.000

Significance level = 5%

Scale 1-7

*H3: Consumers will experience a higher level of perceived ability for brands that use a design approach than for brands using an advertising approach. **SUPPORTED***

## 4.5 PURCHASE INTENTIONS

The results show higher purchase intentions for brands using a design approach (mean = 5.07) than for brands using an advertising approach (mean = 4.18). The hypothesis is thus empirically supported.

The results also show that brands using a design approach generate a higher price perception (mean = 5.15) as well as a higher willingness to pay (mean = 4.85) than brands using an advertising approach did, (mean = 4.33) respectively (mean = 4.03).

**Table 7. Mean of Purchase intentions, Price perception and Willingness to pay**

	Design	Advertising	Difference	Significance
Purchase intentions	5.07	4.18	0.89	0.000
Price perception	5.15	4.33	0.82	0.000
Willingness to pay	4.85	4.03	0.82	0.000

Significance level = 5%

Scale 1-7

*H4: Consumers have higher purchase intentions for products from brands that use a design approach than from brands using an advertising approach. **SUPPORTED***

## 4.6 DIFFERENCES BETWEEN INDUSTRIES

If broken down one level further the results in the table below show how the differences between the brands using an advertising approach and the brands using a design approach differ between all three industries. When doing this not all of the signal effects were significant in all three industries, but the table summarizes which of the signal effects that had significant differences between the industries.

**Table 8. Means of industry differences**

	Design	Advertising	Difference	Significance
<b>High Inv. 1 (Spirits)</b>				
TPE (1)	3.82	5.05	1.23	0.032
Creativity	5.33	3.87	1.47	0.013
<b>Low Inv. (Crisp)</b>				
Attitude	5.16	3.70	1.46	0.000
Desperation	3.26	4.48	1.22	0.033
Trust	5.11	3.83	1.28	0.002
Willingness to pay	4.53	3.50	1.03	0.026
Creativity	4.77	3.10	1.67	0.002
<b>High Inv. 2 (Fashion)</b>				
Attitude	5.26	4.32	0.94	0.043
Price perception	5.55	4.53	1.02	0.019
Willingness to pay	5.26	4.07	1.19	0.005
Creativity	5.10	3.77	1.33	0.033

Significance level = 5%

Scale 1-7

This result supports the other hypothesis in this study, showing that all of the significant differences are in the form of more positive signal effects for the brands using a design approach compared to brands using an advertising approach.

## 4.7 LEVEL OF INVOLVEMENT

This result partly supports the hypothesis in this study about the level of involvement as a moderating variable. The two-way ANOVA showed no significant moderating effect from involvement on the variables quality, ability, or purchase intentions. There was however a result showing that there is a significant interaction effect on attitudes generated by the level of involvement.

**Table 9. Moderation analysis for Involvement**

Main variables	Sig.
Attitude	0.039
Ability	0.205
Quality	0.842
Purchase intentions	0.778

Significance level = 5%

Scale 1-7

*H5: The level of involvement will have a moderating effect on the signal effects. **PARTLY SUPPORTED***

## 4.8 THIRD PERSON EFFECTS

Hayes' (2013) bootstrapping macro Process for SPSS (Model 4, 5000 bootstrapping samples) was employed, where after mediation analyses with the approach (design vs. advertising) as the independent variable, third person effect as the mediator, and the consumer-perceived Attitudes, Quality, Ability, and Purchase intentions, as the dependent variables, was executed.

TPE (2) shows a significantly mediating effect on all tested dependent variables: Attitudes (indirect effect = -.4707, LLCI -.7307, ULCI -.2490), Quality (indirect effect = -.7562, LLCI -1.1067, ULCI -.4079), Ability (indirect effect = -.4633, LLCI -.7362, ULCI -.2404), and

Purchase intentions (indirect effect = -0.4594, LLCI -.7285, ULCI -.2196). Which indicates that third person effect mediated attitudes, perceived quality and ability as well as purchase intentions (Attachment 3).

*H6: Third Person Effects will mediate the results. **PARTLY SUPPORTED***

## 4.9 CORRELATIONS

To further investigate this, the authors wanted to see whether the main variables in the form of the signal affects; attitudes, quality, and ability leads to higher purchase intentions, willingness to pay, and a higher price perception. The results show that all three variables significantly affect the consumers' perceptions regarding price and purchase.

**Table 11. Correlations**

	<b>R<sup>2</sup></b>	<b>Sig.</b>
<b>Purchase intentions</b>		
Attitudes	0.526	0.000
Quality	0.358	0.000
Ability	0.362	0.000
<b>Price perception</b>		
Attitudes	0.394	0.000
Quality	0.373	0.000
Ability	0.320	0.000
<b>Willingness to pay</b>		
Attitudes	0.469	0.000
Quality	0.480	0.000
Ability	0.448	0.000

Significance level = 5%

Scale 1-7



## 5.0 SUMMARY OF RESULTS

*This chapter contains a summary of the results from chapter 4.*

**Table 12. Means of the design approach and the advertising approach and their effects**

	Design	Advertising	Difference	Significance
Attitude	5.22	4.23	0.99	0.000
Desperation	3.21	4.17	-0.96	0.000
Quality	4.69	3.95	0.74	0.000
Ability	5.01	4.29	0.72	0.000
Trust	4.93	4.14	0.79	0.000
Creativity	5.07	3.58	1.49	0.000
TPE (1)	4.21	4.79	-0.58	0.005
TPE (2)	4.82	4.08	0.74	0.000
Purchase intentions	5.07	4.18	0.89	0.000
Price perception	5.15	4.33	0.82	0.000
Willingness to pay	4.85	4.03	0.82	0.000

Significance level = 5%

Scale 1-7

**Table 13. Conceptual model**



Significance level = 5%

Scale 1-7

This conceptual model shows that the design approach affects the Attitude (5.22), Quality (4.69) and Ability (6.01) more than the advertising approach, and how these independent variables in their turn affect the bottom line of companies and the dependent variables Purchase intentions, Price Perception and Willingness to pay. The conceptual model is beneficial to show the connections between the variables and the importance of choosing the right approach to gain the most positive result of a company's bottom line and how they affect each other.

## 6.0 DISCUSSION

*This chapter will go through an analysis of the results in the context of presented literature presented earlier in chapter 2.*

### 6.1 ATTITUDES

#### 6.1.1 Positive attitudes

It has been shown that the scepticism towards advertising is increasing and that advertising even can generate negative attitudes (Heath and Heath 2008; Jeong et al 2012). Design however can increase the aesthetic value of a product and increase the pleasure experience for the consumer (Holbrook 1980; Creusen and Schoormans 2005). This study support this argument by showing evidence even in this experimental setting for more positive attitudes towards the brands using a design approach than towards the brands using an advertising approach. The reason for this the authors believe to be today's cluttered media environment (White and Dawson 2007) where the consumer are increasing their ad avoiding behaviour (Elliott and Speck 1998) as well as becoming active media seekers choosing what forms of media they prefer, when, and how often (Pilotta and Schultz 2005). As advertising is more of the nature that it could be perceived as pushed upon the consumer these feelings and behaviours are believed to be increased, making the attitudes towards the brands using an advertising approach less positive. The brands using a design approach however fits more into the modern consumers preferences, they can when and how they want take part of and experience the aesthetics of the product design, leading to more positive attitudes.

#### 6.1.2 Trust

Since the consumers are overwhelmed with communication efforts everyday and since the scepticism towards these persuasion attempts is increasing (Heath and Heath 2008; Jeong et al 2012) it's important for brands today to give an appearance of trust. Obviously partisan-marketing efforts pushing the consumer makes them become critical and they put their guard up (Hoch 2002). The results of the study show that the design-approached brands generate more trust than the brands with an advertising approach. The authors believe the reason for this is that

the design approach is perceived as less partisan, the consumer can choose to experience it when and how they want and if they like it it's their own experience they like and thus they will be seduced by it and believe that they like it without any influence from the brand itself, thus perceive the brand as more trustworthy. The advertising approached brands on the other hand are believed to have lower trust due to them being perceived by the consumer as more of an obvious and partisan way to influence the consumer into liking a brand.

### **6.1.3 Third person effects**

The study works as evidence for the proposed model that an enhanced value proposition will occur for products that seem scarce due to them being perceived as less known to the average Swede (Cohen and Davis 1991; Gunther and Thorson 1992; Hoorens and Ruiter 1996). The design approach shows to be significantly perceived as less recognized by the average Swede compared to the advertising approach. And just like the theory suggests the brands perceived in this manner were also perceived to have a customer base that are more confident, conscious, successful, informed, reflecting, intelligent, as well as are perceived to have more connections to the consumers social network.

This goes in line with Warren and Campbell's' (2014) discussion of how widespread and mass-market brands have a harder time being perceived as cool since they are marketed to a too big consumer group to be perceived as autonomous. Brands using a design approach probably give the impression that only you (as a consumer) and a few others will value it in the right way, and therefore it will be of more value to you.

## **6.2 QUALITY**

Due to today's stressful society where consumers are pressured to make fast decisions while also often lacking motivation (Alba and Hutchinson 1987) many purchases take place without extensive evaluation of alternatives (Olshavsky and Granbois 1979). The theory of bounded rationality suggests that consumers don't evaluate their options but rather choose the first satisfactory alternative to emerge (Merwe and Heerden 2009). The authors believed that brands

using a design approach would have an advantage compared to brands using the advertising approach, due to the fact that product design helps consumers determine their first impression of a product and in this way the product design would act as a cue of quality and be considered as of higher quality by the consumers, as Creusen and Schoormans (2005) also suggested. As the authors of this study believed, the stated hypothesis was supported and so the brands with a design approach did generate higher level of perceived quality than the advertising approached brands. This due to the fact that product design can help brands to draw the consumers' attention and help in a quick decision process as Creusen and Schoormans (1998) suggested.

### **6.2.1 Desperation**

When a brand is advertised a lot, it's perceived as the brand is making an effort. This effort signals that the brand is economically stable and that the product is of high quality (Kirmani and Wright 1989; Ambler and Hollier 2004). However, when the advertising becomes excessive it's shown to instead be perceived as desperate by the consumers (Kirmani 1989).

The results of this study show that consumers perceive brands with a design approach as less desperate. The authors believe that this is due to a number of factors. First of all because the design of a brand is not pushing itself on consumer, in the same way as advertising does. Design approached brands may also signal superior product quality by not using advertising at all, and consumers view that as confidence rather than desperation.

### **6.2.2 Creativity effects**

Creativity has shown to generate many positive effects on a brand. According to Dahlén (2008) creativity acts as a signal that the company is smart, flexible and superior. Creativity has most commonly been tested in advertising but the authors of this study applied it on both brands using a design approach and brands using an advertising approach. Brands using a design approach were seen as more creative, which is what the authors also anticipated. This could be due to the fact that creativity is said to consist of the two components novelty and relevance (MacKenzie et al 2007) and that a brand that is constantly updating itself through product design generates more

of an impression of that than what advertising does in general. Further product design is probably seen as of more relevance as well since it's the design of the brand itself.

Another criteria for something to be perceived as creative are differentiation, divergence and originality (Haberland and Dacin 1992; Sternberg and Lubart 1993; Ang and Low 2000; El-Murad and West 2004; Smith and Yang 2004; MacKenzie et al 2007). Design is something that makes a brand visually and aesthetically pleasant, something the authors believe is also creating a higher level of perceived differentiation and originality. Just the fact that you compare different brands and their design in the shelves should make the consumers think that the brands that stand out in a category also are perceived as more creative due to this comparison.

## 6.3 ABILITY

Another studied effect was the perceived ability of the brand. The result of this hypothesis comes from the fact that a brand that is perceived as autonomous will also be perceived as cooler (Warren and Campbell 2014). Further, the results may also be influenced by how an advertising approach reaches more of the mass-market, while a design approach is more anonymous and therefore cooler (Warren and Campbell 2014). Brands with an advertising approach often manage to reach more consumers and therefore become more widespread and perceived as having less ability than brands using a design approach. While advertising will reach the mass-market and be perceived as having less ability, instead a design approach will help a brand to be perceived as more cool and perceived as having higher ability.

The customer wants to be unique and by choosing a brand that is more unique as well, the customer tends to think that the chosen brand mirrors it's own abilities. Further, the results could also be coming from the perceived ability a brand can generate by showing the customer that it can satisfy the little needs. If the brand is more differentiated and attract the customer at the same time, the customer could possibly feel like the brand serves his or her individual need in a way that a mass-advertised brand wouldn't.

## 6.4 PURCHASE INTENTIONS

### 6.4.1 Purchase intentions

Theory states that design facilitates the purchase decision by drawing attention and by visually standing out (Creusen and Schoormans 2005). Further design novelty has been shown to positively impact sales performance (Talke et al 2009). This study supports those arguments even in this setting by generating higher purchase intentions for the brands using a design approach compared to the brands using an advertising approach.

The visual novelty for fast moving consumer goods determine whether a product alternative is included in the consumers attention set, from which the consideration set is formed (Garber 1995). This is an important aspect since it's the first step in getting the consumer to buy the product. The authors believe that the element of surprise in novel product design is something that it intrigues and catches the consumers' eyes, making them more likely to pay attention to the product and as a result buy the product. The "catching a consumer's eye and attention" is also closer to the actual purchase decision than an advertisement, making the purchase more likely to happen. Either the consumer sees the product for the first time in the store, and falls for the aspiring design, or they get reminded of the design whilst in the store.

### 6.4.2 Correlations

The result show that the signal effects from a design approach generates more positive attitudes, a higher perceived quality, and a higher perceived ability, compared to the signal effects generated by an advertising approach. But for companies this is not enough, the brand also have to increase their bottom line, it has to increase revenues by either generating a higher willingness to pay or by increasing sales. This was therefore examined by conducting correlations between the independent variables attitudes, quality and ability and the dependent variables purchase intentions, price perception, and willingness to pay. The results show that all of the independent variables are correlated with the dependent variables. This means that not only are the design approach generating a higher price perception, but also a willingness to pay more for the brands, as well as an increased purchase intention. This implies that the consumer perceive the brands of value since they are perceiving them as more expensive and also

are willing to pay for it, thus the design approach both enhances the revenue streams as well as the brands worth.

## 6.5 LEVEL OF INVOLVEMENT

Since low involvement purchases are purchases associated with lower psychological, social, financial, and physical risk (Sarathy and Patro 2013), it was believed that the design approach would be more effective for the low-involvement products by triggering in-store impulsive decisions by catching the consumers eye due to being attention drawing (Creusen and Schoormans 2005) and facilitating for the consumer to choose the alternative sticking out. The results showed no moderating effect from involvement on three of the main variables: quality, ability, or purchase intentions. There was however a result showing that there is an interaction effect on attitudes generated by the level of involvement.

The authors believe that these results could arise from the fact that attitudes are more subjective than the other variables, creating greater disparity in the result. Some consumers may consider crisp being of higher involvement level than others, which would also affect the results on attitudes depending on what approach the brand chooses to use. The stronger results for low-involvement products with the design approach could be dependent on the consumers' expectations. The consumers might expect expensive high involvement products to have a creative or differentiated design, which then becomes nothing more than a hygiene factor while the low-involvement products can use the design as a positive surprise and a way to perform over the consumers' expectation level and therefore generate stronger results.

## 6.6 THIRD PERSON EFFECTS

Since perceived value drives purchase intentions (Zeithaml 1988), and scarce products makes consumers evaluate them more valuable (Eisend 2008), the third person effect can explain why the design approach is gaining better attitudes, quality and ability as well as driving the purchase



intentions. The results in this study show that TPE (2) has a mediating effect on the tested, dependent variables. However it could not be significantly proven that the same held true for TPE (1) that generated no significant mediating effect at all. The consumer wants to feel unique and distinct (Snyder and Fromkin 1980), which they do if they perceive themselves as smarter than the rest of the population in their buying decisions, which is probably why TPE (2) generated significant mediating results. However the reason that TPE (1) does not mediate might stem from the fact that a perceived well-known brand doesn't have to be something negative, the fact that many people know about the brand may work as an indicator of a successful brand. The results seems to point in the direction that it's more important for a brands signal effects what type of customers a brand is perceived to have, than how many customers who is perceived to know the brand. This reasoning goes against Warren and Campbell's (2014) discussion of how widespread and mass-market brands have a harder time being perceived as cool since they are marketed to a too big consumer group to be perceived as autonomous. It seems like the result is pointing in the direction that it's more important with a brand's perceived quality of customers than a brand's perceived quantity of customers.

## 7.0 IMPLICATIONS

*This chapter will illuminate the managerial and practical implications of the study. Also critique of the study and future research will be discussed.*

### 7.1 IMPLICATIONS OF THE STUDY

The results and conclusions of the thesis give rise to several managerial implications for brand strategists and brand strategy. The ambition is that this will be of significance to practitioners both in the business world as well as in the academic world.

The purpose set out for this study was to see if there were any differences in the signal effects derived from brands using an advertising approach compared to brands using a design approach. The findings revealed that spending money on advertising is not the only way, nor the most efficient way to gain positive signal effects. As demonstrated in the results there is a clear advantage for brands using a design approach above using an advertising approach. Both more positive attitudes, more trust, higher perceived quality, ability and creativity, as well as less desperation was the result from a design approach compared to an advertising approach. These results lead to the implications that companies should critically review their marketing strategies. If using a design approach generates all of the above stated signal effects there will be in the interest of the brand to reallocate some of the marketing budgets into more design activities.

Further since the results are possible to generalise across industries and categories that are of high and low involvement, makes the findings relevant and useful for branding agencies, marketing agencies and design agencies handling all sort of brands.

#### **7.1.1 Smart marketing**

The results have clear implications on how marketers should try to make communication that is believed to be less known by the mass market. Design approached brands are perceived as less obvious, making the consumer feel smarter and better than the average consumer. This should encourage brands to focus more on design activities than on advertising. Further brands using an

advertising approach need to be cautious of not doing too much advertising while brands using a design approach instead seem to tolerate a higher level of perceived effort and therefore need to be less cautious of over investing in its approach. But if the company still want to have advertising as part of their main communication strategy they should strive for advertising that seems more discreet and exclusive, rather than big campaigns designed for the mass market.

Further without saying that creativity is not important for design approached brands, the results show that for brands with an advertising approach, creativity seems to be more important than for brands with a design approach since it affect other positive signal efforts for them. Brands using advertising should keep this in mind when forming and executing their advertisements, trying as former scholars also suggest, being as creative as possible both within the medium as well as with the medium through which the communication is delivered.

### **7.1.2 Bottom line**

The fact that the product design approach leads to higher purchase intentions as - well as generating more positive attitudes and are perceived to be less desperate, of higher quality, higher ability, more trustworthy, more creative, and less known by the average Swede - variables that are shown to increase the price the consumer are willing to pay, is one of the most important and essential findings of this study. Since the reason for all marketing activities are to increase the brands bottom line by increasing either the amount of products bought or by charging the consumer premium prices. This makes the study hard evidence that a design approach will not only improve the brands image, but also lead to actual increased revenues, something a design agency can use as a competitive advantage.

This has important implications for brands since it shows that not only will the signal effects from a design approach lead to better perceptions of the brand and through that build the brand, it will also lead to increased revenue streams for the brand. This makes the design approach a good tactical as well as strategic tool, since it will have a positive short-term aspect by generate more income by increasing purchases and the willingness to pay, as well as positive long-term effect by building a strong brand with favourable associations. Further the fact that product design that

cost less than advertising also generates more income makes the design approach generating a higher ROI than the advertising approach, and can thus be said to be more efficient of the two.

### **7.1.3 Input compared to output**

This study only examines the signal effects derived from the two approaches, in other words the so-called output. Comparing the cost of the two approaches and adding that to the equation is beyond the scope of this experiment. However since advertising often demands more resources (input) in the form of time and money compared to design activities (Johan Hesslefors 2015) it can be argued that the design approach is even more beneficial. Not only is then the input smaller in the form of time and money for the design approach, but also the output are stronger in the form of positive signal effects. The total effect is thus a lot bigger for brands using a design approach, making it a more efficient marketing strategy. Above all small companies and start-ups can take advantage of this, using design as an effective tool since they might not have sufficient budgets to fund advertising.

To sum up, a design approach compared to an advertising approach is a more resource saving communication strategy that is cost effective and enables companies to create more positive signal effects. This in turn creates value both for the brands and their customers.

## **7.2 CRITIQUE**

This thesis has illuminated new areas within the field of marketing and marketing strategies. However some critique towards the study must be mentioned. Now a discussion regarding the study's potential shortcomings and weaknesses will be presented.

In the survey the sample consists of mostly respondents living in Sweden, and foremost in bigger cities, something that might make the result less applicable on suburban consumers. Big city consumers are more trendy and image conscious than people from smaller cities. Further, since the most respondents are Swedish residents the result can neither be generalized worldwide.

However the authors think that the consumer behaviours and attitudes will be generalizable over most international big cities, due to a more globalized world.

Critique can also be raised regarding the fact that only fictive brand were used in the study and under a short period of time, making the experiment disconnected from reality. Normally a consumer's relationship to a brand develops over a longer period of time, why is a famous and more familiar brand that the respondents have had a real relationship with might have gotten other results. Also the information of the fictive brands given to the respondents was limited, making it hard to gain a clear picture of the brands.

## 7.3 FUTURE RESEARCH

This study is the first to compare the signal effects gained from using an advertising approach versus a design approach. The study has emphasised new and relevant findings. However there is a lot more to explore within the field of design versus advertising. Marketing defined in this manner are at an early stage with a lot of great opportunities for researchers to look into further or develop deeper.

### **7.3.1 Real brands and the duration of time**

Since the study investigated the effects on fictive brands with a fictive brand-consumer relationship, it would be interesting comparing real brands that the consumer has real life connections to. When investigating this, the dimension of comparing differences between new brands and established brands could also be added. Here the variable of time might play an important role, illuminating of what importance the duration of the respondents' relationship to the brand might have.

### **7.3.2 Premium versus non-premium brands**

This study compared low-involvement and high-involvement categories that in many cases can be perceived as often being a bit connected to premium and less premium products. However the

level of involvement are very subjective resulting in it being premium and non-premium products within both high and low involvement categories. A future research focusing on comparing what approach would be most effective for premium and non-premium products would be interesting. Premium products are often categories with a high level of design (Johan Hesslefors 2015); this might make the consumers anticipate a higher level of design more than in the case of non-premium products.

The authors think this could result in two different results; either the non-premium brands will benefit more from a design approach due to it being more unexpected whilst it in the premium brand category might work more as a hygiene factor for them, making it a must and not something generating extra positive signal effects. The other reasoning is to be believed as the opposite, that the premium brands will benefit more from a design approach due to consumers evaluating it as more relevant and important in a premium category where the risk is higher and the expectations stronger.

### **7.3.3 Other markets and cultural differences**

The results showed a clear advantage of using a design approach compared to an advertising approach. However this study was conducted on the Swedish market and most respondent were born in Sweden or had a Swedish background to some extent. Different markets have different levels of design interest among its inhabitants, as well as different style preferences. The authors are in the belief of Sweden being one of the more design interested countries, and that other countries might have a population less aware and/or involved in design aspects, and therefore deeming it to be of less importance. Further cultural differences might affect how you perceive design and advertising, what you are used to, as well as which forms of marketing you prefer. For example this study is based on the fact that in Sweden the spirits industry has due to legal constraints been an industry with a lot of focus on product design. On the American market however, the spirits industry has a history of excessive advertisements featuring a lot of endorsements (Johan Hesslefors 2015). Comparing more markets therefor might give a totally different outcome, resulting in a new take on the phenomenon, and making the study relevant on more markets.

#### **7.3.4 A mix of approaches**

Reality is that almost no companies today rely solely of the approaches defined and investigated in this study. Most companies are more or less design or advertised focused, with a marketing strategy that generally involves them both, as well as contains other approaches too. Despite this being the reality for most, in this study they were separated to test the extremes as well as to get clear-cut results. Future research could try to imitate reality better by testing a mix of approaches, and through that gain more of a practical relevance. The approaches could also be broken down further as well, not only comparing advertising versus design, but maybe also comparing different sorts of design and not solely product design. This suggested future research would, as discussed, generate further practical and academic relevance. A future research of mixed approaches would be more complex, since it would not solely include the extremes, however its results might be more practically usable.

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## 8.2 ORAL SOURCES

Hesslefors, Johan; Head of planning, Brand Union Stockholm. 2015.

Karsberg, John; PhD Student, Department of marketing and strategy, Stockholm School of Economics. 2015

Hernant, Mikael; Lecturer, Department of marketing and strategy, Stockholm School of Economics. NDH 900 Examensarbete i Retail Management VT13.

## 9.0 APPENDIX AND ATTACHMENTS

### 9.1 THE PRE-SURVEY

#### Attachment 1

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	<b>Advertising</b> (Spirits)	<b>Design</b> (Spirits)	<b>Advertising</b> (Fashion)	<b>Design</b> (Fashion)	<b>Advertising</b> (Crisps)	<b>Design</b> (Crisps)
Advertising index	5.45	3.48	5.50	2.88	5.20	2.70
Design Index	3.88	5.28	4.21	5.60	2.90	5.38
Advertising effort	5.42	3.75	5.35	3.26	5.05	3.00
Advertising care	5.42	3.95	5.40	3.61	5.32	3.45
Expensive advertising	5.32	3.20	5.65	2.35	5.09	2.25
Advertising expenditures	5.36	3.00	5.60	2.30	5.36	2.10
Design effort	3.95	5.35	4.25	5.96	2.77	6.00
Design care	4.11	5.65	4.45	5.96	3.00	6.05
Expensive design	3.68	5.10	4.00	5.43	2.73	4.70
Design expenditures	3.79	5.00	4.15	5.17	2.91	4.75
Success	4.53	5.10	5.20	5.60	4.95	5.95
Involvement	5.05	4.65	5.00	5.30	2.95	3.15
Price	4.32	5.15	5.00	5.74	3.32	4.85
Quality	4.32	5.05	4.80	5.78	3.68	5.30

---

Significance level = 5%

Scale 1-7

## Attachment 2

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	<b>Advertising</b>	<b>Design</b>
Advertising index	5.38	3.01
Design Index	3.62	5.44
Advertising effort	5.26	3.33
Adverising care	5.38	3.67
Expensive advertising	5.34	2.59
Advertising expenditures	5.52	2.46
Design effort	3.62	5.78
Design care	3.82	5.89
Expensive design	3.44	5.10
Design expenditures	3.59	4.98
Success	4.90	5.56
Brand's involvement	4.28	4.41
Price	4.18	5.27
Quality	4.25	5.40

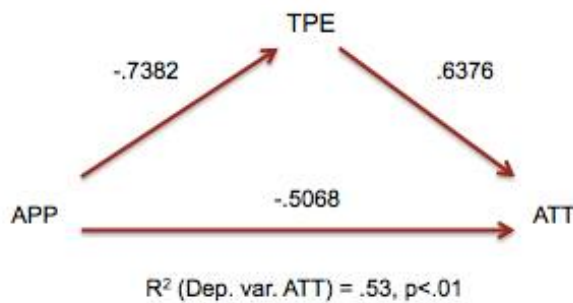
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Significance level = 5%

Scale 1-7

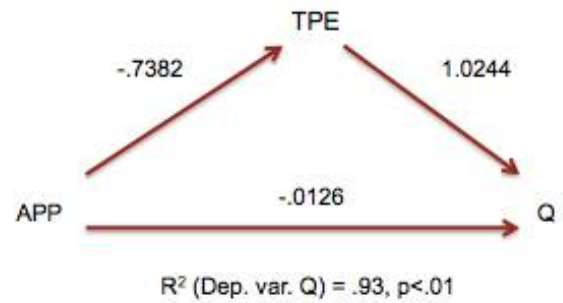
## 9.2 MEDIATING EFFECT ON THIRD PERSON EFFECTS

### Attachment 2



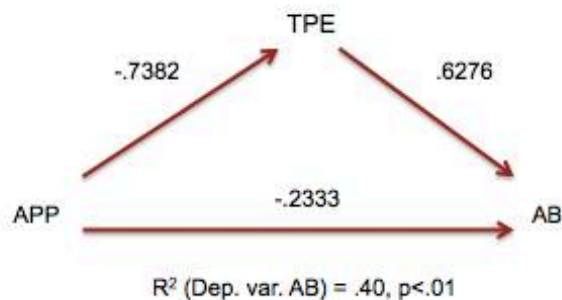
**Total indirect effect and 95% confidence interval**  
Effect TPE = -.4707 LLCI = -.7625 ULCI = -.2512

**Total direct effect and 95% confidence interval**  
Effect = -.5068 LLCI = -.7625 ULCI = -.2512



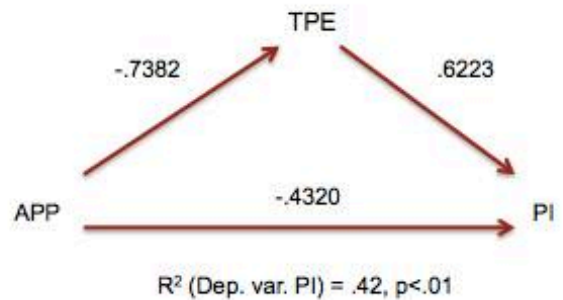
**Total indirect effect and 95% confidence interval**  
Effect TPE = -.7562 LLCI = -1.1067 ULCI = -.4079

**Total direct effect and 95% confidence interval**  
Effect = -.0126 LLCI = -.0952 ULCI = -.1205



**Total indirect effect and 95% confidence interval**  
Effect TPE = -.4633, LLCI = -.7362, ULCI = -.2404

**Total direct effect and 95% confidence interval**  
Effect = -.2333 LLCI = -.5357 ULCI = .0691



**Total indirect effect and 95% confidence interval**  
Effect TPE = -0.4594, LLCI = -.7285, ULCI = -.2196

**Total direct effect and 95% confidence interval**  
Effect = -.4320 LLCI = -.7411 ULCI = -.1229

LLCI = Lower Limit Confidence Interval, ULCI = Upper Limit Confidence Interval. APP = Approach (Design vs. Advertising), TPE = Third Person Effect/TPE (2), ATT = Attitude, Q = Quality, AB = Ability, PI = Purchase intentions. All path coefficients are unstandardized.

Significance level = 5%

Scale 1-7

## 9.3 SURVEY MANIPULATIONS

### Attachment 4

#### **The spirits industry with advertising approach**

The liquor brand X is a well-known spirit brand in Europe as well as in the US. The brand is considered high-end. Since the launch, the brand has used advertising in various ways to attract customers. Common activities are advertisements in magazines as well as commercials on TV.

#### **The spirits industry with design approach**

The liquor brand Y is a well-known spirit brand in Europe as well as in the US. The brand is considered high-end. The bottle as well as the logo has an artsy and unique design. The brand launches new and interesting takes on the bottle. Since the launch of brand Y, they have not used advertising despite the fact that they have had the resources to do so.

#### **The fashion industry with advertising approach**

The fashion brand X is a well-known fashion brand in Europe as well as in the US. The brand is considered high-end and has a trendy image. Since the launch, the brand has used advertising in various ways to attract customers. Common activities are advertisements in magazines as well as commercials on TV.

#### **The fashion industry with design approach**

The fashion brand Y is a well-known fashion brand in Europe as well as in the US. The brand is considered high-end and has a trendy image. The brand is known for their beautiful and artsy stores. The brand logo is their hallmark; it's distinctive and unique in everything ranging from the labels of the clothing to the paper bags you get when shopping. Since the launch of brand Y, they have not used advertising despite the fact that they have had the resources to do so.

### **The crisps industry with advertising approach**

The crisp brand X is a well-known snack in Europe as well as in the US. The brand has become popular among all ages as an indulgence in various occasions. Since the launch, the brand has used advertising in various ways to attract customers. Common activities are advertisements in magazines as well as commercials on TV.

### **The crisps industry with design approach**

The crisp brand Y is a well-known snack in Europe as well as in the US. The brand has become popular among all ages as an indulgence in various occasions. The crisps are famous for their original logo and contemporary packaging design that stands out from the rest. Since the launch of brand Y, they have not used advertising despite the fact that they have had the resources to do so.