

Never Mind(set) the Number:

A study on numerical construal in the mind of a consumer

Abstract

Companies are constantly competing to breach out with their marketing communication to reach customers' attention. The landscape is a highly competitive one and to disrupt it various tactical strategies need to be utilized. Such strategies include various practices of new product announcements, e.g. launches occurring today vs. in a future timeframe, as well as the exploitation of insights on numerical cognition in a marketing context, e.g. pricing strategies. These strategies are affecting the level of construal in consumers' minds and are hence contributing to the evaluation of a certain product.

The purpose of this study was to contribute to the relatively scarce research literature regarding the combination of product announcements and pricing options and the effect on consumers. A quantitative experimental study was conducted with 599 respondents across Sweden, randomly divided into four different groups, all primed with different stimuli. The questionnaire consisted of an information message about a new product launch with the following treatment conditions constructed; 2 (Price: Round vs. Precise) x 2 (Time Horizon: Today vs. 6 Months). Subsequently, a set of questions were asked to establish the potential main effect of the stimuli on the respondents' attitude towards the product.

The results of the study support previous findings of how the level of construal in consumers' mindset contributes to a positive evaluation of a product and the corresponding brand; higher construal level, augmenting positive evaluations, indicating a spillover effect to the whole brand. However, the study did not find empirical evidence of the hypothesized effect of the combined use of new product announcements and pricing options on product attitude. Still, the findings highlighted the importance for brands to affect the construal level in the mindset of the consumers.

Keywords

Construal Level Theory, Numerical Cognition, Signalling, Product Launch, Product Pre-announcements, Product Attitude, Brand Liking, Mindset, Product Performance

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Definitions

Ad Scepticism: Scepticism towards an advertisement, indicating low perceived credibility.

Brand Liking: The evaluation of an explicit brand and all associations linked to it.

Construal Level (CL): A mental representation of an object or event, where different levels can be obtained; high vs. low level of construal. The levels of construal evoke different psychological mindset in consumers' minds.

Construal Level Theory (CLT): A theory explaining the psychological distance that is created from construing objects and events in either near or farther distance, and the mindset evoked from this distance.

High Construal Level (HCL): Implies a higher level of construal. This indicates a farther psychological distance, where objects and events are interpreted as abstract and general.

Incrementally New Product (INP): An incrementally new product is a product with not entirely new features for the customer, i.e. an updated version of an existing feature.

Launch Message: An information message containing information about a product that a company will launch, either in near or distant future.

Low Construal Level (LCL): Implies a lower level of construal. This indicates a near psychological distance, where objects and events are interpreted as concrete and detailed.

New Product Announcement (NPA): A marketing communication strategy used to communicate a new product launch close to the date of the launch, or when it is available on the market.

New Product Pre-announcements (NPP): A marketing communication strategy used to communicate a new product launch well in advance, i.e. before it is available on the market.

Numerical Cognition: The underlying psychological processing of numbers.

Precise Pricing: Pricing that contains exact numbers (e.g. 8549).

Really New Product (RNP): A really new product is a product with totally new features for the market.

Round Pricing: Pricing that contains zeros rather than exact numbers (e.g. 8000).

Signalling: A strategy used to communicate and signal indirect messages to the customer in order to influence their behaviour and evaluation of a certain object or event.

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1. Introduction

Imagine an extremely difficult math problem. Picture it in front of you. Now, if I was to tell you to calculate it here and now, how would that go? Perhaps you would consider this impossible, or you would struggle and very shortly give up.

If, instead I asked you to perform the exact same calculation in 1 year from now, then how would that go? Would you be able to do better or worse?

Research has shown that we are prone to think optimistically about the future, but not equally optimistically about today (Trope, Liberman & Wakslak, 2007). We evaluate events and objects more positively when they are further into the future. Likely you thought you would be able to perform better when you knew that you would be asked to calculate the math problem in 1 years' time from now, and not today. The reason for this is the change in the mindset while construing events in the future.

Trope, Liberman and Wakslak (2007) state that the mindset will determine how we categorize and use information and how this will affect the decision-making process. Because a mindset of a person can change, then presumably we can change the way we think about the objects around us too. This information is useful for marketers, who can exploit the opportunity to affect their customers into acting favourably for their brand. Ability to affect the mindset of the consumer, therefore, becomes important when brands communicate with their customers. Marketers are aware of this, hence communication strategies are becoming an important integration into any company and its marketing strategies.

1.1 Background

This section aims to give a better understanding of the communication landscape and various communications tools that can be used when marketing products, and why it is relevant to marketers. The background of current knowledge will accumulate and terminate into a definition of the problem area and the research questions of this paper.

1.1.1 Breaking Through the Advertised Clutter

The marketing communication landscape is a highly competitive landscape, where companies constantly are competing on breaking out through the advertised clutter in order to reach the attention of the customer. This requires companies to be proactive to create uniqueness and the choice of marketing communications is highly important to determine success. Therefore, companies seek to be more relevant and to be perceived in the right way by the customers. All, in order to secure its position within the consumers' mind (Keller, 1993). How customers perceive the company is an important aspect of their attitude towards the company and their overall evaluation of the brand, also known as brand liking. The brand is who their customers believe them to be and therefore, the brand performance is heavily dependent on the value creation for the customer (Keller, Apéria & Georgson, 2008). For example, customers who are highly sceptical towards a company's advertisements are perceiving the whole company as less competent (Xie & Kronrod, 2012). In order for companies to build competitive brands and to increase their brand loyalty, they are utilizing different tools within marketing communication in order to pursue the customers and their perceptions of the brand (Keller, 1993).

1.1.2 Communicating New Product Launches

Companies use different tactics to communicate their products to their target audience. New product pre-announcements (NPP) is a marketing communication strategy that marketers use to communicate their new product launches well in advance. The practice implies a communication of the product before it is available on the market (Eliashberg & Robertson, 1988; Thorbjørnsen et al., 2016; Zhang & Su, 2011). Companies can choose to either communicate a new product when it is close to the product launch, also known as new product announcement (NPA) or far in advance (NPP). However, it is important to distinguish between these two tactics since the objectives and outcomes are slightly different (Su & Rao, 2010). Building on this, there is a prominent effect of how people construe such events and how these effects are working differently on a mindset level, meaning that people are evaluating and focusing on different aspects of the same event depending on what mindset they are in (Trope et al., 2007).

The practice of NPP has been used in different industries and especially in highly competitive ones, such as in automotive, software and consumer electronics (Zhang & Su, 2011). Apple's iPhone, Tesla's electric car and JK. Rowling's Harry Potter books are only a few of many

successful examples of companies that have been using NPPs before their products are commercially available to their customers (Thorbjørnsen et al., 2016; Zhang & Su, 2011). Even though the product development process contains several stages, the riskiest element is the launch of the product. Therefore, the success of the launch is heavily dependent on how the marketers manage to deal with the communication. Thus, the tactic of pre-announcing a product has proven to generate numerous advantages in penetrating the market and to have a successful product launch (Beard & Easingwood, 1996).

1.1.3 Numbers as a Marketing Communication Strategy

Numbers can be integrated into communication strategies in order to elaborate on customer perception of information. Research has stated how companies can be perceived as more competent when numerical precision is used in advertising. Companies are perceived to be more competent if they are utilizing marketing messages expressing information with precise numbers (e.g. 19,42%). Precise numbers are defined as exact numbers (e.g. 8549), whereas round numbers are defined as numbers with many zeros (e.g. 8000) (Dehaene & Mehler, 1992). Xie and Kronrod (2012) reveal evidence of precise numbers being perceived to be more informative and scientific, and hence contributing to a positive perception regarding the competence of the advertised company. However, there is a mediated effect of ad scepticism, indicating that the positive effect only prevails when the prospect considers the ad to be believable (Xie & Kronrod, 2012).

On the contrary, round numbers are more fluently processed (King & Janiszewski, 2011) and are often used as a pertinent reference point. Companies capitalize on this in various aspects; for example, within brand names and labels, such as S&P 500 and G20, indicating that the round number is generally stable over time regardless of the volatility of the elements within it (Pena-Marin & Bhargave, 2016). Marketing communication using round numbers (vs. precise numbers) in the product description boosts product attitude, through inferred associations of stability and sustainability. Pena-Marin and Bhargave (2016) reveal that different associations to precise (vs. round) numbers are accumulated from previous experience and that round numbers indicate fewer changes over time. More specifically, this indicates a long-lasting performance of the product described with round numbers, hence the sense of stability. The perceived associations are therefore contributing to a biased positive product evaluation (Pena-Marin & Bhargave, 2016).

Earlier research has distinguished different effects on customers decision-making from using round (vs. precise) numbers as different pricing methods (Wadhwa & Zhang, 2015). It has been shown that there is a difference whether the purchase decision is driven by feelings or cognition; if the purchase decision is driven by feelings the evaluation process should be amplified by round pricing, whereas if the purchase decision is driven by cognition the evaluation process should be amplified by precise pricing (Schindler & Yalch, 2006; Thomas, Simon & Kadiyali, 2010). Dependent on if the purchase decision is driven by feelings (vs. cognition) marketers benefit from using round (vs. precise) pricing (Wadhwa & Zhang, 2015).

Thomas, Simon and Kadiyali (2010) discovered in their study how prices of similar magnitude are perceived differently. They found that round prices are perceived to be a larger amount, compared to precise prices which are perceived to be a smaller amount. Their study was conducted on house prices and the results showed how prices were incorrectly judged since \$395,000 were grasped to be larger than \$395,425. Furthermore, the willingness to pay increased with regards to the precise price, due to the perception of being a lower price. This empirical finding of the psychological processing of numbers (i.e. prices) and the underlying judgement of the magnitude of the price has shown to have a substantial implication for the relationship between companies and their customers (Thomas et al., 2010).

Taking into consideration the various findings presented above, it is arguable that numbers can be interpreted differently dependent on context. The cognition of numbers can be derived from the mindset of the consumer, and is thus interchangeable.

1.2 Problem Area and Research Gap

In order for companies to reach the attention of the target audience and to be competitive they need to break through the advertised clutter (Keller, 1993). Previous research has revealed that successful product launches are crucial for new products to be competitive. Therefore, NPPs has proven to be a useful communication tool for companies to communicate to the target audience and to penetrate the market (Beard & Easingwood, 1996).

Also, implementation of marketing communication strategies involving numerical cognition has revealed to have significant effects on consumers. To elaborate, research has revealed that the usage of round numbers (vs. precise numbers) in the product descriptions boosts product

attitude, through inferred associations of stability and sustainability (Pena-Marin & Bhargave, 2016). Furthermore, when the purchase is driven by feelings and the customers are primed with round pricing, they form a more positive attitude towards the perceived product performance (Wadhwa & Zhang, 2015). Research on the topic of round pricing is scarce, giving rise to the question whether the findings are applicable in all pricing situations or if additional explanations prevail and, if so, what implications that arise for brands.

Thus, these two separate areas of research are in combination hitherto underexplored. Albeit, they both include and can be explained by the underlying construal of objects and events in the mindset of consumers. Therefore, the research gap includes examining the effect of using both areas simultaneously and the different effects of how people construe such events, and how these effects are working differently on a mindset level. Augmented understanding enables companies to utilize the potential effects and use these strategic actions simultaneously to induce brand market position.

1.3 Purpose and Research Question

The purpose of this thesis is to contribute to the relatively scarce research literature regarding the combination of product announcements and pricing options and the effect on consumers. Therefore, the main research question is defined as:

Does new product pre-announcement together with round pricing have an effect on brands, compared to new product announcement together with precise pricing?

Where the potential effect is assessed through attitude toward the product, brand liking and the purchase intention.

In order to get a deeper understanding of the potential effects announced in the main purpose question, an additional question is defined as:

Can the potential effect be explained by the construal level in the mindset of consumers?

1.4 Delimitations

In reality, product announcements are common for all sorts of products, targeting all sorts of people. Therefore, it was important to use a neutral product appealing to a wide target audience. This study is limited to only testing a tech-product; namely a new cell phone and therefore, the results may be limited to this product category.

The stimuli chosen was a short launch message. The reason for this was to avoid any potential brand recognition. By excluding pictures, videos or a physical touch of the product, the respondent was allowed to interpret the message without the interference of prior opinions. Previous research has shown this to be enough for stimuli reactions of cell phone descriptions (Thorbjørnsen et al., 2016). No brand name was mentioned in the message for the same reason as stated above.

Further, the sampling is geographically limited to Sweden, hence the results only reflect the Swedish population. The survey was distributed online through Norstat Sverige and their sampling network, indicating that it is debatable whether self-selection bias potentially exists. Also, when distributing online surveys, there is little control of to which extent respondents are answering questions truthfully and without other external stimuli interference. However, this is beyond the scope of this paper to examine.

1.5 Expected Contribution

Both numerical cognition and the efficiency of product announcements are determined by the mindset of the consumer and will be construed accordingly. Hitherto, research has, to the best of the authors' knowledge, merely included studying the topics separately; therefore, the effect from using pre-announcement together with numerical strategies are ambiguous.

Hopefully, this paper will be able to contribute and acknowledge how these effects are working together simultaneously. Furthermore, the aim is to augment practical relevance in terms of product announcements and pricing strategies and hence give guidance to marketers on how to use effective marketing tactics when launching new products.

It is not believed that the results from this paper alone will contribute to a complete understanding of successful marketing strategies involving numerical cognition and NPP

priming. The authors' hope is solely to spark an interest for both practical and theoretical practitioners to further examine the topic.

2. Theoretical Framework

This section highlights relevant theories and previous research within the field of evaluation of objects and numerical cognition. The objective is to give a further understanding of how the hypotheses, presented as a summary in the end of the section, are formulated.

2.1 Theories and Hypotheses

2.1.1 Signalling Theory and Effective Marketing Strategies

Highly competitive markets require companies to be proactive and to use strategic tools in order to be competitive (Su & Rao, 2010). Signalling can be used as a strategic tool, and it is employed to communicate information to different actors within an ecosystem (Spence, 1974). Spence (1974) explains signalling theory with an example of how an individual's expected job performances are signalled through its educational merits. Correspondingly, the signalling effect can be applicable for companies and their actions and performances. A company's actions are provided with information with signal values, which are communicated to the actors within the ecosystem (Spence, 1974).

Similarly, NPAs and NPPs are used as strategic signalling tools and hence used as a public marketing communication tool to communicate credible information to the target group (Eliashberg & Robertson, 1988), where the objectives are to influence the target audience's behaviours and beliefs (Su & Rao, 2010). However, in order to influence the target audience and to ensure that the information is perceived as believable the information needs to include evidence that strengthens the credibility in the message (Kirmani & Rao, 2000; Klein & Leffler, 1981; Prasad Mishra & Bhabra, 2001). The target audience is more likely to believe a company in which they already have established a relationship to. Therefore, customers who have familiarity and previous experiences with the company are more likely to interpret and process the signal (Alba & Hutchinson, 1987; Laroche, Kim, & Zhou, 1996). The market signal could enable the target audience to make conclusions about the new product without having to try it directly. Especially in highly competitive markets and if the customers do not hold previous experiences, the importance of a reputation of prior signals and the signal itself are important factors in the consumers' reaction and processing to the signal (Su & Rao, 2010).

There are several outcomes associated with using NPP as a signalling strategy. One of the greatest benefits of pre-announcing is that a demand for the announced product is created which makes the customer commit to waiting for the product to be launched. Furthermore, the company signals competitive strengths, due to the underlying information of innovativeness when pre-announcing a new product and they are hence preventing competitors from entering the market. The company is reducing the customers' switching costs to the new product since the customers are being informed in advance and their adoption process to the new product is reduced (Su & Rao, 2010). The largest cost of pre-announcing is the potential risk for cannibalizing on the existing products. Additionally, there is a risk of losing credibility if the company is unable to launch the product on time, but also the competitors' action of retaliation to the announcement (Su & Rao, 2010). There are spillover effects of consumers' reactions on NPPs, indicating that the effects of using NPP will not only influence the product announced but the whole brand (i.e. brand liking) (Thorbjørnsen et al., 2016).

Keller (2008) defines brand liking as the customers' entire perception of a brand and its associations connected to it. The perception is slowly evolved over time and it is primarily based on the consumers' identification and agreement to the communicated messages by the brand. Thus, customers' positive reactions to a brand indicate an increased brand liking, which improves the customers' perception of the entire brand. According to Hoeffler & Keller (2003), a communicated message from a strong brand gets more attention and a strengthened optimistic reaction from its customers. Thus, their products are perceived to be more desirable and of higher quality, which is increasing the customers' willingness to pay a price premium. Thorbjørnsen, Dahlén & H. Lee (2016) are confirming that consumers' reactions, i.e. attitude to NPPs have a spillover effect on the whole brand. Companies are hence utilizing the signalling strategies' effects on consumers and exploiting the opportunity to manipulate the customers' perceptions of the company and its products (Kirmani, 1997).

2.1.2 Construal Level Theory

2.1.2.1 *An Introduction*

Consumers' evaluation of products and events are important in order to determine customer behaviour. Research has shown that consumers' decision-making process is dependent on the perceived psychological distance to an object or event (Trope et al., 2007). A psychological distance is created when an event is not a direct experience, meaning that it is not experienced

“here and now”. A direct experience would often indicate that various detailed information is available, enabling a reliable contextualization of the experience. It is information that is detailed. On the other hand, as the “here-and now-feeling” is diluted, the event becomes more distant and also more abstract (Liberman, Trope, & Stephan, 2007). The psychological distance has an effect on an individual’s evaluation process and can be explained by the construal level theory (CLT) (Trope et al., 2007). People construe events that are psychologically close as concrete, detailed and low-level, in comparison to psychological distant events, which are interpreted as abstract, general and high-level. Thus, this gives rise to two categories of construal, henceforth referred to as low-level (LCL) and high-level (HCL) respectively.

It is important to understand that construal level is operating on mindset level, implying changeability of levels of construal for the same individual (Fujita, Trope, Liberman, & Levin-Sagi, 2006). Moving from a low construal level (LCL) to a higher construal level (HCL), the mind is entailed to generalize and omit information that would have been included in a low-level construal mindset. By omitting information and using abstract descriptions of events and objects, this leaves room for interpretation (Fiske & Taylor, 1991; Smith, 1998). Trope and Liberman (2010) explains this by illustrating an example with a cell phone, where the objective was to describe the object. Naturally, there are many ways of which this could be done. A LCL description might include features such as size, colour etc. In a HCL description, the cell phone might be referred to as a “communication device”, where previously stated information (size, colour) would not be recognized. The choice of description is therefore dependent on the perceived psychological distance to the object in question. It is important to note that transcending from a lower to a higher construal level does not solely imply depleted information; but rather, the generalization enables wider contextualization categorization, and consequently, evokes additional value to other stimuli references (Trope & Liberman, 2010). In other words, there is a value of transcending from LCL to HCL.

2.1.2.2 Implications of Construal Level for Evaluations and Decision-Making

Psychological distance can be explained by exploring the dimensions of construal level, where *temporal distance* is one of the probed dimensions. This dimension and its relationship to psychological distance, can in various ways affect consumers in their decision-making process (Trope et al., 2007).

Often consumers have to make decisions about future events today. Therefore, it is important to understand the effect of temporal distance. As previously mentioned, the interpretation of events and objects become increasingly abstract as construal level increases. Such conclusions can also be made in regards to temporal distances. It seems to be a simpler underlying structure to distant future events in comparison to near future events, indicating a more general and thus alike HCL interpretation for distant future events and LCL for near future events. The underlying structure can be explained by examining categorization of objects. Liberman, Sagristano, and Trope (2002) conducted a study in which participants were asked to categorize various pre-set objects they would bring to a trip, taking place either in near or distant future. This result indicated that categorization of objects in farther temporal distance leads to fewer groups for the objects. The generalization of the objects indicates a superordinate, wider variety in the interpretation of the objects. Furthermore, there is evidence of spillover effects from product attitude to brand liking in HCL events, indicating that similar categorization is present in a wider context (Thorbjørnsen et al., 2016).

Other findings suggest that temporal distance augment the perception of performance (Förster, Friedman & Liberman, 2004). Building on this, previous research by Thorbjørnsen, Dahlén & H. Lee (2016) has shown that there is a contingency between NPP and positive product evaluation. In accordance with Construal Level Theory, NPPs indicates a HCL, since the product announcement is further away in the future vis-à-vis NPAs, i.e. product announcement taking place in the near future. In other words, NPPs, in comparison to NPAs, are altering the mental representation of an event, and the most prominent distinction between these groups are temporal distances. Furthermore, it was shown that the product attitude was highest for the NPP manipulation (vs. NPA) and that this effect was transferrable to other product within the brand family (Thorbjørnsen et al., 2016). Other effects of increased temporal distance include positive evaluation and positive behavioural attitude towards the action (Trope et al., 2007).

When evaluating objects and events, people tend to focus on different aspects of that object depending on construal level mindset. As psychological distance increases, the desirability of an object seems to be the focal point; for a psychologically near distance, the corresponding focus seems to be on feasibility concerns. Consequently, since the importance of different concerns of an object varies depending on construal level, this can be used in communication with consumers. By highlighting temporally opportune descriptions of objects (i.e. desirability or feasibility) at the time consumers make a decision, this will generate an identification of

greater value associated with that decision (Trope et al., 2007). Further, the attitude towards different aspects of an object depends on how new the product is perceived to be: a product could be seen as a really new product (RNP) or an incrementally new product (INP), where a really new product is a product with totally new features for the market (Alexander, Lynch Jr., & Wang, 2008). The spillover effect of current brand products seems to be larger for RNPs (vs. INPs). Thus, when testing the effect of NPP (vs. NPA) on product attitude, the RNP acts as a moderator on brand liking (Thorbjørnsen et al., 2016).

Because construal level engages on a mindset plane, different priming effects on subsequent, related and unrelated decision should be observed. Hence, there is a potential to influence consumers through knowledge from CLT, indicating that managers and firms can use this to communicate more effectively to incentivise desired actions from consumers (Fujita, Trope, Liberman, & Levin-Sagi, 2006).

2.1.3 Numerical Cognition

In everyday life, numbers are used in communication and different numerical expressions are used as strategic marketing actions. Supplementary numerical research denotes that numbers itself are perceived as a concrete and low level of construal (Monga & Bagchi, 2012). Construal level theory suggests that the lower the level of construal is, the more the interpretation of the objects is prone to change over time due to the narrowing categorization (Trope & Liberman, 2010). Furthermore, precise numbers are perceived as a concrete and lower level of construal compared to round numbers (Pena-Marín & Bhargava, 2016).

Round numbers are more fluently processed than precise numbers (King & Janiszewski, 2011). This is in line with CLT and suggests a simplified categorization of objects as construal level inflates (Liberman et al., 2002). Additionally, people are changing finer numbers into round numbers while processing the numerical information (Schindler & Kirby, 1997). This facilitates interpretation and generalization while categorising and it is frequently used for estimations; estimations including calculations, e.g. 30 x 20 instead of 31 x 23 (Siegler & Booth, 2005). Previous findings show that round numbers are revealing a sense of “feeling right” (Wadhwa & Zhang, 2015) and a sense of stability (Pena-Marín & Bhargava, 2016). The underlying assumption of perceived stability when using round numbers comes from the consumer’s rationale of thinking that the product will last longer, i.e. the benefit they receive from using it

elongates. This perception is affecting individuals' perceptions in a positive way in product evaluations (Pena-Marin & Bhargava, 2016). This positive product evaluation is imposed when the product description evokes positive benefits, e.g. feeling energized after drinking coffee. On the other hand, negative benefits could evolve in product contextualization. For example, this could be the need to urinate after drinking coffee, which is interpreted as a negative consequence of the product. Such negative benefit would instead imply a negative evaluation.

2.2 Conclusion of Theory and Formulation of Hypotheses

Below, a brief conclusion from each theoretical section is presented.

Signalling Theory and Effective Marketing Strategies

To conclude, signalling is used to influence consumers' behaviours and beliefs of a certain object and event. NPPs are used as a strategic signalling tool to communicate new product launches well in advance, i.e. before it is available on the market and hence to provide the target audience with credible information. NPPs has shown to influence and augment consumers' attitude towards the communicated object or event to a greater extent than NPAs, and NPPs also brings a positive spillover effect on the whole brand.

Construal Level Theory

Construal Level Theory is a theory explaining the psychological distance that is created from construing objects and events in either near or farther distance. Greater temporal distance indicates a HCL. A HCL is congruent with a farther psychological distance, where objects and events are interpreted as abstract and general, and involves a general categorization of objects. Higher construal level will lead to favourable product attitude. This can be moderated by RNPs (vs. INPs) and will cause a positive spillover effect on the brand.

Numerical Cognition

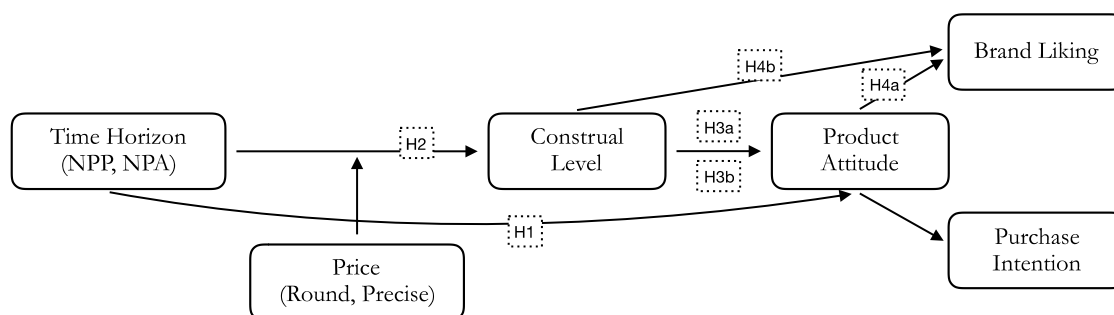
Numerical Cognition is a consumer's underlying psychological processing of numbers. Numbers are generally processed as LCL. However, round numbers are easier to process than exact numbers and have a higher construal level. Round numbers bring the association of stability and therefore leads to a more favourable product attitude.

With regards to the theoretical framework presented above, the following hypotheses were formulated:

Summary of Hypotheses

- H1:** NPP moderated by round pricing will generate a higher product attitude.
 - H2:** NPP moderated by round pricing will generate a higher construal level.
 - H3a:** Construal level will mediate the effect of NPP and round pricing on product attitude.
 - H3b:** Construal level will effect product attitude.
 - H4a:** There is a spillover effect from product attitude to brand liking.
 - H4b:** There is a spillover effect from construal level to brand liking
-

Figure 1: The Model



3. Methodology

3.1 Choice of Scientific Approach and Research Method

The research method of this thesis is based on a deductive approach, exploiting established theories to deduct the hypotheses formulated in the section *Theoretical Framework*. The intention of the deductive approach was to empirically test and further establish relationships between the existing theories and the formulated hypotheses, where the hypotheses were subjective to the empirical examination. A quantitative method was used in order to create a base where general conclusions could be drawn and statistical methods for the analysis could be utilized (Bryman & Bell, 2011).

The study of this thesis was conducted using an experimental study design. With exceptions to the different stimuli, the study was indistinguishable between the treatment and control groups. The distribution of the study was randomized between the respondents, and they were hence randomly selected to a group. This provides reassurance that any differences between the groups are related to the manipulations in the experiment (Bryman & Bell, 2011). The risk of self-selection bias is limited when applying randomization of respondents into the different treatment groups. Additionally, the comparability between the groups is ensured by this method (Söderlund, 2010).

3.2 Study Design

Figure 2: Study Design Matrix

		Time Horizon	
		Today (NPA)	6 Months (NPP)
Price	Round	NPA/Round	NPP/Round
	Precise	NPA/Precise	NPP/Precise

In order to test the previous formulated hypotheses a 2x2 experimental design was conducted (*figure 2*), and the following four treatment conditions were constructed; 2 (Price: Round vs. Precise) x 2 (Time Horizon: Today vs. 6 Months). The dimensions of the time horizon, i.e.

Today and *6 Months* will hereinafter be referred to as *NPA* and *NPP* respectively, were the dimensions of price will be referred to as *Round* vs. *Precise*.

The design of the study was conducted using an experimental research method, whereby an online survey was constructed. The study consisted of an introductory text and an information message about a new product launch which contained the stimuli, followed by a set of questions. Apart from the stimuli in the information text, the survey was identical among the respondents. The survey was issued in Swedish since the sample was gathered in Sweden.

The introduction text was identical to all respondents. The respondents were informed that they were going to read an information message about a product launch of a new product from an anonymous, but well-known company (see appendix 8.1).

The section followed by the introduction text was the information message about the product launch, hereinafter referred to as the *launch message*. Respondents were randomly allocated to the four different experimental settings and hence provided with the different stimuli of price and time horizons of the product launch (see appendix 8.2-8.5).

The main survey consisted of nine main questions and answers were designated on an interval 10-point scale.

3.3 Preparatory Studies and Stimuli Development

3.3.1 Launch Message and Stimuli Development

Experiments are recommended to be designed as a replication of the reality in its best way (Bryman & Bell, 2011). Therefore, the launch message was prepared thoroughly, in order to replicate a credible launch message and to make the experiment as authentic as possible.

The launch message was created as a shorter information text, where no brand name was recognized in order to avoid any potential effects of brand recognition or previous associations and perceptions to other brands. Also, the shortness of the text was established to prevent the respondents from missing the important information, i.e. the stimuli and hence eliminate any potential risk of the respondents not paying attention to the manipulations (Bryman & Bell, 2011).

Previous research has demonstrated that RNP (vs. INP) has a larger spillover effect on the brand (Thorbjørnsen et al., 2016) and therefore the information in the text was developed carefully for the product to be perceived as a RNP. In order to make the launch message credible, the name of the text and its content was revised by a PR-consultant. The consultant gave her guidance about the credibility of the message and helped in the process of choosing an appropriate name for the message, which resulted in *Information message about a new product launch*.

The objective was to test effects on the Swedish consumers and therefore the product used for the study needed to be moderately gender neutral and hence relevant for the sample. Therefore, a cell phone was chosen as the product in the launch message. Previous research has revealed that cell phones typically are pre-announced, which would provide applicability and ecological validity to the context of the study. Furthermore, a cell phone has previously been tested in similar research context (Thorbjørnsen et al., 2016).

The stimuli used in the study were *price* (round vs. precise) and *time horizon* (today vs. 6 months). The time frame was chosen in accordance with Thorbjørnsen, Dahlén and H. Lee (2016), since they conducted a similar study and had previously run extensive pre-testing for a correctly used timeframe manipulation with respect to choice of product. In order to develop the manipulations of the price (i.e. round and precise price) an appropriate reference price needed to be found. Furthermore, it was important to ensure that the reference price was not associated with a specific brand since this could potentially evoke brand recognition. Pointed out previously in this paper, an exact number is perceived as a lower amount than a round number. In order to prevent this to influence the respondents, the exact price was decided to be set to a higher amount than the round price.

3.3.2 Pre-study

A pre-study was conducted with the main objective to find the appropriate reference price, which later was employed to develop the different price manipulations for the main study. In the preparatory study, a shorter survey was conducted. The launch message was identical to the suggested message for the main study but did not include price. Instead, it only included the time horizon of 6 months (NPP). The respondents were asked to state which price they thought the cell phone had, indirectly stating which price they considered to be appropriate based on

the launch message provided. In addition, the pre-study also tested to what extent the respondents considered the message to be believable, since ad sceptical consumers are less likely to trust the advertising message and hence discredit the informative claims (Xie & Kronrod, 2012). Building on the importance of trustworthiness, one of the main objectives was to test if the respondent thought the manipulation of 6 months NPP to be believable. A NPA message was not used, since a launch happening today is already perceived to be credible (Thorbjørnsen et al., 2016).

Furthermore, the study tested if the product was depicted as a RNP, which was made through an established test adapted from Alexander, Lynch and Wang (2008) where the respondents were asked to evaluate how they perceived the product based on the following: certainty of new benefits, trade-off between costs and benefits, behavioural changes caused from using the product and possibility to do new things with it. The answers were summed, weighted and benchmarked in congruency with Alexander, Lynch and Wang's (2008) newness index. In order to ensure that the respondent had paid attention to the stimuli of NPP, a control question was asked in the end. The questions were asked on a seven-point Likert scale, allowing the respondents to answer with a neutral response (Bryman & Bell, 2011). This allowed for tendencies of the respondents to not evoke any reactions towards the message; such tendencies would have needed to be eliminated for the main study.

3.3.3 Results from Pre-study

120 respondents participated in the pre-study; 42% males and 58% females, with a mean age of 32 years. The results from the pre-study were employed to develop the different price manipulations for the main study. The respondents who had not correctly answered the control question were omitted from the analysis, leaving 105 respondents in the cleaned dataset. Excluding outliers, the mean price derived from the data was SEK 8807.21. Furthermore, it was found that the respondents reacted as wanted to the launch message, i.e. low level of ad scepticism, with a Cronbach's $\alpha = 0.875$ and a mean of 4.62. The answers from the four questions regarding RNP and the perceived newness were summarized and weighted in order to be interpretable. The weighted result generated 10.39 which was compared to a benchmark of 10.38, indicating that the respondents perceived the product to be a RNP.

3.4 Main Study

3.4.1 Measures of the Main Study

Product Attitude

The measure of product attitude was chosen as a measure of the respondents' instant overall feelings towards the product. This was captured by the question "*After reading the launch message, what is your opinion about the product?*" The responses were collected on a 10-point scale using a three-item semantic scale, namely: "Dislike - Like", "Bad - Good", "Disadvantageous - Advantageous" (Holbrook & Batra, 1987). The items were weighted to an index (Cronbach's $\alpha = 0.935$).

Brand Liking

Brand liking was used as a measure to observe potential spillover effects on the overall brand from both product attitude and construal level. The spillover effect was measured through the question "*After reading the launch message, what is your opinion about the brand behind the product?*" Responses were collected on a 10-point semantic scale, using three items, namely: "Dislike - Like", "Bad - Good", "Disadvantageous - Advantageous" (Holbrook & Batra, 1987). The items were averaged to an index (Cronbach's $\alpha = 0.963$).

Purchase Intention

In order to test the influence of the release message on behavioural motives, purchase intention was measured by applying the willingness to *try out the product*, *own the product* and *buy the product*. It was measured on a 10-point, three-item semantic scale (1 = "Strongly disagree", 10 = "Strongly agree") in accordance with Thorbjørnsen, Dahlén and H. Lee (2016). The items were averaged to an index (Cronbach's $\alpha = 0.913$).

Construal Level

To test construal level, the measurement was broken down into two questions and conducted in accordance with Thorbjørnsen, Dahlén & H. Lee (2016). The respondents were asked to state the importance of four abstract and four concrete product attributes, the former testing high construal level, and the latter testing low construal level. High construal level benefit-related attributes included *the benefits it provides*, *the user experience*, *the new uses it enables*, *the feeling it gives me*, followed by the concrete feasible attributes *price*, *ease of use*, *durability* and *ease to learn*. The measure was stated on a 10-point scale, four-item scale (1 = "Not at all

important”, 10 = “Very important”). It was later indexed by weighting the HCL/LCL-ratio (Cronbach’s $\alpha_{HCL} = 0.916$, Cronbach’s $\alpha_{LCL} = 0.818$).

Product Quality

Product quality was measured on a 10-point, three-item scale in accordance with Dahlén, Rosengren and Smit (2014). Items were specified as *low quality* vs. *high quality*, *worse than average* vs. *better than average* and *worse than the competition* vs. *better than the competition* (1 = “Low quality”, 10 = “High quality”). Cronbach’s $\alpha = 0.953$.

Perceived Sustainability

The measurement was adopted from the measure used for *product quality* (Dahlén, Rosengren, & Smit 2014) and assessed on a 10-point, three-item semantic scale, where items used were identical to the previous measure. Cronbach’s $\alpha = 0.941$.

Ad Scepticism

The measure of ad scepticism was used to establish the extent to which the respondents would acknowledge the information and internalize the launch message. In accordance with Xie and Kronrod’s (2012) study the respondents were asked to state the degree to which they thought the message was *believable*, *credible*, *reliable*, *trustworthy* and *truthful* (1 = “Strongly disagree”, 10 = “Agree completely”). Cronbach’s $\alpha = 0.971$.

Extra Questions

In addition to the measures mentioned above, a set of additional measures were adopted to gain further insight. These questions were included to secure the possibilities of getting a deeper data analysis and underlying explanations if so necessary. *Price perception* was used to establish the price sensitivity of the respondents and was recorded on a 10-point, three-item bipolar scale including *unreasonable* vs. *reasonable*, *expensive* vs. *cheap*, *unfair* vs. *fair*. Cronbach’s $\alpha = 0.867$. Additionally, *interested in technology*, *length of current mobile ownership* and *willingness to change mobile* was recorded.

Control Questions

To ensure that the stimuli was noticed by the respondent, two separate control questions were asked at the end of the survey requesting the respondent to pick the price and the time horizon noted in the launch message. The question regarding the control of the price was followed by

the response options of *8800*, *8849* and *I don't remember*, whereas the question regarding the time horizon was followed by the option *today*, *6 months* and *I don't remember*. The option *I don't remember* was recorded to further secure that random guessing would not lead to successful replies.

3.4.2 Questionnaire Design

The disposition of the questionnaire was carefully conducted due to the importance of placing the questions in a logical order and to increase the accuracy in answers (Malhotra, 2010). Furthermore, the objective was to minimize the respondents' effort of responding and hence reducing the risk of having respondents not completing the survey or not reading it thoroughly. In order to secure the genuine replies and attention from the respondents, the most important questions were asked at the beginning of the questionnaire. (Bryman & Bell, 2011).

The respondent could go back to previous questions in the questionnaire. However, they were not able to regress to the launch message at the beginning of the survey, in order to secure that they did not cheat through the control questions asked in the final section of the questionnaire. The control questions were asked to secure that the respondent had drawn attention to the stimulus of price and time horizon. Further, the response alternatives within the control questions were randomized between the respondents in order to reduce order biases (Malhotra, 2010).

The survey consisted of nine main questions and was conducted as a self-completion questionnaire with closed answers (Bryman & Bell, 2011). Answers were designated on a 10-point interval scale. The balanced even number scale was chosen to capture the respondents' sensitivity when answering the questions and to observe a more nuanced view; in other words, to prevent the respondents from being indolent, choosing the middle alternative due to laziness (Malhotra, 2010). The representation and placement of the scale followed Malhotra's (2010) recommendation; the lowest response alternative (1) represented negative answers (e.g. dislike, unfavourable, strongly disagree) and was placed on the left end of the scale and the highest response alternative (10) represented positive answers (e.g. like, favourable, agree completely) and was placed on the right end of the scale. The survey was distributed online, completed through phones and computers. Therefore, it was important to secure a user-friendly experience

for both devices. Per recommendation from the data collections company distributing the survey, the outline was chosen to be vertical for the phone and horizontal for the computer.

3.4.3 Sampling and Distribution

The survey of the main study was launched in March 2018. Because the objective of the study was to analyse consumers in general, it was important to sample from a wide variety of people, representing the Swedish consumer. Therefore, the sample included both men and women between the ages 16-60. The survey was written in Swedish, thus only Swedish speaking participants were considered, narrowing the population analysed to the Swedish consumer.

The respondents were recruited through the professional research agency Norstat Sverige's panel and the survey was completed online, both for computer and mobile presentations, in a format designed in Norstat Sverige's survey tool. In order to reduce any potential problems with the questionnaire and to ensure that the survey worked properly, a pilot-test to 68 respondents were distributed (Malhotra, 2010). The pilot was run on the 28th of March and the main study was distributed between 30th of March and 9th of April. Data from 599 respondents were collected in the main study. Due to incorrectly submitted answers of the control questions, 263 respondents were omitted from the dataset, leaving 336 respondents for the final analysis. Subsequently, the distribution of the sampling could be assumed to be a normal distribution since the sample size was larger than 30. Additionally, this ensured that the parametric test was viable (Malhotra, 2010).

3.5 Data Analysis Tools and Tests

When the survey had been distributed by Norstat Sverige, the data file was received as a SAV-file. Afterwards, the data was imported to the software program SPSS (version 25) where it later was analysed.

The distribution of the sampling could be assumed to be a normal distribution since the sample size was larger than 30. The statistical analysis was executed on the conventional 5% significance level, meaning that the results were not considered to have empirical evidence at a higher level.

In order to test if the multi-item measurements questions provided reliable results, the measures were merged into indexes and executed in Cronbach's alpha Reliability Tests ($\alpha > .70$).

Furthermore, mean differences were compared through one-way ANOVAs, whereas Post Hoc tests were employed in order to capture the multiple comparisons between all groups. Due to the unequal sample sizes and thus the need for flexibility, Scheffe's Post Hoc test was selected. This test implies conservative results (Malhotra, 2010).

Additionally, regression analyses were conducted to analyse potential relationships between dependent and independent variables in order to establish causal relationships (Malhotra, 2010).

3.6 Data Quality

3.6.1 Reliability

In order to ensure high reliability of the results, there is an importance of securing that repeated recreations of the study are possible and that the scales are producing consistent results if repeated measures are made (Malhotra, 2010). To secure the reliability of important measurements, multi-item questions and measures from previous research and academic papers were applied. The response options were specified on multi-item scales and later merged into indexes; all Cronbach's α exceeded the limit of 0.70, indicating acceptable reliability in the measurement (Bryman & Bell, 2011). Additionally, the large sample size ($n=599$) strengthened the reliability even further.

3.6.2 Validity

The respondents were randomly assigned, contributing to a high validity. Additionally, the sample was collected across the nation which ensured a representative view of the Swedish population, giving the study a strengthened validity. Since the respondents were assigned randomly and through an online panel, it is therefore considered unlikely that an individual respondent could have influenced another. Thus, that the experiment was set in a neutral environment is important for the ecological validity (Bryman & Bell, 2011).

No brand name was mentioned in the launch messages containing the stimuli. Thus, any potential risk of systematic errors caused by brand recognition was reduced, but also ensuring that the presented results could be reliant on the manipulated independent variables.

According to Söderlund (2005), the usage of artificial stimuli could be a concern for the validity. Since the launch messages were artificial and not presented by real product announcements, a PR-consultant revised the launch messages in order to limit any concerns and hence increase the validity of the study. Further, cell phones are typically pre-announced, which will provide applicability and ecological validity to the context of the study (Thorbjørnsen et al., 2016).

If newly developed measures are being used it is important to establish and ensure a face validity, meaning that the concept in the question is reflected by the measure. In order to secure the face validity to newly developed questions used in the study, people were asked in forehand whether the message from the question seemed to reflect its concept or not (Bryman & Bell, 2011).

4. Results

This section will present the results of the study. Hypotheses will either be accepted or rejected and additional findings will be acknowledged.

4.1 Manipulation Check and Data Cleaning

The data preparation and cleaning consisted of omitting respondents who had answered the control questions incorrectly. The incorrect answers indicated that the respondents had not noticed or had paid little attention to the stimuli developed. Thus, they needed to be excluded from the dataset and not analysed. 599 respondents participated in the survey and the cleaned dataset included 336 respondents, with an equal gender distribution (49.1% women, 50.1% men), mean age 37.37 years. *Table 1* shows the distribution of the respondents in the cleaned dataset divided into the different treatment groups.

Table 1: Number of Respondents					
Treatment Groups	NPP/Round	NPP/Precise	NPA/Round	NPA/Precise	Total
Sample Size cleaned dataset	112	122	44	58	336

4.2 No Effect of Time Horizon and Pricing on Product Attitude

Product Attitude was measured on a three-item scale to capture the respondents' overall opinion towards the product. In order to measure the mean values between the groups, a one-way ANOVA test was conducted. Scheffe's Post Hoc test was performed to enable comparison between all groups.

Table 2: Multiple Comparisons of Product Attitude												
Treatment Groups	NPP/Round			NPP/Precise			NPA/Round			NPA/Precise		
Comparison Group	NPP/ Precise	NPA/ Round	NPA/ Precise	NPP/ Round	NPA/ Round	NPA/ Precise	NPP/ Precise	NPP/ Round	NPA/ Precise	NPP/ Precise	NPP/ Round	NPA/ Round
Mean (treatment group)	5.99			6.23			6.49			6.28		
Mean Difference	-0.25	-0.51	-0.30	0.25	-0.26	-0.05	0.26	0.51	0.21	0.05	0.30	-0.21
Sig.	0.81	0.53	0.82	0.81	0.89	0.99	0.89	0.54	0.96	0.99	0.82	0.96

The results in table 2 showed that no significant differences were found between the groups when applying a 5% significance level ($p=0.05$). The group exposed to *NPA/Round* was slightly more favourable towards the product attitude than *NPA/Precise* ($M_{NPA/Round} = 6.49$ vs. $M_{NPA/Precise} = 6.28$), whereas *NPP/Precise* and *NPP/Round* were the least favourable ($M_{NPP/Precise} = 6.23$ vs. $M_{NPP/Round} = 5.99$). With a confidence interval of 95% applied, the mean differences between the groups were, however, not significant, leading to the following consequence on the tested hypothesis:

H1: NPP moderated by round pricing will generate a higher product attitude – **Empirical evidence not found.**

4.3 No Effects of Time Horizon and Pricing on Construal Level

Construal level was measured with two questions: number one capturing HCL and number two capturing LCL. The measures were later indexed by weighting the HCL/LCL-ratio, resulting in possible values of $0.1 \leq \text{Construal Level} \leq 10$. A one-way ANOVA test was conducted to measure the mean values between groups. Comparisons between all groups were captured with Scheffe's Post Hoc test.

Table 3: Multiple Comparisons of Construal Level

Treatment Groups Comparison Group	NPP/Round			NPP/Precise			NPA/Round			NPA/Precise		
	NPP/ Precise	NPA/ Round	NPA/ Precise	NPP/ Round	NPA/ Round	NPA/ Precise	NPP/ Precise	NPP/ Round	NPA/ Precise	NPP/ Precise	NPP/ Round	NPA/ Round
Mean (treatment group)	0.87			0.89			0.90			0.89		
Mean Difference	0.92	-0.40	-0.20	0.02	-0.01	0.00	0.01	0.04	0.02	-0.00	0.02	-0.02
Sig.	0.92	0.86	0.96	0.92	0.98	1.00	0.99	0.86	0.99	1.00	0.96	0.99

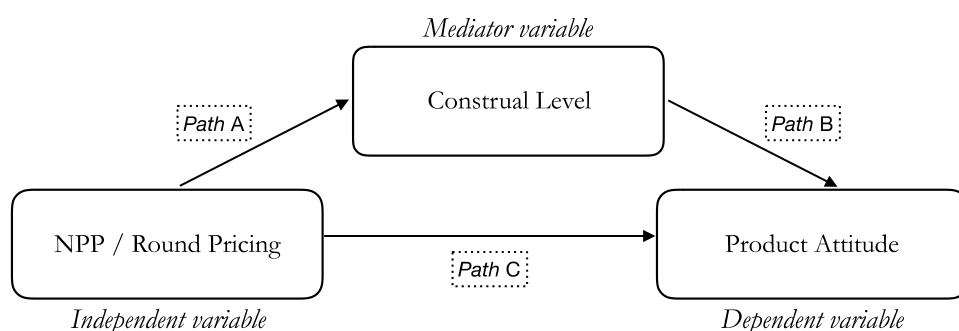
The results in table 3 display no significant differences between the groups when applying a 5% significance level ($p=0.05$). The group exposed to *NPA/Round* had a slightly higher mean than the other groups: *NPP/Round* with the lowest values ($M_{NPA/Round} = 0.90$ vs. $M_{NPP/Precise} = 0.89$; $M_{NPA/Precise} = 0.89$; $M_{NPP/Round} = 0.87$). With an applied confidence interval of 95%, the mean differences were not significant, leading to the following consequence on the tested hypothesis:

H2: NPP moderated by round pricing will generate a higher construal level – **Empirical evidence not found.**

4.4 No Mediation of Construal Level on Product Attitude

It was hypothesized that construal level is a mediator to why NPP together with round pricing (*NPP/Round*) should generate a higher product attitude, meaning that construal level would be one of the underlying reasons for the effect on product attitude when a *NPP/Round* manipulation is included. This potential effect implies that the relationship between the variables *NPP/Round* and *Product Attitude* (path C) is caused by the effect of *NPP/Round* on *Construal Level* (path A) and subsequently the effect of *Construal Level* on *Product Attitude* (path B), see Figure 3.

Figure 3: Mediating Effect of Construal Level



A simple regression analysis was performed to test the existence of such mediating effect. In order for a mediation to prevail, path A and path B must both show a significant relationship. For full mediation, no significance is present for path C when performing a multivariate regression, meaning the full effect goes through path A and B. For partial mediation, path C is however still significant when multivariate regression is performed, but the amplitude in effect is lowered (in comparison to the bivariate regression).

To test for a mediating effect, the Baron & Kenny (1986) mediation analysis procedure was conducted. Requirements include ensuring no heteroscedasticity or multicollinearity is prevalent. Therefore, these requirements were ensured to be fulfilled, prior to analysing the data.

The analysis consists of four steps, presented below. All steps must be fulfilled to be able to state a mediation effect.

Step 1:

NPP together with round pricing (*NPP/Round*) must significantly predict a higher level of *Product Attitude*. A simple linear regression was conducted:

$$Product\ Attitude_i = \beta_0 + \beta_1 NPP/Round_i + u_i$$

With the values of $\beta_1 = -0.311$, $p = 0.136$ as a result. Therefore, no direct significant relationship was found between *NPP/Round* and *Product Attitude* (path C).

Because the bivariate regression of *NPP/Round* on *Product Attitude* showed non-significant results, completion of the test for mediation was futile. No mediating effect prevailed since no direct effect was established.

H3a: Construal level will mediate the effect of NPP and round pricing on product attitude - **Empirical evidence not found.**

4.4.1 Positive Effect of Construal Level on Product Attitude

To establish if data supported the hypothesis that construal level would effect attitude towards the product, a simple linear regression was conducted:

$$Product\ Attitude_i = \beta_0 + \beta_1 Construal\ Level_i + u_i$$

With the values of $\beta_1 = 3.339$, $p < 0.000$ as a result. A significant positive effect was observed of *Construal Level* on *Product Attitude*.

H3b: Construal level will effect product attitude – **Empirical evidence found**

4.5 Spillover Effect on Brand Liking

It was hypothesized that *Product Attitude* and *Construal Level* should have a positive spillover effect on *Brand Liking*. To test this, two separate bivariate regressions were conducted.

4.5.1 Positive Spillover Effect from Product Attitude to Brand Liking

A regression to establish the relationship between product attitude and brand liking was conducted:

$$Brand\ Liking_i = \beta_0 + \beta_1 Product\ Attitude_i + u_i$$

With the values $\beta_1 = 0.884$, $p < 0.000$ as a result. A positive significant relationship between *Product Attitude* and *Brand Liking* was found; spillover effects prevailed.

H4a: There is a spillover effect from product attitude to brand liking – **Empirical evidence found**

4.5.2 Positive Spillover Effect from Construal Level to Brand Liking

In order to capture the positive spillover effect from construal level to brand liking a simple linear regression was conducted:

$$Brand\ Liking_i = \beta_0 + \beta_1 Construal\ Level_i + u_i$$

With the values: $\beta_1 = 3.319$, $p < 0.000$.

The results revealed a positive significant relationship between *Construal Level* and *Brand Liking*; i.e. a positive spillover effect prevailed.

H4b: There is a spillover effect from construal level to brand liking – **Empirical evidence found**

4.6 Additional Findings

4.6.1 The Separated Effect of HCL and LCL on Product Attitude

Results from the regression analyses performed in this study supported a positive effect of construal level on product attitude. To gain further insight, two bivariate regression analyses was performed for HCL and LCL respectively to establish the separated effects on product attitude.

Positive Effect of LCL on Product Attitude

A simple regression analysis of *Low Construal Level* on *Product Attitude* was conducted, see below:

$$Product\ Attitude_i = \beta_0 + \beta_1 Low\ Construal\ Level_i + u_i$$

With values: $\beta_1 = 0.262$, $p < 0.000$.

A Significant relationship could be confirmed between a *Low Construal Level* and *Product Attitude*.

Positive Effect of HCL on Product Attitude

The following regression was run to establish the effect of *High Construal Level* on *Product Attitude*:

$$Product\ Attitude_i = \beta_0 + \beta_1 High\ Construal\ Level_i + u_i$$

With values: $\beta_1 = 0.550$, $p < 0.000$.

A Significant relationship could be confirmed between *High Construal Level* and *Product Attitude*.

4.6.2 The Effect of Product Attitude on Purchase Intention

Because companies are ultimately relying on sales and the customers' inclination to buy a product, behavioural intentions were observed through the following regression:

$$Purchase\ Intention_i = \beta_0 + \beta_1 Product\ Attitude_i + u_i$$

with the values: $\beta_1=0.991$, $p < 0.000$

The results indicate that there is a significant positive effect of product attitude on purchase intention.

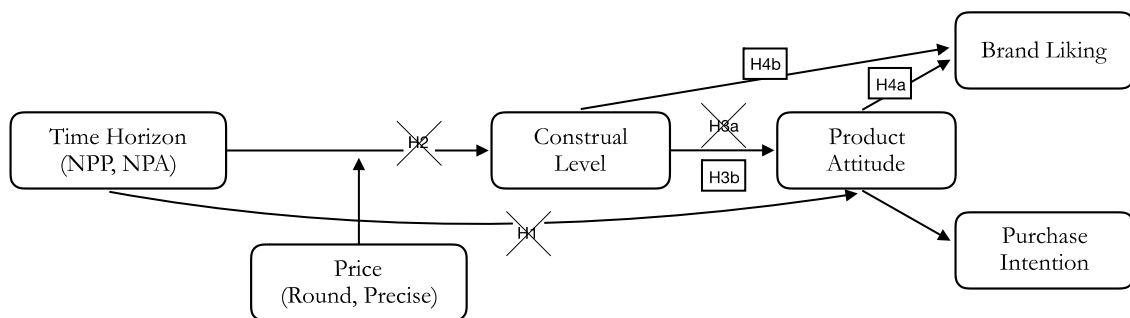
4.7 Summary of Results

Summary of Tested Hypotheses		
H1:	NPP moderated by round pricing will generate a higher product attitude.	Empirical evidence not found
H2:	NPP moderated by round pricing will generate a higher construal level.	Empirical evidence not found
H3a:	Construal level will mediate the effect of NPP and round pricing on product attitude.	Empirical evidence not found
H3b:	Construal level will effect product attitude.	Empirical evidence found
H4a:	There is a spillover effect from product attitude to brand liking.	Empirical evidence found
H4b:	There is a spillover effect from construal level to brand liking	Empirical evidence found

5. Analysis and Discussion

In this section, the results will be clarified and analysed, followed by a discussion of the interpretations of the results in relation to past research findings. The table below (figure 4) displays which hypotheses in the model that are supported and the relationships for which no empirical support was found.

Figure 4: The Model - Summarized With Results From Tested Hypotheses



5.1 Non-Significant Results

The purpose of the study was to further contribute to the scarce research literature regarding the combination of product announcements and pricing options and the effect on consumers. Previous research has explored the areas separately, but not simultaneously. In line with findings from previous studies, it was hypothesized that NPPs would evoke a greater product attitude than NPAs (Thorbjørnsen et al., 2016). This was believed to be moderated by round pricing and was introduced in the model as a new dimension. The relationship was argued to be mediated through construal level, and in accordance with CLT.

The results from the ANOVA tests show that no significant mean differences were present when testing the manipulation conditions on the chosen dependent variable, nor did they show an effect on product attitude or construal level. The test was conducted on the dependent variables *Construal Level* and *Product Attitude*. Hence, this caused the need to understand the underlying reasons for these results.

All preparatory work, including formulating the method of the study, was carefully thought through to ensure comprehensible results. This includes both the pre-study and the main study,

as well as the pilot test. Hence, this caused no reason to suspect non-significant results from the data in the main study.

The main objective of the pre-study was to test the trustworthiness of the launch message and determine the appropriate reference price to use in the main study in order to contribute to the overall credibility of the information. Due to the main objectives and the structure of the pre-study, a mean differences analysis was not performed. The responses collected indicated that the message was believable, thus there was no reason to doubt the credibility. Also, the pilot test worked properly, further strengthening the belief of expected outcome on results. The purpose of the pilot-test was to reduce any potential problem with the main study and to secure that it would work correctly. All measures used for the data analysis were established measures used in various previous research, which secured validity. Since the pilot test disclosed tendencies of differences which were in line with the predictions, there was no reason to presume deviating results from the main study. However, the objectives of the pre-study and the pilot test were slightly different from the main study and consequently, there could have been factors that did matter, which the two preparatory studies did not detect.

Additionally, there is an importance of highlighting a vast number of respondents failing to reply correctly to the manipulation check questions (i.e. the control questions about the time horizon and the price manipulations). With a larger sample size, the likely precision of a sample increases, and sampling errors decreases (Bryman & Bell, 2011). The great number of omitted respondents could be an explanation for the non-significant mean differences between the groups. However, in the data cleaning process, an interesting finding was made: most respondents succeeded in answering the control question regarding price. However, there was a substantial number of respondents dropping out due to failing the control question regarding time horizon; not only the time horizon itself but specifically, the respondents with the manipulation of NPA (today) failed to notice the information (presented in table 1). One reason for this could be that *today* was written in text format and *6 months* included a number. People construe numbers differently from a word (i.e. letters) (Trope & Liberman, 2010). More specifically, the cognition of the number might ignite semantic priming, whereas words rather activate specific conceptualization. Perhaps this indicates that actual numbers (vs. text format of numbers) are more noticeable in messages. This is something that marketers could use to communicate more effectively with consumers.

To elaborate on the non-significant results, a supplementary explanation could be derived from insights of numerical cognition and CLT. Could it be that the effects of the manipulated stimulus of *time horizon* and *round pricing* in some way cancelled each other out? Previously, it has been stated that both NPP (vs. NPA) (Thorbjørnsen et al., 2016) and numerical cognition of round (vs. precise) numbers (Pena-Marín & Bhargava, 2016) contribute to a higher product attitude due to the higher construal level mindset. The latter is also argued to be the reason for a more positive product evaluation of products described with round numbers. On the contrary, negative benefits described with round numbers are instead amplifying a negative effect on evaluation. Therefore, it is suggested that effects from round numbers are being amplified in different ways depending on if the benefit is perceived as positive or negative. Perhaps the price is considered to be a negative benefit in the mind of the consumer since it is something that the consumer has to contribute with him-/herself. If on contrary, the product announcement (NPPs and NPAs) is a positive benefit, then the result of combining both stimuli simultaneously might be ambiguous. A suggested reason for the outcome is based on a negative amplifying effect from contextualization for the use of round numbers. In addition, there is evidence of round prices being incorrectly judged due to a perception of being a larger amount than a precise number (Thomas et al., 2010). It was hypothesized that NPP moderated by round numbers should contribute to a more positive effect on consumers. Nevertheless, the result indicated an overturned outcome; *NPP/Round Pricing* holding the lowest mean values of all groups. Therefore, a subsequent hypothesis is formulated; namely, if round pricing is an amplified negative effect; then together with an amplified positive effect, the positive effect will completely cancel out. This is, however beyond the scope for this bachelor thesis to examine.

5.2 The Effect of Construal Level

The primary focus of this paper was not to examine the already established patterns of the extended effects of CL. However, the results of the study reinforced the established patterns of CL affecting the product attitude and brand liking. The replications of previous findings further strengthen the reliability of that research. The forthcoming analysis will be based on these findings and demonstrates these relationships.

The findings indicate that there is a significant positive effect of CL on product attitude. A separation of HCL and LCL was executed and two bivariate regressions were performed. Both HCL and LCL indicated a significant positive effect on product attitude. However, the effect

from HCL was larger, indicating that consumers holding a higher construal level in their mindset are perceiving a greater attitude towards the product. In accordance with research on CLT, this positively affects and influence consumers' judgements towards the product and increase their purchase intention (Thorbjørnsen et al., 2016).

Favourable product attitude also increments brand liking. Keller (2008) demonstrates how an increased product attitude will affect the brand liking and hence the whole evaluation of the brand. A significant positive effect of product attitude on brand liking was discovered in this study. However, the finding was not surprising, but nonetheless relevant since one of the companies' main objectives is to evolve their brand liking over time and to increase their relevance in the mind of the consumer.

Brand liking was also effected positively by the level of construal of the respondent. The regression analysis of construal level on brand liking revealed that the effect on brand liking was smaller compared to the effect on product attitude. Thus, indicating that the CL can amplify a consumer's attitude towards a product to a larger extent than to that of brand liking. However, brand liking evolves slowly over time, and therefore it seems reasonable that the direct effect is smaller for brand liking in comparison to product attitude. The importance of developing an increased brand liking is grounded in the effects of strengthening the brand in the long term, and hence ensuring more favourable benefits than lesser known brand (Keller, 1993). Product attitude instead, is foremost arguably short-term benefit related, due to its possibility to effect purchase intention positivity.

5.3 General Discussion

With regards to the previous discussion, the potential explanation of the ambiguity in the results is perchance the simultaneous use of the combination of *price* and *time horizon*. The price may rather be interpreted in similarity with a negative benefit and hence contributed to an uncertainty and unexpected level of construal. Important for brands is to seduce their customers into a HCL in order to gain benefits.

Previous evidence reveals that an increased level of construal in consumers mindset will have a positive contribution to the consumers' evaluation of a brand. With regards to the knowledge that consumers tend to evaluate products in a positive way when a HCL mindset is prevalent,

brands could achieve an increased benefit from priming their customers into that certain mindset. The argumentation is based on the evidence of the effect of HCL on consumers; consumers in a HCL are less prone to evaluate the products in a negative and detailed way, and instead evaluating it in a positive and general way. The abstract mindset inflicted by HCL is positively affecting the customers' product attitude, brand liking and purchase intention. Therefore, as long as the companies can succeed in placing their customers in a HCL mindset, it is more likely that they are increasing their positive product attitude and hence the subsequent effects that follow. Thus, the positive chain of effects will be beneficial to the companies and their performances.

The crucial aspect for companies is how to put their customers in a high construal level mindset. Once it is present, numerous positive aspects are being incorporated. The results revealed that once the consumers are in a high construal level mindset, this will increase their attitude towards the product, which will have a spillover effect to brand liking and purchase intention. Companies aim to increase their performance, and subsequently to increase customers' intention to buy. Indirectly, the focus must be to increase customers' attitude towards the product and to the brand, by increasing the consumers' construal level. If succeeding with changing the consumers' mindset into a HCL, this will incorporate several positive outcomes for the brand performance on the market.

6. Conclusion and Implications

6.1 Conclusion

The purpose of this study was to contribute to the relatively scarce research literature regarding the combination of product announcements and pricing options and the effect on consumers. A new dimension was added to previous findings; more specifically the intention was to examine if NPPs together with round pricing would have a positive effect on product attitude and if this effect could be mediated by the construal level in the mindset of the consumer.

The findings from the study were ambiguous due to non-significant results for the hypotheses derived from the main research questions. The study was unable to provide empirical evidence supporting the effect of NPPs and round pricing on neither construal level nor product attitude. Albeit, the study provided results strengthening previous findings suggesting a positive effect of construal level on the product attitude. Additional findings further showed that HCL was the main driver for a positive product attitude. Furthermore, the findings indicate a relationship between attitude towards a product and brand liking, as well as purchase intention.

To summarize, this implicate the following answers to the two research questions presented in the beginning of this paper:

- 1. No, this study fails to present empirical evidence that round pricing together with new product pre-announcement have an effect on brands, compared to precise pricing together with new product announcement.*
- 2. The question of whether the effect could be explained by the construal level in the mindset of consumers could not be answered, due to insufficient findings of the main effect.*

6.2 Implications

The primary focus and main questions of this study did not result in significant empirical findings, implying little contribution for marketing practitioners. However, the results from already established relationships confirmed significant results indicating a strengthened reliability to the causality of the relationships.

The empirical evidence presented suggests a positive change of customers' perception towards the brand when construing objects and events in a high level of construal. These findings can give guidance for managers in the field of marketing and they are valuable both for new companies entering the market, as well as for already established brands. The significant results indicate that marketers can gain from increasing the construal level in consumers' mindset in order to pursue the customers to evaluate products in a more abstract and positive way, which have a positive effect on consumers' attitude towards the product. The positive perception will not only affect the attitude towards the product, but act as a spillover effect for the entire brand.

In order for brands to gain more benefits, practitioners of marketing should focus on reaching a high construal level in the mindset of a consumer. By having marketers knowing the driving forces of consumers and the psychology of buying, the brand could strengthen its position in consumers' minds and subsequently on the market. Additionally, these effects will intensify the customers' purchase intention and thus increase the company's performance.

6.3 Critique and Limitations

Like any other research paper of this kind, there are limitations that may imply misleading results. The scope of this bachelor thesis is restricted to a limited amount of time. Due to those limitations, data was collected at one single occasion weakening the reliability of results and the possibility for causal inference.

The study was conducted for the launch message to be as authentic as possible, however, the artificial setting of the experiment might have impacted the respondents differently than it would have done in a real-world setting. In order to avoid any potential effects of brand familiarity, no brand name was carried out in the study. Notwithstanding the carefully thought through preparatory work, the unpredictable results of the main study are an evident weakness of this thesis.

Critique could be directed to the choice of method. In general, there is a lack of control when conducting surveys and it is harder to obtain successful manipulations. Therefore, the development of the stimuli used in the survey could be criticized. As previously discussed, the study contained control questions in order to ensure that the manipulations were secured. Several respondents failed to notice the time horizon manipulation of *today*, and therefore

critique could be directed to the outline. A pre-study was conducted with the limited objective to test the trustworthiness of the launch message and to establish the suitable reference price. This study could have tested the different dimensions between the groups of *time horizon* and *price*, even though the time horizon effects were formerly established by previous research.

It is difficult to ensure that the respondent was only affected by the desired stimulus in the survey and to secure that no external stimuli were interrupting the respondents when completing the survey. It is possible that the stimuli contained triggers that could not be predicted in advance, and hence it is hard to determine the quality of the replies.

The stimuli of *time horizon* and *price* in the study could not be separated and hence not analysed separately. Since the effects were not separable, there was a lack of ability to analyse the effects of the manipulations independently, which is why critique is led to the study design.

Lastly, critique could be directed to the use of an online panel data when collecting the respondents to the main study. The incitements for the respondents to answer the survey were unknown. The respondent could have had unidentifiable and personal incentives when completing the survey and results may therefore not reflect the reality.

6.4 Future Research

As presented at the beginning of this paper, numerous research prior to this study has included product announcements and numerical cognition and their effect on consumers. However, research including the dimension of combining findings from the two separate fields is scarcer. Considering the results, critiques and limitations that have been presented in this thesis, below the aspects of potential areas for future research are highlighted.

Albeit this thesis was unable to find empirical support for the moderating effect of round pricing, this does not imply that no further findings are to be made. Future research could involve a change of method, with the objective to create a superior authenticity in the setting of the experiment. By altering the method, genuine reactions might be possible to detect and the results may differ, indicating that an effect on consumers is indeed present.

It is also proposed that the ambiguity of the cause of the non-significant results should be further examined. Previously it was stated that both positive and negative benefits exist and how they would affect the consumer when focusing only on one at a time. To the knowledge of the authors hitherto, it is unclear what the effects are of using both positive and negative benefits simultaneously, and if that inflicts on the construal level. This was only briefly discussed in this thesis, but further research would have to establish any such relationship.

7. References

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8. Appendices

8.1 Main Study: Questionnaire

(Swedish)

Kära respondent,

Du kommer nu att få läsa ett informationsmeddelande om en lansering av en ny produkt från ett välkänt varumärke. Varumärket har anonymiserats i undersökningen. Vi är intresserade av dina spontana intryck, även om du inte kan prova produkten eller vet vilket varumärke som står bakom den. Läs texten noggrant och besvara sedan frågorna.

Dina svar är anonyma. Tack för att du medverkar!

Exposure to the manipulation (see appendix 8.1-8.5)



Efter att ha läst meddelandet, vad är din åsikt om **produkten**?

Ogillar 1	2	3	4	5	6	7	8	9	Gillar 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Dålig 1	2	3	4	5	6	7	8	9	Bra 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Ofördelaktig 1	2	3	4	5	6	7	8	9	Fördelaktig 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



Efter att ha läst meddelandet, vad är din åsikt om **varumärket** som står bakom produkten?

Ogillar 1	2	3	4	5	6	7	8	9	Gillar 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Dålig 1	2	3	4	5	6	7	8	9	Bra 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Ofördelaktig 1	2	3	4	5	6	7	8	9	Fördelaktig 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



Hur väl stämmer följande påståenden in på dig?

	Stämmer inte alls 1	2	3	4	5	6	7	8	9	Stämmer fullständigt 10
Vill testa produkten	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Vill ha produkten	☐	☐	☒	☐	☐	☐	☐	☐	☐	☐
Vill köpa produkten	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



Efter att ha läst meddelandet, vad är din åsikt om den upplevda **kvalitén** på produkten?

Låg Kvalitet 1	2	3	4	5	6	7	8	9	Hög kvalitet 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Sämré än medel 1	2	3	4	5	6	7	8	9	Bättre än medel 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Sämré än konkurrenter 1	2	3	4	5	6	7	8	9	Bättre än konkurrenter 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



Efter att ha läst meddelandet, vad är din åsikt om den upplevda **livslängden** på produkten?

Kort livslängd 1	2	3	4	5	6	7	8	9	Lång livslängd 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Kortare än medel 1	2	3	4	5	6	7	8	9	Längre än medel 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Kortare än konkurrenter 1	2	3	4	5	6	7	8	9	Längre än konkurrenter 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



Hur viktiga skulle följande egenskaper vara för dig när det gäller telefonen som beskrivs i meddelandet?

	Inte alls viktiga 1	2	3	4	5	6	7	8	9	Mycket viktiga 10
Fördelarna som telefonen erbjuder	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Användarupplevelsen	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
De nya användningsområdena	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Känslan jag får av att använda telefonen	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



Hur viktiga skulle följande egenskaper vara för dig när det gäller telefonen som beskrivs i meddelandet?

	Inte alls viktiga 1	2	3	4	5	6	7	8	9	Mycket viktiga 10
Priset	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Användarvänligheten	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Hållbarheten	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Lätt att lära	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



I vilken utsträckning tycker du att meddelandet är:

	Stämmer inte alls 1	2	3	4	5	6	7	8	9	Stämmer fullständigt 10
Trovärdigt	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Tillförlitligt	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Pålitligt	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Sanningsenligt	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Övertygande	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



Efter att ha läst meddelandet, vad är din åsikt om **priset** på produkten?

Orimligt 1	2	3	4	5	6	7	8	9	Rimligt 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Dyrt 1	2	3	4	5	6	7	8	9	Billigt 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Orättvist 1	2	3	4	5	6	7	8	9	Rättvist 10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



Vilket pris hade produkten i meddelandet?

8849 kr	☐
8800 kr	☐
Minns ej	☐



Från och med vilket datum kan du köpa produkten i meddelandet?

Idag	☐
Om 6 månader	☐
Minns ej	☐



Hur länge har du ägt din nuvarande mobiltelefon?

(ange svar i månader)



När planerar du att byta till en ny mobiltelefon?

0-6 månader	☐
7-12 månader	☐
1-2 år	☐
Vet ej	☐



Hur väl stämmer följande påståenden in på dig?

	Stämmer inte alls 1	2	3	4	5	6	7	8	9	Stämmer fullständigt 10
Jag är teknikintresserad	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Jag är teknikkunnig	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Jag håller mig uppdaterad inom tekniktrender	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐



Vilken är din huvudsakliga sysselsättning just nu?

- Arbetar som anställd ☐
- Egen företagare ☐
- Studerande ☐
- Pensionär ☐
- Arbetssökande eller i arbetsmarknadspolitisk åtgärd ☐



Hur stor är din månadsinkomst före skatt?

- 0-14999kr ☐
- 15000-29000kr ☐
- 30000-44999kr ☐
- 45000-59999kr ☐
- 60 000 kr eller mer ☐



Hur gammal är du?

Är du man eller kvinna?

- Man ☐
- Kvinna ☐

Vilket postnummerområde bor du i?

Ange ditt postnummer, fem siffror, utan mellanslag (t.ex. 12345)

8.2 Stimuli Message for Treatment Group NPA/Round Price

Det framgångsrika teknologiföretaget Y har precis producerat en ny smarttelefon.

Den nya smarttelefonen kommer kunna köpas **idag** till ett pris av **8800 kr**.

Företaget är känt för sin överlägsna teknologi, design och kraftfulla prestanda och erbjuder en rad relaterade produkter under samma varumärkesnamn. Den nya smarttelefonen innebär revolutionerade och innovativa funktioner som är helt unika och nya för den existerande marknaden.

8.3 Stimuli Message for Treatment Group NPP/Precise Price

Det framgångsrika teknologiföretaget Y har precis producerat en ny smarttelefon.

Den nya smarttelefonen kommer kunna köpas **om 6 månader** till ett pris av **8849 kr**.

Företaget är känt för sin överlägsna teknologi, design och kraftfulla prestanda och erbjuder en rad relaterade produkter under samma varumärkesnamn. Den nya smarttelefonen innebär revolutionerade och innovativa funktioner som är helt unika och nya för den existerande marknaden.

8.4 Stimuli Message for Treatment Group NPA/Precise Price

Det framgångsrika teknologiföretaget Y har precis producerat en ny smarttelefon.

Den nya smarttelefonen kommer kunna köpas **idag** till ett pris av **8849 kr**.

Företaget är känt för sin överlägsna teknologi, design och kraftfulla prestanda och erbjuder en rad relaterade produkter under samma varumärkesnamn. Den nya smarttelefonen innebär revolutionerade och innovativa funktioner som är helt unika och nya för den existerande marknaden.

8.5 Stimuli Message for Treatment Group NPP/Round Price

Det framgångsrika teknologiföretaget Y har precis producerat en ny smarttelefon.

Den nya smarttelefonen kommer kunna köpas **om 6 månader** till ett pris av **8800 kr**.

Företaget är känt för sin överlägsna teknologi, design och kraftfulla prestanda och erbjuder en rad relaterade produkter under samma varumärkesnamn. Den nya smarttelefonen innebär revolutionerade och innovativa funktioner som är helt unika och nya för den existerande marknaden.