Comparison on ads or not?
Influence of Referent on Advertising Effectiveness

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Abstract

This study explores how consumers distinguish different products and how to achieve advertising effectiveness. An experiment of 2(high/low ideal brands)x2(with/without comparisons)=4 mixed designs was conducted to verify the advertising effect influenced by the present of comparisons on ads with respect to high/low ideal brands. 50 subjects per design and 200 effective samples were evaluated under descriptive statistics and two-way ANOVA test. The study concludes: the present of comparisons on ads ameliorates Brand Attitude and Advertising Attitude regardless of high/low ideal brand. However, Purchase Intention was not significantly influenced by comparisons on ads.

Keywords: Comparisons on ads、advertising effect、ideal brand.

1. INTRODUCTION

Advertising plays an important role in the communication between a corporation and a consumer. Through advertisement, the corporation promotes the sales while the consumer receives information. For example, information regarding to sales and discount is filled with the advertisement. In Taiwan, McDonald's promotes double beef cheeseburger combo set for NT$79, but if ordered separately, it is double beef cheeseburger ($75)+French fries ($42)+ drink ($33)=NT$150. To celebrate the month of uni-President, the consumer can buy the second instant noodles of the same brand and same price with 40% discount. UNIQLO also promotes sales for summer clothing. One T-shirt costs only NT$490.

Price is always an important determinative factor for consumers' to choose products. Information regarding to prices influences consumers' behavior in different ways because the framing of prices varies[29] [18] [17] [2] [3]. The research on the framing of prices in the past often focused on the way the reference price presented in the advertisement [4] [29] [18]. Most advertisements are presented through visual arts. To make the advertisement more convincing, besides slogans, the designers also include comparisons in the advertisement showing reference prices, hoping to reinforce the information of the price and promote the consumer's perceived value and Purchase Intention. Previous study also points out that when the consumer decides what to buy, (s)he is used to rely on some comparisons as reference [13] [28] [25] [10]. In fact, the appearance of comparisons an advertisement is similar to the idea of comparative intensity in comparative advertisement. Most studies think that because brands to be compared are shown in a

comparative advertisement, people might pay more attention to the products, want to know more, and the information can be handled further.

Different ways of price framing may stimulate interesting questions. The ways of reference price framing may vary, but the advertisers are all encouraging the consumer to purchase more products with lower prices, such as the burger combo sets in McDonald's and instant noodles sales in 7-11. Under this kind of operation strategy, this study questions: will advertisement influences the consumer's attitude toward the advertisement, brand attitude, and purchase intention differently because of the differences of ideal brands in the consumer's mind? Will advertisement with or without comparisons influence the consumer's purchase intention? How is their advertising effectiveness different?

To define high and low ideal brands for the study, two brands are chosen according to the 2014 survey on Taiwan made by E-ICP[8], with 2000 valid samples (under 95% confidence level and sampling error ±2.19%). In most products college students (n=160) have bought in three months is drinks, taking 92.5% of the samples. This study chooses traditional Chinese drinks--packaged tea as the topic. In the ideal brand survey, Chaliwang ranks the first (37.8%) and Taishan Iced Tea ranks the fifteenth (4.5%). Accordingly, the former is chosen as high ideal brand product, while the latter the low ideal brand product.

2. LITERATURE REVIEW
2.1 Reference Price and Comparison
Previous studies divide the ways of presenting reference price into two types: price cues: including reference price and actual price (e.g. original price $200 and special price $99); semantic cues: description for the consumer to evaluate the product (e.g. others sell it for $799, but we only sell it for $499) [7]. In addition, reference price can be divided into external reference price and internal reference price. According to Grewal, Dhruv and R. Krishnan [11], there are three basic forms for external reference price: 1. Previous retailer's price (former dealer's price). 2. Price of the competitor (current market price). 3. MSRP (cover price or special price). The information regarding product prices is conveyed through advertisement or catalogs. In turn, the consumer would compare a lower market price and reference price to determine the information. Urbany et al [29] suggest that internal reference is in between the highest and lowest estimation of the market price, serving as a basis for determining future prices.

Aaker (1996) suggests that one of a brand's missions is to create values [1]. A brand shall emphasize its value instead of functional profits. Consumers assess their perceived value, what the consumer perceives in brand value, by asking questions like "whether the product of this brand is worthy of its value" and "why I should choose this brand." This would in turn influence how much the consumer would pay for the product and their Purchase Intentions [14] [24] [12]. If the consumer does not have enough budgets or does not want to buy the product, for the consumer, the high quality product is of less value than the product of low quality which the consumer can afford or want to buy. Li, Sun, & Wang (2007) explores stock-up characteristics in terms of price-saving or extra-product promotions, noting how information framing influences consumers' judgment and decision [16]. Through decoding the true value of your product or service offering, Rafi Mohammed (2006) proposes five basic structures to determine product value: substitutes, competitors, income, demand, and environment [22]. A correct product value can be determined through analysis. Besides product characteristics, without price, it would be hard to see product value. For consumers, it is not easy to remember the price of each product or service they have purchased. Most of them could not remember the actual price. Rather, they convert the actual price into "cheap" or "expensive" or other ways more easily to remember [32].

To attract the consumers, besides price framing information, advertisers would include information regarding to comparisons to help generalize information regarding to the price and deepen the effects of price framing. Gourville [9] suggests that there are two kinds of comparisons: no comparisons on ads and comparisons on ads. It is similar to the idea of

comparative intensity in comparative advertisement. Previous studies suggest that comparative advertisement can enhance the level of preference to the brand more effectively [31]. Pechmann and Stewart [26] point out, in comparative advertisement, that is, by pointing out specifically the name of the compared, people can form a clear referent. The compared object can attract more attention and become more convincing. Exploring the relation between comparisons and consumer's decision, Gourville [10] notes that consumers would have stronger Purchase attention when they see a comparison on ad.

2.2 Judging Advertisement Effectiveness
Means and measures for marketing have been constantly updated since 21st century. Advertisement is one of the commonest marketing means in the daily life. Consumers can see advertisement on TV, magazines, websites, windows of the stores, and billboards. Generally, an advertisement can be divided into two parts: verbal and non-verbal, including caption, images, videos, and sounds. As a paid medium, advertisement aims to win the audience's trust for the product and the advertiser, bring good impression, positive attitude and evaluation so that they would buy and use what is promoted in the advertisement. Lavidge and Steiner [15] divide advertisement effectiveness into Communication Effect and Sale Effect. The former judges the levels of how advertisement is accepted, how it changes attitude and behavior. To increase the amount of sales, not only advertisement effectiveness, but also product quality, packaging, price, outlets should be taken into consideration. Early studies on advertisement effectiveness judged advertisement effectiveness in terms of consumers' attitude toward the ad, or through constumers' reaction to advertisement stimulation. On the other hand, many studies prove that advertisement attitude would directly influence brand attitude [21] [23] [27], while brand attitude affects Purchase Intention[27] [19] [5] [6]. MacKenzie proposing the dual mediation hypothesis, proves the relation between advertisement attitude, brand attitude, and Purchase Intention [19] [20], and suggests that consumers' advertisement attitude would directly influence their brand attitude whereas brand attitude would directly influence Purchase Intention. Since advertisement effectiveness shall be judged in diverse aspects, this study suggests that advertisement attitude, brand attitude, and Purchase intention are proper indicators to judge advertisement effectiveness. This study mainly explores in daily objects, whether advertisement effectiveness of ideal brands differ to consumers with or without comparisons.

We proposed three hypothesis (H) for the present study.

H1: High ideal brand has better advertisement effectiveness than low ideal brand.
H2: Ideal brand with comparisons has better advertisement effectiveness than that without comparisons.
H3: High ideal brand with comparisons has better advertisement effectiveness than low ideal brand with comparisons.

3. METHODOLOGY
3.1 Participants
The subjects of this study are students of a university in Taipei. The total of 200 subjects (122 women and 78 men) took part in the research, at the age between 19-26.

3.2 Materials and Procedure
Purposive samples are adopted to conduct the survey. Four types of questionnaires would be given to each subject randomly. The test lasted for 10-15 minutes. 50 subjects took part in one of the four sets. The total of 200 subjects participated in the experiment.

3.3 Experimental Design
The questionnaires of the study are amended according to the scales designed by previous scholars[33] [20]. There are 15 questions. The questionnaires are edited according to Likert scale (1= Strongly disagree, 7=strongly agree). This experiment contains two conditions, and each condition has two advertisements. This research is made up of 4 mixed designs (2 high/low ideal

brands x 2 without or with comparisons) The advertisements are amended. Unnecessary text is removed. Therefore, only "visual image" and "captions" are left in the whole advertisement. The reliability and validity of the experiment can then be enhanced.

Ideal Brand Level	Comparison	
	Without	With
High	Chaliwang	Chaliwang
Low	Taishan Iced Tea	Taishan Iced Tea

TABLE 1: Allocation of graphics and words in comparisons and ideal brands for the study.

The first set is high ideal brand/without comparisons, the second set is high ideal brand/with comparisons, the third group is low ideal brand/without comparisons, and the fourth set is low ideal brand/with comparisons. For the contents of the advertisements, see Figure 1.

High Ideal Brand/Without Comparisons   High Ideal Brand/With Comparisons

Low Ideal Brand/Without Comparisons   Low Ideal Brand/With Comparisons
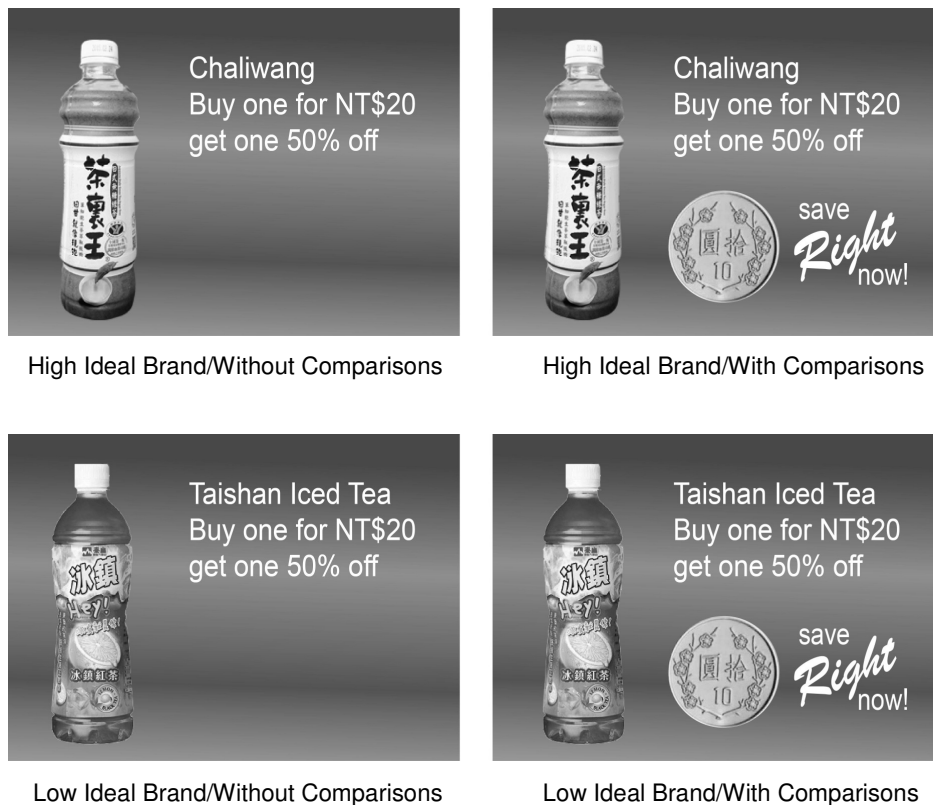
FIGURE 1: Examples of Packaged Tea ads used in experiment.

3.4 Analysis on Reliability

The questionnaires were collected and coded before analyzed by SPSS 19. The results are: advertisement attitude $\alpha=.919$, brand attitude $\alpha=.934$, and purchase intention $\alpha=.887$. Cronbach`s α values of the three aspects are all more than 0.70, proving that the data conducted by this research has high reliability.

4. ANALYSIS AND FINDINGS
### 4.1 Average and Standard Deviation of the Samples
The subjects of the research are divided into four groups: ideal brands (high/low) and comparisons (without/with) to see how advertisement effectiveness are affected by advertisement attitude, brand attitude, and purchase intention. For the average and standard deviation of each variable in dependent variables, see Table 2.

Ideal Brand Level	Comparison	Advertisement Attitude		Brand Attitude		Purchase Intention		advertising effect	
		M	SD	M	SD	M	SD	M	SD
High	Without	3.171	1.107	3.796	1.214	4.013	1.179	3.548	0.997
	With	3.637	1.012	3.936	1.049	3.960	1.004	3.801	0.871
	Total	3.404	1.081	3.866	1.131	3.987	1.090	3.674	0.940
Low	Without	3.228	1.324	3.524	1.393	3.853	1.439	3.450	1.301
	With	3.600	1.343	3.768	1.419	4.173	1.558	3.770	1.324
	Total	3.413	1.340	3.646	1.405	4.013	1.501	3.610	1.316

TABLE 2: Mean and Standard Deviation of Advertisement Effectiveness with respect to Ideal Brand Level and the present of comparisons.

4.2 Influence of Ideal Brand Level and Comparisons on Advertisement Effectiveness
To understand how ideal brand level affects advertisement effectiveness, the first hypothesis (H1) made via two-way ANOVA is: "High Ideal Brand has better advertisement effectiveness than Low Ideal Brand." The F value of High Ideal Brand is 0.157, df=1（p=.692）. This aspect does not achieve significant level（p>.1）. Therefore, H1: "High Ideal Brand has better advertisement effectiveness than Low Ideal Brand." is not supported by the result.
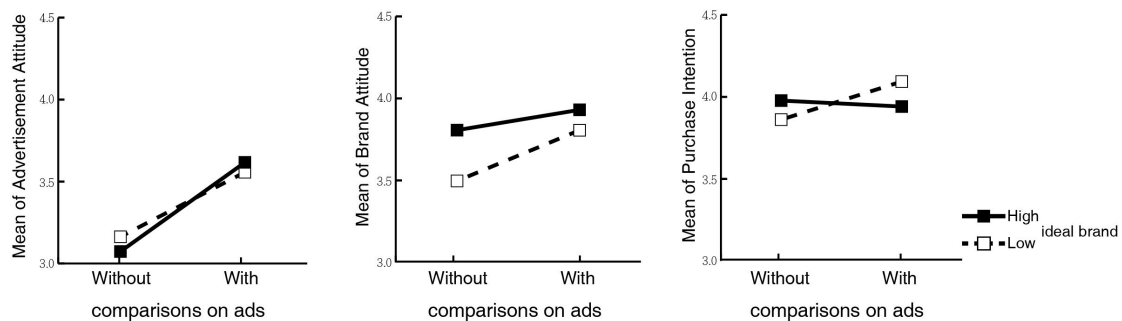
FIGURE 2: Influence of Variables to Advertisement Attitude, Brand Attitude, and Purchase Intention.

The second hypothesis (H2): "Ideal brand with comparisons has better advertisement effectiveness than that without comparisons." The F value of Comparisons on Ads is 3.160, df=1（p=.077）. This aspect has achieved significant level（p<.1）. The hypothesis H2 is therefore supported. According to Figure 2, there are significant differences in Advertisement Attitude between advertisement with comparisons and without comparisons. In Brand Attitude, the increase of high ideal brand after the present of comparison was not as expected. Yet, as to Advertisement Effectiveness in advertisement with comparisons, the Purchase Intention in High Ideal Brand gradually decreases (MHigh Ideal Brand/with comparisons =3.960, MLow Ideal Brand/with comparisons =4.173). However, the averages of Advertisement Effective in High Ideal Brand and Low Ideal Brand with comparisons are close (MHigh Ideal Brand/with comparisons=3.801, MLow Ideal Brand/with comparisons=3.770)（Figure 3）.

The third hypothesis (H3), "High ideal brand with comparisons has better advertisement effectiveness than low ideal brand with comparisons." For the two aspects, ideal brand level and comparisons on ads, the F value is 0.043, df=1（p=.836）. There are no significant two-way interaction, this hypothesis does not reach significant level（p＞.1）. Therefore, H3: "High ideal brand with comparisons has better advertisement effectiveness than low ideal brand with comparisons." is not supported.
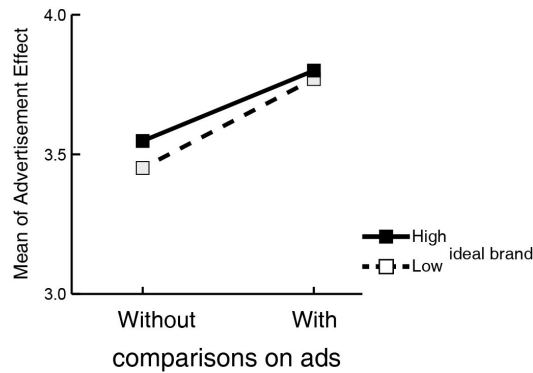

FIGURE 3: Influence of Ideal Brand on Advertisement Effectiveness **.**

5. DISCUSSION

Based on Vaughn's [30] idea of FCB（Foote, Cone & Belding Model）, constructing consumers' Involvement (high/low and Types of Purchase Decisions (Rational/Emotional) into vertical and horizontal coordinates of four quadrants, this research explores packaged teas for measurement of advertisement effectiveness. According to the research, the differences in ideal brands would influence Advertisement Attitude and Brand Attitude, but it does not affect Purchase Intention. In FCB model, drinks belong to the fourth quadrant:a low involvement/low emotional product. Consumers would make purchase according to their own feelings and habits. In comparison between High Ideal Brand and Low Ideal Brand, because originally, consumers have perceived the brands differently, Brand Attitude and Advertisement Attitude are affected. Yet since the tested sample is a low priced product and both of the products are on sales, the consumers' decision-making time are shortened. In Purchase Intention, the advertisement effectiveness of packaged tea in High Ideal Brand/With Comparisons is no better than that in Low Ideal Brand/With Comparisons.

The empirical result shows that Ideal Brand with Comparisons has better advertising effect than Ideal Brand without Comparisons. If there is a comparison in an advertisement, its effect is similar to the compared product in a comparative advertisement, providing a reference for the consumers. It can better help the consumer to compare the price and the internal reference price [11] [28]. Therefore, the appearance of a comparison is similar to the reference function provided by the reference price. An advertisement with comparisons then is more effective than one without.

Promotion is a company's means of stimulating the consumer to purchase more of certain product or service. A company would use certain promotion tool to encourage the consumer to purchase the product. Most consumers would usually transform the actual price into easy to remember forms such as "cheap" or "expensive"[32]. If the reference price in the advertisement is to buy one get one free or to get the second one for 50% discount, consumers would make a purchase decision faster. Previous studies point out that 50% discount for different products can sell out more inventory than to buy one get one free [16]. Although most studies suggest comparative advertisement would attract more attention, people would understand the product

more, and enhance the transmission of information, comparisons in advertisements are not always effective. Focusing on cellular telephone, Gourville indicates that price framing with the term "per day" is enough to promote purchase intention[10]. Comparisons as Ongoing Consumption are not really necessary. Since packaged teas are low priced daily products, whether they are sold under the promotion of buying one getting one free or buying a large one, getting a small one for free, a smart consumer would regard it as the company's way to sell out extra inventory. Lowering the price and extra gifts are often used by the company to attract consumers. For consumers, the prices of High/Low Ideal Brand are of little difference. If the company intends to make a difference in advertisement effectiveness, besides enhancing Advertisement Attitude and Brand Attitude, the framing of reference price in comparative advertisement can maintain the given value of the brand and make profits. Due to the limits in samples, this research only collects 50 subjects for each set. If more samples are collected, the reliability and validity of the research can be raised. To use a comparison is to achieve a better communication effect for an advertisement so that the consumer can be deeply impressed. In marketing methods, besides print advertisements, TV commercials, product display promotion, and online activities can be used ingeniously to achieve a consistent appeal. In future research, issues such as low priced products being cross compared with high-priced products to understand the differences of advertising effects in comparisons through the consumer's reaction can be further explored.

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