Psychological Distance of Brand Associations

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Research Motivation

- Brands play an important role in consumer decision-making by differentiating one brand from another (Keller, 1993).
- Traditional measurement approaches of brand associations:
  - Inductive qualitative approach (i.e. Zaltman & Coulter, 1995).
  - Deductive quantitative approach (i.e. Aaker, 1997; Menezes & Elberth, 1979; Specter, 1961).
- New approach based on similarity (i.e. Trusnilla & Tellis, 2014; Liu, et al., 2017; Netzer, et al., 2012; Cutula & Cutler, 2016)
- Indicates the degree of differentiation in a market place

The Construal Level Theory of Psychological Distance (CLT)

- Any mental representation can be psychologically close or distant:
  - Mental representations of psychologically close objects are easy to imagine, feasible, accessible, and have a mixed valence.
  - Mental representations of psychologically distant objects are difficult to describe and have a more positive valence. They are desirable, inaccessible, and unique.

Different Types of Brands

- Two basic classification of brands drawing on hedonic consumption (Hirschman & Holbrook, 1982) and utilitarian trade-offs (Grønroos, 1982; Lusch & Vargo, 2006).

  Service-based brands offer intangible, inseparable, variable, and perishable goods that are usually co-created.

  Product-based brands offer tangible, separable, durable and standardised goods that are usually not co-created.

Non-luxury brands offer instrumental, non-sensory, and means-end goods that provide more tangible benefits in comparison to luxury goods.

Luxury brands offer dream-like, exclusive, and non-comparable goods whose consumption is motivated by hedonism or conspicuousness.

Results:

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- Mental representations of psychologically close objects are easy to imagine, feasible, accessible, and have a mixed valence.

- Mental representations of psychologically distant objects are difficult to describe and have a more positive valence. They are desirable, inaccessible, and unique.

Conclusions and Managerial Implications:

- Psychological distance is another measurement for brand associations as it differentiates luxury from non-luxury brands.
- Brand positioning with psychological distance:
  - Psychologically close brands compete on functionality, price, and price value considerations (Lieberman & Trops, 1998; Bornemann & Homburg, 2011; Ledgowen et al., 2010).
  - Psychologically distant brands compete on brand image, the extent to which the brand promise resonates with consumers’ existing brand associations, and their attitudes in general.

- Robust findings: replicated results with two central measures of tendency in two previous studies with natural data that contains more noise than experimental data.
- Cohen’s d (Cohen, 1988) for the median and mean psychological distance ratings shows a stronger effect size for median ratings indicating the possible presence of outliers and data skew as can be anticipated in natural data.

- Easily scalable computational methodology that is extendable to other data sources, i.e. consumer e-mails, chats

So What? Empirical and Theoretical Research Gap

- Similarity makes no claim on how consumers process brand communication.
  - Example:

- H&M, Zara, and YSL are all clothing brands, but H&M and Zara are more similar to each other than they are to YSL.

- The Construal Level Theory of psychological distance (CLT) (Trope & Liberman, 2010) provides a useful theoretical background to conceptualise brand associations with implications on information processing and ultimately consumer decision-making.

- No study has examined the psychological distance of brand associations:
  - Psychological distance of brand extensions (Kim & Roedder John, 2008)
  - Psychological distance of brand experience (Kim & Song, 2016)

- Brands are a more robust and relevant unit of analysis than products:

- Brand associations for non-luxury brands are psychologically close because non-luxury brands are affordable and comparable. They have a mixed-valence due to means-end trade-off.

- Brand associations for luxury brands are psychologically distant because luxury brands are desirably dream-like, exclusive, and non-comparable.

Conceptualisation: Linking the Construal Level Theory with Non-Luxury Vs. Luxury Types of Brands

Methodology: Psychological Distance in Language

- Sample: selected 15 non-luxury and 16 luxury brands according to brand image (Dekolte, 2018; Bain 2017) industry affiliation, and amounts of tweets received.

Data collection procedure: computer script collected consumer tweets sent to the Twitter handle of each brand in the sample. Collection of 100 tweets per brand, i.e. 3,000 consumer tweets per study and 6,000 in total. Study 1 includes re-tweets. Study 2 excludes re-tweets.

Data collection time: Study 1 from 22 Jan to 5 Feb 2017 and Study 2 from 23 Mar to 9 Apr 2018.

From language data to psychological distances ratings with a computational approach:

- Hypothesis: consumers have psychologically more distant brand associations with luxury brands than non-luxury brands.

Methodology: Psychological Distance in Language

- Results:

  Study 1: 3000 tweets including re-tweets to 15 non-luxury and 15 luxury brands:
  - Consumers have psychologically more distant brand associations with luxury brands than non-luxury brands.
  - They use, on average, psychologically more distant words when communicating with luxury brands (M = 3.292) than non-luxury brands (M = 3.252) (t(2779.9) = 2.679, p = .007, d = .186).
  - According to a robust Median M-estimator (Wilcoxon, 2017) test, consumers use psychologically more distant words (Mdn = 3.260) for luxury brands than for non-luxury brands (Mdn = 3.345, p = .025, 0.05 ≤ 95CI ≤ 0.175, d = .237).

  Study 2: 3000 tweets excluding re-tweets to 15 non-luxury and 15 luxury brands:
  - Consumer brand associations are psychologically more distant for luxury brands than for non-luxury brands.
  - The language in consumer tweets to luxury brands is, on average, psychologically more distant (M = 3.022) than the language in tweets to non-luxury brands (M = 3.111, t(2996.3) = 3.899, p < .001, d = .872).
  - Comparing the median per tweets with a robust Median M-estimator (Wilcoxon, 2017) shows the same result (M = 3.92, M = 3.89, p = .015, 015 ≤ 95CI ≤ 3.89). Incomplete knowledge about the consumers tweeting the brands. How could the study design be improved?

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Limitations and Contemplations for the Future:

- Incomplete knowledge about the consumers tweeting the brands. How could the study design be improved?
- Limited demographical data available for online natural language data. How to deal with this in CB research?
- Interested in industry collaboration - suggestions and ideas welcome