Psychological Distance of Brand Associations

Dr Simone E Griesser, FHNW School of Applied Psychology, Olten Switzerland simone.griesser@fhnw.ch,
Prof Qing Wang, Warwick Business School, Coventry, United Kingdom, and
Prof Thomas Hills, Psychology Faculty, Warwick University, United Kingdom

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 & Elbert, 1979; Spector, 1961)
- New approach based on similarity (i.e. Tirunillai & Tellis, 2014; Liu, et al., 2017; Netzer, et al., 2012; Culotta & 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 & Holbroock, 1982), Veblen's Leisure Class theory (Veblen, 1899) and service marketing (Grönroos, 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

So What? Empirical and Theoretical Research Gap

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

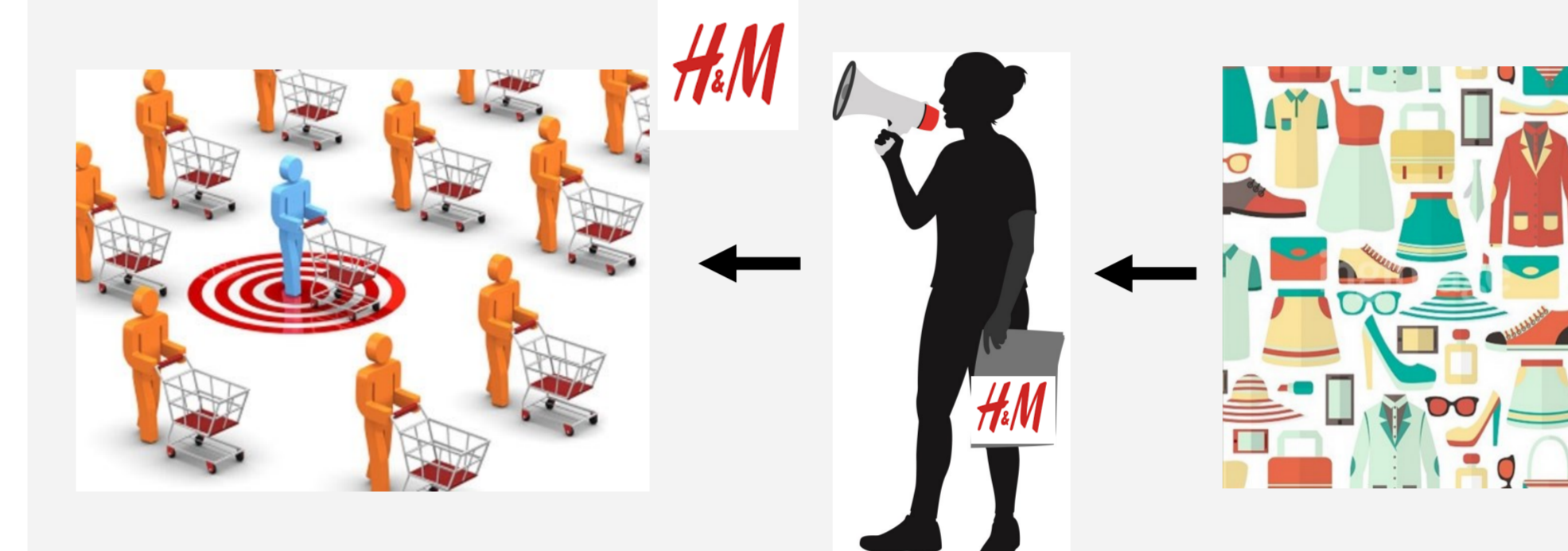Similar ←————————————————————————→ Dissimilar

- 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:
  - Influence of psychological distance of products on price perceptions (Bornemann & Homburg, 2011), assortment size preferences (Goodman & Malkoc, 2012), message persuasiveness (da Costa Hernandez, et al., 2015) and the positivity of consumer evaluations (Hamilton & Thompson, 2007; Labroo & Patrick, 2008; Pyone & Isen, 2011; Schellekens, et al., 2010; Williams, et al., 2014)
  - Psychological distance of brand extensions (Kim & Roedder John, 2008)
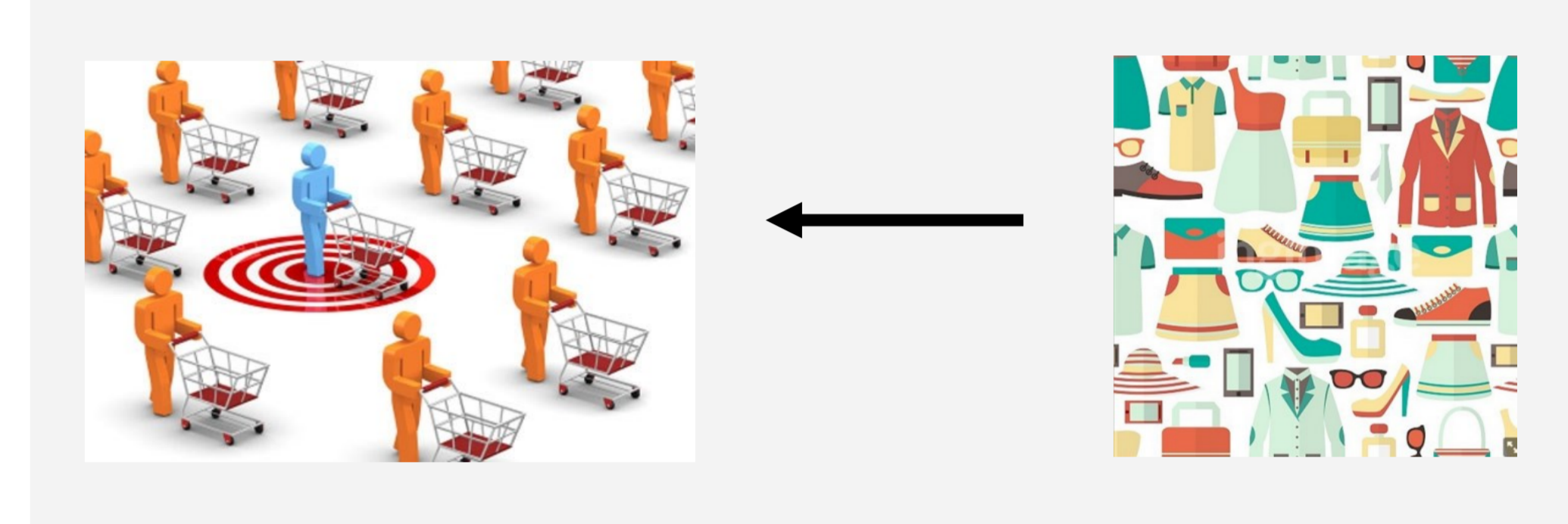 - Psychological distance of brand experience (Kim & Song, 2016)

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

Brands as unit of analysis	Products as unit of analysis
- Brand managers create and maintain a brand according to strategically defined brand positioning —> high coherence and consistency - Organisations have strong influence on brand associations	- Product associations are co-created among consumers within their socio-cultural environment —> loose coherence and consistency - Organisations have limited influence on product associations

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

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

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

Methodology: Psychological Distance in Language

- **Sample**: selected 15 non-luxury and 15 luxury brands according to brand image (Deloitte, 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 22nd Jan to 5th Feb 2017 and Study 2 from 25th Mar to 8th Apr 2018
- **From language data to psychological distance ratings with a computational approach:**

Raw Data: Consumer Tweet Text	**Step 1:** Remove numbers, URLs, emoticons	**Step 2:** Make all words lower case	**Step 3:** Remove stop words	**Step 4:** Look up each word in psychological distance dictionary	**Step 5:** Compute mean and median per tweet in anticipation of data skew
From my fun time in London with photographer @dannymeijaphoto Skirt&sweater from @hm https://t.co/KC2FXbsUr9	From my fun time in London with photographer dannymeijaphoto Skirt sweater from hm	from my fun time in london with photographer dannymeijaphoto skirt sweater from hm	fun time london photographer dannymeija-photo skirt sweater hm	fun 1.97 / time 3.07 / photographer 4.76 / skirt 4.82 / sweater 4.78 Psychological distance ratings range from 1 (distant) to 5 (close) (Brysbaert, Warriner & Kuperman, 2014)	Psychological distance mean: 3.88 Psychological distance median: 4.76

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 ($M = 3.232$) than non-luxury brands ($M = 3.292$, $t (2771.9) = 2.679$, $p = .007$, $d = .196$)
- According to a robust Median M-estimator (Wilcox, 2017) test, consumers use psychologically more distant words ($Mdn = 3.260$) for luxury brands than for non-luxury brands ($Mdn = 3.345$, $p = .025$, $.085 \leq 95CI \geq .175$, $d = .237$)

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 ($M = 3.111$, $t (2595.3) = 3.699$, $p < .001$, $d = .872$)
- Comparing the median per tweets with a robust Median M-estimator (Wilcox, 2017) shows the same result ($Mdn_{lx} = 2.92$, $Mdn_{nlx} = 3.00$, $p = .015$, $.015 \leq 95CI \geq .168$, $d = .900$)

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 (Liberman & Trope, 1998; Bornemann & Homburg, 2011; Ledgerwood, 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 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

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