CHAPTER 2

LITERATURE REVIEW

This chapter reviews the previous studies in the context of Integrated Marketing Communications. The first section discusses a study comparing persuasiveness of advertising and publicity. The second section discusses studies examining more than one media source, and has been sub-divided for studies considering cross-media and cross-tactics (multi-source) integration of information. The last section of literature review discusses studies directed towards particular psychological mechanisms which may be involved while consumers integrate information. The overall study wise review of literature identifies relevant gaps in literature and provides both empirical and theoretical foundation for the proposed research.

2.1 PERSUASIVENESS OF DIFFERENT MESSAGE SOURCES

Superiority of one message source over other has been of interest to marketing scholars for decades (Smith and Swinyard, 1982; Smith and Vogt, 1995; Hallahan, 1999). Extant literature in the domain of marketing suggests that unbiased and personal information sources are perceived to be more credible and persuasive as compared to advertising (Hallahan, 1999; Loda and Coleman, 2005). For example, advertising has been found to be less credible and trustworthy as compared to other sources of information like publicity, trial and word-of-mouth (e.g., Hallahan, 1999; Loda and Coleman, 2005; Smith, 1993.) The basis for these differences lies in the objective function of the source, for example, publicity is perceived to be unbiased in nature as it comes through a news source (Hallahan, 1999). Similarly, trial being direct and personal in nature tends to have more believability (Smith and Swinyard, 1983), whereas, word-of-mouth being from a personal
and/or non-vested source, which in many cases have already experienced the product, is generally trusted more than advertising. For instance, a recent survey across 50 countries by Nielsen finds that 90% of the people trust recommendation from people they know, 70% trust consumer opinions posted online, 62% people trust TV Advertisements, whereas, only 24% people trust online banner Advertisements (Neilsen Report, 2012).

Though previous studies have considered effectiveness of WOM, there is scant empirical evidence on the relative effectiveness of WOM marketing compared to advertising or publicity (Trusov, Bucklin and Pauwels, 2009). Few studies have tested effectiveness of WOM and its impact on consumer behavior and compared WOM with traditional marketing. The earliest of which was a survey based study by Katz and Lazarsfeld (1955) which found that WOM was about two times more effective than Radio Advertisement, four times more than personal selling and seven times more than Print Advertisements. In another study, Villanueva, Yoo, and Hanssens (2008) inferred from customer’s self reported measures that customer acquired thorough WOM add twice more life time value and bring double customer than customers acquired through traditional marketing. However, though WOM is cited to be perceived as more credible than advertising in marketing literature (Godes and Mayzlin, 2004; Hung and Li, 2007), this notion lacks empirical support. While some studies have found publicity to be more credible than advertising, overall the results have been inconsistent. A meta-analysis of more than thirty empirical studies by Eisend and Küster (2011) that compared advertising and publicity reveals that though overall publicity outperformed advertising, these effects were moderated by previous product knowledge. The study reveals that while publicity was superior to advertising (in terms of source credibility, attitude toward the message, attitude
toward the brand, and positive cognitive responses) for unknown brands, advertising outperformed publicity in case when consumer had prior knowledge about the brands. For example, Eisend and Küster (p. 917, 2011) explain that:

“The superior effect of advertising over publicity for known products comports with the assumption that consumer’s need for reassurance disappears with product experience and knowledge, and the credibility effect simply reaches a ceiling. Instead, consumers become less skeptical toward advertising and prefer positive information as provided by advertising after experiencing a product. Selecting positive advertising allows consumers to avoid cognitive dissonance that may arise from contradictory product experiences and messages.”

Hallahan (1999) examined if publicity was superior to advertising exposing 329 subjects to either advertising or publicity for four different products. The 2 x 2 x 2 mixed experimental design manipulated content class (news/advertising), argument quality (weak/strong) and product involvement (high/low).

Researchers on Elaboration Likelihood Model (ELM) and Heuristic-Systematic Model (HSM) have found that issue-relevant arguments and product-relevant attributes are more influential under high-involvement conditions, while peripheral cues, such as the characteristics of information sources (e.g. credibility) or number of arguments, are more influential under low-involvement conditions (Petty and Cacioppo, 1984; 1986). For

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1 ELM and HSM are widely used information processing models under dual information processing literature. Dual Process theories predict that persuasiveness can occur either through unconscious or conscious cognitive processes. For review of ELM and HSM refer to Appendix A.
example, Petty and Cacioppo, 1986, state that “when the elaboration likelihood is high (e.g. in case of high involvement products), there should be evidence for the allocation of cognitive resources to the issue under consideration. Hence, central processing is . . . directed at evaluating the merits of the arguments for a recommendation.” Therefore, the persuasiveness of online reviews and Advertisements is expected to be influenced by the quality of arguments contained in the message and product involvement.

The hypotheses were based on dual-process theories, i.e. Elaboration Likelihood Model (ELM) and Heuristic-Systematic Model (HSM). Based on these theories, the study hypothesized that argument quality would have principal persuasive influence among individuals with high motivation, whereas, among individuals with low motivation peripheral cues, such as content class (source credibility) would lead to attitude formation.

No support was founded for the predicted hypothesis that individuals having high product involvement would be primarily influenced by argument quality and that individuals with low product involvement would be persuaded primarily by the content class in which the message appeared. Further, though there were no significant differences in advertising and publicity for process measures (brand name, number of attribute and number of thoughts recalled), the evaluative measures (valance of thoughts) , believability assessments and attitudinal measures (attitude towards brand, attitude towards message, and purchase intention) were higher for publicity than advertising. The results further revealed that for news condition, amount of processing was influenced by product involvement, whereas, for advertising the product involvement did not influenced the amount of processing.
Similarly, the difference in the level of argument strength impacted response to advertising more than response to publicity.

In summary, the above study reveals that the extent to which consumers are persuaded by a particular communication source is largely dependent on the credibility consumers’ associate to that particular source and also the information contained in the message. Further, the way information is processed also depends on product specific involvement. However, the findings of the study discord with the dual information processing theory and need further research.

The next section reviews the literature examining consumer responses to multiple information sources. First, studies examining responses to same communication tactic through different media (referred as Cross-Media integration) have been reviewed. Subsequently, the studies examining responses to more than one communication tactic (referred as Cross-Tactic integration.) have been reviewed. Overall these studies provide us with both theoretical and conceptual understating of the manner in which consumers integrate information. Additionally, these studies compare the level of persuasiveness generated under different exposure conditions.

*Andrews and Shimp (1990)* re-examined various postulates of Petty and Cacioppo’s ELM model. The study used a 2 x 2 x 2 between subject design, manipulating message processing involvement (high-involvement/low-involvement), message argument strength (strong arguments/weak arguments), peripheral-cue (source factors) and valance (favorable source characteristics/ unfavorable source characteristics).
It was found that high-involvement subjects generated more number of total thought and message oriented thought as compared to low involvement subjects. Further, post-hoc comparisons revealed that high-involvement subjects exposed to strong arguments generated more number of positive message oriented thoughts than low-involvement subjects. On the other hand, as hypothesized, low-involvement subjects did not generated significantly more number of favorable message oriented thoughts when message contained strong arguments in comparison to weak arguments. Also, low-involvement subjects produced greater number of source-oriented minus message oriented thoughts in comparison to high-involvement subjects. This reflects that both high-involvement subjects and low-involvement subjects differed in the way they processed the information, the former processing information through the central route (for e.g. message arguments) and the later through the peripheral route (for e.g. source factors), in accordance with the ELM model. These differences also affected the attitudinal measures. The overall attitude change for high-involvement subjects was more than that of low-involvement subjects, and for both high and low-involvement subjects attitude change was more in the case of strong arguments rather than the weak arguments.

2.2 INTEGRATION OF INFORMATION FROM MULTIPLE SOURCES

2.2.1 Cross-Media Integration

Cross media integration includes integration of various media forms within a particular communication tactics, for e.g. advertising, publicity etc. Television, Radio, print, and now internet based banner/video Advertisements are common form of media deployed for a particular or multiple tactic. Apart from reaching customers through various touch-points
these may be advantageous as Advertisements presented in one media may act as a retrieval cue when similar Advertisement is presented in another media. Prominent studies examining cross media integration are reviewed and findings are summarized below.

*Edell and Keller (1989)* examined the information processing of coordinated Television and Radio Advertisement. Their study focused on the extent to which critical, evaluative processing occurred and resulted in better memory performance because of mixed media strategies. The experiment compared the initial encoding differences between Radio and Television executions and the subsequent encoding and retrieval differences of a second Radio and/or Television exposure. Six different exposure variations were considered: Television (TV), Radio (R), Television-Television (TV-TV), Radio-Radio (R-R), Radio-Television (R-TV) and Television-Radio (TV-R).

The hypotheses evaluated the differences in information processing (number of thought generated), recall of information (brand name and brand claim) and judgments (attitude towards advertisement, attitude towards brand and purchase intention) for each of the above variation. Two types of audio tracks were considered for the TV Advertisement. Specifically related to video (SRA) verbally described the visual action as it occurred in the video and, in contrast, generally related to video (GRA) was less specific to the video and allowed more flexibility in interpretation. The study used experimental setting in a laboratory environment using 243 undergraduate students, where subjects were exposed to various advertising stimuli for a car air-freshener brand.

To study how subjects elaborated (processed) the information, thought listing procedures were used. The subjects were asked to list the thoughts generated in their mind after
exposure to every Advertisement. This was then coded into nine different cognitive response categories. To measure recall, subjects were asked to recall the name of the Brand and the Advertisement itself.

The results indicated that subjects exposed to TV-TV condition had significantly higher thoughts than subjects exposed to R-R condition during both first and second Advertisement exposure. The percentage of correct brand name recall was higher for TV than for Radio in both single and multiple exposure conditions. Further, in R-R condition brand name recall was higher for SRA execution than GRA execution, however, for TV-TV condition it was higher for GRA execution as compared to SRA. For mixed media condition recall of brand name was not significantly different in TV-R, R-TV and TV-TV conditions. Brand claim recall was higher for TV condition as compared to Radio conditions and there was no difference in brand claims after second exposure in both TV and Radio condition. The number of brand claim was similar for TV-TV, R-TV conditions and lower in R-R condition. While considering specificity factor, brand claims were higher in R-R condition when audio was specifically related to Advertisement, whereas in R-TV condition it was higher when audio was generally related to the Advertisement. Judgments were significantly higher for subjects exposed to TV Advertisement as compared to subjects exposed to Radio Advertisement for both single and repeated exposure conditions; however, there was no significant difference in single and repeated exposure for the same medium.

Overall, it was observed that the Radio Advertisement served as a strong retrieval cue to the stored video images in the TV-R condition. During the second exposure in this
condition, subjects used their processing capacity to activate the stored image and in
retrieving and reprocessing the Advertisement trace stored from prior exposure to the TV
Advertisement and could allocated less processing capacity to encoding the Radio
stimulus. This led subjects to have fewer total thoughts and fewer evaluative thoughts as
compared to subjects in TV-TV or R-TV condition. The authors found that subjects
processed Radio and TV medium differently, and first exposure influenced the second
exposure differently under various conditions.

Chang and Thorson (2004) used Elaboration Likelihood Model to understand how various
advertising response variables differed in single source and multiple sources of advertising.
185 students were exposed to TV and Web Advertisement of a soft drink and condom
brand in an experimental setting. The results indicated that subjects who were exposed to
both TV and Web Advertisements paid more attention, generated more cognitive thoughts
and responses and rated product information more credible as compared to subjects who
were exposed to repetitive TV or Web Advertisements. However, subjects exposed to both
TV and Web Advertisements did not perceive the information given in the Advertisement
as more credible, had no higher perceived brand credibility or higher positive attitude
towards the brand, and, had no significant difference in purchase intention as compared to
subjects exposed to repetitive TV or Web Advertisements.

The authors further tested separate information processing models for multiple source
condition and repetitive condition using path analysis. The test indices showed that data fit
for both the models was satisfactory and the results indicated that multiple source condition
did produce an effect that was superior to the repetitive advertising. Path analysis results
revealed that in case of multiple source condition subject had a greater number of total and positive thoughts and were also motivated at a higher processing level (i.e., central processing) than subjects in the repetition condition. Higher perceived brand image and message credibility generated more number of thoughts, and these thoughts were influenced by both cognitive and social psychological factors. However, contradictory to the hypothesis, overall Television-Web synergy failed to impact consumer’s affective and conative state and only influenced cognition significantly. The results also revealed it was about multiple sources that produced greater communication effects than the same number of repetitive TV or Web Advertisements.

The studies reviewed show advertising using multiple media is more effective as compared to single source. The results suggest that increased processing intensity, cognitive focus at the time of encoding advertisements and increased attention for multiple sources contributes towards such effects. In the next section we review studies considering more than one communication tactic.

2.2.2 Cross-Tactic Integration

Marketers use different communication tactics such as publicity, public relations, product sampling, direct marketing, word-of-mouth communication etc. to reach out and influence the target markets. Though not all communication tactics are in full control of marketer,
they try to influence consumers through these directly or indirectly (Godes and Mayzlin, 2009). In this section we review studies examining consumer responses to such tactics.

**A) Studies that consider integration of Advertising and Word-of-Mouth**

*Smith and Vogt (1995)* tested how information processing and response was affected for a travel destination when subjects received positive information from Advertisement and negative information from word-of-mouth communication. The study was based on Information Integration Theory (IIT)\(^2\) (Anderson, 1971) and Information Integration Response Model (IIRM)\(^3\) (Smith and Swinyard, 1982). Experimental design was used and 80 university students participated in the study. Stimulus for the advertising condition was a print Advertisement, whereas for WOM condition an audio taped account of previous WOM communication was used as stimulus. The subjects were exposed to four different exposure treatments – Advertisement only, Negative WOM only, Advertisement then Negative WOM, and Negative WOM then Advertisement. Both information processing and information response variables were collected as dependent measures. Processing measures included message strength, perceived credibility, belief strength, and belief confidence, whereas, response variables included attribute evaluation, attitude towards advertisement and brand, and purchase intention.

It was found that, as compared to subjects exposed only to Negative WOM, subjects exposed to Advertisement before negative WOM developed higher belief confidence, total

\(^2\) Refer to Appendix A for detailed explanation of Information Integration Theory (IIT)

\(^3\) Refer to Appendix A for detailed explanation of Information Integration Response Model (IIRM)
expectancy of favorable attributes and rated WOM claims lower in message strength. However, contrary to the hypothesis, the perceived credibility of negative WOM was higher for subjects exposed to both advertising and WOM as compared to only WOM subjects, even when advertising and WOM differed in valance. It was expected that watching Advertisement before exposure to Negative WOM would lead to meaning change (interpreting negative information less severely), deflating the perceived credibility of negative WOM, which did not happen. The authors attributed this result to the complex nature of integration when inconsistent information is processed,

“These unexpected findings reveal the complex nature of the integration process for inconsistent information...when consumers process advertising, they may activate a credible schema that associates advertisement claims with low perceived credibility due to obvious vested interest of the source... (and consumers) carefully consider the vested source of the interest”

– (Smith and Vogt, p.149, 1995).

Further, the study examined if sequence in which positive and negative information is processed is expected to change the extremity of dependent measures.4 The results indicated that belief confidence and total expectancy of favorable attributes was higher for Advertisement/Negative WOM sequence as compared to Negative WOM/Advertisement sequence. The negative information from WOM when presented after the Advertisement was discounted due to the previous positive expectancy built by the Advertisement. To test

4 These hypotheses were based on discounting principle of information integration theory which asserts that subsequent inconsistent information is discounted. Therefore, which source is presented first (sequence) plays a vital role when one source is positive and other is negative.
if Negative WOM would also change processing of and responses from Advertisement, additional hypothesis were carried. The Advertisement - Negative WOM group and Negative WOM - Advertisement groups scored lower than the Advertisement only group on most of the dependent measures; expect message strength and attitude towards the advertisement for the negative WOM-Advertisement group.

The EV Theory and IIRM framework were useful and suitable for evaluation of processes where attitude formation depends on two different sources of information. However, some of the underpinnings of the study need further analysis. Firstly, though as a general principle WOM (a non marketer vested source) is perceived to be more credible source than advertising (a marketer vested source), the WOM stimulus used in the study was perceived to be less credible than Advertisement (Perceived Credibility of Advertisement = 5.71, Perceived Credibility of WOM = 3.61 on a 7-point scale). Secondly, though the study considered influence of negative Word-of-Mouth on advertising and vice-versa, role of positive Word-of-Mouth was not considered. Third, the way consumers integrate Print Advertisement and negative WOM message (recorded audio conversation) in the particular study is likely to be different from the way consumers respond to Print Advertisements and Online Consumer Reviews. Unlike recorded audio (WOM message) both Print Advertisements and online reviews are internally paced (the subject can process the information at their own pace) and contain verbal information.

The above study provides basic understanding of consumer information processing for Print Advertisement and Negative WOM. Though the study assumes a specific psychological mechanism (for e.g. ‘credible schema’) which operates while consumers
integrate information from WOM and advertising, it does not empirically validates the role of such mechanisms in causing difference in persuasive effects. It is important to consider what specific psychological mechanisms might be involved while consumer integrate information from multiple sources.

In the next section, we review literature examining information integration through advertising and publicity as two different communication tactics.

B) Studies that consider integration of Advertisement and Publicity

Kim, Yoon and Lee (2010) examined how consumers respond to information presented through advertising and publicity. The repeated measure experimental design incorporated the type of publicity valance (negative publicity vs. positive publicity); type of product (low involvement vs. high involvement) and product attribute consistency (same product attributes vs. different product attribute) and attribute consistency (same or different product attributes in Advertisement and Publicity Article). Responses were collected from 537 university students for attitude towards the brand and message credibility. Subjects were exposed to Print Advertisements and Magazine Publicity Articles for both high involvement (Laser Printer and Insurance) and low involvement (Candy and Hi-lighter pen) products. The study used IIT, IIRM, Confirmation Effect Theory\(^5\), and Contrast Effect Theory\(^6\) to test various hypotheses. The authors tested applicability of these competing theories for different media treatments.

\(^5\) Refer to Appendix A for detailed explanation of \textit{confirmation effect theory}.

\(^6\) Refer to Appendix A for detailed explanation of \textit{contrast effect theory}.
The results found that for all treatment conditions, credibility of publicity message was higher than that of advertising. Further, attitude towards the brand was more for subjects exposed to both Advertisements and Publicity Articles (regardless of the exposure sequence, and attribute consistency) than subjects exposed to either Advertisements or Publicity Articles alone, which supported confirmation effect theory over IIT and IIRM. While comparing treatments which included exposure to Negative Publicity Article and Advertisement with consistent attributes, and Negative Publicity Article alone, it was found that the attitude towards brand was lower for Negative Publicity Article and Advertisement conditions except one treatment condition\textsuperscript{7}. Therefore, overall, when subjects processed positive information from the Advertisements and negative information from Publicity Articles containing the same product attributes, the subjects inflated the discrepancy between advertising and publicity, supporting the contrast effect theory.

However, in conditions where Publicity Article contained negative information about the attributes which were different from the one in the Advertisement, results based on contrast theory where not supported. The attitude towards the brand was found not to be significantly different for subjects exposed to Negative Publicity Articles alone as compared to Advertisement and Publicity Articles. This could be because the negative information in the Publicity Article was for different attribute than the one present in the Advertisement and thus, less detrimental. Overall the study found that confirmation effects (synergistic) and contrast effects (counter- synergistic) effects were present when publicity

\textsuperscript{7} The mean for advertisement then negative publicity sequence for one of the two similar attribute conditions condition (M=2.53, SD =.97) was not significantly different from negative publicity alone treatment (M=2.65, SD=.69)
was positive or negative respectively, and contained attributes similar to that of advertising.

Wang (2006) examined if consumers rated various sources of information carrying similar messages differently. Experimental design manipulated two factors: communication source (Advertisement/ Publicity Article) and specific product attribute (Power/ Control), creating a 2x2 factorial design. Fictitious Tennis Racquet brand was used to create advertising and publicity stimuli, and data was collected from 300 college students. The dependent variables measured were perceived trust towards the source, message believability, attitude towards the advertisement and article. The results revealed that subjects generated higher level of trust towards publicity than advertising and had higher level of attitudes towards publicity. However, publicity did not generate higher message believability than advertising. When subjects were exposed to both advertising and publicity, results indicated that perceived message believability was higher when both publicity and advertising had different messages, then when both were similar. Further, participants exposed to varied messages generated better attitude for publicity than advertising.

Loda and Coleman (2005) conducted a study to understand if sequence in which consumers process advertising and publicity influences persuasion. The study considered only positive publicity. The study used a sample of 150 university students who were asked to evaluate an unknown tourist destination. The dependent measures included perceived source credibility, message strength, attitude towards brand, and purchase intention. The results indicated that print advertising and publicity played a complementary role, that is, all the dependent measures were rated higher when subjects received information from
both Advertisement and Publicity Article as compared to any one medium alone. However, sequence played an important role and dependent measures were rated higher when advertising was followed by publicity. Though publicity was found to be more credible than advertising; the perceived credibility, message strength and purchase intention were higher only when publicity was followed by advertising than the reverse sequence. The authors reported that (p. 370), “The credibility and effectiveness of publicity are markedly diminished if advertising is the first message presentation viewed. This is likely due to the "perception bias" created by advertising.”

Micu and Pentina (2012) compared the effects of banner advertising and publicity in comparison to repeated exposure to these sources. The authors extend the previous literature by specifically examining the role of product category based on two different classification schemas: product involvement (high-involvement, moderate-involvement, and low-involvement products) and economics of information (search and experience products). Based on ELM framework, it was hypothesized that for high-involvement products multi-source condition (banner Advertisement and Publicity Article) would be more or less effective in comparison to repeated Advertisement condition (either banner Advertisement or Publicity Article) when arguments in the news story contained more or less credible arguments. However, for products with low involvement it was hypothesized that regardless of argument credibility in the news story, the multi-source condition would be more effective in comparison to repeated-source condition. Further, based on economics of information theory, it was hypothesized that multi-source condition would be more effective than repeated Advertisement condition for search products, however in case of experience goods there would be no such differences.
The study used experimental design with 2 (source condition) x 4 (product category) mixed factorial design. The two media conditions were either exposure to Banner Advertisement and News Story, or repeated exposure to the Banner Advertisement only. Four fictitious brands representing different products were used, the products were Candy (experience good, low involvement), Sport Shoes (experience good, moderate involvement), and MP3 Player and DVD Player (search goods, high involvement). The data was collected from 478 students of a large Midwestern US university. The product categorization based hypothesis was supported, and it was found that argument credibility only influenced subjects when the product under investigation was of high involvement (DVD or MP3 player). Moreover, as expected, regardless of the argument credibility, multi-source condition generated stronger brand attitudes as compared to repeated Advertisement condition. However, the hypotheses based on economics of information product classification were not supported. There was no difference on attitude towards the brand for subjects exposed to either repetitive banner Advertisement or banner Advertisement and news story for any of the search goods. On the other hand, for experience goods, the results were contrast to the prediction made in the hypothesis. It was found that subjects exposed to the banner Advertisement and news story had higher attitude towards the brand as compared to subjects exposed to repeated banner Advertisement for both the products (candy and sport shoes). The authors attributed the contradictory results to the possible change in consumer information search behavior due to the presence of internet. However, the ELM based prediction asserting that argument quality interacts with level of product involvement during the exposure to information was supported.
The above three studies find that advertising presented in conjunction with publicity was more persuasive than advertising alone. The literature also provides important situational and message factors which may influence overall persuasiveness.

C) Studies that consider integration of Advertising and Trial

*Kempf and Lacznai* (2001) studied how pre-trial Advertisement exposure influenced subsequent product trial. The study was conducted using experimental design consisting three treatment groups: Advertisement only, trial only and Advertisement + trial group. Data was collected from 207 business students for a new brand of Cold Drink to be launched in the market. A random lottery for three students was announced to increase motivation and involvement of subjects. Advertising message involvement, attitude towards advertisement, advertisement confidence, brand belief, belief confidence, attribute evaluations, attitude towards brand and purchase intention served as dependent measures.

The results indicated that subjects who were exposed to pre-trial Advertisement processed the trial more deeply, purposefully, and carefully as compared to the subjects who were not exposed to the Advertisement. Further, these subjects also rated the trial higher in diagnosticity, formed more confidently held beliefs and had higher expectancy value and purchase intentions as compared to the subjects who were not exposed to the pre-trial Advertisement.

In summary, the review of cross-media and cross-tactic information integration literature reveals that information presented through different communication channel leads to more persuasion than information presented through single source. Further, these studies largely support Anderson’s (1971) information integration theory, affirming that information
processed first is likely to over-weigh the information presented later. Further, the review of literature also contends information variation theory, providing support that slightly varied information is more persuasive than similar information. These studies provide us with strong theoretical and empirical backdrop and enable us to identify current gaps in literature discussed later. We next review one empirical study examining influence of online reviews on consumer attitudes.

2.3 Influence of Online Reviews

Online reviews play an important role in consumer decision making process in today’s market environment. The increasing presence and usage of online reviews over the last few years has motivated marketing scholars to underpin various facets of this information source through empirical research. In this section we review studies which examine the role of online review as a source of information, the extent to which consumers are being influenced by online reviews, and to what extent do consumers perceive this source to be credible.

*Vermeulen and Seggers (2008)* empirically examined how reviews affect consumers’ attitude and purchase decisions and the moderating role played by review valance, reviewer expertise and brand familiarity. Experiment was conducted using 168 respondents for several existing hotel brands. The results indicated that for lesser known hotels both positive and negative reviews had a significant impact on attitude. On the other hand, for well-known hotels online reviews had no significant impact. Moreover, hotel consideration significantly increased after subjects were exposed to online reviews and review valance affected the level of consideration. Further, though there was no significant difference in
level of attitude change because of expert or non-expert reviews, it did have moderating role on hotel consideration. Reviews by non-experts had no effect on hotel consideration, whereas expert-reviews had a positive effect. The authors ascribed this to knowledge bias principle (Eagly, Wood and Chicken, 1978) working in favor of expert reviews. Among all reviews, negative expert reviews were found to be least persuasive. Authors explicated this finding to attribution theory, “possibly, respondents expected professional reviewers to be critical of issues that are of little interest to the average traveler. Attribution processes, i.e., expectations about communicators’ preoccupations and/or intrinsic movies, have shown to play a key role in consumers’ valuation of online reviews...and thus are likely to affect review impact,” and called for further research on online reviews taking into account the role of such attribution processes.

Keller and Fay (2009) examined the relationship between advertising and EWOM. The authors tested two empirically driven generalizations. The first stated that approximately twenty percent of WOM refers to the paid advertising in media, while second mentioned that WOM discussions about a brand over the internet are more likely to involve a recommendation to buy in comparison to offline WOM. To validate these generalizations the authors used the data collected though the TalkTrack® database. The database collected responses from 700 Americans between the age group of 13 to 69 years on brand related conversations they had participated on the day prior to the survey. The survey was conducted with a total of 36,402 respondents over a period of one year (from September 2007 to September 2008), which involved 294887 conversational mentions of brands. Data

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8 The above findings are contradictory to other studies (Maheswaran and Levy, 1990; Kahneman and Tversky, 1979) which suggests that negative information being more diagnostic in nature leads to stronger effect on attitudes.
was collected for 15 different product categories such as entertainment, technology, beverages, travel services etc. Several self reported measures related to brands and information source mentioned in the conversations, both online and offline, were also collected. For example, respondents were asked if there were any mentions to any particular source of information (e.g. advertising, website, coupon, etc.) and the type of information source (e.g. magazine article, TV commercial, etc.) The respondents who were on the receiving end of the opinion about a particular brand were asked if they were persuaded by the source to buy that brand, and the likelihood that they will buy the brand based on the conversation.

The results of the survey revealed that out of total brand related WOM conversations, 22 percent of communications had some reference to the paid media advertising. Further, it was found that for entertainment, technology and personal care industry the mention to advertising was the most (25 percent or above) in WOM conversations, on the other hand, financial and healthcare industries had least mention to advertising (less than 17 percent). Moreover, the survey divulged that online WOM communications contained more reference to advertising (32 percent) as compared to offline WOM conversations (21 percent). The authors suggested that increased mention of advertising in online WOM as compared to offline WOM could be because of the rich advertising environment provided by internet, where it is easy to share website links etc.

The above study provides with a deeper understanding of how traditional advertising interacts with WOM in both online and offline conversations. Though these studies indicate that messages delivered through more than one source are more persuasive than
messages delivered through single source, it is still not clear what psychological mechanism may be responsible for causing such effects. In the next section we introduce two such psychological mechanisms which are likely to contribute towards such differential effects in context of our study.

2.4 PSYCHOLOGICAL MECHANISMS UNDERLYING INTEGRATION OF INFORMATION

While consumers integrate similar information presented to them through multiple channels, it is believed that the information provided through the first medium influences the encoding and retrieval process during processing of information in the second medium. Relating to this, two specific processes which may be pertinent in case of integration of online reviews and Advertisements have been identified from literature.

2.4.1 Persuasion Knowledge Bias

The persuasion knowledge model (Friestad and Wright, 1994) explains how people’s persuasion knowledge influences their responses to persuasion attempts. The model suggests that consumers (target audience) possess knowledge about persuasive attempts deployed by marketers (agents) and use this knowledge to “cope” with the persuasion episodes (Friestad and Wright, 1994) they encounter in the marketplace. This “persuasion coping behavior” consists of the cognitive, physical actions and any thinking customer (target) does in anticipation of a persuasive attempt, as well as between and after episodes in a campaign. Subsequently this persuasive knowledge is likely to affect the response generated from a particular message and the degree and manner in which consumers access their persuasion knowledge may shift over the course of a particular persuasion episode. We anticipate that the way respondents “cope” with persuasive attempt of the second
stimulus would be influenced by the information contained in the message and the source of the first stimulus. We refer to this difference as “persuasion knowledge bias”, which would lead to difference in persuasiveness coping responses.

While there is no construct for specifically measuring persuasion knowledge till date, Advertisement Skepticism comes closest to persuasion knowledge and has been used in previous literature (Paco and Ries, 2012; Baek and Mariko Morimoto, 2012). For example, Obermiller and Spangenberg (p.162, 1998) explain that,

“Persuasion knowledge is a more encompassing construct than is Advertisement skepticism. However, it seems likely that Advertisement skepticism changes as persuasion knowledge develops. We propose that the sources of persuasion knowledge identified by Friestad and Wright (1994) are arguably the same factors that shape Advertisement skepticism-"culturally supplied folk wisdom" (p. l), the result of marketplace experiences, social interactions, conversations about how people are influenced, and commentary from the media on advertising and marketing.”

Advertisement skepticism has been used as conceptualized as both trait measure (individual specific) and state measure (situation specific) (for e.g., Darke and Ritchie, 2007; Dwesar and Rao, 2014), thus being used as moderator and mediator respectively. Studies using Advertisement skepticism as moderator found that skepticism towards advertising significantly influenced attitude towards the Advertisement, believability of Advertisement claims, perceived influence of the Advertisements and perceived untruths in the Advertisement and skepticism led to less attention and reliance on advertising by subjects (Obermiller, Spangenberg and MacLachlan, 2005). Baek and Morimoto (2012)
found that level of Advertisement skepticism partially mediated relationship between Advertisement avoidance and its three determinants i.e. perceived personalization, privacy concerns, and Advertisement irritation.

In a multi experiment study, *Darke and Ritchie (2007)* used skepticism towards Advertisement either as a trait specific or state specific measure to examine if deceptive advertising evokes defense goals, which further result in negative bias in judgment towards additional (subsequent) advertising messages. The experiments considered negative responses of the initial deceptive advertising on subsequent advertising from both the same source and second party sources. The results from the first experiment found that deceptive advertising had a negative impact on both the same advertiser and the second party advertiser. Further, active counter-arguing was prevalent when second Advertisement came from the same advertiser, but not from other advertiser. Most importantly, there was evidence that deception induced biased information processing when the second Advertisement contained strong arguments. The second experiment confirmed the results of first experiment that deceptive advertising can produce a negative bias that generalizes to other types of subsequent advertising. The experiment included Advertisement skepticism as a state measure and using path analysis results indicated that Advertisement deception had a positive effect on state skepticism which reduced the trust in second advertiser which further impacted the perceived deal value.

Overall the four experiments provided consistent support that deceptive advertising evoked negative reactions towards further advertising. This was true not only for Advertisements from the same deceptive source but also for second-party Advertisements that had no
connection to the original transgressor. Further, these effects were relatively long lasting such that they influenced consumers even a day after the deceptive incident and generalizable across different products (Dishwasher, Answering Machine, Television, Portable Stereo), types of Advertisement claims (product-based claims or price-based claims), and geographical regions (local Advertisement or Advertisement from the other side of the country). Moreover the study found that negative reactions to Advertisement deception occurred through two distinct processes. Consumers engaged in biased systematic processing (i.e., active counter arguing) when they viewed additional Advertisements from the same source that previously deceived them. This processing was biased in the sense that deception produced more negative thoughts and attitudes in the face of strong supportive arguments. However, in case of second party Advertisement cognitive elaboration did not mediate the effects of Advertisement deception on processing of subsequent second-party Advertisement. In this case, it was the heuristic mechanism which was responsible for the defensive stereotyping effect, in which advertising deception activated negative stereotypes about advertising and marketing in general, which in turn undermined trust in the second advertiser and ultimately reduced the persuasive impact of the second Advertisement. The study also found that such negative bias occurred only when they were personally deceived by the marketer and did not occur when participants merely observed others being deceived or when they read a news article warning about advertising deception.

2.4.2 Priming
Priming is said to happen when information presented in the first medium primes the consumer’s interest in processing the same or similar information in the second medium. This interest may motivate greater processing and easier encoding of the second Advertisement, resulting in better brand communication effects. Hence, the first medium may serve as a teaser to attract attention to, and arouse interest in or curiosity for the second Advertisement (Edell and Keller, 1989). In other words, when people are exposed to first source, the memory trace is stored and when same or similar information is presented through another source, this previously stored memory trace gets activated. Based on this memory trace and subsequent information, one either gets motivated or demotivated to process this information. Previous studies have shown that when second Advertisement copy is exactly same as the first one, consumer might be less motivated to process the same information again. This phenomenon can also be observed with respect to differential attention hypothesis (Unnava and Burnkrant, 1991), which suggests level of attention to repeated information declines because people lack interest to process same information repeatedly.

Voorveld, Neijens and Smit (2011) conducted a study to investigate if three psychological processes: forward encoding; image transfer; and multiple source perception are responsible for superiority of multi-source marketing campaigns over single source campaigns. An experimental study was conducted, were 219 university students were exposed to Television commercials and brand websites. Four exposure treatments were created, of which two were cross media and the other two repeated media exposures. The hypothesis predicted that exposure to cross-media conditions would result in more forward encoding, image transfer and multiple source perception as compared to repeated exposure
to multiple source and higher levels of these psychological process would lead to superior campaign results.

Mediation analysis was used to test these hypotheses. The results revealed that exposure to cross media sources resulted in more forward encoding than a repeated exposure to the TV commercial but not in case of repeated exposure to the website. Further, the higher level of forward encoding led to higher attitude towards brand, attitude toward the TV commercial, and purchase intention. Multiple source perception was also higher when subjects were exposed to website and TV commercial as compared to repeated exposure to website alone. The favorable perceptions in the multi-source condition led to higher attitude towards brand and purchase intention. The third process, image transfer was not found to be higher in the case of multi-source exposure as compared to repeated exposure to either TV commercial or website.

These studies provide theoretical clarity and empirical support on two different psychological mechanisms consumers may involve in while processing subsequent information. Further, this literature suggests that information processed subsequent to the exposure of the first source is influenced because of biasness (stereotyping) and priming resulting from information one might be predisposed to during the first message presentation. Similarly, skepticism towards advertising and priming can help us better understand the process by which consumers integrate information from multiple sources and why multiple sources of information may be superior to repetitive advertising.
The foregoing review indicates that multiple communication sources are more persuasive than single communication source. Based on the review of literature, the next chapter discusses the gaps identified.