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# The Influence Exposure Has on Consumer Behavior

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**The Influence Exposure Has on Consumer Behavior**

submitted to

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by

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for

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## Abstract

Advertising has been around for thousands of years and has proven to be a valuable asset to company revenue. The methods used in advertising have been examined closely more recently, specifically from a psychological standpoint. The human brain reacts to advertisements in different ways. Low and high involvement advertisements stimulate the brain in the subconscious and conscious state effectively. While each of these advertising methods are useful, complex messaging techniques seem to stimulate recall more effectively than simple messaging. In the age of digital advertising, sponsors look to put new resources to use to ensure paid advertisements are doing their job. With data mining and location based services available, advertisers are getting more in touch with the consumer than ever before. The bombardment of advertising is changing the consumer's eye for low and high involvement and the advertising industry will be forced to adjust yet again.

**Keywords: Consumer Behavior, Advertising, Low Involvement, High Involvement, Internet, Location Services, Data Mining, Exposure, Stimulus.**

## Introduction

The human brain is the main organ in the nervous system. American psychobiologist Roger W. Sperry, who was awarded the Nobel Prize in 1981 while studying the effects of epilepsy, developed The Left Brain-Right Brain Theory in the 1960's. Epilepsy is a disease that causes intense and persistent seizures, but Sperry discovered that cutting the corpus callosum (the structure that connects the two hemispheres of the brain) could reduce or eliminate seizures (Cherry 2015). These seizures would begin in one hemisphere and continue to the other. However, severing the corpus callosum prevented the seizures from moving from one hemisphere to the other, freeing patients from the suffering of continuous seizures. After the surgery, patients experienced symptoms where they were unable to name objects that were processed by the right side of the brain, but were able to name those processed by the left side (Sperry 1973). Sperry then hypothesized that language was controlled by the left side. In short, The Left Brain-Right Brain Theory explains that the left side of the brain tends to control tactical and lingual aspects, while the right side of the brain deals with spatial and visual comprehension. Today, neuroscientists know that the brain collaborates through the corpus callosum. "No matter how lateralized the brain can get, though, the two sides still work together," science writer Carl Zimmer explains. For example, "The pop psychology notion of a left brain and a right brain doesn't capture their intimate working relationship. The left hemisphere specializes in picking out the sounds that form words and working out the syntax of the phrase, but it does not have a monopoly on language processing. The right hemisphere is more sensitive to the emotional features of language, tuning-in to the slow rhythms of speech that carry intonation and stress (Cherry)."

The two hemispheres of the brain collaborate, yet contain separate functions. Upon further research it has become clear that reading and speaking mainly are left-brain functions, while image perception is connected to the right hemisphere. “Therefore, the medium of print is a left-brain function, and TV largely or relatively a right-brain function; that gross eye movements activate left brain activity, and that a motionless, focused eye tends to bring in right-brain activity (Krugman 1977 pg. 50).” Essentially, reading requires more focus and is therefore considered a high involvement brain activity, where watching television is more passive and is considered a low involvement brain activity. To delve quickly into children’s television experience, Clarke (1965) and Zajonc (1976) looked at the effects of television comparing to families with different socioeconomic status (SES) and semiliterate societies. They found that children coming from families with a lower SES learned more from television than literature. These children “learned to learn” by quick looks at television, but when confronted with print, experienced trouble comprehending with their quick-look habit. The higher SES families who valued books and reading more were the exact opposite. Simmons Company ran a Media Imperatives Study and the advertising implication was that to efficiently reach the high SES purchasers, advertisers should use print. Why is there such a gap between low and high SES families?

#### Low vs High Involvement

“The theory of low involvement asserts that exposure has an effect which is not readily apparent until a behavioral trigger comes along. With low involvement one might look for gradual shifts in perceptual structure, aided by repetition, activated by behavioral-choice situations, and followed at some time by attitude change (Krugman

1977 pg. 51).” In the case of the low SES families, the kids were primarily picking up on low involvement stimuli. Low involvement theory can work in three ways; reduced counterargument, learning by repetition, learning without paying attention (Leavitt, et., Al 1981). Reduced counterargument considers that cognitive response (cognitive reactions of the recipient are more important than the actual communication when determining the impact of a persuasive message) could be reduced in low involvement advertisement. Learning by repetition doesn’t require high involvement with relevant ads to the consumer. For example, in Eisenhower’s 1952 U.S. presidential campaign, his slogan was “I like Ike.” This was the first campaign that involved televised ads and the catchy commercials with the song “I like Ike” were heard everywhere. Finally, Zajonc (1976) studied the concept of “learning without attention” and found that repeated exposure to a stimulus increased the liking of that stimulus, prompting advertisers to not dismiss the importance to consumer psychology of the nonattentive variety with low involvement (Greenwald, Leavitt 1984). Roger Shepard also ran a study where subjects reviewed 612 different pictures at their own pace, averaging six seconds per picture. “Shortly thereafter, the subjects were shown 68 pairs of pictures, each pair consisting of one from the original series and one new picture. The subjects were able to identify the previous pictures with a 98.5% rate of accuracy. In another test with a week delay, accuracy was 90% (Shephard 1967).” Low involvement theory is closely related to the psychological definition of recognition, memories or perceptions that do not require depth of processing. Recognition refers to a short term stimulus that will not be readily apparent until triggered.

While low involvement remains a focus of advertisement, in most cases, high involvement advertising messages are what advertisers are looking for, because they are the ones that trigger action. “High involvement would look for the classic, dramatic, and more familiar conflict of ideas at the level of conscious opinion and attitude that precedes changes in overt behavior. The proper measure of high-involvement impact is indeed “recall” along with clear verbalizing and correct perception of the stimulus (Krugman 1977 pg. 51).” Recall can be defined as the memory or perception placed in long-term storage, requiring a higher depth of processing. Recall is so deeply engrained that often times a consumer barely remembers where they obtained the information. These two different approaches to advertisement, recall and recognition, capture consumer attention in different ways, but both remain effective.

Low and high involvement seem to connect well with Weber’s Law. Weber’s Law is a historically important psychological law quantifying the perception of change in a given stimulus. This law states that the change in a stimulus that will be just noticeable is a constant ratio of the original stimulus, but this law has also been shown to not hold for extreme situations (Encyclopedia Britannica 2015). For example, if a person was to hold a one pound rock in one hand and then that weight was doubled to two pounds, the person would be likely to notice. Yet, if the person were to hold a twenty pound rock and a pound were added, they would be less likely to notice the change (Perner). Similar to this, I think of the movie, *Inconvenient Truth* by Al Gore, where he uses a metaphor explaining that a frog, if dropped in boiling water, will immediately jump out. But, if one is to place a frog in cold water and slowly heat it up to boiling, the frog would remain and

eventually die. The gradual exposure to a stimulus is one that is less noticed, but can be highly effective.

### What Kind of Exposures Are Most Effective?

Before discussing exposure, it is important to define and differentiate it from perception. Exposure is very broadly defined. Here, we will say that exposure is any involvement at all. As a person steps outside, they are exposed to everything from the air to the physical surroundings, even things that do not register in their conscious new. On the other hand, perception is when a person becomes conscious of their exposure. To understand, it might be helpful to review two related concepts, to *look* and to *see*.

These two variables permit a fourfold classification-i.e., one can look and see, look but not see, neither look nor see, and, perhaps surprisingly, see without looking. The key is in the definition of looking, which sensory psychologists like Norman Mackworth call “direction of gaze.” To the layman the equivalent concept is that looking means “looking at,” that the head and open eyes are aimed at the object in question. But “looking at” does not guarantee seeing because the mind may be elsewhere-i.e. one may not pay attention to what one is looking at. But what about seeing without looking? This involves the two phenomena of (a) peripheral vision and (b) conscious vision (Krugman 1977 pg. 52).

Petty and Cacioppo’s (1981) elaboration likelihood model (ELM) postulates two basic routes by which a persuasive communication can influence its audience: central processing (high involvement/ recall/see) and peripheral processing (low involvement/ recognition/look). Expanding on this work, Mackenzie and Lutz developed an in-depth model of attitudes toward the ad at hand ( $A_{ad}$ ) and the overall brand attitude ( $A_b$ ) (S. Mackenzie, R. Lutz 1989). Within the model there are perceptual constructs, affective constructs, exogenous variables, noncausal identities, and hypothesized causal relationships. Perceptual constructs are what the consumer perceives of the ad or brand. Affective constructs demonstrate the consumer’s attitude toward the ad or advertiser.

Exogenous variables are the external factors that trigger the attitudes. Noncausal identities simply constitute each other and hypothesized causal relationships imply that there is a determining relationship between the two variables. While this model is complex, it may be helpful to reference throughout this section (See Figure 1).

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Now, the first known advertising campaign in the USA took place in 1789 and was for the snuff and tobacco products of P. Lorillard and Company that was placed in a local New York daily paper (Hatcher 1998). Since this time advertising research has sought out the answer to effective frequency. Effective frequency is the precise number of exposures that will maximize consumer response to an ad (Tellis 1997). In effective frequency, two mindsets have arisen; Minimalists and Repetitionists. There have been studies done by Krugman (1972) and McDonald (1971) that suggest that anywhere from 1-3 exposures were enough to earn maximum response. On the other hand are the repetitionists which Zielske (1959) found that as many as 13 repetitions over time were essential for maximum consumer response. However, the message here seems to be that the response is not instantaneous. Neither minimalists nor repetitionists seem to be entirely correct. The answer to this debate may lie within the context of the situation.

The success of advertisements seems to be based entirely on their proper placement in context. First, the success of an ad depends much on its predetermined brand familiarity. "When subjects first see novel stimuli, the novelty leads to uncertainty and tension (Tellis 1997)." However, repeated exposure can help eliminate this uncertainty and eventually turn it to familiarity. This is called habituation. With brand familiarity, the first step of habituation has already been surpassed (Edwards 2013). For

example, the Nike “swoosh” logo is world renowned. Just about anybody can see that logo and recognize the product. For an established company like Nike, market habituation is a fact. Because consumers attend to ads selectively, ads of the familiar brand may receive greater attention at lower repetitions than those of the unfamiliar brand (See Figure 3) (Sawyer 1981). According to a study by Hoch and Deighton, consumers also may identify with ads through brands because of their experience with the brand (Hoch and Deighton 1989). Finally, these experiences can add to brand consistency, where the consumer may interpret the familiar brand more favorably. While these all address brand familiarity and habituation, there is also an opposite process called tedium. Tedium refers to repetitive exposure creating a decreased liking in the product (Sawyer 1981). Sawyer’s habituation-tedium theory (See Figure 2) of ad response discusses how habituation tends to be strong early on in the introduction of a brand, while tedium is strong later on in the sequence of repetitions.

Message complexity is also a big factor in any advertisements success. A complex message is one that is difficult for the receiver to absorb and perceive all of the information in a single exposure. In 1988 Dena S. Cox and Anthony D Cox conducted an experiment examining how subjects’ liking of the target ad changed from the first exposure to the second. As hypothesized, the subjects’ evaluation of the ads increased significantly from the first trial to the second. However, of the 8 advertisements shown there was a difference in ad complexity (D. Cox, A. Cox 1988). The analysis of the experiment revealed that the liking of the complex ads increased significantly more than liking for the simple ads (See Figure 4). The significance of the complex ads was partially attributed to brand familiarity. Complex messages often contain a high level of

arousal potential, or inherent uncertainty. Longer exposure to these ads may reduce excess uncertainty of the product (D. Cox, A. Cox). Complex advertisements often contain complex messages, which can be a number of things. Two-sided, refutational, and soft sell appeals are common in complex message advertisements. A two-sided appeal leverages weak cons and strong pros of the advocated position. A refutational appeal counters the position being advanced. A soft-sell message is often used in ads that rely on emotional appeal and typically persuade by suggestion rather than making a direct call to action (Tellis 1997). Complex messages are most closely related to recall and high involvement theory.

Finally, message novelty is critical in the effectiveness of advertisement. There are some advertising campaigns that have become very well-known because of their sustained use and lack of change. However, most advertisers choose to change their advertising tactics after a while. Referring back to the habituation-tedium theory, advertisements can get worn out and have a negative product effect. “At a certain point in time, further repetition has no positive impact (Tellis 1997).” While the effectiveness of ads can wear out, there are studies that suggest that campaigns do not “wear in.” “In mature consumer categories, evidence indicates that if an ad campaign is not effective early on it will never be effective (Lodish et al., 1995 pgs. 125-39).” Rapid repetition in a short period of time may lead to tedium, so within the duration of a campaign, spacing out ads is likely more effective than massing (Tellis). “A growing body of field research indicates that message novelty may be an important factor in advertising effectiveness. For example, Eastlack and Rao (1989) found that changes in creativity were more likely

to have an impact on sales than dramatic increases or decreases in advertising frequency (Tellis pg. 78).”

Krugman would not necessarily agree that high involvement advertising is the most effective way. On the other side, simplicity can also be a key component in persuasion. Starch Advertising Research has been a trusted source of market intelligence for 85 years. Year after year, they publish studies done on advertising markets. According to Starch, in the 1970’s 50 percent of ads were noticed, but only 10 percent were read. It is difficult to determine which percent of these ads are actually perceived because some of the seeing occurs quickly in the unconscious. “Consequently, conclusions about amount of exposure based on perception will always underestimate exposure (Krugman 1977).” Krugman then posed the question, “Do you want to say half of all ads are looked at, or do you want to say that 9 out of 10 advertisements are not read?” Here he is suggesting that ads are meant to be low involvement. They are meant to display a quick message to get a point across and that is it. Krugman concluded that faint perceptions of product advertising do their job of getting their message across to the consumer.

Much of what people call subliminal perception is merely peripheral seeing or seeing without “looking at” and without being aware that seeing has occurred. It’s just a part of the selective process. Of all that there is available to see you decide what you should look at and what merits your attention. This kind of seeing can occur very quickly, under one tenth of a second, whereas to see, and to know you have seen (a two-step operation), is usually a much slower phenomenon, occurring not faster than one tenth of a second (Krugman 1977 pg. 52).

There is a report that in the 1960’s, movie goers were exposed to quick frames saying “Drink Coca Cola” and “Eat Popcorn” imbedded in a movie. The frames were so fast that people did not consciously notice them, but on nights that the frames were present, popcorn and Coke sales were significantly higher (Perner). This is called

subliminal advertising because it involves sensory stimuli that are below an individual's threshold for conscious perception. There is question that this study ever took place, but this led Congress to warn advertisers against using subliminal messaging. The Federal Communications and Trade Commissions define subliminal advertising as a deceptive practice, and they have many enforcement options that could be used (Lane). There has been a study done where subjects are briefly exposed to "dirty" words, triggering giggling. The exposure is so brief that the subjects are not actually aware of the word that they saw, but it is evident that something has been recognized by the display of embarrassment (Perner). The idea of subliminal advertising is closely, but not entirely, related to low involvement theory. Krugman argues for the side of low involvement advertisements as well as a seemingly minimalist view. It appears that high involvement and complex messages are what truly stick and are able to be recalled. Krugman understands that low involvement advertisements cause recognition and can aid in perception, but he does not seem to be able to decipher by how much.

#### Why Bother With Low Involvement?

There has been an ongoing debate between advertisers that low involvement and recognitions ads are useless because they do not cause immediate consumer action. In the late 1800's, Elias St. Elmo Lewis developed an acronym; A-I-D-A (awareness-interest-desire-action). This is a common acronym in the world of marketing and advertising that describes a list of events that every marketer wishes to see. Fundamentally, this acronym encompasses the goal of advertisement. Over time it has taken several different forms like Krugman's A-I-E-T-A (awareness-interest-evaluation-trial-adoption) model. These

models show how advertisers get in the right position to be there for a consumer's decision.

Being the first company that a consumer thinks of when they are in need of a product is the goal. This involves recall of a certain product but recognition does play a role. Drawing on left-brain right-brain theory, low involvement ads consist of building or strengthening of picture-image memory potential. While the right brain is involved in the visual comprehension, low involvement repetition can create a more gradual change in perception so that if a consumer is finally put in a choice situation, they make the more familiar selection.

While low involvement ads may work well over time, the greatest explanation for their current use is the minimal expenditure. "Because the criterion of recognition is much more easily achieved than that of recall, it has been criticized as being less sensitive. Underlying this "technical" controversy, however, is the fact that the use of recognition justifies modest advertising expenditures, while the use of recall justifies far larger expenditures (Krugman 1977 pg. 51)." The world's first television advertisement was for Bulova Watches, broadcasted prior to a baseball game between the Brooklyn Dodgers and Philadelphia Phillies on July 1, 1941. This low involvement, 10 second advertisement cost Bulova a total of \$9 at the time (O'barr 2010). In comparison to a local television advertisement nowadays, that is more expensive. According to *Small Business*, to create and run a 30 second local television advertisement can cost anywhere from \$200 to \$1500 (Wagner). Figuring the inflation rate since 1941 using The U.S. Inflation Calculator, \$9 is now worth \$145.62 in 2015. However, this advertisement was 10 seconds. Say that each 10 seconds of advertisement in 1941 is worth \$9 then a 30

second commercial would cost \$27. This means that running a 30 second Bulova local television advertisement would have cost them \$436.85 nowadays. That number is well above the minimum \$200 that a 2015 local television advertisement can cost. Thus, it is probable that low involvement advertisements have actually gotten cheaper over the years, but how is that possible?

### Digital Age

While many of these studies that I have referenced laid the groundwork for the world of advertising that we know today, to examine advertisement now but solely reference research done prior to the 90's would make this work inapplicable and outdated. One of the most revolutionary things to happen in the advertising industry in general is the invention of the World Wide Web by Tim Berners-Lee and others in 1991 (Howe 2012). A mere 10 years later, this platform was accessed by over 10% of the world's population. Today, upwards of 40% of the world's population (roughly 7.4 billion) has an internet connection (Internet Live Stats). The "Web" is the primary tool that billions of people now use to gain information, communicate, and interact. Internet users also tend to be in developed countries which control the majority of the wealth, making this the ideal target demographic for advertising.

Now, let us return to the idea that the answer to the effective frequency question may lie within the context of the advertisement. This relatively new tool, the Web, has made connection with a target demographic as easy as it has ever been. The first ever advertisement on the internet appeared in 1994 and was an AT&T banner ad (See Figure 5) telling the user to "Click here (Edwards)." Working at Modem Media, a digital agency, Joe McCambley, the man credited with inventing this ad, said. "The idea was

that AT&T wanted to transport people via the web (Wasserman 2013).” This is exactly what they did. The ad gained a 44% click-through rate (CTR) and took the user to a microsite where they could find lists of top museums and other mind-expanding sites (Wasserman). CTR is measured by the number of clicks divided by the number of impressions (outreach). Nowadays, according to Google, the average click-through rate is 2% (Google Support). Clearly, this advertisement was very successful. McCambley attributes that to the context of the situation; the advertisement was part of the first campaign on the internet and was also something entirely unfamiliar to the user.

In contrast to the subliminal stimuli discussed earlier, surprising stimuli are more likely to grab the user’s attention. I imagine that this was the case when the first advertisement showed up on the screen. It is hard to imagine being surprised by an advertisement while surfing the Web nowadays, but when the peculiar banner appeared, the surprise created much curiosity. Surprising stimuli can also increase chances for recall (Perner). Surprising stimuli have two subsets, pleasant and unpleasant stimuli, both of which are effective. When consumers are given a choice in the viewing of the ad, they are more likely to attend to advertisements that present pleasant stimuli. However, when the advertisement is inescapable by the consumer, unpleasant stimuli are likely to get the consumer’s attention (Perner). The idea of choice has pushed advertising industries to make their ads more interesting. For example, a Pepsi ad featuring race car driver Jeff Gordon is approaching 46 million views on YouTube, which is incredible as a four-minute video. Users have the option to skip this ad, yet 46 million have watched all four minutes before moving on to their originally intended video. On the other side, digital music services like Pandora and Spotify seem to make their unskippable ads (unless you

pay for a premium membership) as annoying as possible. From a consumer standpoint, these ads are so unbearable that they are easy to memorize. They almost force the consumer to make the decision to either purchase the premium membership or just abandon the platform altogether.

The internet has changed advertising from an art to a science. While brand familiarity, message complexity, and message novelty still hold value in the digital age, high involvement and complexity are seemingly becoming rarer. This could be due to two things. First, we are now bombarded with advertisement everywhere we go, so the mass of low involvement advertisement that envelopes our lives may mask more complex messaging. Second, according to *Time Magazine*, when surfing the web the average reader has an attention span of less than 15 seconds. “As humans we have a natural human drive to conserve resources. If a task seems simple to us- like clicking the mouse once or twice- we are likely to do the task right away. When tasks are complex or have multiple steps, we are more likely to avoid the task or procrastinate (Fogg 2008).” This gives advertisers two choices; to spam low involvement ads or put their eggs in one basket and shoot to grab a reader’s attention with one well-structured, complex message. It seems that more sponsors are retreating from the pre-digital era dominated by high involvement advertisement and relying on low involvement ads.

Advertisement can be expensive. Mass campaigns put on by companies like Anheuser Busch can cost millions of dollars, especially if more complex. This is exactly why low involvement ads have had increased popularity. To advertise on a music service like Pandora can cost as little as pennies to run an ad in between songs. The mere inexpensiveness of these ads is incentive enough for companies to use them as outlets.

However, the flooding of these outlets has made many consumers numb to low involvement ads.

To add to the flooding of these outlets, the introduction of the smartphone, tablet, and laptop are increasing ad frequency. Now companies are beginning to sync all media outlets. Today, 70 to 80 percent of users are on their smartphone or tablet while watching television (Hockenson 2012). The merging of these devices has increased interaction and could offer foresight into next generation TV advertisement. In fact, we are already seeing this in pharmaceuticals. Direct-to consumer advertising (DTCA) is advertisement directed towards patients. Forms of DTCA include mass media on smartphones, tablets, radio, television and social media. A study done by Barbara Mintzes (2002) examined the effect that DTCA had on prescribers. To run this study, they examined DTCA prescribing decisions in the U.S. where this form of advertisement is legal and compared it to Canada where it is illegal. The results showed that of the patients exposed to DTCA, 7.2% requested advertised drugs as opposed to 3.3% not exposed (Mintzes). In a related study, “35 percent of people who used tablets while watching TV looked up information online about the program they were watching (NPR Associated Press).” Bridging the media gap, advertisers are doing a great job of putting mass amounts of content in front of users on multiple levels and platforms.

### Looking Ahead

With the bombardment of ads, the industry is noticing as the consumer pays less attention. As we have covered, the current average CTR is 2% and users are spending less than 15 seconds on each page. While low involvement may be dominant now, I believe this is only a short term solution. In a Forbes magazine interview CEO of

YouTube, Susan Wojcicki, says that Google is becoming less concerned with outreach and more interested in engagement. While outreach is nice because the advertisements are reaching a large number of people, engagement is better because the advertisement is actually having more of an interactive impact on a more specified population. Essentially, companies are out to get more “bang for their buck” in the ad industry. Wojcicki says that through technological techniques like data mining and search history, they will achieve what she calls “The 5C’s”: choice, control, charm, connectivity, and calibration (Robert 2013).

### **Choice**

Advertisers pay Google on a cost-per-click basis, that is, Google only makes money when the user finds the ad interesting and clicks (Forbes). So, viewing advertisements is voluntary. About 70% of ads on YouTube are now TrueView. TrueView is a YouTube video ad format that gives the viewer options, the most common of which is the ability to skip the advertisement after five seconds. There are four types of TrueView ads:

- In-stream ads allow viewers to skip the pre-roll ads after five seconds. Sponsors pay only for ads that are viewed in their entirety or until 30 seconds have elapsed. In-stream ads are suitable for short or long video content.
- In-slate ads allow viewers to pick among several sponsors' ads or opt for commercial breaks interspersed throughout the video content. Sponsors pay for ads that are selected by the viewer. In-slate ads are suitable for videos that are at least 10 minutes long.
- In-search ads appear in YouTube search results when the viewer's search is related to the ad's keywords. Sponsors pay for ads that the viewer begins to watch.
- In-display ads are legacy formats that appear in the YouTube promoted videos overlay, in video suggestions and related videos, and in Google's

Click-to-Play format. Sponsors are charged when viewers opt to watch an ad (What Is TrueView Ad?).

Google has two incentives to use TrueView. One, it creates trust with the sponsor, convincing the sponsor that their money is going to good use as the consumer is choosing to watch the ad presented to them. Choice has also pushed advertising industries to make their ads more interesting as we learned with Pepsi's Jeff Gordon commercial. The second has to do with selective exposure theory. Within the practice of psychology, selective exposure theory refers to an individual's tendency to favor information in which they are familiar with and support. By giving the user a choice to skip an ad they don't like and put interests in front of them, Google is increasing the likelihood of kick-starting the A-I-E-T-A process.

## **Control**

Since, for the most part, users are offered a choice of viewing ads, advertising agencies are doing two things to step up their game and capture the eye of the consumer. First, they are making advertisements more entertaining. This is an attempt by sponsors to flip the inherent and negative connotation that advertisement has on its head. Secondly, and not so obvious to some, agencies are making sure that the right ads are coming up at the right time for the right people. Facebook is one company that has used this technique overtly. Using data mining and search histories, Facebook puts an advertisement of a recent search right onto the consumer's very own newsfeed (Moscaritolo 2012). The mere exposure effect is a psychological phenomenon explaining that users develop preferences because of familiarity. Becoming more user conscious of the use of these

tools, ad agencies are able to place familiar products right in front of the consumer's face as they navigate the Web.

### **Charm**

Companies like Budweiser, Pepsi, and Red Bull have done a good job at creating a fluid, synonymous, and entertaining way of advertising their product. Every year, the Super Bowl dominates the field of advertising. Many people say that they enjoy watching the advertisements more than the actual game. In major events like these, the above companies have had some of the greatest commercials. "As it's done every year since 1989, USA TODAY had ad enthusiasts rank every commercial from the big game. Anheuser-Busch won for the third straight year, taking home its 13th Ad Meter title in the 15 years (USA Today 2015)." Kiip, a mobile advertising company, is also doing something different than ever seen before. Kiip CEO, Brian Wong, is using an incentivizing strategy for the user. "Brands have been signing up with Kiip to offer rewards, which matches them with apps that have integrated its platform and whose users fit the brand's target demographic (Constine 2012)."

### **Connected**

Consumers' lives are now spread across multiple devices, but the devices are becoming more integrated through cloud computing. "Today, 70 to 80 percent of viewers are using their smart phone, tablet, or laptop while watching television (Hockenson 2012)." As this happens, advertisers will try to string ads together to reach people on the go. Wojcicki claims, "You should be able to target not devices, but people, getting ads that are relevant to where the user is and what they are doing (Hof 2013)." Similar to Google, Brian Wong has his own idea for the future of advertisement:

Lives will be made easier by devices that can predict schedules, desires and needs. And as technology becomes less invasive, advertising will follow suit by becoming more human. Indeed, advertising will have the potential to be incorporated into every device—from fitness trackers to connected cars. But more important, instead of being designed to be loud or intrusive; its goal will be to capitalize on those opportunities when consumers actually invite brands to participate in the everyday moments in their lives that matter most. Imagine: For example, Exxon will be able to discern when your car's gas tank is down to a quarter-full and will direct you to the nearest station (Wong 2015).

### **Calibration**

How are advertisements being measured by these companies? Brand advertising's main goal is reach and impact. For example, the Nike swoosh is globally acknowledged. Impact, however, is much harder. In an interview I conducted on July 13<sup>th</sup>, 2015 with the Head of Brand Solutions at Google/YouTube, Blair Dore, he claimed that impact or engagement will be measured by clicks, watch time, and surveys of the consumer. All of these variables, monitored by advertising agencies, help them to control exactly what shows up on the user's screen and give feedback to sponsored companies.

### New Methods

The mobile smartphone is a close second behind the World Wide Web in terms of revolutionizing advertising. The use of location services has become more widespread with the rise of the smartphone. Advertising agencies are taking full advantage of this service. As I look through my very own phone, I can see that Facebook, Instagram, Snapchat, and Twitter are all using my location. The smartphone is something that the consumer has on them almost all the time. This powerful resource has the marketing industry incredibly excited. Being able to understand consumer habits has changed a lot due to location services. Now, most common social media applications, like Snapchat,

Instagram, Facebook, Twitter, and even dating sites like Tinder are using location services, but what does this mean?

These apps give an option to use location to enhance the user experience. For example, Facebook and Instagram allow the user to post to certain locations, creating a bridge between the user and the area. Snapchat has perfected the use of location services. Almost every single person allows Snapchat to access their location so that they can use local filters to show where they are. Snapchat has also partnered with companies like ESPN, Cosmopolitan, People, CNN, National Geographic, Comedy Central, and so many more to make the application multifaceted for the user. A spot on Snapchat's Discover Channel is a highly coveted spot for media executives. "There's a long running joke that CNN's Snapchat channel gets more views than its cable TV channel (Griffith 2015)." Along with partnerships, Snapchat also has daily stories of major events going on in the world, featured places, and local stories as well. For example, one day the user may log on and find a stream of videos on the Republican Primary Debate and next that of a virtual tour of Singapore. So, not only does it contain advertisements for a specific sponsor within the app, but it also advertises places and events. What is so brilliant about this application is that it is entirely user-driven, meaning Snapchat users generate all content. I went to a talk on November 10th, 2015 given by Chas Edwards, Co-founder and President Publisher of The California Sunday Magazine. Here, Chas talked about how Snapchat creates an event each time a person uses it. "Because of the impermanence of the picture or message sent, people pay attention to this event and it has become very successful." This incredible marketing strategy keeps the user on the app, connected with the world and coming back for more.

There are two types of location services currently in use, push and pull. Within the category of push location services there is the choice to opt-in or opt-out. Opt-in is when users can determine what types of advertisements or promotional material they receive from the advertisers. On the other hand, opt-out allows advertisers to target consumers until the users do not want the ads to be sent to them. Pull location services are locally-based. You see these when the user is in a certain area and requires location services. For example, a local search application called Yelp could help a user find the best Thai restaurant in her area (Shimp 1997).

The terms pull and push are different in meaning from their use in the context of traditional marketing. The pull approach in the traditional context refers to the use of mass advertising and consumer promotions to generate a demand or "pull" for a brand, while the push approach refers to the use of trade promotions to ensure stocking of a brand at the retail level. On the other hand, in the context of LBA and other non-traditional marketing, push is outbound communication originating from the marketer, while pull is inbound communication that is initiated by the consumer (Shimp 1997).

### **Benefits of Location Services**

Many of the benefits of location services serve the consumer and the advertiser. First, location services are free or low-cost for the advertiser and they are highly accurate in targeting a demographic. As the information that the user receives becomes more relevant and personalized, advertising agencies see a 20% increase in response rate, which is extremely high (Girgenti, 2007). Sponsors are getting to know their customers better and therefore rewarding loyal users with coupons, free items, and more as we see Brian Wong doing at Kiip. Location services are also helping to attract new customers. By targeting a certain demographic more accurately, sponsors are receiving a higher number of customers, old and new. As we talked about in the "Connected" section, this

new service is creating more interactivity between user and advertiser as well. Finally, with the proper demographic, location services are converting awareness and interest to desire and finally action in making a purchase, benefitting both parties.

### **Concerns**

While location-based services are very helpful, many people have concerns about sharing their location with major companies, as they should. In 2014, a woman brought a class-action lawsuit for “invasion of privacy” against Apple over claims surrounding the firm’s used of Location Services to track the iPhone users and store data on their movements (Hamill 2014). Apple admitted to collecting the data, but it was uncertain if they had handed the data over to any third party. The U.S. Government Accountability Office (GAO) or the investigative arm of Congress noted that companies can obtain location data in various ways:

Mobile devices and in-car navigation devices determine location information through methods such as cell tower signal-based technologies, Wi-Fi Internet access point technology, crowd-sourced positioning, and GPS technology. Assisted-GPS (A-GPS), a hybrid technology that uses more than one data collection methodology, is also widely used (Cooney 2014).

The U.S. GAO also listed the primary threats to a consumer as disclosure, tracking behavior, identity theft, personal security, surveillance. This means that the consumer may not know how their data is being used and it may be used in ways they did not intend like to track patterns or to target consumers for marketing solicitations (Cooney).

### **Conclusion**

The world is constantly changing and advertisement along with it, yet the psychological basis will always remain. Today, access to unlimited knowledge resides in our pocket almost 24/7. The speed at which we attain information is far greater than past

generations and is increasing exponentially. Likewise, ad volume has increased. We can hardly escape advertisements no matter where we go. However, now, with the sheer volume of ads, the consumer may not consciously acknowledge the brand being advertised to them, but the consumer does understand that they are being advertised to. For example, YouTube advertisements are skipped almost always as quickly as possible before the consumer even knows what the ad is for. The habituation-tedium theory is more relevant now than ever because consumers are not gaining tedium for one brand, but advertisement altogether. As we discussed earlier, the consumer is receiving more of a choice for advertisements and ad agencies are getting paid on a per click basis. The average 2% click through rate clearly shows that these ads are not as effective, thus ad agencies are not making money. As measuring ad effectiveness becomes increasingly important, I think that many brands will see the tedium of low involvement ads and revert back to high involvement instead. Just like the habituation-tedium theory, selective exposure theory also applies to advertisement as a whole. That is to say, an individual will have a tendency to favor information which they support. The lack of support for low involvement ads is apparent.

In the interview I conducted, Chas Edwards talked about how in the late 1970's, his favorite show was the sitcom, *What's Happening*. He distinctly remembers one Dr. Pepper commercial that came on because it had the same grammar, tone and format as the medium of the show. This high involvement ad paid attention the details of what the consumer was there for and targeted the demographic in that manner. Edwards believes that with the technology boom becoming the norm, advertisement will revert from low back to high involvement ads.

Edwards also voices his concern about low involvement ads when it comes to data mining and location services. “I also worry that advertisers are so excited by precision targeting in general that they lose site of the bigger mission for advertising.” Relevant messaging has not caught up to precision targeting, meaning that ad agencies are able to target people with data only after they had made the purchase. For example, a man who travels a lot purchases a Virgin America plane ticket. Then Virgin America ads pop up all around his Web searches. He then purchases a new ticket and the advertiser gets credit for the purchase when, in fact, the man is simply a loyal customer and would have bought the ticket regardless of the advertisement. “It’s fishing in a barrel. But since the fish are already in the barrel, it means someone else did the work of catching them.”

Let us not forget that the goal of advertisement is to convince people to buy your product when they weren’t already planning on buying your product. I would like to draw a parallel from the success of the first banner advertisement mentioned earlier. Surprising stimuli played a key role in the click through rate of the first ads. But with the increase in ad volume ads are less surprising and more unpleasant. While unpleasant stimuli have been proven to work in gaining brand notoriety, around 70% of online ads are now skippable, making these unpleasant and low involvement ads nearly useless. Herein lays the answer to why there will be an increase in complex messaging and high involvement advertisement. That is, because low involvement ads are losing their edge and high involvement ads carry a more complex argument and are more stimulating to the human brain.

## Appendix

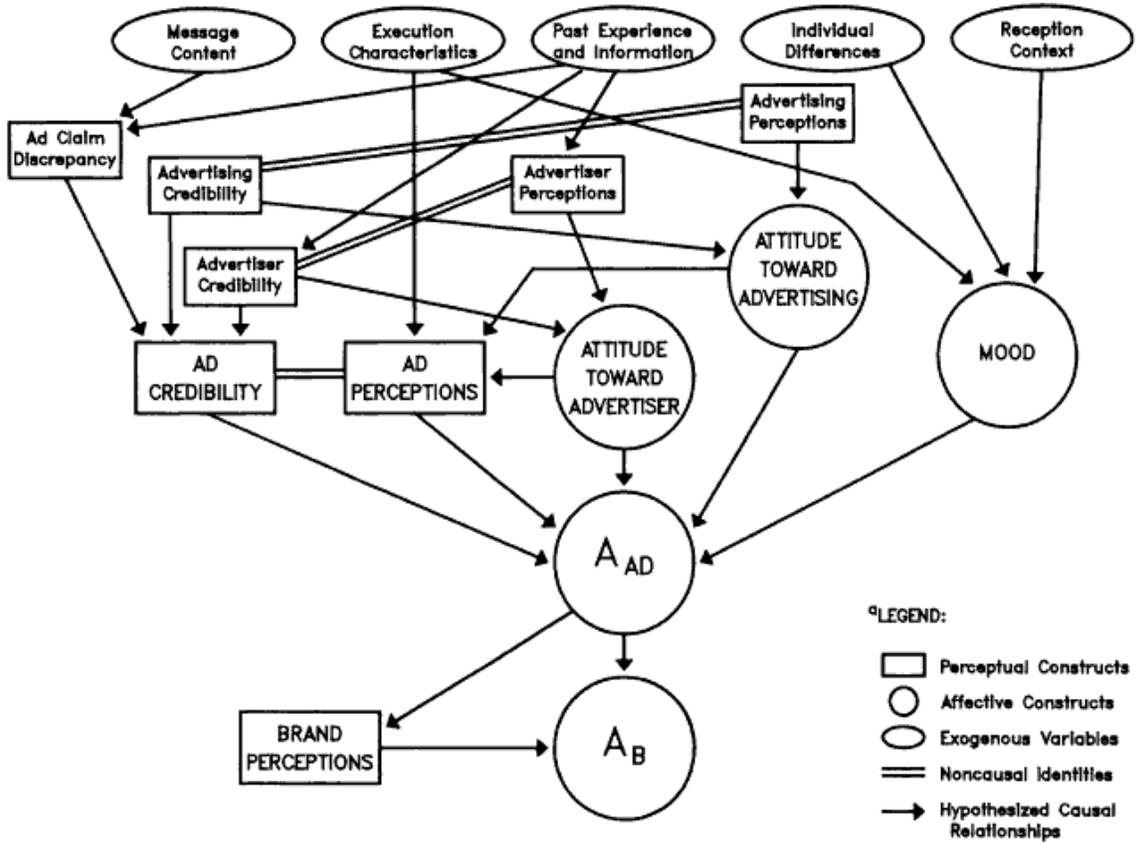


Figure 1: Ad and Brand Attitudes (S. Mackenzie, R. Lutz 1989).

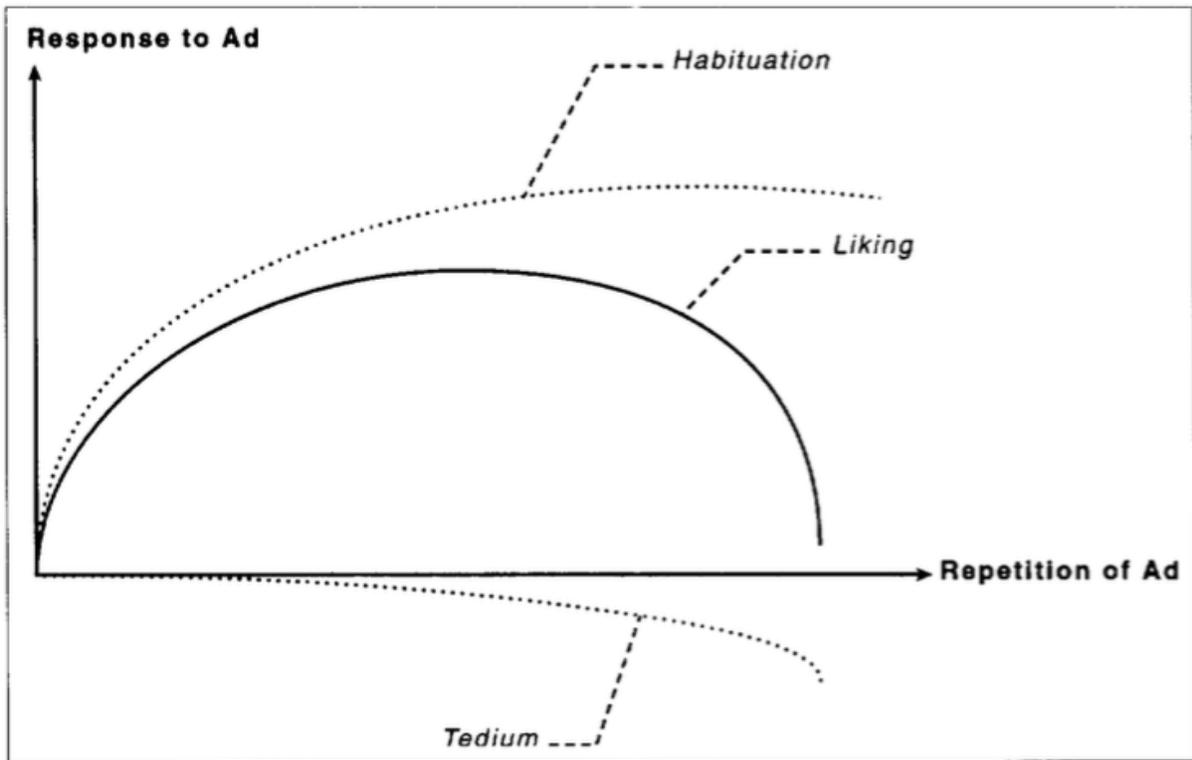


Figure 2: Schematic Diagram of the Habituation-Tedium Theory (Tellis 1997)

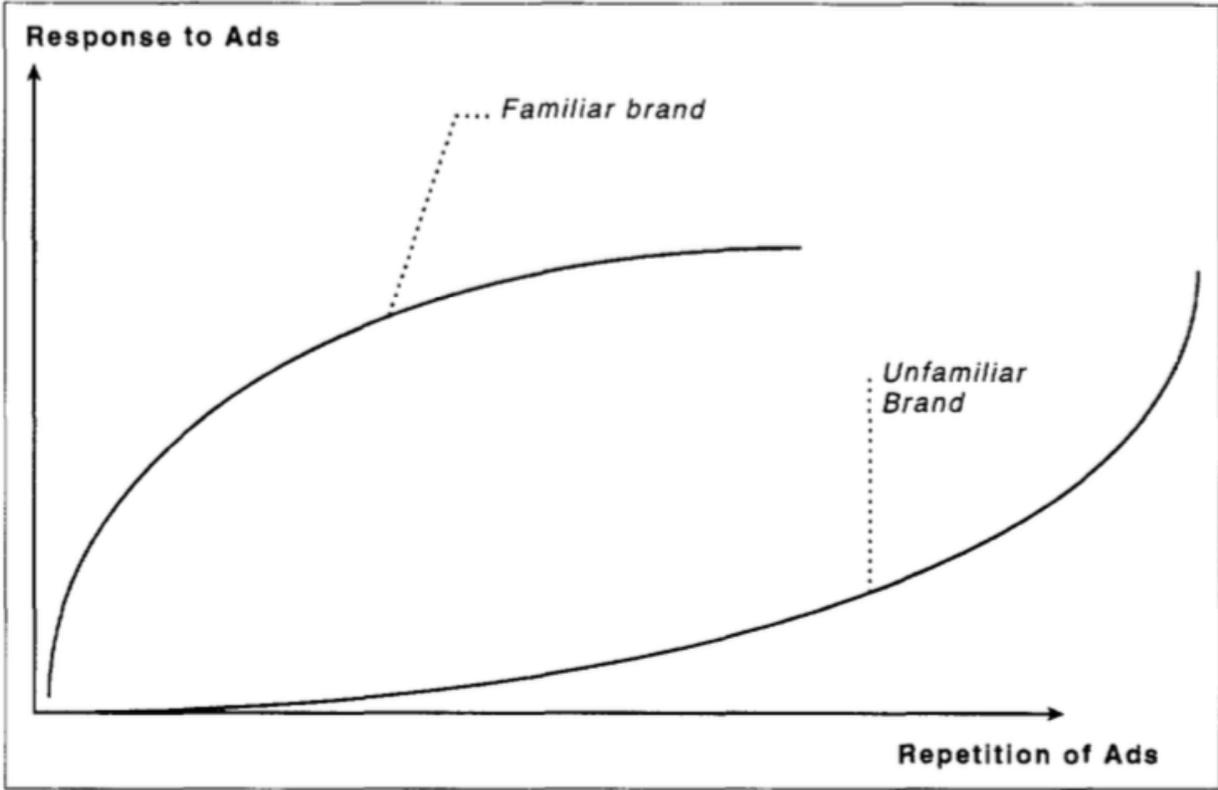


Figure 3: Response to Advertising Moderated By Brand Familiarity (Tellis 1997)

## EFFECTS OF EXPOSURE ON AD EVALUATION

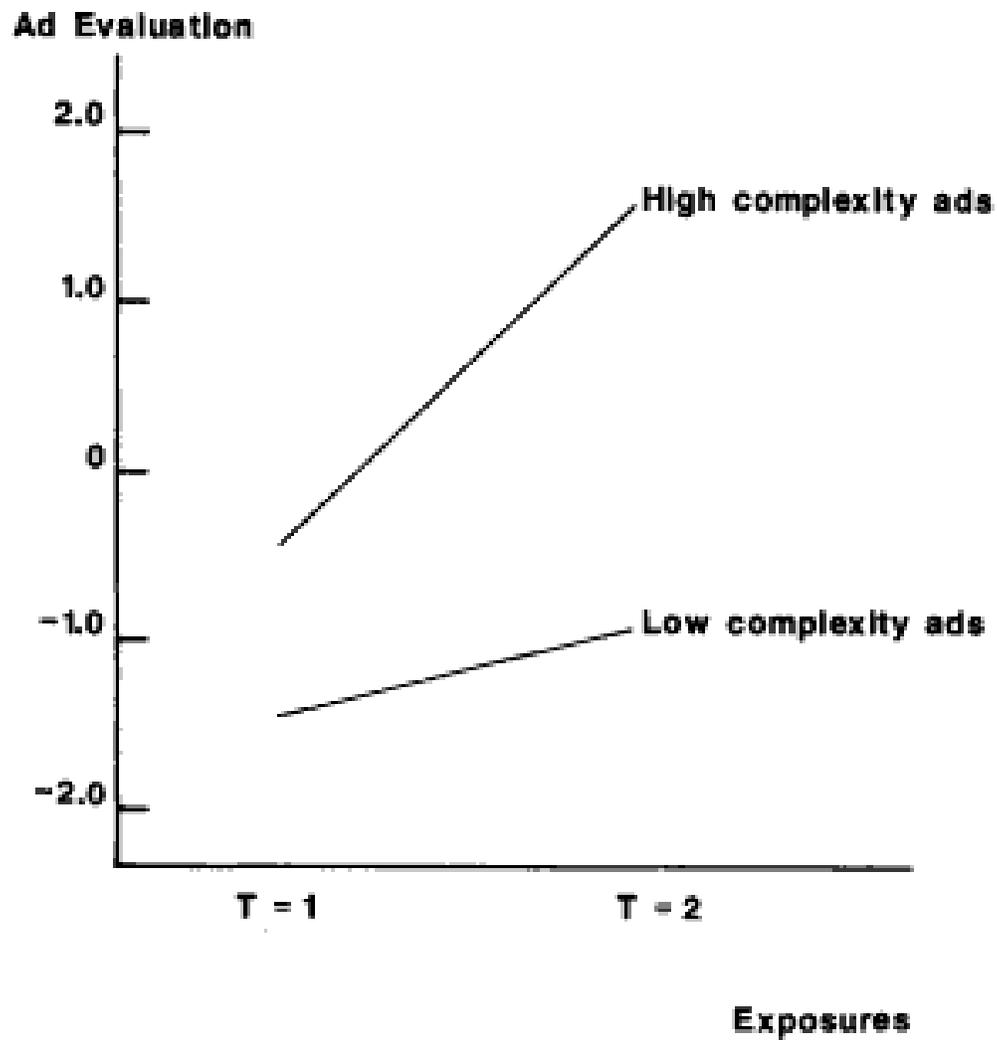


Figure 4: Effects of Exposure on Ad Evaluation (D. Cox, A. Cox 1988)



Figure 5: The First Banner Ad on the Internet, 1994 (Edwards 2013)

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