

"I MISS YOU JESSICA": THE ROLE OF ANTICIPATED REGRET IN COMPARATIVE ADVERTISING*

*"Seni Özledim Jessica": Karşılaştırmalı Reklamlarda
Beklenen Pişmanlığın Rolü*

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Abstract

Comparative advertising is one of the common promotional tools firms use to emphasize their competitive advantage to consumers. Extant literature shows that comparative advertising is ineffective when experiential claims are used. However, increasing competition compels firms to differentiate themselves based on experiential attributes. Through a series of mathematical models and experiments, we show that when a firm invokes anticipated regret in its comparative advertising, the purchase likelihood increases significantly even when experience attributes are used as a point of comparison. We also examine the role of directness of the comparative ad in purchase likelihood when anticipated regret is triggered. Our results show that indirect comparative ads work better than direct comparative ads when anticipated regret is employed. However, expertise moderates this relationship.

Keywords: Comparative Advertisement, Anticipated Regret, Consumer Expertise, Analytical Modeling

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Öz

Karşılaştırmalı reklamcılık, firmaların tüketicilere rekabet avantajlarını vurgulamak için kullandıkları yaygın tanıtım araçlarından biridir. Mevcut literatür, deneysel iddiaların kullanıldığı durumlarda karşılaştırmalı reklamların etkisiz olduğunu göstermektedir. Ancak, artan rekabet, firmaları deneysel niteliklere dayanarak farklılaştırmaya zorlamaktadır. Bu makalede, bir dizi matematiksel model ve deneyle, bir firma karşılaştırmalı reklamlarında pişmanlığı çağrıştırdığında satın alma olasılığının önemli ölçüde arttığını gösteriyoruz. Sonuçlarımız, beklenen pişmanlık kullanıldığında dolaylı karşılaştırmalı reklamların doğrudan karşılaştırmalı reklamlardan daha iyi çalıştığını göstermektedir. Ancak uzmanlık bu ilişkiyi yönetmektedir.

Anahtar Kelimeler: Karşılaştırmalı Reklam, Beklenen Pişmanlık, Tüketici Uzmanlığı, Analitik Modelleme

INTRODUCTION

Companies are continually strategizing to communicate a point of difference that can make their brands prominent. Consider State Farm commercials. Jerry calls his State Farm agent, Jessica, after an accident. She reminds him that he is no longer a customer of State Farm. Jerry is upset as it took 15 minutes to sign up with his new insurance company, but it is taking a lot longer to hear back. He then breaks down in tears saying, "I miss you Jessica." With this commercial, State Farm insurance company employs a comparative ad strategy with a rather clever modification. The ad incorporates direct cues of anticipated regret (comparing the outcome of a decision with what the outcome would have been) in its message to stand out among its competitors. Visualizing likely problems one might experience if the rival is chosen, State Farm is trying to trigger counterfactual thoughts to impact purchase decisions in favor of their company (Simonson 1992). State Farm is not the only firm using anticipated regret in their communications. In their 2014 marketing campaign, Intel used its rewind regret commercial to invoke the potential regret consumers may experience if they do not buy the new laptop with Intel's processor. Similarly, FedEx points out problems consumers may experience

if the rival post office, USPS is used. Using comparative advertising messages to remind consumers of their potential future regret if they do not use the firm's offerings, these firms want to enhance purchase likelihood.

Researchers have amassed a broad and informative literature on comparative advertising and suggested that comparative ads are indeed effective compared to non-comparative ads in getting attention, increasing favorable attitudes, purchase intentions and behaviors (Grewal et al. 1997). Though the connection between comparative ads and most cognitive, affective and conative aspects have been demonstrated, interestingly, there are no studies that link comparative advertising to anticipated regret. In this paper, we purport to demonstrate via a series of mathematical models and experiments that activation of anticipated regret in a comparative ad context is indeed beneficial for the sponsor brand.

Our contribution is threefold. First, we contribute to comparative advertising literature by including the element of anticipated regret in the messages. Though there is a shared belief among academicians that comparative advertising works better when search elements rather than experiential claims are used (e.g., Barry 1993; Iyer 1988), we demonstrate that when anticipated regret is prompted, comparative ads with experience attributes are as effective. Second, contrary to previous works that maintain that direct comparative ads that use competitor's name are more impactful than indirect comparative ads that compare the product to the rest of the product category (e.g., Pechman and Ratneshwar 1991), we suggest that when anticipated regret is used, indirect comparative messages become influential, especially for novices. Third, we believe that our paper adds to the growing marketing literature that adopts the behavioral economic paradigm to provide insights on marketing phenomena (Narasimhan et al. 2005). We provide an insight to firms regarding how to adopt their advertising strategies (i.e., how to engage in comparative advertising when experiential attributes are used and whether to engage direct or

indirect comparative advertising when the audience is composed of novices vs. experts) when consumers anticipate post-purchase regret.

ANTICIPATED REGRET IN COMPARATIVE ADVERTISING

Comparative ads compare at least two brands in one product or service category, highlighting the positive attributes of the sponsored brand while focusing on the negative sides of the alternative(s) (Grewal et al. 1997). The relative effectiveness of comparative vis-à-vis non-comparative advertising has been explored immensely in the literature (e.g., Barry 1993; Jain 1993; Muthukrishnan et al. 2001; Thompson and Hamilton 2006). A meta-analysis of extant research suggests the potential effectiveness of comparative advertising (Grewal et al. 1997). Though effectiveness of a comparative claim is enhanced by including factual information (e.g., price, delivery, lead times and functional features) rather than experiential claims (e.g., taste, smell, etc.) (Barry 1993; Iyer 1988; Jain et al. 2000), marketing communications solely based on search attributes without an emphasis on experiences are no longer effective. Take the chair-bed example in Wright and Lynch (1995). The chair-bed ad that promotes a chair that converts in to bed lists search attributes such as price, availability in five colors, fabric content of the cover, soil-resistance and ability to be washed. Search attributes possess a subjectively reliable inferential rule (Dick, Chakravarti, and Biehal 1990) that connects an observable aspect of the product with a desired benefit. For instance, consumers may infer that the colors listed (for the chair-bed) will be available at the store. Note that such search attributes are easily observable before purchase; they are also easily comparable with those of rival brands. Chair-bed's experience attributes, on the other hand, are ease of folding out and folding in, convenience, firmness, comfort as a chair and comfort as a bed. These experience attributes are very difficult to assess before the actual purchase and use. Therefore, consumers can not really form a reliable link between the information available before use and the promised benefits. Moreover, such

experience attributes are extremely difficult and costly to be contrasted against those of competitor brands. Though experience benefits are not easily observable, it has been shown that advertisements that evoke experiences, sensations and feelings are more persuasive (Brakus et al. 2009; Zarantonello et al. 2013). Consumers want to hear about the experiences that the product promises. They want to hear how comfortable the product is, how easy it is to use and how convenient it is. Though experience claims used in comparative advertising is found to lower claim acceptance (Jain et al. 2000), we suggest that comparative ads that trigger anticipated regret may actually benefit from emphasizing experiential features. More specifically, we argue that by prompting anticipated regret in comparative ads through visualizing the potential negative experience with the competitor brand, consumers may -in effect-have a greater likelihood to try the sponsored brand.

Regret itself is a negative, cognitive-based emotion that is experienced when we realize or imagine that the present situation could have been better had we acted differently. However, it is also possible to anticipate regret pre-behaviourially and thus avoid actually experiencing this unpleasant emotion (Simonson, 1992). With regret being influenced by the comparison between what is and what could have been, it seems that knowledge of what could have been must be available for regret to be experienced. However, knowledge of the forgone alternative is not always available. A comparative ad that emphasizes potential negative experience with the competitor brand will provide consumers with the information that otherwise cannot be obtained before purchase and use.

Post-purchase regret can happen when ex-ante, there is an uncertainty regarding how much utility a consumer will derive from at least one of the options in his choice set. A consumer will experience some disutility or regret, when ex-post, her forgone alternative would give her a higher net utility than her actual choice. The amount of that disutility is proportional to the difference in the net utility be-

tween the forgone alternative and the chosen alternative (Inman et al. 1997). When consumers are aware of that, they will receive post-decisional feedback on the forgone alternatives and hence may experience post-purchase regret. They anticipate this regret and ex-ante make their choices to alleviate it (Simonson 1992; Kwak and Park 2012; Zeelenberg et al. 1996). We argue that comparative advertising provides marketers with a great opportunity to frame their messages in such a way that anticipated regret is emphasized. As anticipated regret is linked to the counterfactual thought in which the purchasing actions are changed (Simonson 1992), a comparative ad that accentuates what might happen if a consumer picks the rival may increase likelihood to purchase the sponsored brand.

We will first explain our argument mathematically and then validate it through an experiment. Consider two competing firms (F_2 and F_1) each selling one new product priced as p with a single non-price attribute. The quality of a firm's non-price attribute can be high with probability χ and can be low with probability $(1-\chi)$. Firms know the quality of their own non-price attribute and they may also know the quality of the rival's non-price attribute, but consumers do not know the quality of firms' non-price attribute. If the quality of non-price attribute is high then consumers derive utility of $(v+q)$. If the quality is low then consumers derive utility of v , where v is the basic utility consumers get from this product category and q is the additional utility consumers receive if the quality of non-price attribute is high enough. The quality draws for firms' non-price attribute are independent. Therefore, with probability χ^2 both firms' non-price attribute quality will be high, with probability $2\chi(1-\chi)$ only one firm's non-price attribute quality will be high, and with probability $(1-\chi)^2$ both firms' non-price attribute quality will be low. The non-price attribute can be a search attribute or an experiential attribute. Search attribute claims (e.g., 'we are cheaper') are easily verifiable, posing minimal cost to consumers. Conversely, experience attribute claims (e.g., 'our food is tastier') can be verified after usage. We examine both cases separately in the following sections.

A Case of Experiential Attributes

When F_1 engages in comparative advertising and claim that its non-price experiential attribute is better than the rival's, consumers who are exposed to this advertising do not fully believe in this claim and they update their belief regarding the probability of F_1 's non-price attribute being high to $\bar{\chi}$ and their belief regarding the probability of F_2 's non-price attribute being high to $\underline{\chi}$, where $1 > \bar{\chi} > \chi > \underline{\chi} > 0$. This happens because pre-purchase, there is no way for consumers to verify the firm's claim (e.g., 'our food is tastier') and the firm can easily be untruthful.

When F_1 engages in comparative advertising and claims that its non-price attribute is better than the rival's, the utility of consumers who are exposed to advertising from F_1 's new product and from F_2 's new product are equal to $v + \bar{\chi}q - p$ and $v + \underline{\chi}q - p$, respectively. This means that as a result of comparative advertising, consumers' utility from F_1 's new product relative to the utility from F_2 's new product increases by $(\bar{\chi} - \underline{\chi})q$.

To implement anticipated regret, following Syam et al. (2008), we introduce a linear regret term in the consumer utility such that $-\gamma \cdot \text{Prob}(U_f > U_c) \cdot (U_f > U_c)$, where U_f is utility from the forgone alternative, U_c utility from the chosen alternative, and $\gamma > 0$ is regret aversion sensitivity. If F_1 engages in comparative advertising, claiming that its non-price attribute is better than the rival's, and if it also invokes regret, then the utility of consumers who are exposed to advertising from F_1 's new product and from F_2 's new product are equal to $v + \bar{\chi}q - p - \gamma(1 - \bar{\chi})\underline{\chi}q$ and $v + \underline{\chi}q - p - \gamma(1 - \underline{\chi})\bar{\chi}q$, respectively. That is, as a result of comparative advertising, consumers' utility from F_1 's new product relative to the utility from F_2 's new product increases by $(\bar{\chi} - \underline{\chi})q(1 + \gamma)$. Naturally, $(\bar{\chi} - \underline{\chi})q(1 + \gamma) > (\bar{\chi} - \underline{\chi})q$.

Though experience claims used in comparative advertising is found to lower claim acceptance (Jain et al. 2000), we suggest a way to enhance the effectiveness of the comparative ad when experience

attributes are highlighted. Our analysis implies that if anticipated regret is made salient in the ad (e.g., showing a consumer who regrets after having bought the rival brand), consumers' relative utility from the sponsor brand increases even the ad underlines experiential aspects. Therefore, we develop the following hypothesis.

H_{1a} : If a firm engages in comparative advertising and its claim is for an experiential attribute, then invoking anticipated regret significantly increases the likelihood of purchase of the sponsored brand.

A Case of Search Attributes

When F_1 engages in comparative advertising and claim that its non-price search attribute is better than the rival's, consumers who are exposed to this advertising think that F_1 's non-price attribute quality is high (i.e., $\bar{\chi} \rightarrow 1$) and F_2 's non-price attribute quality is low ($\underline{\chi} \rightarrow 0$). This happens because the non-price attribute is search type and therefore, it is easily verifiable unless the associated search cost is too high. For this reason, F_1 will be truthful in its advertising and its claim will be believable.

Thus, when F_1 engages in comparative advertising and claims that its non-price search attribute is better than the rival's, the utility of consumers who are exposed to advertising from F_1 's new product and from F_2 's new product are equal to $v + q - p$ and $v - p$, respectively. This means that as a result of comparative advertising, consumers' utility from F_1 's new product relative to the utility from F_2 's new product increases by q .

However, utilizing a search attribute in comparative advertising resolves the uncertainty about new products' non-price attribute quality. Thus, anticipated regret does not affect consumers' utility when search attributes are employed. Therefore, even if F_1 invokes anticipated regret, comparative advertising increases consumers' utility from F_1 's new product relative to the utility from F_2 's new product only by q .

Therefore, we suggest the following hypothesis.

H_{1b} : If a firm engages in comparative advertising and its claim is for a search attribute then invoking anticipated regret does not have significant effect on the purchase likelihood of the sponsored brand. Next, we empirically test our model and hypotheses with an experiment.

STUDY 1

Study 1 aims to test H_{1a} and H_{1b} . We expect a significant interaction between type of attribute (search vs. experience) and presence of anticipated regret in the comparative ad (no anticipated regret vs. anticipated regret highlighted) on purchase likelihood of the sponsored brand. Purchase likelihood will not differ significantly across conditions when search attributes are used. However, when experience attributes are used, inclusion of anticipated regret will significantly enhance purchase likelihood.

Method

We recruited 156 participants using Amazon MTurk. We employed a 2 (attribute: search vs. experience) x 2 (presence of anticipated regret: no anticipated regret vs. anticipated regret highlighted) between subjects design. Participants were randomly assigned to one of the four conditions. The instructions in all conditions read ‘Please read the following ad message. Firm X and Firm Y are two burger chains. Note that you are not familiar with either chain. Each firm introduces a new burger. Firm X is the sponsor of the ad (the following ad is the message of Firm X).’ In the *search without anticipated regret condition*, participants saw a message that boasts a competitive advantage along a search attribute (price difference): ‘Burger Y is more expensive than our burger (Burger X).’ In the *search with anticipated regret condition*, the participants were asked to imagine an ad that uses an actor who regrets having eaten at the rival chain and

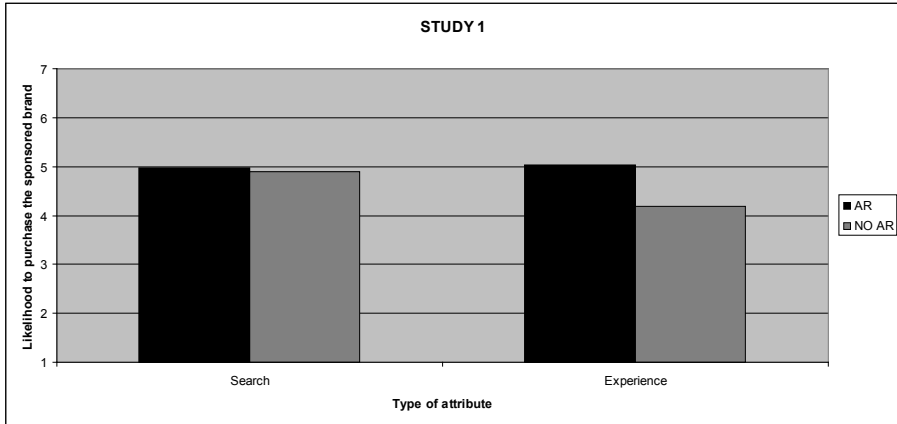
says 'Burger Y is more expensive than Burger X'.* In the *experience without anticipated regret condition*, participants saw a message that boasts a competitive advantage along an experience attribute (taste difference): 'Our burger (Burger X) is tastier than Burger Y. Burger Y is bland.' In the *experience with anticipated regret condition*, the participants were asked to imagine an ad that uses an actor who regrets having eaten at the rival chain and says 'Burger X is tastier than Y. Y is bland'.** Finally, all participants were asked to answer the following item 'How likely are you to purchase the advertised brand (Burger X)?' (1=not likely; 7= very much likely).

Results

As hypothesized, we found a marginally significant interaction between type of attribute and presence of anticipated regret in the comparative ad on purchase likelihood of the sponsored brand X ($F(1, 152) = 3.51, p = .06, \eta^2 = .02$). There is no main effect of either attribute type or the presence of anticipated regret on purchase likelihood (all p 's $> .1$) Examination of cell means reveals that presence of anticipated regret does not make a difference in the search condition ($F(1, 79) = .06, p = .81, \eta^2 = .00$; $M_{\text{anticipated regret}} = 4.97, SD = 1.44$; $M_{\text{no anticipated regret}} = 4.89, SD = 1.49$). However, anticipated regret significantly increases purchase likelihood when experience attributes are used ($F(1, 73) = 5.12, p = .03, \eta^2 = .06$; $M_{\text{anticipated regret}} = 5.04, SD = 1.48$; $M_{\text{no anticipated regret}} = 4.18, SD = 1.80$) (see figure 1)

* In the current and following studies, we emphasize that the ad uses a paid actor to avoid confusion regarding the spokesperson. Our scenarios do not involve testimonials where real consumers share their evaluations.

** We ran a pre-test on the scenarios to ensure our manipulations work as intended. We randomly assigned 80 individuals recruited from Mturk to four scenario conditions and asked them the following question "Do you think you will experience regret if you visited the rival restaurant Y?" An independent samples t-test shows that compared to search ad with anticipated regret ($M=5.47, SD=1.06$), search ad without anticipated regret ($M=4.58, SD=1.30$) invoked more regret ($t(38)=1.93, p=.06$). Similarly, compared to experience ad with anticipated regret ($M=5.14, SD=1.38$), experience ad without anticipated regret ($M=4.21, SD=1.47$) invoked more regret ($t(38)=2.06, p=.04$).

Figure 1

Discussion

Study 1 demonstrates that inclusion of anticipated regret significantly enhances consumers' purchase likelihood of the sponsored brand even when the ad utilizes experiential claims such as taste. As search attributes are easily verifiable with minimal costs, comparative ads resolve the uncertainty in consumers' mind regarding the available options and hence eliminate any possible post-purchase regret. However, when the experiential attribute is presented in a comparative ad, there is still some uncertainty in consumers' mind regarding the performance of the available options on the featured attribute. Therefore, if anticipated regret is invoked, consumers will think about possible post-purchase regret when they choose one brand over the other. Since comparative ads lead consumer to think that it is more likely that the sponsored brand is better than the rival on the featured attribute, triggering anticipated regret makes consumers think that it is even more probable that they will feel post-purchase regret if they choose the rival brand.

DIRECT VS. INDIRECT COMPARATIVE ADVERTISING WITH ANTICIPATED REGRET

So far in our analysis, we ignore the type of comparative advertising. A firm can choose to engage in direct or indirect comparative advertising. In the former, the firm compares its product with one of the rival's product and in the latter, one firm compares its product with the rest of the product category. Pechman and Ratneshwar (1991) maintains that direct comparative ads work better than indirect comparative ads because indirect ads may create consumer confusion regarding the identity of the advertised brand. As a result, at point of purchase, consumers may mistakenly pick the rival product. Miniard et al. (2006) extends this finding and shows that though direct ads are in general more effective than indirect ads, if the sponsored brand claims overall superiority in the product category (rather than superiority on a featured attribute) indirect ads become more effective. We go a step further and propose that even in the case of a single attribute comparison; indirect ads can be more effective than direct ads. We argue that when anticipated regret is included in an indirect comparative ad, by emphasizing how the focal brand is the best on the featured attribute and having potential consumers imagine what is likely to happen if any competitor is chosen, we make consumers think that it is more likely they will feel post-purchase regret if they choose any rival brand. This effect may not be pronounced among experts as they are already familiar with the product category and as a result, they are less likely to experience post-purchase regret. In contrast to novices, experts have been shown to be more interested in the product category as a whole (Alba and Hutchinson 1987), devote more cognitive resources in message processing (Edell and Mitchell 1978) and are more involved when assessing alternatives (Mehta et al. 2001). Therefore, we expect that the nature of the comparative ad (be it direct or indirect) will not affect their purchase likelihood of the brand. However, novices will favor indirect ads as such ads supply more information about the product category as a whole showing potential negativity associated with all the possible competitors. As

we did in Section 2, we will first explain our argument above mathematically and then validate it through a lab experiment.

Consider three competing firms (F_1 , F_2 , and F_3) each selling one new product with a single non-price *experiential* attribute. The quality of F_1 's and F_2 's non-price attribute can be high with probability χ and can be low with probability $(1 - \chi)$. F_3 's non-price attribute quality is low.

Case of Experts

Expert consumers know that F_3 's non-price attribute quality is low, but they do not know the other firms' non-price attribute quality. When F_1 engages in any type of comparative advertising, expert consumers who are exposed to this advertising update their belief regarding the probability of F_1 's non-price attribute being high to $\bar{\chi}$ and their belief regarding the probability of F_2 's non-price attribute being high to $\underline{\chi}$, where $1 > \bar{\chi} > \chi > \underline{\chi} > 0$. Recall that these consumers know that F_3 's non-price attribute quality is low for sure.

Therefore, if F_1 invokes anticipated regret when it engages in any type of comparative advertising then the utility of expert consumers who are exposed to advertising from F_1 's new product, from F_2 's new product, and from F_3 's new product are equal to $v + \bar{\chi}q - p - \gamma(1 - \bar{\chi})\chi q$, $v + \underline{\chi}q - p - \gamma(1 - \underline{\chi})\bar{\chi}q$, and $v - p - \gamma(\bar{\chi} + \underline{\chi} - \bar{\chi}\underline{\chi})q$ respectively. This means that as a result of comparative advertising consumers' utility from F_1 's new product relative to the utility from F_2 's new product increases by $(\bar{\chi} - \underline{\chi})q(1 + \gamma)$ and consumers' utility from F_1 's new product relative to the utility from F_3 's new product increases by $\bar{\chi}q(1 + \gamma)$.

Thus, we propose the following hypothesis.

H_{2a} : If consumers are experts, comparative advertising being direct or indirect does not significantly affect the purchase likelihood of the sponsored brand.

Case of Novices

Novices do not know any of the firms' non-price attribute quality. When F_1 engages in direct comparative advertising and claims that its non-price attribute is better than F_2 's, novice consumers who are exposed to this advertising update their belief regarding the probability of F_1 's non-price attribute being high to $\bar{\chi}$ and update their belief regarding the probability of F_2 's non-price attribute being high to $\underline{\chi}$, where $1 > \bar{\chi} > \chi > \underline{\chi} > 0$. Recall that these consumers do not know whether F_3 's non-price attribute quality is low or high. But, since F_1 does not comment on its advantage over F_3 in its advertising these consumers would naturally think that either F_3 's non-price attribute quality is high or F_1 does not know F_3 's non-price attribute quality. Let y denote novice consumers belief regarding F_3 's non-price attribute quality being high after being exposed to direct comparative advertising. It is obvious that $y > x$.

Therefore, if F_1 invokes anticipated regret when it engages in direct comparative advertising then the utility of novice consumers who are exposed to advertising from F_1 's new product, from F_2 's new product, and from F_3 's new product are equal to $v + \bar{\chi}q - p - \gamma(1 - \bar{\chi})q(\underline{\chi} + y - \underline{\chi}y)$, $v + \underline{\chi}q - p - \gamma(1 - \underline{\chi})q(\bar{\chi} + y - \bar{\chi}y)$, and $v + yq - p - \gamma(1 - y)q(\bar{\chi} + \underline{\chi} - \bar{\chi}\underline{\chi})$ respectively. This means that as a result of comparative advertising consumers' utility from F_1 's new product relative to the utility from F_2 's new product increases by $(\bar{\chi} - \underline{\chi})q(1 + \gamma)$ and consumers' utility from F_1 's new product relative to the utility from F_3 's new product increases by $(\bar{\chi} - y)q(1 + \gamma)$ if $\bar{\chi} > y$.

However, when F_1 engages in indirect comparative advertising and claims that its non-price attribute is better than the rest, novice consumers who are exposed to this advertising update their belief regarding the probability of F_1 's non-price attribute being high to $\bar{\chi}$ and update their belief regarding the probability of F_2 's and F_3 's non-price attribute being high to $\underline{\chi}$, where $1 > \bar{\chi} > \chi > \underline{\chi} > 0$.

Hence, if F_1 invokes anticipated regret when it engages in indirect comparative advertising, then the utility of novice consumers who are exposed to advertising from F_1 's new product, from F_2 's new product, and from F_3 's new product are equal to $v + \bar{\chi}q - p - \gamma(1 - \bar{\chi})q\chi(2 - \chi)$, $v + \chi q - p - \gamma(1 - \chi)q(\bar{\chi} + \chi - \bar{\chi}\chi)$, and $v - \chi q - p - \gamma(1 - \chi)q(\bar{\chi} + \chi - \bar{\chi}\chi)$, respectively. That is, as a result of comparative advertising, consumers' utility from F_1 's new product relative to the utility from F_2 's new product increases by $(\bar{\chi} - \chi)q(1 + \gamma)$ and consumers' utility from F_1 's new product relative to the utility from F_3 's new product increases by $(\bar{\chi} - \chi)q(1 + \gamma)$.

This result implies that the decision whether to engage in direct or indirect comparative advertising matters only when consumers are novices and indirect comparative advertising has a bigger effect on consumers' utility than the direct comparative advertising has. This happens because when novices are exposed to direct comparative advertising, their belief regarding F_3 's non-price attribute quality being high (γ) is greater than their prior(x). However, when novices are exposed to indirect comparative advertising, their belief regarding F_3 's non-price attribute quality being high (χ) is smaller than their prior(x). Therefore, their expected utility from F_3 's new product is lower when they are exposed to indirect comparative advertising than when they are exposed to direct comparative advertising. As a result, $(\bar{\chi} - \chi)q(1 + \gamma) > (\bar{\chi} - \gamma)q(1 + \gamma)$.

Thus, we formally present the following hypothesis.

H_{2b} : If consumers are novices, the purchase likelihood of the sponsored brand is significantly higher when a firm engages in indirect comparative advertising and invokes anticipated regret than when it engages in direct comparative advertising and invokes anticipated regret. Next, we test our hypotheses via an experiment.

STUDY 2

With our mathematical model and study 1, we showed that the presence of anticipated regret in comparative ads significantly boosts consumers' purchase likelihood of the sponsored brand even when the ad utilizes experiential claims. Building on that finding, study 2 aims to test H_{2a} and H_{2b} . Focusing on the comparative ads that utilize experiential claims, we want to answer the following research questions: Would type of the comparative ad (direct vs. indirect) influence purchase likelihood? Is expertise a factor in this relationship? We expect a significant interaction between type of comparative ad (direct vs. indirect) and expertise (expert vs. novice) on purchase likelihood of the sponsored brand. Purchase likelihood will not differ significantly across conditions when consumer is an expert. However, when consumer is a novice, an indirect comparative ad will significantly enhance purchase likelihood.

Method

We recruited 192 participants from a major European university in exchange for course credit. We employed a 2 (type of comparative ad: direct vs. indirect) \times 2 (expertise: novice vs. expert) between subjects design. First, respondents were given a quiz composed of 20 challenging questions on automobiles. The instructions read 'Find out just how much you really know by taking our car quiz. Test your car knowledge for a variety of automotive-related categories including various brands, models, car culture, automotive technology and more.' We then manipulated expertise by randomly assigning participants either to expert or novice condition where they received fake reports on how well they did on the test. In the expert condition, the report read 'You are really an expert on automobiles! You got 18 correct answers out of 20.' Whereas in the novice condition, the report read 'You are a newbie in cars! You got 4 correct answers out of 20.' Next, the participants were randomly assigned to either a direct or indirect comparative ad condition. Participants in both conditions

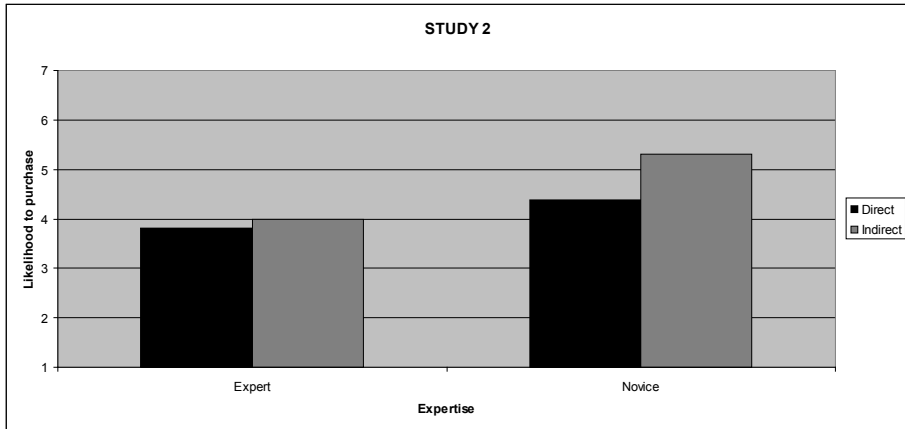
were asked to view an ad by a fictitious automobile brand (TRX) and imagine that the ad uses an actor who regrets having purchased an alternative automobile. In *the indirect ad condition*, the message read ‘I really regret having bought this car. I find the drive rather ordinary. TRX is definitely better than any other car! It makes the driver feel young and hip. It is more stylish than any other car out there.’ In *the direct ad condition*, participants saw the message “I really regret having bought ADR. I find the drive rather ordinary. TRX is definitely better than ADR! It makes the driver feel young and hip. It is more stylish than ADR.”* Finally, all participants were asked to answer the following item ‘How likely are you to purchase the advertised brand (TRX)?’ (1=not likely; 7= very much likely).

Results

Consistent with our hypotheses, we found a significant interaction between type of comparative ad and expertise on purchase likelihood of the sponsored brand TRX ($F(1, 188) = 4.22, p = .04, \eta^2 = .02$). There is a main effect of type of comparative ad ($F(1, 190) = 9.74, p = .00, \eta^2 = .04; M_{\text{direct}} = 4.06, SD = 1.28; M_{\text{indirect}} = 4.68, SD = 1.42$) as well as expertise on likelihood to purchase ($F(1, 190) = 30.55, p = .00, \eta^2 = .14; M_{\text{expert}} = 3.92, SD = 1.23; M_{\text{novice}} = 4.96, SD = 1.23$). Examination of cell means reveals that type of the comparative ad (whether it is indirect or direct) does not make a difference when the consumer is an expert ($F(1, 97) = .48, p = .48, \eta^2 = .00; M_{\text{direct}} = 3.82, SD = 1.21; M_{\text{indirect}} = 4.00, SD = 1.25$). However, purchase likelihood significantly increases for novices when an indirect comparative ad is used ($F(1, 91) = 11.48, p = .00, \eta^2 = .11; M_{\text{direct}} = 4.38, SD = 1.33; M_{\text{indirect}} = 5.31, SD = 1.27$).

* Scenarios are created based on experiential brand descriptions listed in Table 1 in Brakus et al. (2009).

Figure 2



Discussion

Study 2 demonstrates that a comparative ad that activates anticipated regret significantly enhances consumers’ purchase likelihood of the sponsored brand even when it uses indirect claims. This effect is more pronounced among novices who are not familiar with the product category. We hypothesized and demonstrated that the presence of anticipated regret in an indirect comparative ad makes consumers think that it is more likely they will feel post-purchase regret if they choose any rival product. As experts are already familiar with the product category, they are less likely to experience post-purchase regret, making the ad less informative for such consumers.

CONCLUSION

Our findings extend marketing research on comparative advertising by offering a rather under-researched element in advertising: anticipated regret. To our knowledge, the current paper is the first to examine the role of anticipated regret in comparative advertising both theoretically and experimentally, adopting a behavioral economic paradigm to provide insights on marketing practices (Narasimhan et al. 2005).

Through our studies, we find consistent evidence that inclusion of anticipated regret in comparative advertising messages enhances the likelihood to purchase the sponsored brand even when experiential claims are used as a point of comparison (study 1) and even when indirect comparison is employed (study 2). More specifically, our analytical model as well as empirical findings illustrate that when anticipated regret is triggered, comparative ads with experience attributes (rather than search attributes) are effective. This is contrary to previous work by Barry (1993) and Iyer (1988) that suggest comparative ads with search attributes are more impactful on attitudes and purchase decisions. These authors, however, did not include anticipated regret in their framework. Moreover, contrary to past research that demonstrate that direct comparative ads are more influential than indirect comparative ads (e.g., Pechman and Ratneshwar 1991), we suggest that when anticipated regret is utilized, indirect comparative messages become as influential. Our analysis also shows that this holds true especially for novices who are not knowledgeable about the product category. As experts are more knowledgeable about the product category as a whole and involved when evaluating alternatives (Mehta et al. 2001), directness of the comparative ad does not affect their judgment and purchase likelihood of the brand. In contrast, novices will favor indirect ads over direct ones as such ads offer more information about the product category, also revealing negativity associated with all the rivals.

Our results have several managerial implications. First, if a firm's competitive advantage is on an experiential dimension, the firm should invoke anticipated regret in its comparative advertising. For instance, as we have shown in our experiment a restaurant can perfectly employ such a strategy. Showing what a customer might experience if a rival is picked (an experience one cannot go through without actually visiting the rival restaurant), the focal restaurant might attract customers, increasing their likelihood to visit. Second, if a firm is the best in a product category on an experiential attribute, it should engage in indirect advertising, invoking anticipated regret,

especially if the target market is mainly composed of novices. For instance, if the firm is operating in a new product category, a wise communication strategy is to use indirect comparative ads. As the target market is unfamiliar not only with the product but also with the product category as a whole, an indirect comparative ad will be more informative compared to a direct comparative ad.

There are several limitations of our research. First, we did not test for mediation, therefore, we cannot discuss the underlying reasons for the relationships we proposed and tested. Future research should investigate the possible mechanisms. Further, the suggested connections should be explored using different product categories. A semi-field study using real advertisement and users would also contribute to the study.

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