ADVERTISING EFFECTIVENESS: THE ROLE OF CONTENT

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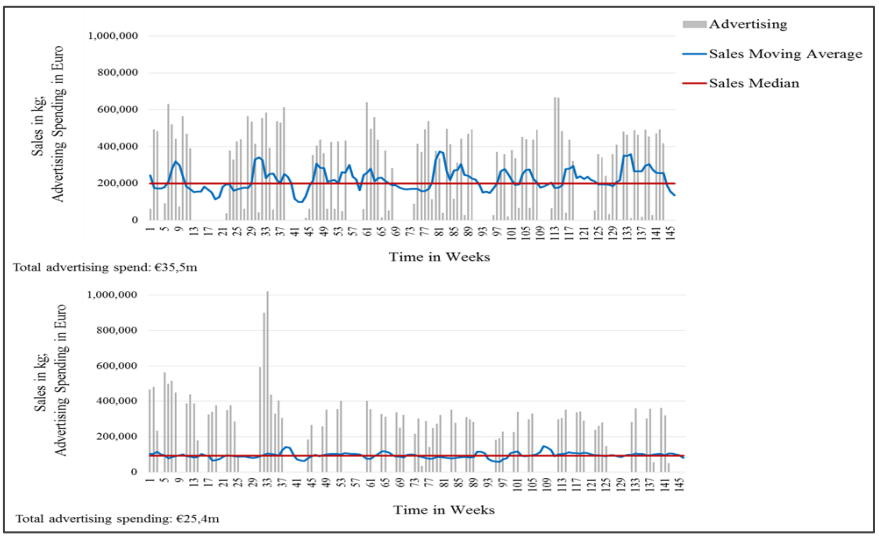
Introduction

In today's competitive market environment, firms invest significant sums in advertising to build their brands and generate sales. For example, Unilever spent $8.9 billion on advertising in 2015, and its main competitor P&G invested $10.4 billion (*Advertising Age* 2017). At the same time, marketers are more and more under pressure to justify their advertising spending and to quantify the return on marketing investment (Rust et al. 2004).

Consequently, extensive research has investigated the effectiveness of advertising for various performance indicators, such as brand sales or market share (e.g., Assmus, Farley, and Lehmann 1984; Sethuraman, Tellis, and Briesch 2011). Overall, we have learned that on average advertising has a positive, significant effect on sales even if the magnitude of this effect is rather small. We also know that the effectiveness differs substantially across advertising campaigns. Some studies even suggest that only 50% of all advertisings manage to achieve an effect that is significantly different from zero (Lodish et al. 1995; Sethuraman, Tellis, and Briesch 2011). Figure 1 illustrates this point showing the average sales and advertising spending levels for two established chocolate bar brands in Germany over a period of almost three years. Whereas for brand A, higher levels of advertising spending seem to be associated with higher levels of sales, one cannot observe a similar relation for brand B.

Figure 1: Sales and Advertising Spending for Two Established Chocolate Bar Brands



Thus, the question arises why some ad campaigns are more successful than others.

One important driver of advertising effectiveness is its content. In a well-known field experiment, Eastlack and Rao (1989) demonstrate that changes in ad content have a stronger impact on sales than changes in ad spending. Lodish et al. (1995) support these results reinforcing the relevance of content when analyzing advertising effectiveness. However, due to the cluttered media environment (Danaher, Bonfrer, and Dhar 2008), consumers' limited cognitive capacity (Burke and Srull 1988), and the increasing consumer skepticism toward advertising (Darke and Ritchie 2007), choosing appropriate advertising content cues that grab consumers' attention and persuade them becomes more and more difficult. Thus, it is of utmost relevance for marketers to understand the effectiveness of different content cues.

Accordingly, this dissertation investigates the moderating influence of selected content cues on advertising effectiveness in the context of TV ads[1]. Table 1 presents an overview of the three papers including author and publication-status information.

Table 1: Overview of Dissertation Projects

Paper	***Title***	***Author(s)***
I	Communicating Brands in TV Advertising	Maren Becker, Norris I. Bruce, and Werner Reinartz
II	Does It Pay to Be Real? Understanding Authenticity in TV Advertising	Maren Becker, Werner Reinartz, and Monika Käuferle
III	Executional Cues in Advertising – An Overview	Maren Becker

Note: Being the lead author of all three papers, Maren Becker contributed significantly to each one of them.

[1] Despite recent strong growth of mobile- and internet-advertising the largest share of investment is still spend on television advertising, especially in the context of FMCG brands (*ZAW*, 2016). In fact, companies continuously increase spending on television advertising each year and this trend is expected to continue (Horizont, 2017).

The first two papers are empirical studies that examine the moderating influence of relevant content cues on the relationship between advertising and sales. Specifically, the first paper, titled "Communicating Brands in TV Advertising", co-authored by Maren Becker, Norris I. Bruce, and Werner Reinartz, explores how firms may communicate their brands in TV advertising to improve sales. The authors measure seventeen branding cues (e.g., frequency of mentions of the brand name, duration of time the logo appears, number of functional attributes) commonly used within ads that should reinforce branding components (salience, benefits, and attributes) and investigate their influence on ad effectiveness. The empirical study is based on a unique dataset of 177 ad campaigns aired by 62 brands across six fast-moving consumer good (FMCG) categories and 4 years.

The second paper titled "Does It Pay to Be Real? Understanding Authenticity in TV Advertising" co-authored by Maren Becker, Werner Reinartz, and Monika Käuferle investigates the influence of authenticity, one of the most prevalent buzzwords in the modern advertising industry, on advertising effectiveness. The authors therefore identify four dimensions by which authenticity can be conveyed in advertising and analyze their effects on the sales performance of advertised products. The study is based on the same dataset as the first paper.

Finally, the third essay, titled "Executional Cues in Advertising – An Overview" (by Maren Becker), develops a conceptual framework that structures and classifies the different executional[2] content cues. Specifically, the author proposes that advertising execution is comprised of three dimensions: ad appeals, the conceptual approach, and brand salience, which can be further divided into different sub-dimensions and single cues. For each dimension, she provides an overview of the relevant literature of the last twenty years discusses the results and identifies literature gaps. The author finds that most prior work focused on advertising appeals whereas less is done on the other two dimensions. The two empirical papers of this dissertation thus

[2] The ad execution is the part of the advertising content that focuses on "*how* the advertising message should be communicated within the ad".

relate to the latter two. The next section summarizes motivation, research objectives, main results, and implications of each dissertation project.

Summary of Dissertation Projects

1 Paper I: Communicating Brands in TV Advertising

An important goal of advertising is to build strong brands, as they positively affect sales (Aaker 1997; Keller 2007). However, previous research has argued that advertising often "does not brand well" (Keller 2007, p. 63), noting that most advertisements fail to establish strong brand links. A reason could be that marketers do not know how to communicate about their brand through advertising, which would likely produce a weak relationship between advertising and sales (Bass et al. 2007). In the first essay, the authors, therefore, explore how firms may communicate their brands in TV advertising to improve sales.

They address this issue in the context of TV advertising drawing from Keller's (1993) widely accepted customer-based brand equity (CBBE) framework. Based on this framework, marketers can build strong brands by creating brand salience (i.e. emphasizing the brand) and communicating favorable attributes and benefits (i.e. brand associations). However, prior studies are unclear about the extent to which the CBBE framework applies to real market environments; that is, whether the three branding components (i.e., brand salience, attributes, and benefits) actually influence advertising effectiveness. Therefore, the authors investigate their influence on the relationship between advertising spending and sales and identify which quantifiable branding cues embedded in the ads drive these effects.

To do so, they employed several trained experts to observe, evaluate and code 17 branding cues commonly embedded in advertising; and use the resulting cues in a factor model to identify the salience, attributes, and benefits components as latent factors. They then build a dynamic model of the ad-sales relationship and model the effectiveness of advertising as a function of

these three factors. To calibrate this model, they use panel and media data from the Nielsen Company for 62 brands and 177 ad campaigns across six product categories sold in the German market. The authors innovate methodologically to estimate the (factor and ad-sales) models jointly using the Bayesian approach to the Kalman filter along with Markov chain Monte Carlo (MCMC) ideas.

Results show that salience and attributes significantly influence ad effectiveness, whereas benefits only do when combined with specific attribute cues. The latter finding challenges the conventional wisdom that managers should communicate benefits rather than attributes. The findings also reveal which branding cues drive these effects, thereby providing managers with specific ideas on how to improve their brand communication. Moreover, the authors show that improving the brand communication within advertisements based on these results would produce an average sales bump of 2.7%. Finally, a key aspect of this study is that the authors measure the brand content of actual TV ads. Thus, they are able to investigate how managers should design TV ads with regard to different branding cues to impact brand equity, ad effectiveness and in turn sales.

2 Paper II: Does it Pay to Be Real? Understanding Authenticity in TV Advertising

Marketing managers and creatives alike are convinced that authenticity, a prevalent buzzword in the modern advertising industry, is essential for advertising effectiveness. (e.g., Beverland, Lindgreen, and Vink 2008; Morhart et al. 2015). Specifically, they believe that authenticity stimulates brand trust (Anderberg and Morris 2006) and helps overcome the increasing consumer skepticism (Darke and Ritchie 2007). However, these beliefs are primarily based on anecdotal evidence. That is, no empirical study analyzed the influence of authenticity on advertising performance, yet. Along with the lack of clear evidence, there is also no common understanding of what constitutes an authentic ad execution. Prior literature refers to authentic

ads in varied contexts. For example, some studies link authenticity to a spokesperson's trustworthiness (Stern 1994), a realistic ad plot (Deighton, Romer and MacQueen 1989), or an accurate representation of the brand (Brown, Kozinets, and Sherry 2003). This indicates that there might be different possibilities (dimensions) of how to design an authentic ad execution. This paper aims to identify these dimensions and to determine their influences on advertising effectiveness in terms of sales.

Drawing from existing literature and a qualitative study, the authors identify four dimensions of authenticity in ads: (1) preserving the brand essence, (2) honoring brand heritage, (3) showing a realistic plot, and (4) presenting a credible and unexaggerated advertising message. The first two dimensions relate to the ad's representation of the brand (i.e., how it preserves and sustains the brand's values, essence, or heritage); the latter two dimensions pertain to the ad's execution (how truthful and realistic it is in conveying information). Afterward, they investigate the effect of each dimension on the relationship between ad spending and sales. To do so, they follow a two-step approach similar to Chandy et al. (2001). In the first step, the authors model the effect of each ad on brand sales using an error correction model (ECM) and in the second step they systematically regress the short- and long-term advertising coefficients on the four authenticity dimensions while controlling for other content cues (e.g., emotional content, complexity). Furthermore, since the impact of authenticity might also depend on different brand characteristics, the authors also analyze how the influence of the authenticity dimensions vary with brand size or across hedonic and utilitarian products.

The analysis is based on a unique dataset of weekly scanner, retail panel, and media data for 68 brands and 340 television ads[3], related to six fast-moving consumer good (FMCG) categories sold on the German market, over a period of almost four years. To be able to quantify

[3] In the second paper, we use single ad executions as the level of analysis whereas in the first paper we focus on ad campaigns (ad campaigns usually comprise several executions).

the effects of the different authenticity dimensions and some control variables, several independent experts evaluated all ads in the sample.

The results reveal several interesting findings. In contrast to popular beliefs, designing an authentic ad does not generally increase the advertising's effect on sales. Rather, authenticity effects reflect specific dimension and brand characteristics. Specifically, the results show that preserving the brand's essence has a positive influence on advertising effectiveness. This indicates that managers must carefully communicate their brands' values, image, and style to any advertising agency they hire. This effect is especially strong for less known brands. Furthermore, the authors find a negative effect for realistic plots, whereas absurd and unrealistic plots can catch consumers' attention and enhance ad memorability. This effect is driven by large brands. Surprisingly, the results also reveal a negative effect for credibility indicating that a more exaggerated message prompts a stronger sales response. A possible reason might be that consumers expect advertising messages to be exaggerated. Thus, rather than neglecting overstated messages, they simply discount them, which leads to an inflated brand evaluation (Cowley 2006; Gatignon and Le Nagard 2015). The negative influence of presenting a credible message is especially prevalent for hedonic products and less known brands. Overall, the results should help managers design more appropriate ads depending on the type of brand they are selling.

3 Paper III: Executional Cues in Advertising – An Overview

The last essay aims to provide an overview of the different executional cues managers have to consider when designing an ad. Advertising execution, or the manner in which the advertising conveys its message, is an important driver of ad effectiveness and thus a central topic in marketing. Consequently, numerous studies analyzed the moderating influence of selected executional cues on some form of advertising effectiveness in the last decades (e.g., Chandy et al. 2001; Dahl, Sengupta, and Vohs 2009; Jain, Agrawal, and Maheswaran 2006). This paper

provides an overview of the most relevant studies in this field. To do so, the author systematically structures and classifies the different executional cues in a comprehensive framework. Specifically, she proposes that advertising execution is comprised of three dimensions: ad appeals (i.e., how to attract consumers' interest in the ad's message), the conceptual approach (i.e., how to convey the appeals and ad message), and brand salience (i.e., how to integrate the brand).

For each dimension, the author provides an overview of the relevant literature of the last twenty years, discusses the results, and identifies various contextual factors that moderate the effectiveness of the executional cues. Afterward, she formulates several research questions that further research may address. In the end, the author summarizes the findings by highlighting the most important literature gaps. Generally, there has been extensive research concerning advertising appeals. By contrast, there has been less research directed toward the other two dimensions of the advertising execution, conceptual approach and brand salience. Furthermore, in terms of methodology, considerable efforts have been devoted to laboratory studies (often with student samples), whereas only a few researcher analyzed the effect of executional cues in field studies.

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PAPER I: COMMUNICATING BRANDS IN TV ADVERTISING

Authors: Maren Becker, Norris I. Bruce, and Werner Reinartz

ABSTRACT

Firms spend billions on advertising to build their brands and generate sales, yet the average effect of advertising on sales remains relatively low. It is thus essential to show how firms may more effectively communicate brands within their campaigns. To do so, this study adopts a customer-based brand equity framework, which proposes that advertising can build brands by emphasizing brand salience and communicating favorable attributes or benefits. The authors then measure seventeen branding cues used within ads that should reinforce branding components (salience, benefits, and attributes) and investigate their influence on ad effectiveness. Formally, the study builds a dynamic model to quantify the effects of advertising on sales; and a factor model to integrate multiple, potentially correlated branding cues while accounting for measurement noise; and then models the effect of advertising as a function of the brand components identified by these cues. From an analysis of 177 ad campaigns aired by 62 brands across six FMCG product categories, results show that salience and attributes moderate advertising effectiveness whereas benefits only do when combined with some attribute cues. The findings also reveal which branding cues drive these effects, thereby providing managers with ideas on how to improve their brand communication.

Keywords: Advertising effectiveness, advertising content, customer-based brand equity, brand communication, state space model, factor model

1 Introduction

An important goal of advertising is to build strong brands, for they in turn can positively affect product sales (Aaker 1997; Keller 2007). Thus, it is unsurprising that Unilever spent $8.9 billion on advertising in 2014, while its main competitor P&G invested almost $10.4 billion (*Advertising Age* 2017). Yet, the various research efforts undertaken to quantify the effects of advertising on brand sales (e.g., Assmus, Farley, and Lehmann 1984; Sethuraman, Tellis, and Briesch 2011) suggest that the average sales effect of advertising is relatively low. Only half of all advertisings exert an effect that is significantly different from zero (Lodish, Abraham, and Kalmenson 1995). Scholars thus have argued that advertising often "does not brand well" (Keller 2007, p. 63), noting that most advertisements simply fail to establish strong brand links. A reason could be that marketers do not know how to communicate their brand within advertising, which would likely produce a weak relationship between advertising and sales (Bass et al. 2007). So how should marketers communicate their brands in advertising, to build strong brands and thereby generate sales?

In an initial attempt to address this question, we draw on Keller's (1993) well-accepted customer-based brand equity (CBBE) framework, which indicates that marketers can build strong brands by creating brand salience (i.e. emphasizing the brand) and communicating favorable attributes or benefits (i.e. brand associations). However, prior studies are unclear about the extent to which the CBBE framework applies to real market environments; that is, whether the three branding components (i.e., brand salience, attributes, and benefits) actually influence advertising effectiveness. For example, strong brand salience seemingly should enhance the likelihood that consumers recognize the brand and thus reinforce brand awareness (Keller 2007; Elliott and Percy 2007), but consumers also might become annoyed by an overly prominent brand in an advertisement, such that they engage in counterarguments or ad avoidance (Teixeira, Wedel, and Pieters 2010). To create brand salience, marketers can apply different

branding cues, such as frequent mentions of the brand name or integrating the logo and product. If salience enhances advertising effectiveness, then marketers need to know which branding cues drive this effect. Similarly, the CBBE framework suggests that marketers should communicate favorable attributes and benefits (i.e., brand associations) to persuade consumers and strengthen the brand's image; but for low involvement brands, it is unclear whether consumers are motivated to process such information. Furthermore, there are several types of branding cues with respect to the brand associations (e.g., product- vs. non-product–related, functional, experiential, symbolic) that marketers can communicate within their advertisings. However, they may need to choose among these, because of the increasing advertising clutter, consumers' limited cognitive capacity, and short time spans for advertising. As a result, they need to know which associations are the most effective.

Guided by these issues, we consider the following research questions:

- Does brand salience increase advertising effectiveness, and if so, which branding cues embedded in advertisements (e.g., frequency of mentions of the brand name, duration of time the logo appears) drive this effect?
- Does an emphasis on brand associations enhance advertising effectiveness? If so, should the focus be on attributes or benefits (or both)? What branding cues (e.g., product-related, non-product–related, functional, experiential, symbolic) are most effective for attributes and benefits?
- How can managers use the results of this analysis to improve the brand communication in their advertisings and in turn their effectiveness?

We address these questions, by first building a state-space model that captures the effect of advertising on sales while accounting for endogeneity and then modeling the effect of advertising as a function of the three branding components: salience, attributes, and benefits. The latency of these three components, however, requires us to extract them from several observable

but potentially correlated and noisy (e.g., due to measurement error) branding cues (e.g., frequency of mentions of the brand name, duration logo is shown, number of integrated product-related or functional cues). Thus, we specify a factor model, which provides a parsimonious way to capture all cues while accounting for measurement noise (Bruce, Peters, and Naik 2012). We estimate the proposed (factor and ad-sales) models *jointly* using a Bayesian approach to the Kalman filter (e.g., Bass et al. 2007; Bruce, Peters, and Naik 2012) along with Markov chain Monte Carlo (MCMC) methods.

To implement our model, we first obtained weekly scanner retail panel and media data from the Nielsen Company for 62 brands and 177 advertising campaigns across six fast-moving consumer good (FMCG) categories sold on the German market for a period of almost four years. This data set contains weekly sales and corresponding marketing mix information, including price, in-store promotions, and advertising spending across four media types (i.e., television, Internet, billboard, and print). We then employed several trained experts to evaluate, and code all ads in the above campaigns in terms of the different branding cues and other relevant control variables (e.g., emotional appeal). These measures are inputs to the factor model, which help recover the latent brand components (factors) and account for errors in the coding process.

To the best of our knowledge, this is the first study to investigate the effect of brand communication embedded in TV advertising using the Keller CBBE framework. We distinguish three branding components based upon that framework: brand salience, attributes, and benefits. To measure their effects, we identify 17 objectively quantifiable branding cues, commonly used in advertising, and find that brand communication influences the effect of advertising on sales. Prior studies have largely focused on the effects of selected branding cues (e.g., frequency or timing of the brand name) on mindset measures, such as recall, attitude, or purchase intentions (Baker, Honea, and Russell 2004; Romaniuk 2009; Stewart and Furse 1986), using laboratory

experiments that exclude real market forces. Our study, by contrast, considers several branding cues at once, as well as their combined influence on sales. Furthermore, while other studies have quantified the effect of advertising on brand equity and sales, to the best of our knowledge, none of these provided managers with actionable implications or tactics to help improve their brand communication (e.g., Draganska, Hartmann, and Stanglein 2014). Methodologically, we develop a factor model to incorporate multiple, potentially correlated, noisy branding cues and embed that model into a dynamic model of advertising, such that we can estimate the factor and advertising sales models simultaneously. Results show that salience and attributes significantly influence advertising effectiveness, whereas benefits only do when combined with relevant attribute cues. The latter finding challenges the conventional belief that managers should communicate benefits rather than attributes (e.g., Sheth and Mittal 2004, Peter and Olson 2010). Overall, our study should help managers track and potentially improve their brand communication. In the next section, we provide a brief review of the advertising literature, focusing on relevant streams pertaining to advertising effectiveness and the moderating effect of advertising content. After we present the conceptual model, which draws on the CBBE, we describe our empirical model, estimation method, and data. The estimated results then lead to several managerial implications. This article concludes with a summary of the most important results and some study limitations.

2 Literature Review

2.1 Advertising Effectiveness

Many studies have investigated the effects of advertising on measures such as brand sales or market share. Overall, we have learned that advertising has a positive, significant effect on sales, even if the magnitude of this effect is relatively small. With a meta-analysis, Sethuraman, Tellis, and Briesch (2011) find a mean, short (long)-term elasticity of .12 (.24), based on 751 (402) observations. Focusing on established FMCG brands, both Srinivasan, Vanhuele, and

Pauwels (2010) and van Heerde et al. (2013) report even smaller long-term advertising elasticities, of .036 and .013, respectively. Effectiveness also differs substantially across advertising campaigns. According to Sethruaman, Tellis, and Briesch (2011), only about half of the elasticities in their meta-analysis differed significantly from zero. For marketers, it is thus of utmost importance to examine which factors drive advertising-effectiveness. In a field experiment, Eastlack and Rao (1989) show that increasing the level of spending does not necessarily enhance advertising effectiveness, whereas changes in the advertisement's content have strong impacts on sales. Lodish, Abraham, and Kalmenson (1995) affirm these results, reinforcing the relevance of content for analyzing advertising effectiveness.

2.2 Impact of Content on Advertising Effectiveness

The studies that examine the effects of selected content cues on mindset metrics tend to rely on laboratory experiments (e.g., Chattopadhyay and Basu 1990; Loewenstein, Raghunathan, and Heath 2011; Morales, Wu, and Fitzsimons 2012), which creates some limitations. First, they do not take competition or other marketplace constraints into account, so it is unclear whether the findings apply to real market environments. Second, it is infeasible to test many content cues within a single study. Third, these studies force respondents to process the advertisements actively, whereas in a real market environment, consumers tend to process advertising information passively.

Moreover, few studies analyze the effect of advertising content on actual sales. They generally concur that advertising content moderates the effect of advertising spending on sales; specifically, they suggest that for established product categories, creative and emotional cues appear more effective than informational ones (e.g., Bass et al. 2007; Chandy et al. 2001; MacInnis, Rao, and Weiss 2002; Reinartz and Saffert 2013). Thus, they primarily investigate different advertising appeals which should generate interest or grab consumers' attention (Belch and Belch 2009; Teixeira, Picard, and Kaliouby 2016). Even though appeals are of the utmost

importance for marketers, they are not the only content cues that moderate advertising effectiveness; in particular, brand managers need to know how to communicate their brand within an advertisement.

So far, to the best of our knowledge, no study has focused on the branding aspects of ad content on sales. One interesting study is that of Teixeira, Wedel, and Pieters (2010) which analyzes the effect of several branding cues on advertising avoidance, using eye tracking. It shows that brand salience increases avoidance, whereas pulsing (i.e., showing the brand frequently for a short time) can reduce this effect. This study is one of the few attempts to study several branding cues in advertising. However, it focuses exclusively on salience, neglecting associations (attributes and benefits) and does not consider the sales effect. Another notable study is that of Bruce, Peters, and Naik (2012), who employed mind share measures to quantify the intermediate effects of ads (i.e., cognition, affect, and experience) on the sales of a single brand. The novelty of our study, however, is that we focus on the brand content of actual TV advertising. Thus, we are able to investigate how managers should design an ad with regard to different branding cues to impact customer based brand equity and hence advertising effectiveness.

3 Conceptual Model

Previous literature suggests that advertising spending positively influences CBBE, which in turn enhances sales (e.g., Shankar, Azar, and Fuller 2008; Srinivasan, Vanhuele, and Pauwels 2010; Stahl et al. 2012), yet the actual effect on CBBE must depend on the advertising content. In this section, we therefore propose a conceptual model in which content, or the branding cues embedded in advertisements moderate the effect of advertising spending on sales.

3.1 Customer-Based Brand Equity

Defined as the "differential effect of brand knowledge on consumers' response to the marketing of the firm" (Keller 2008, p. 48), CBBE is thus determined by consumers' brand

knowledge, which is a function of brand awareness and brand image (Keller 1993). Awareness entails customers' ability to recall and recognize the brand, or how salient it is in their memory, and image is best described as the set of associations that consumers link to the brand (Herzog 1963; Keller 2008), which consist of attributes, benefits, and attitudes toward the brand. The evoked associations should be favorable and unique. Therefore, effective brand communication should increase salience and communicate favorable associations.

3.2 Brand Communication in Advertising

Brand salience. Advertisements can reinforce brand salience and thus awareness by incorporating different brand elements (e.g., logo, brand name) and by emphasizing the product, to ensure that customers identify the category in which the brand competes. The more frequently consumers hear, see, or think about the brand, the more salient it becomes in their memory (Elliot and Percy 2007). However, prior literature does not make clear whether increased salience also improves advertising effectiveness (e.g., Rossiter and Bellman 2005; Teixeira, Wedel, and Pieters 2010). On the one hand, advertisers need to make their brands more salient to rise above the vast clutter of advertising (D' Souza and Rao 1995; Baker, Honea, and Russell 2004; Danaher, Bonfrer, and Dhar, 2008). On the other hand, greater salience could annoy consumers and prompt them to generate counterarguments or even avoid the advertisement (Teixeira, Wedel, and Pieters 2010). Furthermore, for established brands a focus on salience might be less important, because consumers can effortlessly activate existing knowledge about these familiar brands (Elliot and Percy 2007). Therefore, we will investigate whether salience indeed enhances advertising effectiveness and if so which branding cues drive this effect.

Brand associations. The associations that consumers link to the brand (Elliott and Percy 2007, Stewart and Furse 1986) include product attributes and benefits[4]. Attributes reflect objective characteristics. Specifically, product-related attributes denote any features that relate directly to the product's performance, such as ingredients (e.g., 100% organic, fresh oranges); non–product-related attributes are those features that do not directly affect performance but relate to the general product experience, such as price or packaging. Benefits are "the personal values consumers attach to the product attributes" (Keller 1993, p. 4), and they can be functional, experiential, or symbolic. Functional benefits highlight the inherent advantages of product consumption and address consumers' problem-solving needs (e.g., cleans, removes dandruff) (Park, Jaworski, and MacInnis 1986). Experiential benefits describe the sensory pleasure that consumers can derive from the product consumption (e.g., fragrance or taste); they describe how it feels to use the product (Keller 1993). Symbolic benefits pertain to the extrinsic advantages of product usage, such as prestige, personal expression, or social approval (e.g., shiny hair, attractive to women, enhances self-esteem). All these associations can help highlight a brand's advantage, relative to its competitors' (Elliot and Percy 2007).

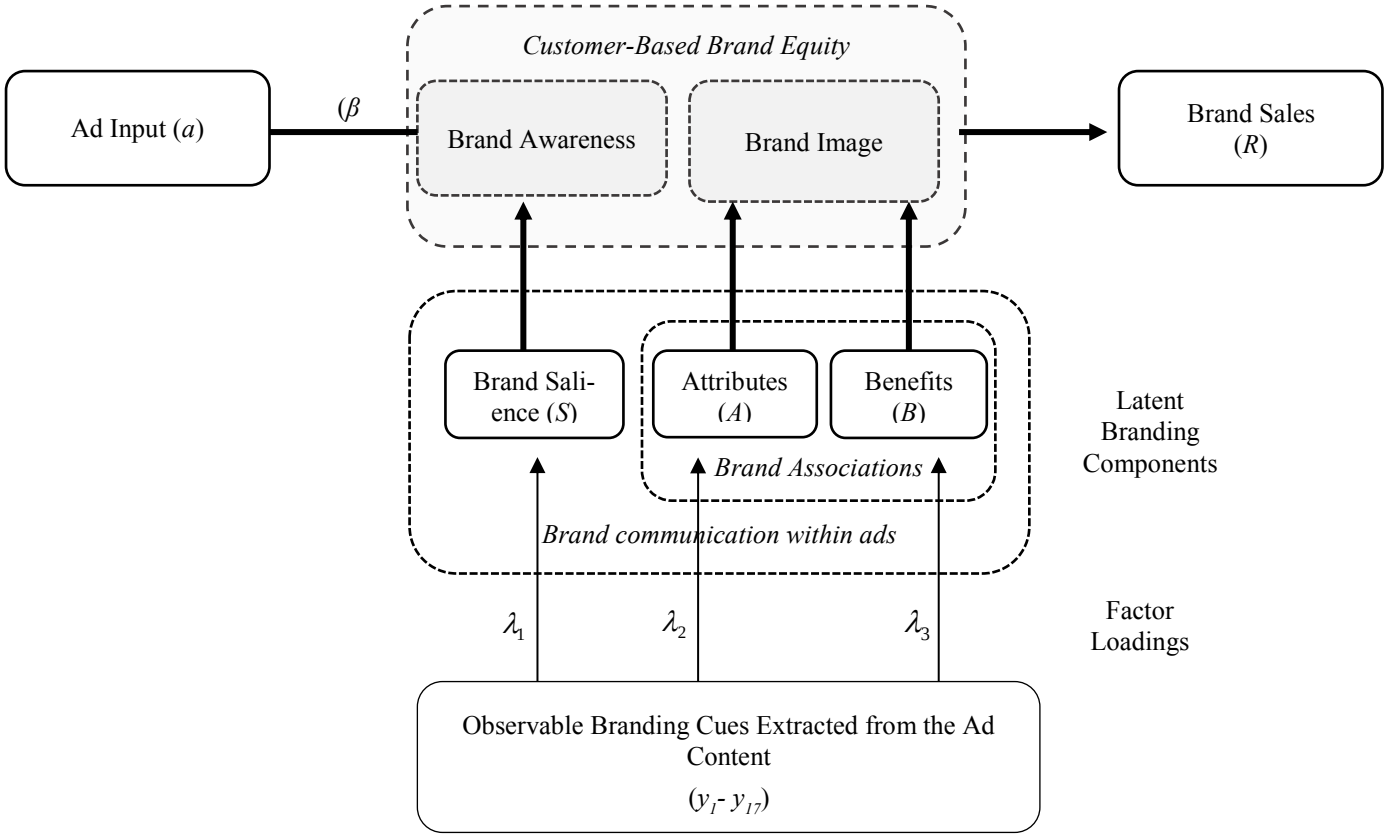
However, the composition of CBBE in reality may differ. For example, brand salience might be sufficient to enhance advertising effectiveness (MacInnis, Rao, and Weiss 2002), especially for low involvement brands, for which consumers are less motivated to process specific product information. In addition, attributes and benefits are strongly related, so it might be redundant to integrate both components into an advertisement (Wu, Day, and MacKay 1988). Also, marketers can adopt several different brand association cues (product-related, non–product-related, functional, experiential, symbolic), implicitly or explicitly, but providing too

[4] According to Keller (1993), brand associations consist of attributes, benefits, and consumers' general attitudes toward the brand. We exclude the latter element, because it is impossible to translate consumers' attitudes into objective branding cues in advertisements. We also assume that all brand associations that advertisers communicate within ads have a positive connotation.

many cues might overwhelm consumers (Cowan 2001), especially considering advertising clutter. Thus, it is important to know which of them are most effective and how they play together. In the standard CBBE model, we would expect to see that brand elements identify only salience, whereas product related cues, price and packaging identify attributes and functional, experiential and symbolic identify benefits. However, in the real world a single branding cue can be related to several components of the CBBE model, for brands might (say) integrate product cues not only to enhance salience but also to visualize the product's features.

To address these issues, we propose an empirical model; Figure 1 depicts its conceptual version. Different observable branding cues embedded in advertising content (y_1–y_{17}) will identify the three branding components of the CBBE framework Salience (*S*), Attributes (*A*) and Benefits (*B*). These components are latent, so we construct a factor model to extract them from the branding cues, allowing all cues to potentially load onto each component (*S, A, B*). Then we analyze their moderating influence on the effect (β) of advertising input (*a*) on sales (*R*). With this empirical model, we can identify which variables are most relevant for which factors, as well as which branding components influence advertising effectiveness (ß).

Figure 1: Conceptual Model



Notes: Solid lines indicate the variables we measure; brand awareness and image are not measured.

4 Model Development

With our empirical model, we seek to accomplish two main tasks. First, we want to establish the dynamic relationship between advertising spending and brand sales (e.g., Bass et al. 2007). Second, we attempt to specify how this relationship may be modified by the branding components (*S*, *A*, *B*) encoded in advertisements, when these components are identified in a factor model based on a set of branding cues (y_1–y_{17}). The model also must control for potential endogeneity.

4.1 Dynamic Advertising Response Model

Equations 1 (sales) and 2 (goodwill) constitute the advertising response model for a brand *i*, which incorporates the current effects β_{ij} of multiple ($j = 1, 2, \ldots, J_i$) advertising campaigns[5]

[5] Here, a campaign represents a set of commercials with a common theme.

and the carryover δ_i from past advertising on the brand's goodwill G_{it}, which in turn affects brands sales R_{it}. The variables ***z*** in the goodwill Equation 2 capture the effects of other forces on goodwill, such as the focal brand's price, promotion, and other marketing communication activities, as well as the price and advertising spending of competitive brands. Several variables, including own price, could be endogenous; we return to this issue subsequently. To specify the diminishing returns to advertising, we use $g(a_{ijt}) = \log(1 + a_{ijt})$, and the measures w_{0it} and w_{it} represent the specification errors in the sales and goodwill equations, respectively. Thus, we have

$$R_{it} = G_{it} + w_{0it} \qquad (1)$$

$$G_{it} = \delta_i G_{it-1} + \sum_{j=1}^{J_i} \beta_{ij} g(a_{ijt}) + \mathbf{z}_{it}\boldsymbol{\eta}_i + w_{it} \qquad (2)$$

where $i = 1, \ldots, N$ brands; $j = 1, \ldots, J$ campaigns $t = 1, \ldots, T$ weeks; $w_{it} \sim N(0, \sigma_i^2)$; and $w_{0it} \sim N(0, \sigma_{0i}^2)$.

Next, to specify how components of a brand's equity, embedded in its advertising, ultimately affect brand performance, we draw on e.g., Keller (1993) and focus on the key latent components that influence CBBE -- brand salience (*S*), attributes (*A*), and benefits (*B*). We thus capture their moderating influences by specifying the effectiveness of an advertising campaign, as follows:

$$\beta_{ij} = \alpha_1 S_{ij} + \alpha_2 A_{ij} + \alpha_3 B_{ij} + v_{0ij} \qquad (3)$$

That is, we model the effectiveness of brand *i*'s campaign *j* as a linear combination of the branding components (*S, A, B*) and normal distributed random noise v_{0ij}. Because the salience, attribute, and benefits factors are latent, we must specify a model to identify them that relies on branding cues (y_1–y_{17}).

4.2 Composition of Branding Components

To identify these components from potentially noisy data, we draw upon the vector of the measured branding cues $\mathbf{y}_{ij}\ \{i = 1,..,n;\ j = 1,..,J_i\}$ to specify a factor model (Equation 4). The factor approach provides a parsimonious way to incorporate many variables (cues) into the model represented by Equations 1 and 2; it also addresses measurement error, which may arise because our data collection is not infallible, and some measures may identify more than one factor, though the standard CBBE model suggests otherwise. Therefore, we have:

$$\mathbf{y}_{ij} = \Lambda f_{ij} + \mu_i X_{ij} + \nu_{ij} \qquad (4)$$

where:

i) the factors $f_{ij} = \left[S_{ij}, A_{ij}, B_{ij}\right]'$ are independent with $f_{ij} \sim N(0, I)$;

ii) Λ is a factor loading matrix; $\Lambda = \begin{bmatrix} \lambda_{11} & \lambda_{12} & \lambda_{13} \\ \vdots & \vdots & \vdots \\ \lambda_{k1} & \lambda_{k2} & \lambda_{k3} \end{bmatrix}$ and

iii) $(\mathbf{v}_{0ij}, \mathbf{v}_{ij}) \sim N(0, \mathbf{\Sigma})$ (e.g., Lopes and West 2004), where *k* is the number of branding cues

Equation 3 must be further constrained to define a unique model without identification issues. We therefore restrict some $\{\lambda_{...}\}$ to zeros and ones (see, e.g., Basilevsky 1994, p. 415; Bruce, Peters, and Naik 2012); and for interpretability, we set an entire row to zeros for each factor, except for one element set to unity. This step also facilitates the naming of the factor (see Thurstone 1927) and establishes a link to Keller (1993). Equations 3 and 4 then produce the complete factor model:

$$\begin{bmatrix} \mathbf{y}_{ij} \\ \beta_{ij} \end{bmatrix} = \begin{bmatrix} \mu_i X_{ij} \\ 0 \end{bmatrix} + \begin{bmatrix} \Lambda \\ \alpha \end{bmatrix} f_{ij} + \begin{bmatrix} \nu_{ij} \\ \nu_{ij0} \end{bmatrix} \qquad (5)$$

Finally, we control for two other content variables (*X*), emotional appeal and line extensions, in the factor model to exclude their influence from the branding components.

Thus, equations 1–5 constitute our model of advertising effectiveness. The novelty here is that we can now model the effects of a vast number of branding cues, extracted from the content of real advertisements, structure them into a set of branding variables consistent with prior theory (CBBE model) and then determine how they moderate advertising performance. The results in turn should help managers monitor and improve their brand communication strategies.

4.3 Controlling for Endogeneity: Advertising and Price

As noted, ad spending and price are two potential sources of endogeneity, even though the case for ad endogeneity in our data is not as strong. If managers allocate their advertising strategically (e.g., based on sales), advertising spending might be endogenous; yet our estimation relies on weekly data and so endogeneity might not be a major concern (Sethuraman, Tellis, and Briesch 2011). Firms usually determine the media budgets for their brands in annual meetings (Leeflang et al. 2000); based on the performance of individual brands, some minor changes might occur during the year. However, they cannot change the media budget within a single week. To verify this budgeting process, we conducted industry interviews with two global media/brand managers working for major FMCG companies that represent several brands in our data set, as well as a manager of a major media-planning agency. These interviews confirmed our sense that it would be nearly impossible to adjust the media spending level within a week; the experts indicated that the soonest companies would be able to adjust would be one month, for several reasons. First, television networks plan and cut commercial breaks some days in advance, so they simply will not accept short-term changes. Most slots (especially for popular shows) sell well in advance (Belch and Belch 2009), such that it is almost impossible for brand managers to find a reasonable slot on short notice. The cancellation period usually ends six weeks before an advertisement airs; beyond this point, companies may increase but not decrease their spending levels. Second, the many parties involved (e.g., media planning agency, network, advertising company) make it difficult to coordinate on a short time notice. Third, marketing

research companies often supply observed sales metrics one week after their advertising spending is determined[6]. For our weekly data set, endogeneity with regard to advertising spending thus should not be a concern.

Price endogeneity could be a major concern though, in that it may arise due to omitted variables or its dependence on unobserved demand increases. For example, Ma et al. (2011) suggest that retailers might adjust their prices depending on local demand shocks. To control for price endogeneity, we use an instrumental variable (IV) approach, in which the average price of other product categories functions as the instruments (e.g., van Heerde et al. 2013; Ma et al. 2011). For example, for a yogurt brand, we use the average prices of chocolate bars, shampoos, shower gels, household detergents, and razors as instrumental variables (see the "Data" section). A concern for any IV measurement model for price is that firms are unlikely to generate new prices every week; price levels instead emerge from changes during previous intervals. Therefore, we conducted a Durbin-Watson test of the residuals obtained from a regression of price against the IVs; the results show that we cannot reject the autocorrelation of these residuals for 94% of the brands in our sample ($p < .05$). Accordingly, we specify the following model to account for endogeneity:

$$p_{it} = \theta_{it} + \mathbf{P}_{it}^{IV}\boldsymbol{\eta} + v_{it}^{p}, \text{ and} \tag{6}$$

$$\theta_{it} = \rho_i \theta_{it-1} + v_{it}^{\theta}, \tag{7}$$

where $v_{it}^{\theta} \sim N(0, \varsigma_i^2)$, $\left[v_{it}^{p}, w_{it}\right]' \sim \mathbf{N}(0, \mathbf{H}_i)$, and $\mathbf{H} = \begin{bmatrix} \tau_i^2 & \omega_i \\ \omega_i & \sigma_i^2 \end{bmatrix}$.

Thus, Equations 6 and 7 model price across brands as functions of (1) IV covariates $\mathbf{P}_{it}^{IV}$, or the average weekly prices of other product categories; (2) a random measurement and system noise, v_{jt}^{p} and v_{jt}^{θ}, respectively; and (3) a latent, time-varying component θ_{jt} that is governed by an AR(1) process (Bruce, Murthi, and Rao 2016; Sonnier, Rutz, and McAlister 2011). The

[6] Promotion schedules generally are even less flexible than media schedules.

latter reflects the persistence of weekly prices. To control for potential endogeneity (which is relevant when $Cov(v_{jt}^{p}, w_{jt}) = \omega_j \neq 0$), we condition the analysis of Equations 1 and 2 on v_{jt}^{p} (see e.g., Rossi, Allenby, and McCullough 2005).

5 Model Estimation

A Bayesian approach offers versatility for addressing both the time-varying parameters and brand heterogeneity. The estimation involves two major steps: *iterative* simulation of the joint posterior of the time-varying parameters $p(G_{jt}, \theta_{jt} | R_{it}, p_{jt}, \Psi_j)$, followed by the simulation of the main posterior of the factor model $p(f_{ij}, \Lambda | y_{ij}, \beta_{ij})$, according to the previously established factor identification requirements. The parameter Ψ_j is a collection of all fixed brand and campaign parameters in the advertising goodwill (Equations 1–2) and measurement (Equations 6–7) time-varying models. Furthermore, we can recover the complex joint distribution $p(G_{jt}, \theta_{jt} | R_{it}, p_{jt}, \Psi_j)$, by sampling the conditionals, $p(\theta_{jt} | G_{jt}, ..)$ and $p(G_{jt} | \theta_{jt}, ..)$. For example, conditional on G_{jt}, brand sales R_{it} provide no further information for estimating θ_{jt}, which means it is possible to recover θ_{jt} from the linear state space model defined by Equations 2, 6, and 7. We can thus apply the basic Kalman Filter/Smoother Algorithm to estimate $p(\theta_{jt} | G_{jt}, R_{it}, p_{jt}, \Psi_j)$ and MCMC to its related fixed parameters in Ψ_j (Carter and Kohn 1994; Fruhwirth-Schnatter 1994). Similarly, the other conditional distribution $p(G_{jt} | R_{it}, p_{jt}, \Psi_j)$ is also linear in the goodwill parameter G_{jt}, and so we can again apply the Kalman Filter algorithm, but with the conditional variance $w_{jt} | v_{jt}^{p}$, which controls for price endogeneity. Now, conditional on goodwill G_{jt}, we can use basic MCMC ideas to recover the fixed parameters, including brand campaign effectiveness β_{ij}. With β_{ij}, Equation 5 thus becomes a fully identified, linear factor model. That is, with the identification assumption, we can

recover the joint distribution $p(f_{ij}, \Lambda | y_{ij}, \beta_{ij})$ of the main parameter (factors and factor loading matrix), again using familiar MCMC methods.

6 Data and Identification

6.1 Advertising Model Data

Recall that our substantive aim is to explore how marketers should communicate their brands to enhance advertising effectiveness (β). To measure advertising effectiveness, we obtained weekly scanner retail panel and media data from the Nielsen Company for 62 brands and 177 campaigns in six FMCG categories (chocolate bars, yogurt, razors, shampoo, shower gel, and household detergents) in the German market, which is Europe's largest, with total advertising spending of €25.45 billion in 2015 (Zentralverband der dt. Werbewirtschaft 2016). The data set contains weekly sales data (R) for each brand and the corresponding television advertising spending (a), as well as information on several control variables (z) such as price, in-store promotions, and gross advertising spending on Internet, billboard, and print for a period of 200 weeks, from March 2010 to December 2013. Tables 1–3 summarize the advertising model, in terms of the operationalization of each variable and average weekly values at the category and campaign levels.

Table 1: Operationalization, Time-Series Data

Variable	Operationalization
Volume Sales (R)	Sales in kg
Ad Spending (a)	Gross TV ad spending in €
Price (z_1)	Price per kg in €
In-Store Promotions (z_2)	% of stores having an in-store promotion
Other Advertising Activities (z_3)	Gross spending on other communication activities in € (billboard, Internet, and print)
Competitor Price (z_4)	Market-share weighted competitor price in €
Competitor Advertising (z_5)	Total competitor gross ad spending in €

Table 2: Data Summary, Time-Series Data

Category	Number of Brands	Volume Sales	Price	In-Store Promotions	Other Ad Activities	Comp. Price	Competitor Advertising
Total	62	157,914	10.56	.05	9,429	9.96	952,892
Yogurt	15	365,779	3.08	.06	3,627	2.86	660,491
Chocolate bars	14	125,853	9.32	.05	10,948	8.79	1,915,673
Shampoo	10	105,805	10.42	.08	16,753	9.09	1,079,530
Shower Gel	8	158,145	6.55	.08	6,622	5.75	254,709
Razors	6	19,193	7.10	.02	18,853	7.42	314,218
Household detergent	9	122,502	3.20	.04	4,808	3.01	848,082

Table 3: Data Summary, Ad Campaign Data

	Ad Spending per Week			Number of Ad Campaigns per Brand		
Category	Average	Min	Max	Average	Min	Max
Total	125,165	0	2,073,480	3	1	12
Yogurt	125,113	0	2,073,480	3	1	10
Chocolate bars	178,115	0	1,504,102	2	1	4
Shampoo	138,616	0	1,893,780	4	1	12
Shower Gel	43,763	0	1,019,420	2	1	5
Razors	123,313	0	1,328,400	5	1	12
Household detergent	101,528	0	1,106,625	3	1	9

6.2 Advertising Campaign Data

Operationalization of branding cues. We identify and measure 17 branding cues (y_1–y_{17}) used in advertising that should contribute to the three latent branding components, salience (*S*), attributes (*A*), and benefits (*B*). For salience (*S*), we turn to literature related to building brand awareness (Baker, Honea, and Russell 2004; Romaniuk 2009; Stewart and Furse 1986) and thus consider how often the brand name, logo, and product are mentioned/shown within the ad well as the length of the presence of the logo and product in seconds. For attributes (*A*) and benefits (*B*), we distinguish between the different brand association types (i.e. product-related, non-product-related (price and packaging), functional, experiential, and symbolic cues) introduced by Keller (1993) and count how often the ad refers (explicitly or implicitly)

to each of them. A detailed description of this operationalization is in Table 4; the exact coding instructions and further explanations are in Appendix A. We take the log of all branding cues to account for diminishing returns.

Table 4: Operationalization, Branding Cues

Observable Branding Cues		Variable Type	Explanation
Frequency	Brand Name (y_1)	Ratio	Number of times the brand name was mentioned
Frequency	Logo (y_2)	Ratio	Number of times the logo was shown
Frequency	Product (y_3)	Ratio	Number of times the product was shown
Duration	Logo (y_4)	Ratio	Length of time the logo was shown (in sec.)
Duration	Product (y_5)	Ratio	Length of time the product was shown (in sec.)
Explicit	Product-Related (y_6)	Ratio	Number of explicitly mentioned product-related cues (e.g., ingredients)
Explicit	Non-Product-Related Price (y_7)	Ratio	Number of explicitly mentioned non-product–related cues related to price
Explicit	Non-Product-Related Packaging (y_8)	Ratio	Number of explicitly mentioned non-product–related cues related to packaging
Implicit	Product-Related (y_9)	Ratio	Number of implicitly mentioned product-related cues (e.g., ingredients)
Implicit	Non-Product-Related Price (y_{10})	Ratio	Number of implicitly mentioned non-product–related cues related to price
Implicit	Non-Product-Related Packaging (y_{11})	Ratio	Number of implicitly mentioned non-product related cues related to packaging
Explicit	Functional (y_{12})	Ratio	Number of explicitly mentioned functional cues (e.g., cleans, removes dandruff, stills hunger)
Explicit	Experiential (y_{13})	Ratio	Number of explicitly mentioned experiential cues (e.g., odor, taste, haptics)
Explicit	Symbolic (y_{14})	Ratio	Number of explicitly mentioned symbolic cues (e.g., prestige, makes one feel accepted, increases social approval)
Implicit	Functional (y_{15})	Ratio	Number of implicitly mentioned functional cues (e.g., cleans, removes dandruff, stills hunger)
Implicit	Experiential (y_{16})	Ratio	Number of implicitly mentioned experiential cues (e.g., odor, taste, haptics)
Implicit	Symbolic (y_{17})	Ratio	Number of implicitly mentioned symbolic cues (e.g., prestige makes one feel accepted, increases social approval)
Control	Line Extension (X_1)	Dummy	Indicates whether the ad promotes a new line extension
Control	Emotional Appeal (X_2)	Interval (1–7 Likert scale)	Formative construct based on several multi-item scales (entertainment, humor, erotic, surprise, warmth, nostalgia, romance) indicating how emotional the ad is

Control variables. We measure two control variables (*X*) that prior literature suggests might significantly influence advertising effectiveness; namely, emotional appeal and whether the advertised product is a line extension (Tellis 2004). Emotional appeal is determined by the maximum value of five commonly used emotions (humor, erotic, romance, warmth, and nostalgia) that we measured on established, multi-item, 7-point scales (Chattopadhyay and Basu 1990; Edell and Burke 1987). For the line extension variable, we used a dummy (1 = line extension; 0 = no line extension). Further information about the control variables appears in Appendix B.

Coding procedure. Consistent with previous research (MacInnis, Rao, and Weiss 2002), we paid independent experts to evaluate the content of each advertisement, in terms of the branding cues and two control variables. These experts—graduate students of a large German university—are regular users of the advertised product categories. Groups of two to seven experts evaluated each variable/cue, depending on the task (e.g., two coders evaluated whether the product was a line extension, but seven coders evaluated the emotional appeals). In addition, all the experts underwent a two-day training session, in which we discussed each variable and clarified any wording problems (see Appendix C). After the training, we provided each expert with a USB stick that contained all advertisements and the coding instructions, so that they could conduct the ratings at their own pace, at home. However, we advised them to rate no more than five advertisements per day and to take a break after watching two advertisements in a row. The coders needed between 25 minutes and 2 hours to code each entry; however, coding efficiency also improved as they coded more commercials. Overall, this coding procedure took four months. The sequence of advertisements differed for each expert, to avoid order biases. We assessed their intercoder reliability using Krippendorff's (1980) alpha, to ensure the quality of measurement. All the constructs exceeded the critical value of .67 (see Appendix C). Table

5 contains the means, standard deviations, minimum, and maximum values across all 177 advertising campaigns.

Table 5: Descriptive Statistics, Branding Cues

Observable Branding Cue	Mean	SD	Max.	Min.
Frequency Brand Name (y1)	2.38	1.15	6.92	.00
Frequency Logo (y2)	3.33	1.45	9.00	1.00
Frequency Product (y3)	3.17	1.44	9.11	1.00
Duration Logo (y4)	7.41	4.27	23.64	2.00
Duration Product (y5)	7.95	3.80	21.28	1.00
Explicit Product-Related (y6)	1.26	.95	4.00	.00
Explicit Non-Product-Related Price (y7)	.13	.28	1.00	.00
Explicit Non-Product-Related Packaging (y8)	.04	.16	1.00	.00
Implicit Product-Related (y9)	.37	.63	4.00	.00
Implicit Non-Product-Related Price (y10)	.01	.11	1.00	.00
Implicit Non-Product-Related Packaging (y11)	.12	.31	1.00	.00
Explicit Functional (y12)	.95	1.20	6.00	.00
Explicit Experiential (y13)	.78	.79	4.00	.00
Explicit Symbolic (y14)	.32	.58	2.00	.00
Implicit Functional (y15)	.21	.61	6.00	.00
Implicit Experiential (y16)	.28	.55	3.00	.00
Implicit Symbolic (y17)	.14	.34	1.00	.00

* The campaign data are based on the weighted average of the executional data.

7 Results

We report the results of our estimations in Tables 6–9, including the estimates of the advertising response model and the results of the factor-loading matrix (Λ), as well as the moderating effect of the three branding components on advertising effectiveness (α). With these results, we also analyze the communications of different brands, relative to their competitors, by plotting them on a two-dimensional map. These maps identify some actionable tactics that marketers can use to improve their brand communication. The significant estimates which we highlight in bold are those whose 95% highest probability density interval (HPDI) excludes zeros.

7.1 Advertising Response Model

Table 6 contains the posterior means, standard deviations, and 95% HPDIs for the control variables (z) of the advertising response model. As expected, *price* exhibits a negative effect on sales (–.57); *in-store promotions* (.23) and *competitor price* (.82) have positive effects. *Other marketing communication activities*, including print, online, and billboard advertising, has an insignificant influence (.10).

Table 6: Effect of Control Variables on Sales

	Mean	STD	Lower	Upper
Price (z_1)	**-0.57**	**0.44**	**-1.38**	**-.03**
In-store promotions (z_2)	**.23**	**.08**	**.11**	**.37**
Competitor price (z_3)	**.82**	**.31**	**.36**	**1.35**
Other advertising activities (z_4)	.10	.66	-.81	1.18
Competitor advertising (z_5)	.80	1.19	-.16	3.23

Notes: Bold font indicates 95% significance.

Figure 2 shows the distribution of mean advertising effectiveness (β) across the 177 campaigns, in which most of the estimates are between 0 and .01. To compare advertising effectiveness against the values obtained in previous studies, we indicate the short- and long-term advertising elasticities in Figure 3. Overall, the results are in line with estimates from previous studies of FMCG brands (e.g., Srinivasan, Vanhuele, and Pauwels 2010; van Heerde et al. 2013). Note that two campaigns display abnormally high advertising effectiveness. Both campaigns, for a razor brand, were only on the air for a couple of weeks and are insignificant.

Figure 2: Mean Ad Campaign Effectiveness

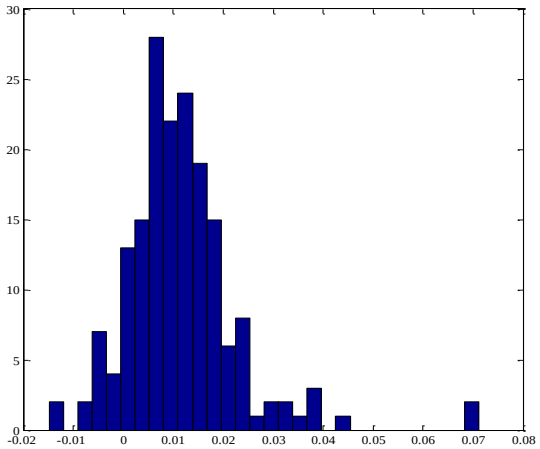
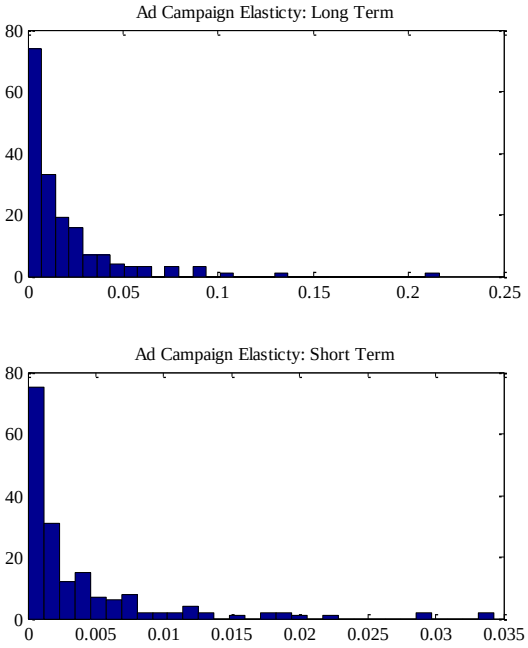


Figure 3: Distribution of Ad Campaign Elasticities



7.2 Importance of Branding Cues and Identifying Branding Components

Table 7 contains the estimated factor loadings (Λ) for determining the importance of the different branding cues and identifying the three branding components (S, A, B). Recall that we restrict the factor loadings for three branding cues for identification and interpretation purposes. Therefore, we set one element of a factor loading to one and the remaining to zero. For the salience factor (S), we use "*frequency of brand name*" as an identifier; every advertisement has

to name the brand at least once. For the attributes and benefits factors, we use "*explicit product-related*" and "*explicit functional*" cues, respectively, as identifier variables; they are the two most commonly used association cues in our sample (Table 5). According to prior literature (Keller 1993), the first cue relates strongly to attributes, and the second relates to benefits. We consider alternative identifiers in the robustness check, but the ones we address here fit the model best.

Table 7: Factor Loading Matrix

Observable Branding Cues	Salience	Attribute	Benefits
Frequency Brand Name (y_1)	**1.00**	**.00**	**.00**
Frequency Logo (y_2)	**1.11**	**.23**	**.11**
Frequency Product (y_3)	**.94**	**.56**	.05
Duration Logo (y_4)	**1.80**	-.08	.10
Duration Product (y_5)	**1.61**	**.53**	.02
Explicit Product-Related (y_6)	**.00**	**1.00**	**.00**
Explicit Non-Product-Related – Price (y_7)	**.09**	.00	.00
Explicit Non-Product-Related – Packaging (y_8)	.02	**.03**	-.01
Implicit Product-Related (y_9)	**.20**	.07	-.04
Implicit Non-Product-Related – Price (y_{10})	.00	.01	.00
Implicit Non-Product-Related – Packaging (y_{11})	**.06**	**.07**	**-.05**
Explicit Functional (y_{12})	**.00**	**.00**	**1.00**
Explicit Experiential (y_{13})	**.43**	**.13**	**-.14**
Explicit Symbolic (y_{14})	**.10**	.02	**.16**
Implicit Functional (y_{15})	**.07**	.00	**.09**
Implicit Experiential (y_{16})	**.18**	**.09**	**-.15**
Implicit Symbolic (y_{17})	**.05**	.00	**.07**

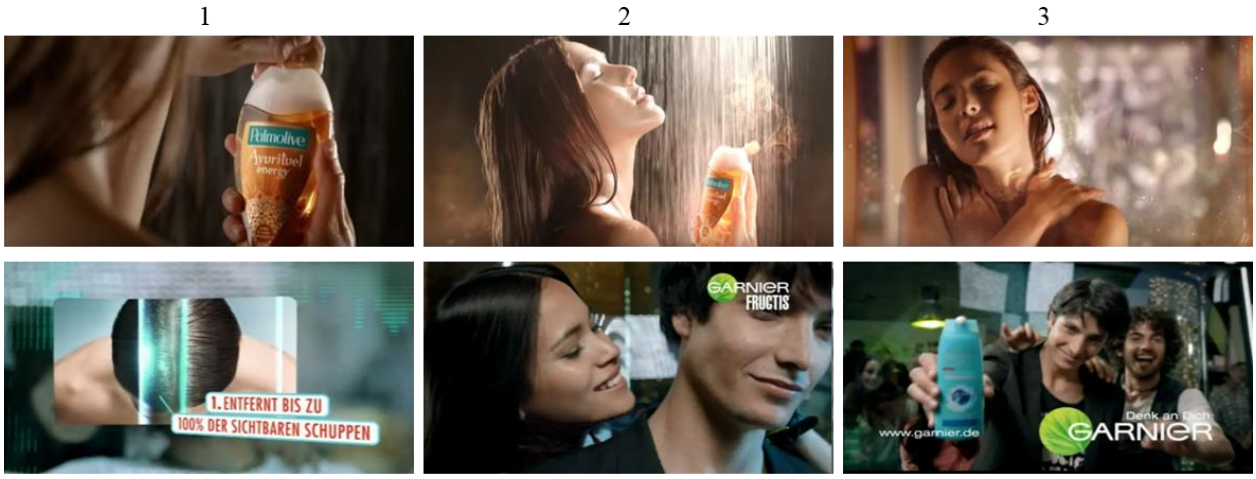
Notes: Bold font indicates 95% significance.

Generally, we find that many branding cues significantly cross-load; that is, a given branding cue reflects the facets of more than one factor. For example, *duration product* and *frequency product* load significantly on salience (1.61 and .94) and on attributes (.53 and .56), such that showing the product enhances salience but also emphasizes attributes by depicting product features. Furthermore, multiple branding cues can combine into a single factor, such that salience emerges as a composite of 13 branding cues (only *explicit non–product-related packaging* and *implicit non–product-related price* are insignificant; first column, Table 7). This is expected,

because advertisers should always incorporate the brand elements (e.g., brand name, logo) when communicating different brand associations such as the ingredients. Additionally, eight branding cues load on the attributes and eight on the benefits factor.

We find surprising results pertaining to the price and experiential cues. First, neither explicit price (.00) nor implicit price (.01) load significantly onto the attributes or benefits factors. For firms in our sample, price thus does not appear to be an important element in brand communications. Several of these brands take premium positions, so stressing price might harm their image. Second, experiential cues (explicit and implicit), such as the product's taste or odor, contribute positively to attributes (.13 and .09 for implicit and explicit, respectively) but negatively (-.14 and -.15) to benefits. The brands thus combine product-related with experiential cues (loading on attributes) and functional with symbolic cues (loading on benefits). As the six pictures in Figure 4 indicate, managers seem to adopt one of two strategies when communicating brand associations through advertising: They associate the product-related cues (e.g., "It contains Ayurveda oil," picture 1) with the sensory pleasure of the product consumption ("…and thus induces an exotic scent and a nice skin feeling" pictures 2 and 3), or they combine functional cues (e.g., "It removes dandruff," picture 4) with extrinsic advantages of the product ("…and thus increases self-esteem and social approval," pictures 5 and 6). This is an interesting finding and we return to it later.

Figure 4: Examples of Combinations of Brand Association Cues in Ads



According to the CBBE model (Keller 1993), the first five branding cues (*frequency of brand name, logo, product and duration of logo, product*) should constitute the salience factor; *product-related, non-product-related price,* and *non-product-related packaging* cues should identify the attributes factor; and *functional, symbolic*, and *experiential* cues the benefits factor. Generally, our results confirm the CBBE model, but we also uncover a few results that the CBBE model does not predict, namely, that different branding cues load on more than one factor and that some loadings deviate from expectations (experiential cues, price).

We also had two control variables in our factor model (Equation 4). As Table 8 indicates, the effects of emotional appeal on *implicit product-related* and *explicit functional* cues are both significant and negative; it seems, as in this case, when communicating product specific information advertisers do not include emotional appeals. Conversely, the effect on *explicit experiential* and *implicit symbolic* is significant and positive, possibly because these two cues evoke feelings. Table 8 also indicates that the effect of a line extension correlates significantly and negatively with *non–product-related price* and *non–product-related packaging*. This finding suggest that the brands in our sample introduced horizontal (new varieties) rather than vertical (e.g., changing the price) extensions, at least in the analyzed period. Note that including these control variables extracts their effect from the branding components.

Table 8: Factor Loadings, Control Variables

Observable Branding Cues	Emotional Appeal	Line Extension
Frequency Brand Name (y_1)	.04	-.06
Frequency Logo (y_2)	.05	-.04
Frequency Product (y_3)	.07	-.02
Duration Logo (y_4)	.00	-.09
Duration Product (y_5)	.06	-.04
Explicit Product-Related (y_6)	.01	-.07
Explicit Non-Product-Related – Price (y_7)	.00	**-.03**
Explicit Non-Product-Related – Packaging (y_8)	.01	**-.01**
Implicit Product-Related (y_9)	**-.05**	.03
Implicit Non-Product-Related - Price(y_{10})	.00	**-.01**
Implicit Non-Product-Related – Packaging (y_{11})	-.02	.02
Explicit Functional (y_{12})	**-.11**	.01
Explicit Experiential (y_{13})	**.07**	-.06
Explicit Symbolic (y_{14})	.01	-.04
Implicit Functional (y_{15})	.00	-.01
Implicit Experiential (y_{16})	.01	.02
Implicit Symbolic (y_{17})	**.05**	-.01

Notes: Bold font indicates 95% significance.

7.3 Moderating Effect of Brand Communication on Advertising Effectiveness (α)

So far we have discussed how the various cues identify the three brand communication factors (*S, A, B*) yet, which of these moderate the effect of advertising on sales? Table 9 helps us to answer this question. Specifically, the salience (*S*) (.008) and attributes (*A*) (.007) factors significantly and positively moderate the effect of ad spending (*a*) on sales (*R*); however, in our sample, we did not find a similar effect for the benefits factor (*B*). There could be several reasons for this result. First, this study includes only mature FMCG brands, so it might be reasonable to anticipate that most consumers are knowledgeable and as a result, they should be able to infer benefits from the attributes. That is they do not need advertising to interpret the benefits for them (Alba and Hutchinson 1987; Maheswaran and Sternthal 1990). Second, attributes may be more credible than benefits, because they are concrete (Hernandez, Wright, and Rodrigues

2015). In a post hoc analysis, we asked seven experts[7] to code the credibility of each advertisement, so that we could assess the correlation between advertising credibility and the attributes and benefits factors. The results affirm that attributes correlate significantly with advertising credibility (r = .17; p = .02), but benefits do not (r = -.08; p = .31) (see Appendix B). Third, the branding cues (explicit/implicit functional and explicit/implicit symbolic) that primarily identify the benefits factor might simply not drive brand image. That is, functional cues often represent basic utilities or "must-haves" for a product that can easily be copied by competitors. Symbolic cues such as prestige and social approval also tend to be less important for FMCG than for other categories such as fashion. Nevertheless, earlier we saw that experiential cues loaded on the attributes factor, which drives sales and in this way, benefit type cues could still influence sales.

Table 9: Influence of Brand Communication on Ad Effectiveness

Factors	Mean	STD	Lower	Upper
Salience, α1	**.00750**	**.0037**	**.0013**	**.0136**
Attribute, α2	**.00670**	**.0034**	**.0001**	**.0134**
Benefits, α3	-.00110	.0046	-.0087	.0068

Notes: Bold font indicates 95% significance.

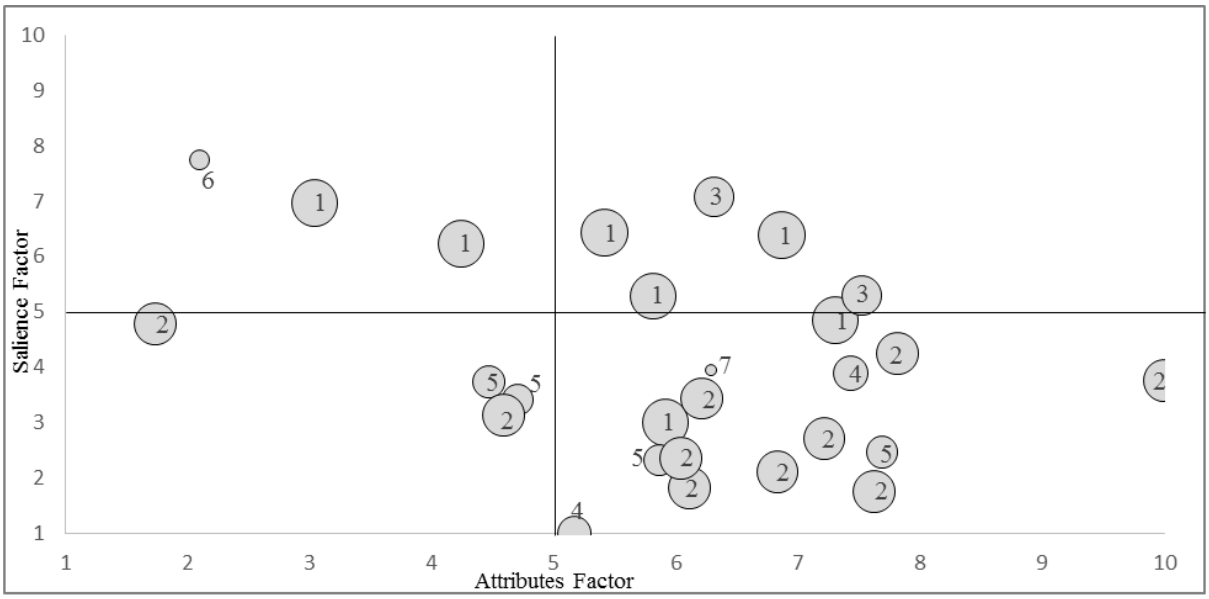
7.4 Analyzing the Brand Communication Strategy of Different Brands

Because we reduced the dimensionality of the data by identifying the three latent factors represented by the 17 branding cues, we can now analyze and compare the brand communication strategies of different brands. We plot the salience and attribute factors for each campaign on a two-dimensional map. Note that we rescaled the factors to a 10-point scale, for visual clarity. The resulting maps help reveal potential brand communication issues, support comparisons of brand communication across competitors, and indicate what factors to prioritize (attributes vs. salience). For illustration, we consider two maps. In the first, we plot campaigns for

[7] These were the same experts who participated in the main study.

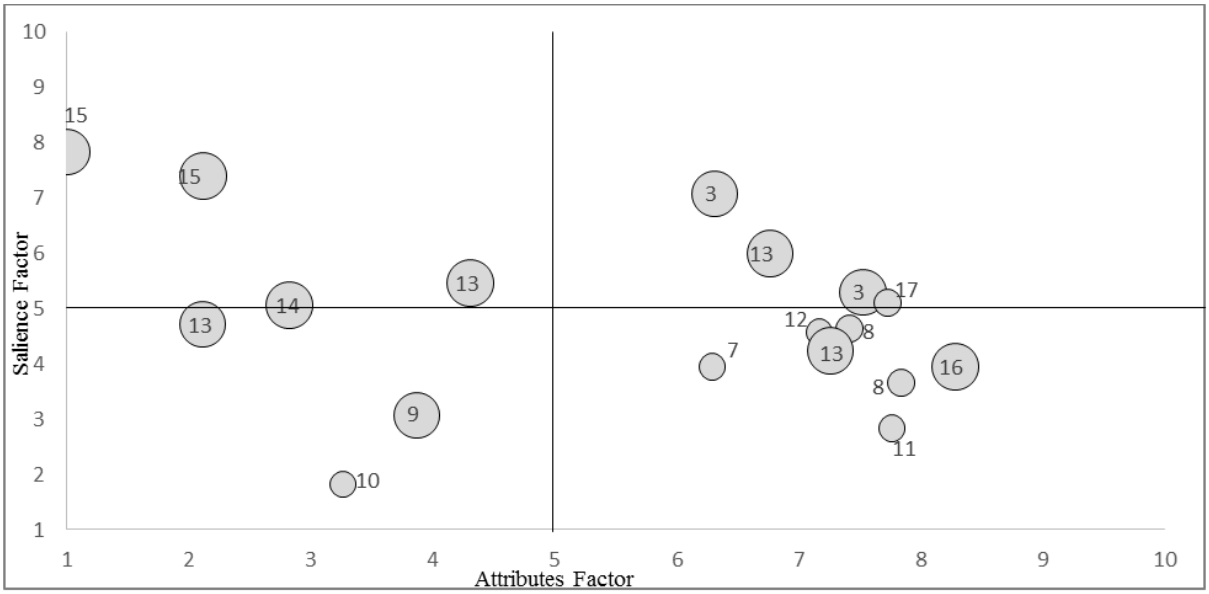
the yogurt category, which represents the category with the largest total sales volume (Figure 5). We cannot display real brand names and instead use numbers to distinguish the different brands. Each circle in Figure 5 represents a different campaign, and the circle size reflects the brand's average sales level. The second plot includes a sample of some of the largest and smallest brands in the data (based on a median split of the average sales value per category), in Figure 6.

Figure 5: Two-Dimensional Map, Yogurt Category



Note: The numbers denote the different brands; each circle represents one campaign. The circle size relates to the brand's average sales value per week.

Figure 6: Two-Dimensional Map, Small vs. Large Brands



Notes: The numbers denote the different brands, and each circle represents one campaign. The circle size indicates the brand's size (small or large, based on a median split of the average sales value per week).

From the diagnostic maps, we see that brand communication strategies vary significantly across campaigns and within brands. Because salience and attributes drive advertising effectiveness, marketers should want to be in the upper right quadrant; however, only a few brands (e.g., brands 1 and 3 in Figure 5) manage to achieve it. Brands located in the other quadrants (e.g., brands 4 and 6 in Figure 5) could use the maps to improve their brand communication strategy. For example, brand 4 should reinforce its brand salience; brand 6 should communicate its attributes (Figure 5). Other brands, mainly large ones, air multiple campaigns to focus on different aspects (e.g., brand 1). However, brand 2 addresses only the attributes factor, even across its multiple campaigns. It might enhance its advertising effectiveness by increasing brand salience in at least some of its campaigns. In the map in Figure 6, we further find that most small brands concentrate on attributes rather than salience (e.g., brands 8, 11, 12, and 17), though salience is critical for small, lesser-known brands (Elliott and Percy 2007). This result

could reflect that most of the small members of our sample are niche brands, with limited budgets, which need to present their attributes as a source of differentiation (e.g., vegan, organic), so they are willing to trade off salience for attributes.

7.5 Robustness Checks

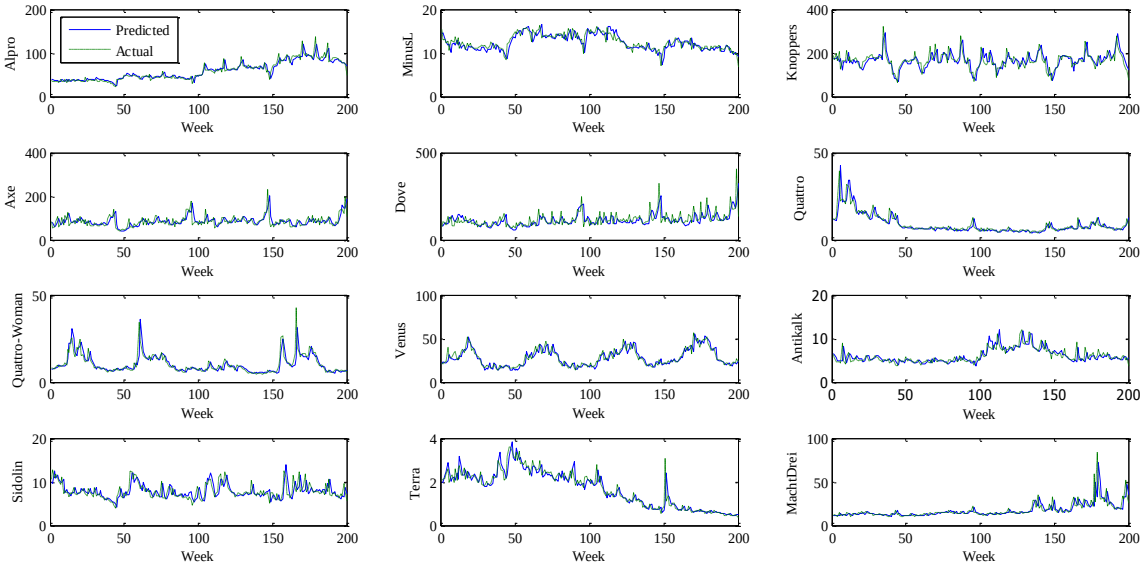
To confirm the robustness of the proposed model, we compared it against several alternatives. To begin, we consider a two-factor (salience and associations) model, noting that the benefit factor had no significant influence on advertising effectiveness in our proposed model. For an appropriate comparison, we retain the identification scheme from the proposed model; that is, the two-factor model is completely embedded within the proposed. Then for the other alternative models, we varied the identification scheme, using the factor loading estimates of the proposed model. If the (absolute value of the) factor loading estimates for a branding cue is greater than 1, it becomes a potential identifying variable. In this case, only the salience variables logo-duration, logo-count, and product-duration are candidates (see Table 10), so we consider these three alternatives. Finally, we note the influences of emotional appeal and line extensions, in addition to the three factors in the proposed model, because prior research suggests they could affect advertising effectiveness (e.g., Chandy et al. 2001). Table 10 contains a comparison of the alternatives. Our proposed model outperforms all alternative models, as indicated by its deviance information criterion (DIC) value. The DIC penalizes gains in fit that come solely from the model complexity in Bayesian hierarchical models, for which the number of parameters is unclear (Spiegelhalter et al. 2002). The worst model, according to the DIC, is the two-factor Model 2. Thus, the results support our specification and identification scheme, as well as confirming our conceptual framework (Keller 1993). Figure 7 plots the actual and one-step-ahead forecast sales for 12 exemplary brands in our sample. The proposed model fits the data well.

Table 10: Alternative Models

Models		Description	DIC	Rank
Model 1		Proposed 3-Factor Model	4.9509e+04	1
Model 2		2-Factor Model	5.1761e+04	6
Model 3		3-Factor Identification - 1	5.1445e+04	5
Model 4		3-Factor Identification - 2	5.0721e+04	3
Model 5		3-Factor Identification - 3	5.1181e+04	4
Model 6		Ad Appeal+ Line Extension	4.9871e+04	2

Notes: DIC = deviance information criterion.

Figure 7: One- Step- Ahead Sales Forecast (1000 Euros) for 12 Brands



8 Managerial Implications

With a simulation, we summarize the implications of our results. That is, we solve a problem associated with reallocating the branding cues of each campaign to maximize total expected sales. With this reallocation analysis, we generate a map that plots current brand communication relative to the recommended version obtained from the model. Specifically, to improve brand communication, we solve P1:

$$\max_{yi1,yi2,..yij} \sum_{t=1}^{T} E(R_{it} \mid G_{it-1})$$

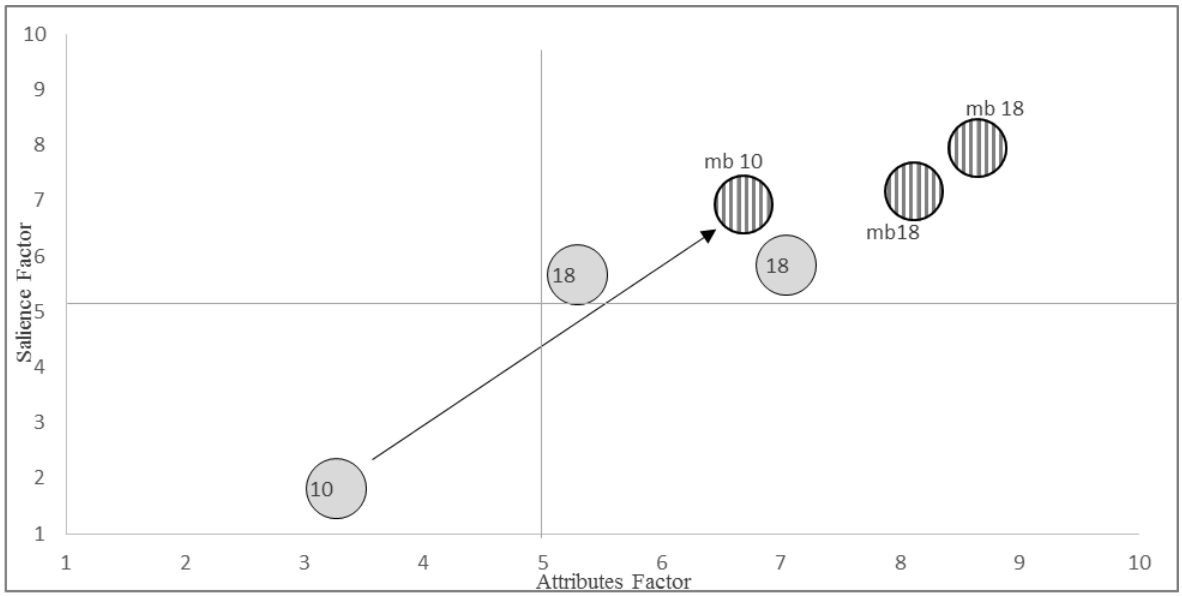
$$st, 0 \le y_{ijk} \le y_{ijk}^{m}, k = 1,2,...,5; \sum_{k=6}^{17} y_{ijk} = \mu,$$

where $\mu = \sum_{k=6}^{17} y_{ij}^{o}$ represents the actual number of brand association cues in the advertisement. Thus, we allow for a reallocation across brand association cues while keeping the number of brand associations constant. Here, y_{ijk}^{m} represents the maximum for the branding cues pertaining to salience. To determine the maximum duration cues (duration logo and duration product), we assume that the period for which advertisements can display the logo or product is bounded by spot length. We also restrict the frequency variables (i.e., frequency of brand name, logo, and product) to the sample maximum for all campaigns (observations) that used a similar spot length (e.g., upper limit for a 10-sec spot is the maximum value for all 10-sec spots in the sample). Then E($R_{it} \mid G_{it-1}$) is the one-step-ahead sales (R_{it}) forecast, and y_{ijk} is the branding cue *k* of brand *i* and campaign *j*.

The model-based solution for P1 provides a new allocation of the 17 branding cues for each campaign; this revised allocation generates an average sales increase of 2.7%, or 129,000€. Depending on the current branding strategy the sales uplift ranges from 5750€ to over a million. In line with our finding that the benefits factor does not moderate advertising effectiveness (Table 9), the reallocation task suggests a shift from benefits (functional and symbolic) to attributes (explicit product related, non–product-related packaging, experiential cues), as well as a stronger emphasis on salience (e.g., showing the logo longer). With this improved, model-based composition of the branding cues for each campaign, we can derive new factor scores for the salience, attributes, and benefits components and plot the improved factor scores relative to the old ones on a diagnostic map. For illustration, we reveal improvements in three campaigns for two brands: one that performed poorly on salience and attributes and one that performed well. When we analyze the changes (Figure 8), as expected, the model-based factor scores of

all three campaigns move to the upper right quadrant. Brand communication changes only marginally for campaigns that already were doing well (brand 18) but substantially for the poorly performing campaign (brand 10).

Figure 8: Illustration of Model-Based Results



Notes: The numbers denote the different brands, and each circle represents one campaign. The striped circles ("mb") indicate the model-based positioning of the campaigns.

The specific branding cues for brand 10 reveal that this campaign mentions the brand name only once and shows the product and the logo for just 1 second. It is unlikely that consumers can even notice the brand after this short, single exposure. Furthermore, brand 10 includes mainly functional and symbolic cues (benefits), whereas the model-based results suggest it should focus on explicit product-related and experiential cues instead. These results show brand 10, and equally positioned brands, how to improve their performance. This and similar analyses can help managers track their current performance and find ways to improve not just their brand communication but also their sales.

9 Conclusions and Limitations

This study sought to explore how marketers should communicate their brands in advertising to generate more sales. Prior literature argues that firms can build strong brands and consequently enhance advertising effectiveness by emphasizing brand salience and communicating favorable brand associations (attributes and/or benefits) (Keller 1993). To test these assumptions, we measure 17 branding cues commonly embedded in advertising and use them to identify the salience, attributes, and benefits components. We then model the effect of advertising as a function of these. To calibrate this model, we use panel and media data from the Nielsen Company for 62 brands and 177 campaigns across six product categories sold in the German market.

The findings indicate several substantive results. First, the factor analysis reveals that branding cues significantly cross-load and contribute to more than one component. For example, brands include product-related cues in advertisements to enhance both salience and attributes. Furthermore, price did not contribute to either of the brand association factors; perhaps brand managers do not believe that price reinforces their brand's image. Interestingly, marketers seem to follow two strategies when communicating brand associations, in which they either combine product-related cues with the sensory pleasure of the product consumption, or they relate the functional cues to the extrinsic advantages of the product. Second, we show that the brand communication indeed moderates advertising effectiveness. Specifically, salience and attributes positively influence the effect of advertising on sales, though we do not find a similar effect for benefits. We offer several explanations for this result: (1) Knowledgeable consumers can derive relevant benefits from attributes by themselves, (2) consumers perceive attributes as more credible than benefits, or (3) the main drivers of the benefits factor, functional and symbolic cues, might not strengthen the brand's image. Nevertheless, some benefit type cues can still influence advertising effectiveness because experiential benefits load onto attributes. As

mentioned before, this is, because advertisers combine product related attributes with experiential benefits (see figure 4), it is in this way that benefit type cues can affect brand sales. This result also shows that the first strategy regarding the brand associations (combining product-related cues with the sensory pleasure of the product consumption) is superior. Maybe because attributes provide the required "reason why" for the experiential benefits. Third, marketers can use our findings to monitor their brand communication relative to competitors' and identify directions for improvement. Our model-based results suggest that improving brand communication within advertisements can produce an average sales bump of 2.7%.

Our study also has a few limitations that additional studies might address. First, some of our findings may not generalize to other contexts. We base our analysis on established FMCG brands; in other product categories, the effect of the branding components might differ. For example, symbolic cues relating to prestige likely are more important for luxury products. Similarly, our data come from a single country, though Germany has the highest advertising spending in Europe and is culturally similar to other Western countries. Second, though our study focuses on 17 different branding cues, there might be still more that are important (e.g., slogan, jingles, brand character). In our sample, these alternative branding cues are characterized by very low variance (i.e., almost all advertisements use slogans, and virtually none of them integrate a brand character), so we excluded them. Third, we focus on the 1993 version of Keller's CBBE model, rather than the more recent brand pyramid, because advertising is designed especially to enhance awareness and image. However, incorporating other aspects of the brand pyramid could be an interesting venture for further studies.

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APPENDIX PAPER I

In this Appendix, we provide details on the coding instructions for the branding cues (A), the operationalization of the control variables (B), the coding procedure and intercoder reliability values (C).

Appendix A: Coding Instructions for Evaluating Brand Association Cues

These instructions were provided in German, together with example advertisements (not included in the main study) to illustrate these explanations.

Explicit-Product Related Cues

Please count all non-product-related cues with regards to price that are explicitly embedded within the advertisement (e.g., ingredients, consistency).State the frequency and name each of them:

Explicit-Non-Product Related Cues – Price

Please count all non-product-related cues with regards to price that are explicitly embedded within the advertisement (e.g., the exact price, information on the price positioning relative to the competition, information on price promotions). State the frequency and name each of them:

Explicit-Non-Product Related Cues – Packaging

Please count all non-product-related cues with regards to packaging that are explicitly embedded within the advertisement (e.g., recloseable, reusable). State the frequency and name each of them

Implicit-Product Related Cues

Please count all product-related cues that are implicitly embedded within the advertisement (e.g., ingredients, consistency). State the frequency and name each of them:

Implicit-Non-Product Related Cues - Price

Please count all non-product-related cues with regards to price that are implicitly embedded within the advertisement (e.g., the exact price, information on the price positioning relative to the competition, information on price promotions). State the frequency and name each of them:

Implicit-Non-Product Related Cues – Packaging

Please count all non-product-related cues with regards to packaging that are implicitly embedded within the advertisement (e.g., recloseable, reusable). State the frequency and name each of them:

Explanation
Product-related attributes: All attributes that belong to the physical composition of the product and are directly relate to the product's performance such as the product's ingredients or consistency.
Non-product related attributes: Refer to any features that do not directly affect the performance but relate to the general product experience such as the price and packaging.

1. Price: Information on the product's price (e.g., the exact price, price positioning relative to the competition, price promotions)
2. Packaging: information on the product's packaging (e.g., functionality of the packaging (reclose able or reusable)

Implicit means that it is implied (e.g., visually) rather than expressly stated

Explicit Functional Cues

Please count the number of all functional cues that are explicitly mentioned within the advertisement (e.g., strengthens the immune system, clears the skin, removes dandruff). State the frequency and name each of them:

Explicit Experiential Cues

Please count the number of all experiential cues that are explicitly mentioned within the advertisement (e.g., fragrance, taste, haptics, skin feeling). State the frequency and name each of them:

Explicit Symbolic Cues

Please count the number of all symbolic cues that are explicitly mentioned to within the advertisement (e.g., prestige, increases attractiveness to women, enhances self-esteem etc.) State the frequency and name each of them:

Implicit Functional Cues

Please count the number of all functional cues that are implicitly mentioned within the advertisement (e.g., strengthens the immune system, clears the skin, removes dandruff). State the frequency and name each of them:

Implicit Experiential Cues

Please count the number of all experiential cues that are implicitly mentioned within the advertisement (e.g., fragrance, taste, haptics, skin feeling). State the frequency and name each of them:

Implicit Symbolic Cues

Please count the number of all symbolic cues that are implicitly mentioned to within the advertisement (e.g., prestige, increases attractiveness to women, enhances self-esteem, etc.). State the frequency and name each of them:

Explanation
1. Functional benefits: refer to the inherent advantages of the product consumption and address consumers' problem-solving needs (e.g., cleans, removes dandruff etc.).

2. Experiential benefits: Experiential benefits describe the sensory pleasure that consumer derive from the consumption of the product (e.g., how it feels like to consume the product, fragrance, taste, haptics).
3. Symbolic benefits: Refer to the extrinsic advantages of the product usage such as prestige, personal expression and social approval (e.g., prestige, elegance, attractive to women, enhances self-esteem etc.).
Implicit means that it is implied (e.g., visually) rather than expressly stated

➔ If you are unsure about the categorization, you may use the questionnaire below to help!

Categorization of Brand Benefits

Please use this questionnaire as an assistance to categorize each benefit counted above.

Branding Cues	**Items**
Functional Cues	
	To what extent was the branding cue described as (1 not at all to 7 very much): - Functional - Necessary - Helpful - Practical
Experiential Cues	
	To what extent does the branding cue underline the product's (1 not at all to 7 very much): - Haptic, - Sound - Taste - Scent
Symbolic Cues	
	To what extent does the branding cue underline the following statements (1 not at all to 7 very much): - The product would help its owner feel acceptable - The product would improve the way the owner is perceived - The product would give its owner social approval - The product would make a good impression on other people.

Appendix B: Operationalization of Control Variables

Table B1: Operationalization, Control Variables

Variable	Items	Cronbach Alpha
Emotional Appeal		
1 Humor	The ad was… (1 not at all to 7 very much): - Humorous - Funny - Amusing	0.95
2 Erotic	The ad was… (1 not at all to 7 very much): - Erotic - Lustful - Sexual	0.94
3 Romance	To what extent does the ad evoke the following feelings (1 not at all to 7 very much): - Warm-hearted - Romance - Love	0.97
4 Nostalgia	The ad intends to… (1 not at all to 7 very much): - Remind one of the past - Make one feel nostalgic - Make one reminisce about a previous time	0.96
5 Warmth	Please describe how much the following emotions describe the advertisement... (1 not at all to 7 very much): - Warm - Emotional - Moving	0.87
Line extension	Please indicate whether the product is marked as new (1= yes; 0= no)	-
Ad credibility	The information in the ad was…(1 not at all to 7 very much): - Believable - True - Acceptable - Credible - Trustworthy	0.96

Appendix C: Coding Procedure

Training Sessions

We asked the experts to familiarize themselves with the customer-based brand equity construct by reading relevant literature. One week later, we organized a two-day training session that all experts had to attend, which ensured a common understanding of the different constructs. At the beginning of the first session, we distributed codebooks that defined and explained each variable in detail. After the experts had some time to study the codebook, we discussed each construct on the basis of several training advertisements that did not appear in the main study. All experts received a USB stick with 12 additional training advertisements that they were to evaluate at home. On the basis of these evaluations, we identified any remaining comprehension problems, which we then discussed in the second training session.

Coding

After the training sessions, the experts rated all advertisements at their own pace at home. However, we asked them to rate no more than five advertisements per day and take breaks after watching two advertisements in a row. The sequence of advertisements differed for each expert, to avoid order biases. The number of experts who might code a construct differed, depending on the nature of the construct. Two independent experts coded the objective count (brand salience) or dummy variables (line extension). In case of inconsistent ratings, a third expert (together with the two main experts) coded the advertisement again. In contrast, four different experts rated the brand-association variables (attributes and benefits). We resolved any discrepancies among raters through discussion. After all the television advertisements had been rated, we assessed intercoder reliability according to Krippendorff's (1980) alpha, to ensure the quality of measurement. As we detail in Table W2a, all the constructs exceeded the critical value of .67.

Table C1: Krippendorff's Alpha, Brand Associations

Brand Equity Component	Branding Cue		Krippendorff's Alpha Value
Attributes	Explicit	Product-Related	0.79
		Non-Product-Related - Price	0.81
		Non-Product-Related - Packaging	0.87
	Implicit	Product-Related	0.69
		Non-Product-Related - Price	0.78
		Non-Product-Related - Packaging	0.67
Benefits	Explicit	Functional	0.80
		Experiential	0.77
		Symbolic	0.75
	Implicit	Functional	0.86
		Experiential	0.83
		Symbolic	0.81

Furthermore, seven independent experts rated all multi-item control variables (emotional appeals and credibility). Again, any discrepancies in the ratings were resolved through discussion, and all Krippendorff's alpha values exceeded the critical value (Table W2b). We mean-centered the variables for the analysis.

Table C2: Krippendorff's Alpha, Control Variables

Variable	Krippendorff's Alpha Value
Humor	0.84
Erotic	0.82
Nostalgia	0.86
Romance	0.90
Warmth	0.72
Credibility	0.71

PAPER II: DOES IT PAY TO BE REAL? UNDERSTANDING AUTHENTICITY IN TV ADVERTISING

Author: Maren Becker, Werner Reinartz, and Monika Käuferle

ABSTRACT

Authenticity is one of the most prevalent buzzwords in the advertising industry. Marketing managers and creatives alike believe that authenticity is an essential element for effective advertising. However, authenticity in advertising is used in different contexts, in both research and practice. The current study identifies four dimensions by which authenticity can be conveyed in advertising and investigates their effects on the sales performance of advertised products. The impact of authenticity might also depend on different brand characteristics, so the authors analyze how the effects vary with brand size or across hedonic and utilitarian products. The study is conducted in a consumer goods context, covering 340 television ads across 68 brands and 4 years. The objective is to pinpoint whether and when authenticity enhances advertising effectiveness, relative to other content cues, in order to help managers increase their return on advertising investments.

Keywords: Advertising effectiveness, advertising content, authenticity

1 Introduction

Truth is beautiful without doubt, but so are lies.

—Ralph Waldo Emerson (1835)

Authenticity has become one of the most prevalent buzzwords in the advertising industry. Marketing managers and creatives are both convinced that an authentic ad execution[8] is a key driver of effective advertising (Beverland, Lindgreen, and Vink 2008; Morhart et al. 2015, Poetzsch 2014). Amir Kassaei (2006), chief creative officer of DDB[9], asserts that even if "an authentic ad might be less likely to win a Cannes Lion, it is very likely to win consumers' hearts." Specifically, advertisers believe that authentic advertising stimulates brand trust (Anderberg and Morris 2006), helps consumers connect with the brand (Grayson and Martinec 2004), and triggers feelings of sympathy or empathy (Stern 1994). Moreover, they assume that authentic ads help overcome consumer skepticism (Darke and Ritchie 2007; Poetzsch 2014) - an effect that is especially important, given that consumers become increasingly skeptical towards ads because of the improved information transparency in the digital age and consumers' clearer understanding of marketers' persuasive tactics (Campbell and Kirmani 2000). However, these beliefs are primarily based on anecdotal evidence. In other words, there is no empirical proof for the role of authenticity, yet. Thus, the question arises does authenticity really increase advertising effectiveness?

Along with the lack of clear evidence, there is no common understanding of what constitutes an authentic ad execution. Prior literature, both academic and managerial, refers to authentic ads in varied contexts. For example, some studies link authenticity to a spokesperson's trustworthiness (Stern 1994), others to a realistic ad plot (Deighton, Romer and MacQueen 1989), and yet others to an accurate representation of the brand (Beverland, Lindgreen, and

[8] For the purposes of this study, terms such as "authentic ad execution," "authentic advertising," and "authenticity in ads" are used interchangeably.
[9] DDB Worldwide Communications Group Inc. is a global marketing communications network.

Vink 2008; Brown, Kozinets, and Sherry 2003). In other words, there seem to be different possibilities (dimensions) of how to design an authentic ad execution. Guided by these issues, we consider the following research questions: What are the different dimensions of authenticity in advertising? What influence do these dimensions have on advertising effectiveness? Do these effects depend on different brand or product characteristics?

We address these questions in the context of TV advertising. Drawing from existing literature and a qualitative study, we identify four dimensions of authenticity in ads: (1) preserving the brand essence, (2) honoring brand heritage, (3) showing a realistic plot, and (4) presenting a credible and unexaggerated advertising message. The first two dimensions relate to the ad's representation of the brand (i.e., how it preserves and sustains the brand's values, essence, or heritage) whereas the latter two dimensions pertain to the ad's execution (i.e., how truthful, genuine, and realistic the information conveyed by the ad is). Next, we investigate the effect of each dimension on the relationship between ad spending and sales, controlling for other content cues (e.g., emotional content, brand presence, informativeness). We also investigate whether these effects might vary across different brands and product categories. To conduct our analysis, we obtained weekly scanner, retail panel, and media data from the Nielsen Company for 68 brands and 340 television ads, related to six fast-moving consumer good (FMCG) categories sold on the German market, over a period of almost four years. The data set comprises weekly sales data and corresponding marketing mix information, including price, in-store promotions, and advertising spending across four media types (i.e., television, Internet, billboard, and print). To be able to quantify the effects of the different authenticity dimensions and further control variables, several independent experts evaluated all ads in our sample in an extensive coding task.

With these combined efforts, the current study makes several contributions to extant research. First, it is the first to assess the effect of authenticity on *actual* consumer behavior in

terms of sales. Most previous authenticity research adopts a conceptual or a qualitative approach (e.g., Beverland 2005; Grayson and Martinec 2004; Rose and Wood 2005; Stern 1994); we explicitly measure the level of authenticity in ads and quantify its short- and long-term impacts on sales of the advertised brand. Second, whereas previous studies tend to focus on only one selected dimension, such as the brand's heritage (Beverland, Lindgreen, and Vink 2008), the spokesperson (Stern 1994), or the plot (Deighton, Romer, and MacQueen 1989), we distinguish four dimensions that can convey authenticity in advertising. This holistic approach in turn provides a clear framework for further research in this field. Third, we extend the limited quantitative literature on ad content by investigating its effect across multiple brands of six different product categories. Prior work on ad content tends to focus on one (Bass et al. 2007; Chandy et al. 2001) or a few brands only (MacInnis, Rao, and Weiss 2002). Fourth, we examine to what extent consumers' responses to the different authenticity dimensions depend on brand and product characteristics. We thereby provide managers with precise advice on how to improve their ad content.

The results show that the effect of authenticity depends on the dimension and the brand and product characteristics. Across all brands, preserving the brand's essence increases ad effectiveness, whereas honoring brand heritage is not significant. A realistic plot and a credible message even exert negative effects. The magnitude of these effects also depends on the type of brand or product category. For example, the negative influence of a credible message is especially powerful for hedonic products and less known brands. Our results thus may help managers design more appropriate ads, depending on the type of brand they are selling.

In the next section, we provide a brief review of advertising literature, and in particular the relevant streams pertaining to advertising effectiveness and the moderating effect of advertising content. After we discuss the concept of authenticity, we present our data and empirical model.

The article concludes with a discussion of the most important results, valuable implications for research and managers, and some study limitations.

2 Advertising Effects

2.1 The Effect of Advertising on Sales

Extensive research on the effectiveness of advertising examines the impact of advertising weight (e.g., spending, GRP) on different performance indicators, such as brand sales or market share. We thus know that, overall, advertising has a positive and significant effect on sales, even if its magnitude is rather small. For example, among established FMCG brands, Srinivasan, Vanhuele, and Pauwels (2010) as well as van Heerde et al. (2013) find long-term advertising elasticities of .036 and .013, respectively. Yet, advertising effectiveness also differs widely across campaigns. In a meta-analysis, Sethuraman, Tellis, and Briesch (2011) find that only about 50% of the included elasticities differ significantly from zero. For marketers it is thus of utmost importance to identify which factors drive advertising effectiveness. With their famous Campbell's soup experiment, Eastlack and Rao (1989) show that increasing the level of ad spending does not necessarily enhance ad effectiveness, but changes in the ad's content exhibit strong impacts on sales. Lodish et al. (1995) affirm these results, reinforcing the relevance of ad content for analyzing ad effectiveness.

2.2 Effects of Advertising Content

Most of the studies aimed at identifying the influence of ad content on measures of ad effectiveness are lab experiments that test for the effect of selected content cues on different mindset metrics, such as recall, attitude, or purchase intent (e.g., Loewenstein, Raghunathan, and Heath 2011; Morales, Wu, and Fitzsimons 2012). However, such laboratory studies cannot account for competitive aspects or other marketplace constraints, nor can they feasibly test a

combination of several content cues within one study. Moreover, they force consumers to process the ads actively, whereas in real market environments, advertising clutter likely leads consumers to process ad information more passively.

Only a few studies have analyzed the effect of ad content on actual sales performance (Tellis 2009). MacInnis, Rao, and Weiss (2002) find that emotional ads are more likely to generate sales than ads based on informative content, and Chandy et al. (2001) compare the effects of different content cues (e.g., argument, appeal prominence, emotion, expert sources, framing) on consumer behavior (i.e., referrals) for a medical service company across different markets. They conclude that argument-based appeals, expert sources, and negatively framed messages work best in new markets, whereas in established markets, emotion-based appeals and positively framed messages are more effective. Moreover, Bass et al. (2007) find that marketers can defer advertising wear-out effects, or the "decreasing response to an ad with increasing repetition of exposure to the ad" (Tellis 2004, p. 100), by offering emotional content. Collectively, these studies support the notion that appropriate ad content moderates the effect of ad spending on sales. While these studies contribute significantly to our understanding, they also tend to focus on a limited number of brands and generally ignore the effect of authenticity—a key content feature. Therefore, we seek to build on extant studies by a) examining the effect of ad content across multiple brands and product categories, to increase the generalizability of the results, and b) including authenticity as another important content cue that presumably influences advertising effectiveness

3 Concept of Authenticity

Authenticity is central to marketing as an antidote to the phoniness that seems to dominate many marketing practices (Costa 1998; Grayson and Martinec 2004; Holt 2002); it may even represent the "cornerstone of contemporary marketing" (Brown, Kozinets, and Sherry 2003, p. 21) and a key means to overcome increasing skepticism toward marketing activities. Despite

widespread agreement about the importance of authenticity as a concept, there is no commonly accepted definition. Rather, "what is consistent across the literature is that authenticity encapsulates what is genuine, real, and/or true" (Beverland and Farelly 2010, p. 839). Grayson and Martinec (2004) show that consumers evaluate the authenticity of an object on the basis of two types of cues: indexical and iconic. Indexical cues provide evidence that the objective is real or original, whereas iconic cues simply resemble the real thing (Ewing, Allen, and Ewing 2012). Thus, authenticity is not necessarily inherent in an object (indexical) but can be constructed by marketers (iconic).

Prior studies on authenticity in marketing generally focus on one of two research streams. The first stream aims to explain and measure the general concept of authenticity (Beverland and Farelly 2010; Grayson and Martinec 2004; Morhart et al. 2015; Rose and Wood 2005), whereas the second stream focuses on brand-related aspects, including why brands (Beverland 2005; Newman and Dhar 2014) or brand communities (Leigh, Peters, and Shelton 2006) might be perceived as authentic or how authenticity influences the performance of brand extensions (Brown, Kozinets, and Sherry Jr. 2003; Spiggle, Nguyen, and Caravella 2012). Such studies, mostly qualitative in approach, support the notion that authenticity is important to marketing and that it is a multilayered, polysemous concept. However, we know of no research that has examined the effect of authenticity on actual consumer behavior (e.g., sales).

Furthermore, research on authenticity in an advertising context remains sparse, despite its assumed role as a determinant of advertising effectiveness, and mainly focuses on general concepts of authenticity in ads. For example, Stern (1994) deliberates on the relationship between authenticity and the ads' persona or spokesperson while Beverland, Lindgreen, and Vink (2008), investigate, through structured interviews, whether ads can reinforce a brand's authen-

ticity claims by honoring its brand heritage. The current study offers an initial attempt to distinguish different dimensions of authentic advertising and quantify their influences on advertising effectiveness in terms of sales.

4 Different Dimensions of Authenticity in Advertising

An authentic ad is one that is genuine, real, and true with regard to a specific aspect or dimension. Following previous work (Spiggle, Nguyen, and Caravella 2012), we derive these dimensions from a rigorous study of related literature, such that we conducted a keyword search ("authenticity," "authentic") in several academic online databases (e.g., EBSCO, Google Scholar) and scanned the Internet for practitioner articles using Google and Bing. We also conducted a manual search of leading interdisciplinary journals for academics and practitioners (e.g., *The Wall Street Journal*, *Harvard Business Review*). To identify the different dimensions, we first generated a list of all aspects that prior literature indicates should contribute to or reflect authenticity. From this list, we deleted any redundancies (e.g., nostalgia, heritage, traditional) and any aspects that would be inapplicable to an advertising context.[10] That is, we searched journals from various disciplines, so the initial list included facets of authenticity related to, for example, interpersonal relationships, leadership (e.g., integrity), tourism (e.g., deserted, natural), and branding (e.g., avoid exploitation). Finally, we retained only those elements that were under the control of the marketer.

Given that marketers invest in ads to promote the brand and provide information, most articles link advertising authenticity to one of two broad concepts: brand authenticity (i.e., how the ad preserves and conveys the brand's uniqueness, heritage, values, or essence) or executional authenticity (i.e., how truthful, genuine, and realistic the information conveyed by the ad is; Brown, Kozinets, and Sherry 2003; Gilmore and Pine 2007; Grayson and Martinec

[10] To identify redundant, inapplicable elements, we discussed all of them with three independent (student) consumers.

2004; Spiggle, Nguyen, and Caravella 2012). These two concepts in turn can be divided into four dimensions. The first two dimensions relate to brand authenticity (1) preserving the brand essence and (2) honoring brand heritage, whereas the latter two dimensions relate to executional authenticity (3) showing a realistic plot that is close to everyday life and (4) presenting a credible and unexaggerated advertising message. To test the validity of these four dimensions, we conducted a post hoc analysis, in which we asked 60 independent consumers to explain, in their own words, what they perceived as an authentic ad. The results confirmed our proposed dimensions. We discuss each of them in more detail next.

4.1 Preserving the Brand Essence

To convey authenticity within ads, marketers should preserve the brand essence and maintain the brand's style and standards (Spiggle, Nguyen, and Caravella 2012). Keller (1998) refers to brand essence as the "core values for which a brand stands," or the brand's "marketing DNA". Thus, authentic ad executions should reflect a brand's image and personality, as well as use a consistent ad design (e.g., same slogan, layout, ad theme, colors). An ad should represent the brand as what it is, true to itself (Gilmore and Pine 2007; Trilling 1972). This dimension also relates closely to the "continuity" dimension of authenticity described in the branding literature (Beverland 2005; Beverland 2006; Morhart et al. 2015).

We argue that preserving the brand essence should increase ad effectiveness. First, it can create and reinforce a unique and memorable brand image for consumers (Brown, Kozinets, and Sherry Jr. 2003; Keller 1998), which helps them position the brand. Second, communicating a consistent brand image may increase the perceived reliability and sincerity of the brand (Elliott and Wattanasuwan 1998; Park, Jaworski, and MacInnis 1986). Third, when ads preserve the brand essence, consumers should be more likely to recognize the brand, which is important; if consumers fail to register the advertised brand correctly, or even worse incorrectly attribute

the ad to a competing brand, huge marketing investments will be wasted, without any positive effect on sales (Franzen 1994; Rossiter and Bellman 2005).

4.2 Honoring Brand Heritage

Marketing managers can evoke authenticity by referring to the brand's heritage. Various branding studies show that consumers perceive brands that commit to their history and tradition as more authentic (e.g., Beverland 2006; Brown, Kozinets, and Sherry 2003; Spiggle, Nguyen, and Caravella 2012). To reflect heritage, advertising might establish links to the brand's traditions, history, place of origin, or traditional production methods (Beverland 2005; Spiggle, Nguyen, and Caravella 2012).

Previous work identifies a positive effect of honoring brand heritage on advertising effectiveness (Brown, Kozinets, and Sherry 2003; Merchant and Rose 2013). It helps legitimize the brand, providing evidence that it is the "original" and not a counterfeit (Newman and Dhar 2014; Peñaloza 2000). Reminding consumers of the brand's many years of experience also may enhance its perceived reliability and competence (Beverland 2006). In addition, Newman and Dhar (2014) suggest that heritage associations can provide brands with a special aura and increase consumers' emotional commitment to those brands, such as when historical connections in an advertisement remind consumers of their own past or stimulate their longing for earlier times (Leigh, Peters, and Shelton 2006). However, this effect also might depend on the product category; for low involvement or standardized product categories, brand heritage might be less important, or even lead consumers to perceive the heritage claims as silly. Still, we expect brand heritage to increase ad effectiveness.

4.3 Showing a Realistic Plot

Advertising is perceived as authentic when it depicts a realistic plot, reflecting an everyday situation, mostly presented by ordinary, non-idealized characters (e.g., Deighton, Romer, and MacQueen 1989; Stern 1994). Stern (1994, p. 388) describes this ad authenticity dimension as

"conveying the illusion of ordinary life in reference to a consumption situation." It relates to the concept of verisimilitude (i.e., "events depicted in an ad mirror the viewers' understanding of the world" Boyd 2006, p. 84) and is iconic, in the sense that the ad refers to something that may not be the "real thing" but that is similar to real life (Grayson and Martinec 2004). In other words, consumers accept the ad as authentic because of its resemblance to reality, even though they know the ad is staged (Stern 1994). A realistic plot may thus be referred to as "contrived" or "staged" authenticity (Beverland 2005; Beverland and Luxton 2005; Rose and Wood 2005).

From prior literature, it is unclear whether a realistic plot positively influences ad effectiveness. On the one hand, it helps consumers identify with the ad's character, because the portrayed situation is familiar and likely reflects their own experiences (Stern 1994). Consumers who identify with a character tend to engage in self-referencing, such that they process the advertising information by relating it to him- or herself (Burnkrant and Unnava 1995; Rose and Wood 2005). A realistic plot depicting a familiar situation also should be easier to comprehend, which may increase consumers' ability to identify and correctly interpret the product benefits communicated by the ad (Warlaumont 1997). Deighton, Romer, and MacQueen (1989) further argue that realistic plots evoke feelings of sympathy and empathy,[11] which could improve consumers' attitudes toward the ad (Escalas and Stern 2003). On the other hand, consumers might perceive realistic plots as too boring, such that they are unlikely to attract consumers' attention. Given the increasing ad clutter, grabbing consumers' attention, for example with an unrealistic, absurd plot should be one of the main goals of advertising (Belch and Belch 2015; Woltman Elpers, Wedel, and Pieters 2003). A highly unrealistic plot also could distract consumers from

[11] Sympathy is consciousness of the characters' experienced emotions; empathy refers to the capacity to understand and share these emotions (Escalas and Stern 2003; Langfeld 1967).

forming counterarguments, thereby reducing their resistance to persuasion. Considering increasing ad clutter and consumers' generally low levels of attention to ads (Tellis 2004), we predict that a realistic plot relates negatively to ad effectiveness.

4.4 Presenting a Credible, Unexaggerated Advertising Message

The fourth option to convey authenticity is to promote the brand with a realistic, non-exaggerated message. Previous literature shows that consumers associate authentic brands with a high level of credibility. Authentic brands should be "what they claim to be", not the result of exaggeration (Brown, Kozinets, and Sherry 2003; Grayson and Martinec 2004; Morhart et al. 2015). In advertising settings, credibility is "the extent to which the consumer perceives claims made about the brand in the ad to be truthful" and not exaggerated (MacKenzie and Lutz 1989, p. 51). Even though in most countries advertisers must be able to substantiate their advertising messages, some forms of exaggeration remain legal and frequently used, such as puffery, implied superiority, and vague or subjective claims.

According to previous literature, message credibility is a key element of persuasion (Choi and Rifon 2002). As Leo Burnett, the famous ad executive, claimed, "the greatest thing to achieve in advertising is believability" (Atkin and Beltramini 2007). Message credibility should improve consumers' attitudes toward the ad, increase brand trust, and strengthen emotional commitment to the brand (Cotte, Coulter and Moore 2005; Grayson and Martinec 2004; MacKenzie, Lutz, and Belch 1986; Morhart et al. 2015). Furthermore, it may help overcome the increasing ad-skepticism of marketing savvy consumers (Calfee and Ringold 1994). Yet, because consumers have grown accustomed to exaggerated messages (Calfee and Ringold 1994), they might expect some form of overstatement. Thus, Cowley (2006) argues that exaggerated messages may inflate brand evaluations, even when consumers recognize the overstatement. Furthermore, given that consumers usually pay limited attention to ads, especially for low involvement products, consumers might not even notice an exaggeration let alone elaborate

on it (Cacioppo and Petty 1984). Overall, though, we expect message credibility to exhibit a positive influence on ad effectiveness.

5 Data and Identification

5.1 Market Data

To measure advertising effectiveness, we obtained an extensive set of weekly scanner, retail panel, and media data from the Nielsen Company for 68 brands and 340 ads in six FMCG categories (chocolate bars, yogurt, razors, shampoo, shower gel, and household detergents) sold on the German market. Germany is Europe's largest advertising market, with total advertising spending of €25.45 billion in 2015 (Zentralverband der dt. Werbewirtschaft 2016). The data set contains weekly sales data for each brand and the corresponding television advertising spending, as well as information on several control variables, such as price, in-store promotions, and gross advertising spending on Internet, billboard, and print for a period of 200 weeks, from March 2010 to December 2013. Table 1 provides the average values per week, aggregated at the category level. Table 2 contains descriptive statistics on the advertising data.

Table 1: Time Series Data

	Average per Week								
Category	Number of Brands	Volume Sales (kg)	Price per kg	Weighted Distribution	Percent Feature Promotions	Percent Display Promotions	Other Advertising Activities (€)	Competitor Price per kg	Total Com-petitor Spending (€)
Chocolate bars	14	125,853	9.32	0.80	.05	.10	10,948	8.79	1,915,673
Shower gel	9	142,375	6.64	0.79	.07	.10	5,916	5.74	250,623
Yogurt	17	341,313	3.21	0.59	.06	.00	3,697	2.86	645,843
Razors	7	20,222	6.70	0.59	.02	.03	18,214	7.49	343,486
Shampoo	12	96,208	12.30	0.81	.07	.07	17,148	9.08	1,066,832
Household detergent	9	122,502	3.20	0.68	.04	.02	4,808	3.01	848,082

Table 2: Advertising Data

	Ad Spending per Week			Number of Ads per Brand		
Category	Average	Min	Max	Average	Min	Max
Chocolate bars	178,115	0	1,504,102	4	2	11
Shower gel	42,224	0	1,019,420	3	1	7
Yogurt	117,582	0	2,073,480	4	1	17
Razors	132,845	0	1,328,400	8	1	23
Shampoo	130,572	0	1,893,780	6	1	17
Household detergent	101,528	0	1,106,625	6	1	17

5.2 Operationalization

Consistent with previous work (MacInnis, Rao, and Weiss 2002), a sample of independent experts evaluated all ads on the different authenticity dimensions and further control variables, to quantify the ad content. For the authenticity dimensions, we used multi-item measures with seven-point bipolar rating scales (see Table 3). With regard to the brand essence, we needed to ensure that all experts had a consistent image, so we asked them to indicate whether they were familiar with the focal brand and then shortly describe its image off the top of their heads. The experts were familiar with the brand in 88%[12] of the cases; the image descriptions were largely consistent across all coders. We also compared this consensus image with the image presented on each brand's online website. In the final analysis, we excluded ratings by experts who did not know the brand or who expressed very different perceptions of its image.

Previous literature cites several control variables that might influence ad effectiveness. Specifically, we measured further content cues including spot length, rational appeal, emotional appeal, celebrity endorsement, brand presence, level of complexity, and whether the advertised product was new or a line extension (Chandy et al. 2001; MacInnis, Rao, and Weiss 2002; Pieters, Wedel, and Batra 2010; Tellis 2004) (see Appendix A). We also controlled for the different product categories; even with our FMCG focus, there might be differences in ad effectiveness across the considered categories.

[12] One coder was unfamiliar with eight brands; others were unfamiliar with only one or two.

Table 3: Operationalization, Authenticity Dimensions

Variable	Operationalization	Krippendorff's Alpha	Cronbach's Alpha	Source
Brand Essence	With regard to the overall brand image, the ad was: - Unsuitable/suitable. - Inconsistent/consistent. - Incongruent/congruent. - A bad fit/a good fit. - Not well aligned/well aligned.	0.68	0.88	Roehm and Roehm (2011)
Brand Heritage	Indicate to what extent you agree with the following statements: - The ad reflects the brand's heritage. - The ad relates to the brand's traditions. - There is a link between the ad and the brand's legacy. - The ad connects to the brand's past. - The ad creates a connection with the brand's heritage and dition.	0.72	0.96	Newman and Dhar (2014); Spiggle, Nguyen, and Caravella (2012)
Realistic Plot	Indicate to what extent you agree with the following statements: - The story of the ad matches with reality of ordinary life. - The story of the ad showed a realistic life situation. - The story of the ad was realistic. - The story of the ad was authentic. - The story of the ad showed an everyday life activity. - The story of the ad was true to life.	0.81	0.98	
Message Credibility	Indicate to what extent you agree with the following statements: - The message of the ad was inaccurate. - The message of the ad was exaggerated. - The message of the ad was overstated.	0.68	0.92	Marks and Kamins (1988)

Notes: We took the inverse of all message credibility items

5.3 Coding Procedure

We hired a sample of independent experts to evaluate the content of each ad, in terms of the four authenticity dimensions and the control variables. These experts, graduate students of a large German university, were all regular users of the advertised product categories. Groups of two to seven experts evaluated each variable, depending on the task (e.g., two coders evaluated whether the product was a line extension, but seven coders evaluated the emotional appeals). Before these evaluations, all the experts underwent a two-day training session, in which we discussed each variable and clarified any wording problems. For a more detailed description of the training sessions and coding instructions, please refer to Appendix B. After the training, we provided each expert with a USB stick that contained all ads and the coding instructions, such that they could rate the ads at their own pace at home. However, we advised them to rate no more than five ads per day and to take a break after watching two ads in a row. The experts needed between 25 minutes and two hours to code each ad; their coding efficiency improved with the number of commercials coded. Note that the sequence of ads differed for each expert, to avoid order biases. We assessed intercoder reliability using Krippendorff's alpha, which affirmed measurement quality (Krippendorff 1980). All the constructs exceeded the critical value of .67. Furthermore, we tested the discriminant validity of our authenticity dimensions in an exploratory factor analysis using Varimax rotation. The results suggest a four-factor solution that explains 93% of the total variance, with a minimum factor loading of .74. The correlations of the three constructs range from -.10 to .13. Thus, discriminant validity is established (Fornell and Larcker 1981). Tables 4 and 5 display some descriptive statistics and the correlations of the dimensions, respectively.

Table 4: Descriptive Statistics, Authenticity Dimensions

	All Brands			
	Brand Essence	Brand Heritage	Realistic Plot	Message Credibility
Mean	4.97	1.55	3.06	5.42
Maximum	6.38	5.78	6.01	7.00
Minimum	1.13	1.00	1.00	2.90
Std. Dev.	.88	0.83	1.36	.83
Observations	340	340	340	340

Table 5: Correlation, Authenticity Dimensions

	Across all Brands			
	Brand Essence	Brand Heritage	Realistic Plot	Message Credibility
Brand Essence	1	-.10	.13	-.00
Brand Heritage		1	.05	.06
Realistic Plot			1	.13
Message Credibility				1

6 Methodology

To investigate the effect of the four authenticity dimensions, we follow a two-step approach similar to Chandy et al. (2001). This approach is characterized by a parsimonious model set up and allows for the inclusion of a range of control variables. In the first step, we model the effect of each ad on brand sales while controlling for other marketing mix variables. In the second step, we then regress the pooled short- and long-term estimated advertising coefficients on the four authenticity dimensions and other control variables. This approach allows us to identify the key determinants of variability in advertising effectiveness. To increase estimation efficiency, it might be possible to combine the two stages and estimate a single reduced model. However, with our many variables, this kind of estimation would be difficult to execute and interpret (Greene 2000).

6.1 Step I: Measuring Dynamic Advertising Effectiveness

We formulated an error correction model (ECM) for each of the 68 brands (for recent marketing applications, see Gijsenberg 2014; Van Heerde, Srinivasan, and Dekimpe 2010; Van Heerde et al. 2013), which offers four main benefits. First, the ECM is able to provide short-term (ST) and long-term (LT) elasticities that do not suffer from collinearity. Second, the model fits our time-series, cross-sectional data structure. Third, the response parameters are allowed to vary across brands, as each brand might react differently to marketing mix instruments and ad campaigns. Fourth, the ECM can account for endogeneity; some of our variables might be endogenous. We return to this issue subsequently.

An important assumption of the ECM is that all data series are either co-integrated or stationary. Thus, we tested all the log transformed time-series variables for stationarity before specifying the model. Based on a Phillips-Peron test, using an intercept and a trend as exogenous variables, we reject the null hypothesis that the individual time series has a unit root in all but 2% of the cases. As previous literature argues that panel unit root tests have higher power than individual brand tests, we also conducted the Levin, Lin, and Chu (2002) panel-unit root test. The results confirmed that our time-series variables are stationary. Thus, none of the marketing mix variables exhibits a persistent effect on sales, and we are able to apply the ECM.

We use a log-log specification to obtain elasticity estimates for each independent variable, which makes the estimated coefficients comparable, both within and across brands (Wittink et al. 1988). We thus specify the final model as follows:

$$(1)\quad \begin{aligned}\Delta lnS_t^b = {} & \alpha_0^b + \sum_{c=1}^{C} \beta_c^{ST,b} \Delta lnAdv_{c,t}^b + \sum_{j=1}^{J} \eta_j^{ST,b} \Delta\, lnCV_{j,t}^b + \gamma^b \left[lnS_{t-1} - \sum_{c=1}^{C} \beta_c^{LT,b} lnAdv_{c,t-1}^b - \right. \\ & \left. \sum_{j=1}^{J} \eta_j^{LT,b}\, lnCV_{t-1}^b \right] + \sum_{n=1}^{12} \sigma_n M_{n,t} + \epsilon_t\end{aligned}$$

where:

Δ = first difference operator ($\Delta X_t = X_t - X_{t-1}$),
lnS_t^b = log sales (in kg) of brand b in week t,
$lnAdv_{c,t}^b$ = log advertising gross spending in € for ad c of brand b in week t,
$lnCV_{1,t}^b$ = price per kg in € for brand b in week t,
$lnCV_{2,t}^b$ = weighted distribution of brand b in week t,
$lnCV_{3,t}^b$ = percentage of stores with a feature promotion for brand b in week t,
$lnCV_{4,t}^b$ = percentage of stores with a display promotion for brand b in week t,
$lnCV_{5,t}^b$ = other marketing activities (billboard, Internet, print) for brand b in week t,
$lnCV_{6,t}^b$ = market share–weighted competitor price in € for brand b in week t,
$lnCV_{7,t}^b$ = total competitor advertising spending in € for brand b in week t,
$lnCV_{8,t}^b$ = number of working days in week t,
$lnM_{n,t}$ = dummy variable for each month,
$\beta_c^{ST,b}$ = short-term effect of advertising c on sales of brand b,
$\beta_c^{LT,b}$ = long-term effect of advertising c on sales of brand b,
$\eta_j^{ST,b}$ = short-term effect of control variable j on sales of brand b,
$\eta_j^{LT,b}$ = long-term effect of control variable j on sales of brand b,
σ_t = effect of the monthly dummy n on sales of brand b,
γ^b = adjustment factor, and
$\in_t$ = disturbance.

In this first step, our main goal is to identify the ST and LT effectiveness of each ad in our sample. The ECM disentangles these short- and long-term effects into two distinct sets of parameters. Thus, $\beta_c^{ST,b}$ represents the ST elasticity, which specifies an immediate sales effect due to a temporary change in ad spending, and $\beta_c^{LT,b}$ indicates the LT equilibrium relationship between ad spending and sales. All of our variables are stationary, so we can interpret the long-term elasticities as a cumulative sales effect, including current (short-term) and future effects on *ln* (*sales*) due to a temporary change in ad spending. The γ parameter reflects the speed with which the adjustment to the long-term equilibrium occurs (Gijsenberg 2014). Finally, we include several independent and control variables, so we assume that ϵ_t follows a normal distribution (Chandy et al. 2001).

6.2 Controlling for Endogeneity in Advertising and Price

Price and advertising spending are two potential sources of endogeneity, though the case for ad endogeneity in our data is not very strong. If managers allocate ads in a strategic manner

(e.g., based on sales), we could make the case that ad spending is endogenous. However, our estimation uses weekly data, so ad spending endogeneity should not be a major concern (Sethuraman, Tellis, and Briesch 2011), in that firms determine the media budgets for their brands in annual meetings (Leeflang et al. 2000). Based on the performance of individual brands, some minor changes are possible during the year, but companies cannot change their media budget within a single week.

To ensure that we understood this budgeting process, we conducted industry interviews with two global media/brand managers working for major FMCG companies, as well as a manager of a big media-planning agency. The interviews confirmed our assumption: It is nearly impossible to adjust the media spending levels within a week. These practitioners' statements indicated that the earliest companies might be able to adjust their spending levels is one month. First, the cancellation period ends six weeks before the ad is aired, after which companies can increase but not decrease their spending levels. The advertising slots (especially for popular shows) also tend to be sold well in advance (Belch and Belch 2015), making it very difficult for brand managers to find a reasonable slot on short notice. In addition, networks plan and cut the commercial breaks some days in advance, so they are unlikely to accept any short-term changes. Furthermore, the many parties involved (e.g., media planning agency, network, advertising company) make it difficult to coordinate on a short time notice. Lastly, marketing research companies often supply observed sales metrics one week after the advertising spending. Thus, given that our dataset is on a weekly basis, we conclude that endogeneity with regard to advertising spending should not be a serious concern.

However, price endogeneity could be an issue, and thus deserves further investigation. It could arise due to omitted variables or dependence on unobserved demand increases (Ma et al.

2011). We address price endogeneity for $\Delta\ln(price)$ by adopting a 2SLS approach using instrumental variables (IVs).[13] In line with Gijsenberg (2014), we use the average price of other product categories as instruments. For example, for a yogurt brand, we use the average prices of chocolate bars, shampoos, shower gels, household detergents, and razors as instrumental variables. Our model is overidentified, so we can test the strength (Angrist-Pischke multivariate F statistic) and validity (Sargan test) of our instruments. The test results show that the instruments correlate with the endogenous variables (p-value of the F-test < .05) and are exogenous with the error term of the focal brand (p > .1).

6.3 Step II: Measuring the Impact of Authenticity

In the second stage, we pool the ST and LT coefficients for each ad and explain their variation as a function of the four authenticity dimensions and other control variables. Thus, the 340 estimated advertising effects, obtained from the first stage, represent the dependent variables in our moderated analysis ($\beta_c^{ST,b}$ and $\beta_c^{LT,b}$). We estimate two separate equations, one to explain the ST (Equation 2) and one to explain the LT (Equation 3) effect of the ads. To account for measurement errors in the dependent variables and heteroskedastic errors, we weight each variable with its inverse standard error, scaled by effect size. We specify the second-step equations as follows:

$$(2)\ \beta_c^{ST,b} = \phi^{ST} + \sum_{i=1}^{4}\theta_i^{ST}X_i^c + \sum_{m=1}^{M}\gamma_m^{ST}CC_m^c + \sum_{k=1}^{6}\omega_k^{ST}PC_k^c + \upsilon^{ST}, \text{ and}$$

$$(3)\ \beta_c^{LT,b} = \phi^{LT} + \sum_{i=1}^{4}\theta_i^{LT}X_i^c + \sum_{m=1}^{M}\gamma_m^{LT}CC_m^c + \sum_{k=1}^{6}\omega_k^{LT}PC_k^c + \upsilon^{LT},$$

where X_i^c denotes a vector of the four authenticity dimensions, and CC_m^c represents other content cues (controls) that might influence ad effectiveness (MacInnis, Rao, and Weiss 2002; Tel-

[13] We do not instrument lagged variables, which are generally predetermined.

lis 2004). Moreover, PC_k^c denotes the dummy variables (fixed effects) representing the different product categories; ϕ^{ST} and ϕ^{LT} are intercepts; and υ^{ST} and υ^{LT} represent the error terms. We assume the error terms to be normally distributed with heteroskedastic variance. Furthermore, because we cannot exclude any curvilinear effects, we included squared terms for all the continuous variables in Equations 2 and 3. However, we only keep and report the significant ones. Further note that we mean-centered all the explanatory variables to avoid multicollinearity.[14]

7 Results

7.1 Short- and Long-Term Effects of Advertising on Sales (1st step)

The main objective of this study is to explain the variance in ad effectiveness, due to authenticity and other content factors. Thus, we primarily use the ad elasticities as input for the second equation. However, to compare the consistency of the parameter estimates with previous research, we summarize the effect sizes across all brands using Rosenthal's (1991) method of added Zs, with the results in Table 6. Note that we derived the standard errors for the LT effects of all marketing mix variables by the Delta method (Greene 2000, p. 330-31).

The results indicate that the influence of *advertising* on sales, with a ST effect of .0024 and LT effect of .003, is significant but small. We analyze mature FMCG brands, such that we expect minimal ad elasticities (Sethuraman, Tellis, and Briesch 2011).

[14] Note that the variance inflation factor values are all below 5, so multicollinearity is not a concern.

Table 6: Results, Advertising Response Model (Step 1)

		Weighted Coefficient	Expected Sign	Obs	Z-Score	p-val Z- Score
Intercept		**8.3179**	no	68	**3.43**	**.00**
Adjustment		**-.5730**	0<x<1	68	**-4.65**	**.00**
Price						
	Short-term	**-2.6127**	-	68	**-23.79**	**.00**
	Long-term	**-1.6690**	-	68	**-15.00**	**.00**
Distribution						
	Short-term	**.3045**	+	68	**13.54**	**.00**
	Long-term	**.2935**	+	68	**6.91**	**.00**
Feature						
	Short-term	**.0135**	+	68	**8.49**	**.00**
	Long-term	**.0228**	+	68	**9.53**	**.00**
Display						
	Short-term	**.0112**	+	67	**5.33**	**.00**
	Long-term	**.0242**	+	67	**5.38**	**.00**
Other Marketing Activities						
	Short-term	.0002	+	64	.21	.42
	Long-term	.0003	+	64	.18	.43
Competitor Price						
	Short-term	.0662	+	68	-.36	.36
	Long-term	**.2050**	+	68	**1.76**	**.04**
Competitor Advertising						
	Short-term	**.0018**	-	68	**2.79**	**.00**
	Long-term	.0031	-	68	1.19	.12
Weekday						
	Short-term	**.4289**	+	68	**17.17**	**.00**
	Long-term	**.5435**	+	68	**8.38**	**.00**
Advertising						
	Short-term	**.0024**	+	340	**6.64**	**.00**
	Long-term	**.0030**	+	340	**6.14**	**.00**

Notes: Adjusted R^2 = .81. Significant results are in bold.

Furthermore, our results are in line with van Heerde et al. (2013), who also analyze consumer products on the European market. However, the magnitude of the individual ad elasticities differs strongly across ads, with standard deviations of .015 (ST) and .018 (LT). That is, some ads earn much higher returns on investment than others, regardless of the spending level, which highlights the importance of determining precisely which factors drive ad effectiveness.

The adjustment and LT parameter enable us to determine the average duration of the influence of ads on sales by simulating an impulse response function. In our data set, average ad effectiveness duration is three weeks. Moreover, 79% of the LT effect is achieved within the first week. That is, for FMCG, the strongest effect appears in the same week in which the ad airs. The average elasticities for *Other Marketing Activities* is not significant. Thus, for FMCG brands TV still seems to be the most important advertising medium. The influence of control variables such as *Price* and *Distribution* are more or less in line with prior research (Hanssens 2015). The average adjusted R-squared (.81) indicates very good model fit, as confirmed by the average mean absolute percentage error (MAPE) of 1.45.

7.2 Explaining the Magnitude of Advertising Effectiveness (2nd step)

Effects of the four authenticity dimensions. Table 7 displays the effects of the different authenticity dimensions and control variables on the ST and LT relationships between ad spending and sales. Both models are statistically significant (F (ST) = 11.02, p = .000; F (LT) = 5.79, p = .000) and explain considerable variation in the ST (adjusted R^2 = 36%) and LT (adjusted R^2 = 21%) sales responses. We will describe the results for each dimension subsequently.

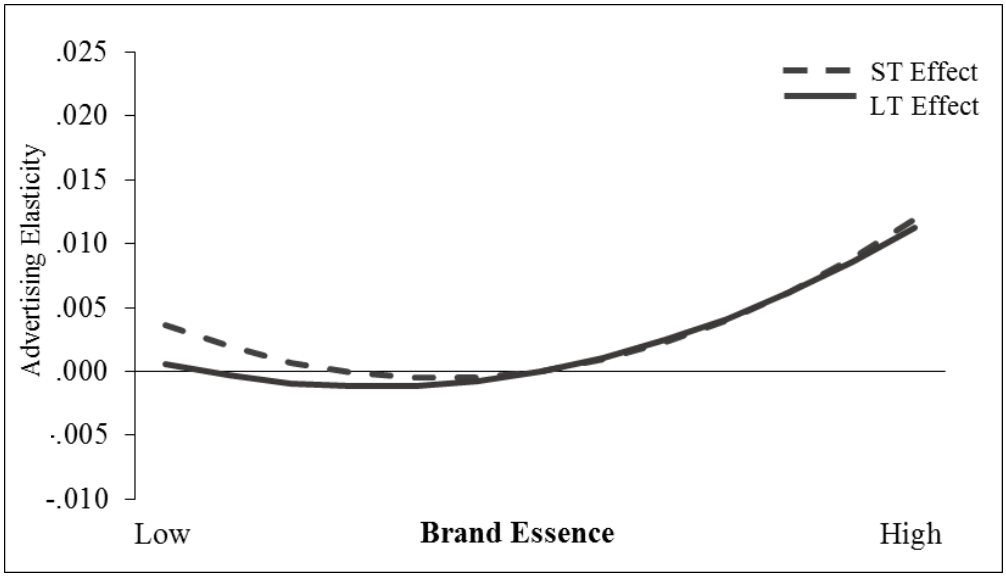
Table 7: Results, Moderating Analysis (Step 2)

		Estimated Short-Term Effect		Estimated Long-Term Effect	
		Coefficient		Coefficient	
Intercept		-.002**	(.01)	-.011	(.01)
Category	Chocolate bars ω_1	.003	(.00)	.007	(.00)
	Shower gel ω_2	.007	(.01)	.018***	(.00)
	Yogurt ω_3	.008**	(.00)	.007 *	(.00)
	Razors ω_4	.027***	(.00)	.023***	(.00)
	Shampoo ω_5	.005	(.00)	.001	(.00)
Authenticity Dimensions	Brand essence θ_1	.003*	(.00)	.004**	(.00)
	Brand essence^2	.004***	(.00)	.003***	(.00)
	Brand heritage θ_2	.002	(.00)	-.003	(.00)
	Realistic plot θ_3	-.003**	(.00)	-.003**	(.00)
	Realistic plot^2	.001*	(.00)	.001	(.00)
	Msg. credibility θ_4	-.007***	(.00)	-.004*	(.00)
Controls	Line extension γ_1	.008***	(.00)	.003	(.00)
	Rational appeal γ_2	-.000	(.00)	.001	(.00)
	Emotional appeal γ_3	.000	(.00)	-.001	(.00)
	Brand presence γ_4	.034**	(.01)	.030**	(.01)
	Complexity γ_5	-.040***	(.01)	.008	(.01)
	Complexity^2	-.135**	(.05)	-.178**	(.06)
	Celebrity γ_6	.002	(.00)	-.008**	(.00)
	Spot length γ_7	.000	(.00)	.001*	(.00)
Adjusted R^2		.36		.21	
N		340		340	

Notes: Standard errors are in parentheses. Category baseline = Household detergents ω_6.
*p < .05, **p < .01, ***p < .001.

In line with our expectation that the sales response would be greater for ads that preserve the brand essence, *brand essence* has a positive and significant effect on ST and LT sales responses; as indicated by the significantly positive quadratic term, the more the ad preserves the brand essence, the stronger the effect ($\theta_1^{ST}: b_{quad\_1} = .004, p = .00; \theta_1^{LT}: b_{quad\_1} = .003, p = .00$) . Thus, the first authenticity dimension increases ad effectiveness, as revealed in Figure 1.

Figure 1: Brand Essence, Long- and Short-Term Ad Effectiveness

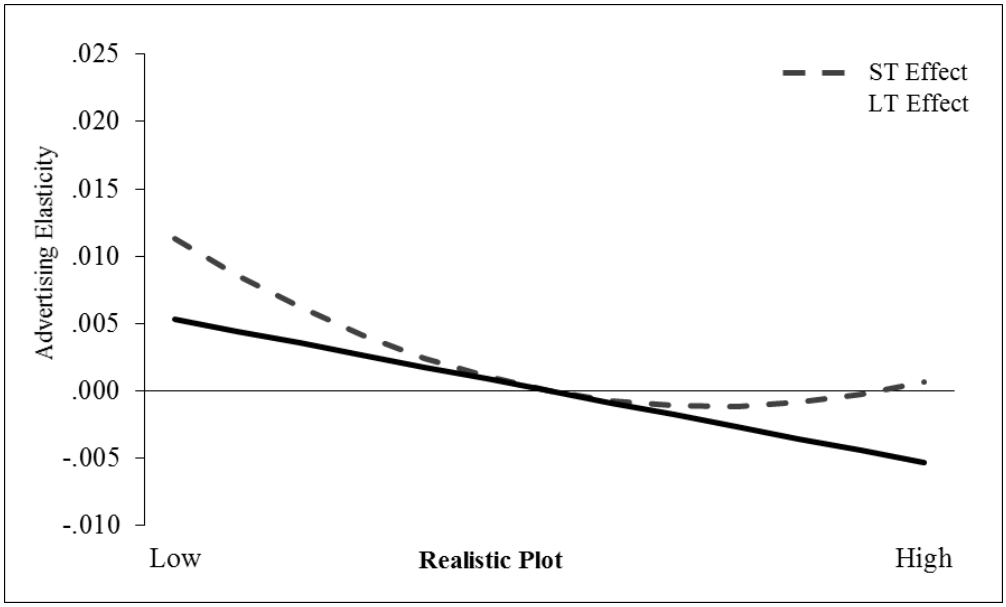


Note: The x-axis covers the respective authenticity dimension (mean ± 1.5 standard deviation).

Brand heritage has no significant effect on ST or LT sales responses, based on a 95% confidence interval. Thus, honoring the brand heritage seems less important for low involvement categories. Marketing managers for FMCG brands, therefore, should focus on preserving the brand essence rather than creating links to a brand's heritage.

Our results provide some support for our prediction that showing a realistic plot has a negative effect on ad effectiveness, because unrealistic ads grab consumers' attention better. Specifically, we find a significant, negative effect of *realistic plot* ($\theta_3^{LT} = -.003, p = .00$) on the LT sales response and a U-shaped effect ($\theta_3^{ST} : b_{quad\_3} = .001, p = .03$) on the ST sales response. Figure 2 illustrates this relationship, demonstrating that the negative effect also dominates in the ST.

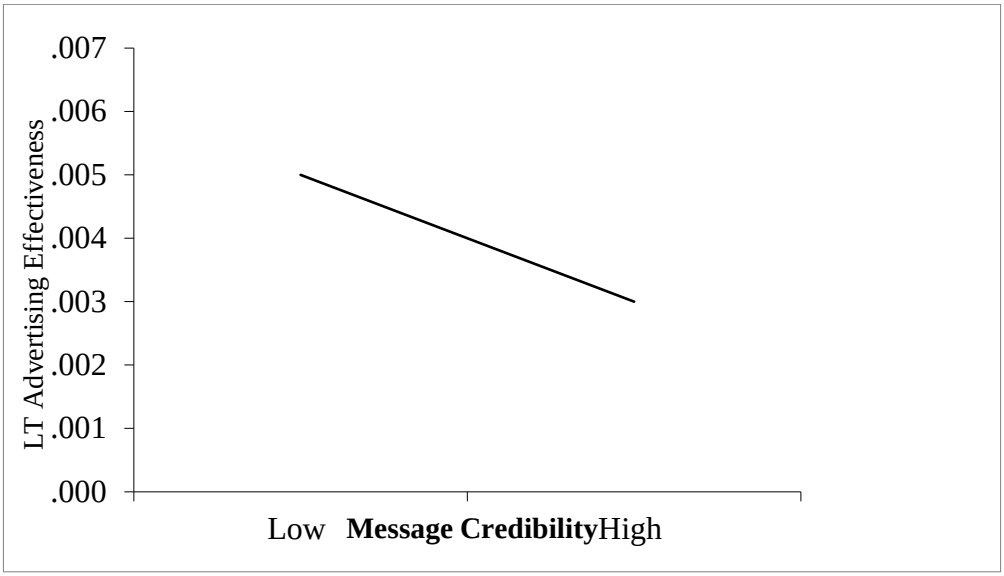
Figure 2: Realistic Plot, Long- and Short Term Ad Effectiveness



Note: The x-axis covers the respective authenticity dimension (mean ± 1.5 standard deviation).

Finally, *message credibility* has a significant, negative effect on ST and LT sales responses ($\theta_4^{ST} = -.007, p = .00; \theta_4^{LT} = -.004, p = .02$). The more exaggerated the message, the greater the ad effectiveness. This result is somewhat surprising, so we conducted an additional descriptive analysis. Figure 3 depicts the mean LT ad elasticity for highly credible (top 70% percentile) and highly exaggerated (30% percentile) messages; in line with our regression findings, it suggests that message credibility hurts ad effectiveness. Note that our dataset does not include any highly exaggerated ads (minimum = 2.2, mean = 5.42 on seven-point scale; see Table 4). Thus, our results can be interpreted to reveal that somewhat exaggerated messages are more effective.

Figure 3: Mean Elasticity, High vs. Low Message Credibility



Notes: Low evaluation= 30%; high evaluation= 70%.

Effects of the control variables. To keep the discussion of the control variables concise, we focus here on their LT effects (which includes the ST effect by definition). First, the results show that *brand presence* has a significant and positive effect on sales response ($\gamma_4^{LT} = .030, p = .01$). The more prominent the brand, the more effective the ad is. A strong brand presence increases the likelihood that consumers recognize the brand, despite increasing clutter or consumers' limited attention span. Second, *complexity* has an inverted u-shaped effect ($\gamma_5^{LT} : c_{quad\_5} = -.178, p = .00$), such that too much complexity might confuse or overwhelm consumers (Pieters, Wedel, and Batra 2010). Interestingly, *celebrity* endorsement exhibits a significant, negative influence on sales responses ($\gamma_6^{LT} = -.008, p = .00$), potentially because the celebrities in our sample tend to endorse multiple brands at the same time (e.g., Jennifer Lopez endorses the shampoo brand Elvital and the razor brand Venus), which might prompt confusion. Finally, *spot length* has a significant, positive effect on ad elasticity ($\gamma_7^{LT} = .001, p = .02$). The longer the ad, the more likely consumers are to recognize the brand. Note that in our data set, *emotional* and *rational appeals* do not significantly influence ad effectiveness.

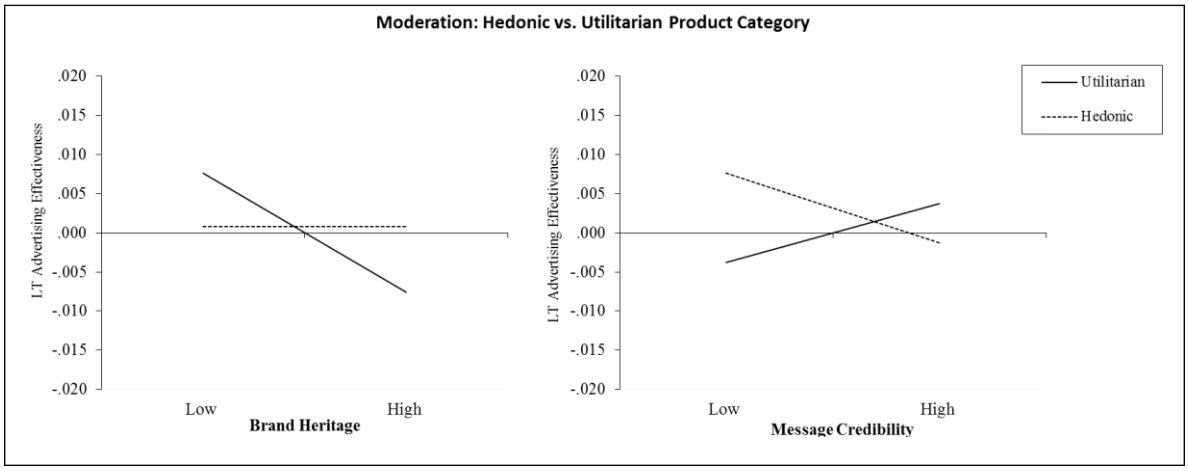
Moderating influence of brand characteristics. Thus far, we have focused on findings aggregated across all brands. However, the effects of the authenticity dimensions could vary by brand type or product category (Chandy et al. 2001). To provide more specific recommendations for managers, who tend to be interested in brand-specific findings rather than in generalizations (van Heerde et al. 2013), we classify the brands in our sample along two relevant dimensions: consumption purpose (hedonic vs. utilitarian) and size. Sample size issues require us to conduct these two analyses separately, and we again limit our discussion to the LT sales responses.

Consumers buy hedonic products for enjoyment but utilitarian products for practical purposes (to solve a problem). To distinguish these different product types, we conducted a survey of 401 participants, representative of the German population, who evaluated the extent to which they perceived the different product categories in our sample as hedonic or utilitarian (see Appendix C). On the basis of these survey results, we classified chocolate bar, yogurt, and shower gel as hedonic and household detergent, razor, and shampoo as utilitarian. A dummy variable classified the brands into these two groups (1 = hedonic; 0 = utilitarian); we then added the interaction term between *hedonic product categories* and the different authenticity dimensions to our initial model[15] and tested each interaction in a separate regression to avoid multicollinearity. The results reveal two significant interaction terms: The interaction between *brand heritage* and *hedonic product categories* is significant and positive ($\kappa^{LT}_{2/Hedonic} = .010$, $p = .02$) (Figure 4), such that for utilitarian product categories, the brand heritage dimension is associated with lower ad effectiveness. The interaction term between *hedonic product categories* and *message credibility* is significant and negative ($\kappa^{LT}_{4/Hedonic} = -.010$, $p = .00$), such that message credibility is less important for hedonic product categories. This finding is somewhat expected; consumers tend to rely more on objective subjective (rational) information to assess hedonic

[15] We had to remove the category dummies for this analysis to avoid multicollinearity.

(utilitarian) products (Park and Young 1986). Brand managers of hedonic product categories thus are more likely to benefit from exaggeration, as Figure 4 depicts.

Figure 4: Moderating Effect, Hedonic Product Categories



Note: The x-axis covers the respective authenticity dimension (mean ± 1 standard deviation). The graph illustrates the interaction effect between the moderator and the respective authenticity dimension.

Next, we investigate whether the effects of the authenticity dimensions depend on the brand's size. Consumers are usually less knowledgeable about small brands and thus might process their ads differently (Chandy et al. 2001). As a proxy for brand size, we used the relative weighted distribution of the brand in the first week the ad aired. Specifically, we divide the weighted distribution of brand b at time t (first week of the ad) by the mean distribution of the respective category at time t[16]. We again add interaction terms between *brand size* and each respective authenticity dimension; and to avoid multicollinearity, we conduct the moderation analyses for each authenticity dimension separately.[17] As the results in Table 8 show, brand size moderates the effect of each dimension.

First, the interaction between *brand size* and *brand essence* is significant and negative; as we show in Figure 5, preserving the brand essence is more important for smaller brands

[16] We also tried market share as a proxy. Both proxies yield approximately the same results.
[17] The results remain similar when we include all interaction terms in a single regression (see Appendix D).

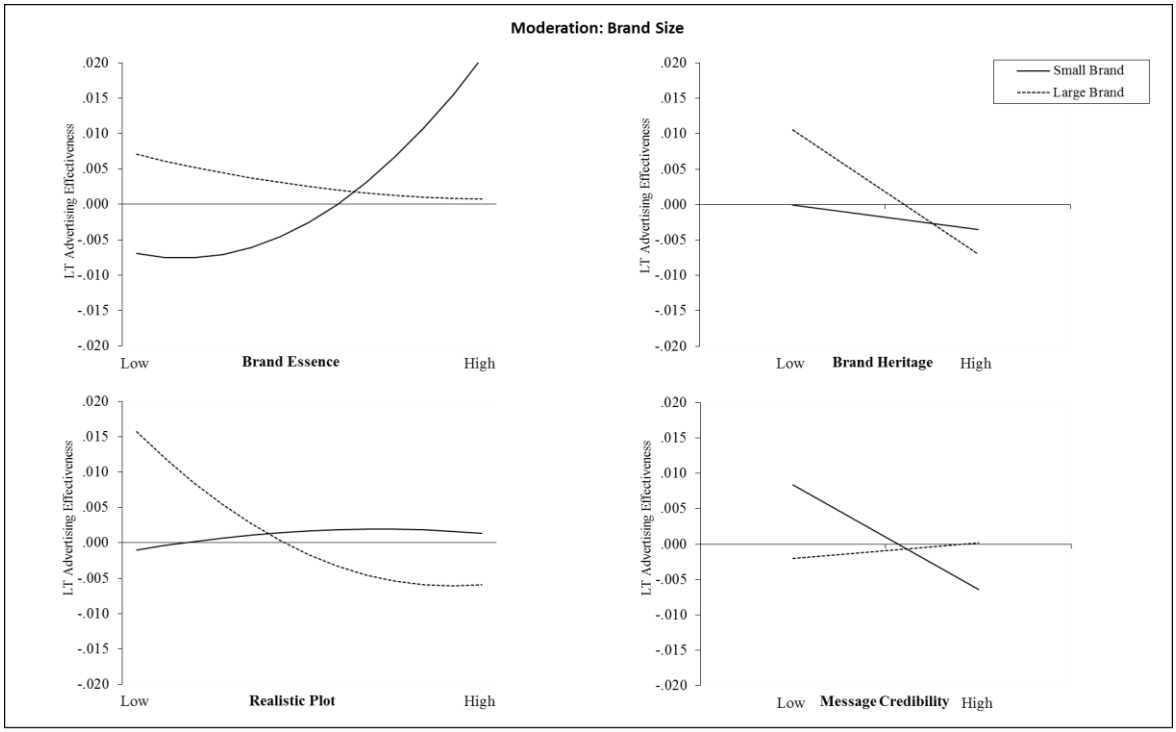
($k^{LT}_{1/BrandSize} = -.023, p = .00; k^{LT}_{1/BrandSize} : b_{quad} = -.008 p = .02$). For smaller brands, it appears more important to reinforce and build a consistent and unique brand image, whereas for larger brands, consumers already may be well aware of the brands' values and personalities.

Second, we find a significant, positive interaction term between *brand size* and *brand heritage* ($k^{LT}_{2/Size} = -.016, p = .00$). Integrating brand heritage claims for large brands is associated with lower ad effectiveness. Consumers might be less likely to believe heritage claims by big, multinational companies, because they are well aware that each brand represents just one among the many mass brands in the firm's portfolio.

Third, the effect of a *realistic plot* ($k^{LT}_{3/Size} = -.011, p = .00$) depends on *brand size*. As Figure 5 indicates, a *realistic plot* correlates negatively with ad effectiveness for large brands, but it exerts no effect for small brands. Consumers typically are more (less) aware of larger (smaller) brands, so they might be less (more) motivated to process their ads. Thus, large brands must find other ways to attract consumers' attention, such as with an unrealistic or absurd plot (Chandy et al. 2001).

Fourth, the coefficient of the interaction of *brand size* and *message credibility* is positive and significantly different from zero ($\kappa^{LT}_{4/Size} = .018, p = .00$). For smaller brands, *message credibility* thus is associated with lower ad effectiveness. In the case of large brands, consumers might be familiar with the brands' performance, whereas for small brands, an exaggerated message might convince them to try the product for the first time. As Cowley (2006) states, even if consumers notice the overstatement, exaggerated messages still improve overall product evaluations, especially if the consumer does not know better. We provide additional details for these two moderating analyses in Appendix D.

Figure 5: Moderating Effect, Brand Size



Notes: The x-axis covers the respective authenticity dimension (mean ± 1 [1.5 for squared effects] standard deviation). This graph illustrates the interaction effect between the moderator and the respective authenticity dimension.

Table 8: Moderated Moderation, Brand Size

	Variable	Model 1 Coefficient		Model 2 Coefficient		Model 3 Coefficient		Model 4 Coefficient	
Intercept		-.008	(.01)	-.009	(.01)	-.012*	(.01)	-.008	(.01)
Category	Chocolate bars ω_1	.006	(.00)	.005	(.00)	.009*	(.00)	.007	(.00)
	Shower gel ω_2	.018***	(.00)	.017***	(.00)	.019***	(.00)	.017***	(.00)
	Yogurt ω_3	.006	(.00)	.004	(.00)	.009*	(.00	.007	(.00)
	Razors ω_4	.020***	(.00)	.022***	(.00)	.020***	(.00)	.022***	(.00)
	Shampoo ω_5	-.001	(.00)	.002	(.00)	.000	(.00)	.002	(.00)
Authenticity	Brand essence θ_1	.004**	(.00)	.005**	(.00)	.003*	(.00)	.005**	(.00)
Dimensions	Brand essence^2	.003**	(.00)	.003**	(.00)	.003***	(.00)	.003***	(.00)
	Brand heritage θ_2	-.002	(.00)	-.007**	(.00)	-.001	(.00)	-.003	(.00)
	Realistic plot θ_3	-.003***	(.00)	-.002*	(.00)	-.002**	(.00)	-.002**	(.00)
	Realistic plot^2	.001	(.00)	.001*	(.00)	.001	(.00)	.001	(.00)
	Message credibility θ_4	-.004*	(.00)	-.004*	(.00)	-.004*	(.00)	-.004*	(.00)
Controls	Line extension γ_1	.003	(.00)	.004	(.00)	.002	(.00)	.002	(.00)
	Rational appeal γ_2	.001	(.00)	.001	(.00)	.001	(.00)	.002	(.00)
	Emotional appeal γ_3	.000	(.00)	-.002	(.00)	-.001	(.00)	-.001	(.00)
	Brand presence γ_4	.026*	(.01)	.025*	(.01)	.024*	(.01)	.029**	(.01)
	Complexity γ_5	.009	(.01)	.002	(.01)	.005	(.01)	.005	(.01)
	Complexity^2	-.201***	(.06)	-.201***	(.06)	-.184**	(.06)	-.168**	(.06)
	Celebrity γ_6	-.007*	(.00)	-.008**	(.00)	-.006*	(.00)	-.008**	(.00)
	Spot length γ_7	.000*	(.00)	.000*	(.00)	.001**	(.00)	.000	(.00)
	Brand size	.009	(.01)	.006	(.00)	-.006	(.01)	-.003	(.00)
Interaction Terms	Brand size × Brand essence κ_1	-.023***	(.01)	-.016***	(.00)	-.011***	(.00)	.018**	(.01)
	Brand size × Brand essence^2	-.008*	(.00)		(.00)	.003	(.00)		
	Brand size × Brand heritage κ_2			-.016***	(.00)				
	Brand size × Realistic plot κ_3					-.011***	(.00)		
	Brand size × Realistic plot^2					.003	(.00)		
	Brand size × Msg. credibility κ_4							.018**	(.01)
	Adjusted R^2	.25		.25		.25		.23	
	N	340		340		340		340	

Notes: Standard errors are in parentheses. Category baseline = Household. Based on the LT ad effectiveness.

*p < .05, **p < .01, ***p <0.001

8 Robustness Checks

We now investigate if our findings are robust for different measurements of the four authenticity dimensions. Toward this end, we measure each authenticity dimension with an alternative operationalization. To increase the reliability of this task, we solicited the help of different experts than we used in the main study. For *brand essence*, we measured the extent to which the ads' style was consistent with previous ads, because prior research argues that consistency is strongly related to authenticity and brand essence (Beverland 2005; Morhart et al. 2015). For *brand heritage*, we use a dummy variable that indicates whether the ad establishes a link to the brand's traditions, history, place of origin, or traditional production method (Beverland 2005; Spiggle, Nguyen, and Caravella 2012). The inverse of absurdity offered the alternative measurement for our third authenticity dimension, because *unrealistic plots* should be perceived as more absurd. Finally, we used an established believability scale to test *message credibility*. Using the alternative measures did not change our results, as we detail in Appendix E.

Furthermore, it is possible to argue that we should have used a fixed or random effects model in the second stage to account for heterogeneity across brands. To investigate this critique, we conducted a Breusch-Pagan test (random effects) and an F-test (fixed effects), but in neither case can we reject the null hypothesis. That is, neither the fixed effects nor the variance across brands differs significantly from zero. Therefore, weighted least squares is an appropriate model choice for the second stage.

9 Discussion and Summary

9.1 Discussion

To determine how authentic ad executions affect advertising sales responses, we conceptualize four different authenticity dimensions, two of which (preserving the brand essence and honoring the brand's heritage) refer to an authentic representation of the brand within the ad, and two others (showing a realistic plot and presenting a credible message) that

pertain to an authentic ad execution. To determine their influence on advertising effectiveness in terms of sales, we obtain weekly sales data and corresponding marketing mix information for 68 brands in six product categories and evaluate the content of 340 ads in an extensive coding task.

In contrast to popular beliefs, designing an authentic ad does not generally increase the advertising's effect on sales. Rather, authenticity effects reflect specific dimensions and brand characteristics. Across all brands, only preserving the brand essence has a positive effect on the relationship between ad spending and sales. Such ads reinforce a distinctive brand image, whereas ads that fail to preserve the brand essence dilute its positioning in consumers' minds (Kelly 1998; Meenaghan 1995). Preserving the brand essence is especially important for smaller, less familiar brands, because they have yet to build a unique brand image (Park, Jaworski, and MacInnis 1986).

In contrast with findings of a positive effect of brand heritage on consumer attitudes (Merchant and Rose 2013; Newman and Dhar 2014), we do not find any significant effect. This difference might arise because we analyze low involvement brands, for which brand heritage claims might be less important or even seem trivial. It is also possible that the positive effect of brand heritage on various mindset metrics does not translate into an actual sales effect (Bemmaor 1995). According to the moderation analysis, for utilitarian products and large brands, brand heritage claims even are associated with lower ad effectiveness.

Realistic plots exert a negative effect, whereas absurd and unrealistic plots can catch consumers' attention and enhance ad memorability (Arias-Bolzmann, Chakraborty, and Mowen 2000; Reinartz and Saffert 2013), which is especially important in cluttered advertising environments in which consumers pay limited attention to ads (Danaher, Bonfrer, and Dhar 2008; Tellis 2004). The negative effect of realistic plots is driven by large brands. Consumers

tend to pay less attention to ads of well-known brand as they are already familiar with them. Thus, brand managers need to do more to grab consumers' attention.

The negative effect of message credibility indicates that a more exaggerated message prompts a stronger sales response. We offer several potential reasons for this finding. First, consumers pay only limited attention to ads, such that they might not even notice or simply not elaborate on the exaggeration. Second, consumers might expect advertising messages to be exaggerated. Rather than neglecting overstated messages, they simply discount them, which leads to an inflated brand evaluation (Cowley 2006; Gatignon and Le Nagard 2015). Such a process could explain why message credibility is negatively associated with sales responses for smaller brands, for which consumers are less aware of actual performance. Third, even if consumers recognize the overstatement, they might choose to believe it. As Charles Revson, the founder of Revlon, put it, "in the factory we make cosmetics. In the drugstore we sell hope." Generally, the results for the last two dimensions indicate that consumers want ads to transport them beyond the real world, to a make-believe or fantasy experience. In this sense, ads function as a form of entertainment, rather than a channel to receive information.

We also find some interesting effect for our control variables. First, we show that a strong brand presence increases advertising effectiveness. The more often the brand is shown, the higher the chance that consumer recognize it. This finding is in line with previous literature by Romaniuk (2009) as well as Akpinar and Berger (2016) but contrasts the findings of Teixeira, Wedel, and Pieters (2010). Thus, further research is needed to examine the effect of brand salience on ad effectiveness more systematically. We also find a negative effect for celebrity endorsement, possibly because the celebrities in our sample promote several brands. As the number of products endorsed increases, consumers' attitudes toward the celebrity become less favorable (Tripp, Jensen, and Carlson 1994), which in turn also negatively influences consum-

ers' attitude towards the ad. Finally, in contrast with previous studies (Chandy et al. 2001; MacInnis, Rao, and Weiss 2002), we find no significant effect for emotional content, possibly due to the additional variables in the model or the different variable operationalizations.

9.2 Managerial Implications

Our results offer several insights for marketers and ad agencies. First, we provide support for the notion that preserving the brand essence is critical for ad effectiveness. Brand managers must carefully communicate their brands' values, image, style, and standards to any advertising agency they hire. Moreover, the overall ad design (e.g., color, main theme, slogan) should remain constant over time and campaigns. Even if new creative efforts might help grab consumers' attention (Lodish et al. 1995), marketers should retain the general ad style, which enhances the likelihood that consumers recognize the brand. For example, plots might vary across campaigns, to reduce wear-out, but the design should remain the same.

In contrast with the conventional wisdom that ads should portray regular, everyday situations to help consumers relate to the advertised story, increase their connection to the brand, and overcome skepticism, our results show that, for FMCG brands at least, unrealistic and absurd ads are more effective. Consumers want to be entertained by ads. The challenge for ad agencies is thus to design a creative ad that captures consumers' attention while still preserving the brand essence. Furthermore, marketers may (within the legal scope) exaggerate; that is they may use evaluative, vague, or subjective messages to promote their brands (e.g., "This is the best chocolate bar, according to this spokesperson!"). Such tactics are especially helpful for hedonic products that consumers buy for enjoyment and whose performance is based on subjective rather than objective features, as well as for less known brands. In this sense, our findings represent good news for marketers and ad agencies, because they provide more room for differentiation and freedom in ad designs.

Overall, our findings show that brand managers need to be more precise when talking about authenticity in ads. Different aspects of an ad can be perceived as authentic, but not all of them improve ad effectiveness. Table 9 details the brand types for which the different authenticity dimensions increase or decrease ad effectiveness.

Table 9: Implications Depending on Brand Type

	Hedonic Brands	Utilitarian Brands	Small Brands	Large Brands
Brand essence	+	+	+	0
Brand heritage	0	-	0	-
Realistic plot	-	-	0	-
Message credibility	-	+	-	0

Notes: + = positive; 0 = no effect found; - =negative.

9.3 Limitations

A few limitations of this study suggest directions for further research. First, our findings may not generalize to other contexts. We base our analysis on established FMCG brands. For other product categories, the effect of authenticity might differ; for example, message credibility might be more important for products with high financial risk (e.g., cars). Second, our data come from a single country, even if Germany has the highest ad spending in Europe and is culturally close to other Western countries. Still, advertising effects in other regions might differ. A comparison of the effects of authenticity in advertising across different countries would be an interesting avenue. Third, our study focuses on television advertising, which still receives the largest share of advertising investments (Nielsen 2015). However, the increasing importance of online and mobile advertising suggests the need for further studies that analyze the effects of authenticity across different channels.

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APPENDIX PAPER II

In this Appendix, we provide the details of the operationalization of the control variables (A), the coding instructions for the content variables (B), the consumer survey (C), the moderation analysis (D), and the alternative measurements and robustness checks (E).

Appendix A: Items of the Controls

Table A1: Operationalization, Control Variables

Variable Name	Description	Operationalization	Mean	SD
Line Extension	Indicates whether the ad promotes a line extension	0 = no line extension; 1= line extension	.35	.48
Rational Appeal	Indicates how factual and informative the ad is.	Multiple item scale ranging from 1-7 measuring to what degree the ad is factual, informative and provides relevant information.	3.51	1.17
Emotional Appeal	Indicates how emotional the ad is.	Maximum value of five multiple item scales ranging from 1-7 measuring how humorous, erotic, warm, romantic and nostalgic the brand is.	2.54	1.25
Brand Presence	Indicates how prominent the brand and product is within the ad.	Index indicating how often the brand name, logo or product was shown (mentioned) divided by spot length	.33	.12
Complexity	Indicates how complex the ad is	Number of words and scene cuts divided by spot length	.51	.11
Celebrity	Indicates whether the ad features a celebrity	0 = no celebrity; 1= celebrity	.30	.46
Spot Length	Indicates how long the ad is.	Duration of the ad in seconds	21.58	6.58

Appendix B: Coding Procedure

Training Sessions

We organized a two-day training session that all experts had to attend, which ensured a common understanding of the different constructs. At the beginning of the first session, we distributed codebooks that defined and explained each variable in detail. After the experts had some time to study the codebook, we discussed each construct on the basis of several training advertisements that did not appear in the main study. All experts received a USB stick with 12 additional training advertisements that they were to evaluate at home. On the basis of these evaluations, we identified any remaining comprehension problems, which we then discussed in the second training session.

Coding

After the training sessions, the experts rated all advertisements at their own pace at home. During coding, the experts could watch, pause, and rewind the ad as many times as needed. However, we asked them to rate no more than five advertisements per day to avoid fatigue and take breaks after watching two advertisements in a row. The sequence of advertisements differed for each expert, to avoid order biases. The number of experts who might code a construct differed, depending on the nature of the construct. Two independent experts coded the objective counts and dummy variables (e.g., celebrity endorsement, line extension). In case of inconsistent ratings, a third expert (together with the two main experts) coded the advertisement again. In contrast, seven different experts rated the Likert scale variables (e.g., emotional appeal, realistic plot). We resolved any discrepancies among raters through discussion.

Appendix C: Survey Hedonic vs. Utilitarian Brands

To determine whether the product categories are hedonic or utilitarian, we used a six-item, 7-point scale (Noseworthy and Trudel 2011). The first three items capture utilitarian characteristics ("functional/ not functional, effective/not effective, necessary/not necessary"), and the last three pertain to hedonic characteristics ("not fun/fun, not enjoyable/enjoyable, not delightful/delightful") (α = .88). We distinguished utilitarian and hedonic product categories at the mean, such that if the mean of the utilitarian items is higher than that of the mean for the hedonic items, we treated that category as utilitarian, and vice versa.

Table C1: Mean Values Hedonic vs. Utilitarian

Category	N	Hedonic	Utilitarian
Chocolate bars	68	5.25	3.52
Shower gel	67	5.54	5.46
Yogurt	68	5.50	4.45
Razors	68	4.54	5.32
Shampoo	68	5.21	5.44
Household detergent	62	3.67	5.13

Appendix D: Moderation Analysis

Table D1: Moderated Moderation, Single Regression

	Brand Size		Hedonic Product Categories		
Variable	Coefficient		Variable	Coefficient	
C	-0.008	(0.01)	C	-0.001	(0.01)
Chocolate bars ω_1	0.006	(0.00)			
Shower Gel ω_2	0.016***	(0.00)			
Yoghurt ω_3	0.008*	(0.00)			
Razors ω_4	0.019***	(0.00)			
Shampoo ω_5	0.000	(0.00)			
Brand Essence θ_1	0.004*	(0.00)	Brand Essence θ_1	-0.003	(0.00)
Brand Essence^2	0.003**	(0.00)	Brand Essence^2	0.000	(0.00)
Brand Heritage θ_2	-0.005*	(0.00)	Brand Heritage θ_2	-0.010**	(0.00)
Realistic Plot θ_3	-0.002*	(0.00)	Realistic Plot θ_3	-0.001	(0.00)
Realistic Plot^2	0.000	(0.00)	Realistic Plot^2	-0.001	(0.00)
Message Credibility θ_4	-0.004*	(0.00)	Message Credibility θ_4	0.006**	(0.00)
Line Extension γ_1	0.002	(0.00)	Line Extension γ_1	0.002	(0.00)
Rational Appeal γ_2	0.001	(0.00)	Rational Appeal γ_2	-0.001	(0.00)
Emotional Appeal γ_3	0.000	(0.00)	Emotional Appeal γ_3	-0.001	(0.00)
Brand Presence γ_4	0.018	(0.01)	Brand Presence γ_4	0.039**	(0.01)
Complexity γ_5	-0.001	(0.01)	Complexity γ_5	0.006	(0.01)
Complexity^2	-0.195**	(0.06)	Complexity^2	-0.233***	(0.06)
Celebrity γ_6	-0.005	(0.00)	Celebrity γ_6	-0.004	(0.00)
Spot Length γ_7	0.001*	(0.00)	Spot Length γ_7	0.001**	(0.00)
Brand Size	-0.003	(0.01)	Hedonic PC	-0.002	(0.01)
Brand Size x Brand Essence	-0.021***	(0.01)	Hedonic PC x Brand Essence	0.009*	(0.01)
Brand Size x Brand Essence^2	-0.012**	(0.00)	Hedonic PC x Brand Essence^2	0.003	(0.00)
Brand Size x Brand Heritage	-0.012**	(0.00)	Hedonic PC x Brand Heritage	0.011*	(0.00)
Brand Size x Realistic Plot	-0.012***	(0.00)	Hedonic PC x Realistic Plot	-0.002	(0.00)
Brand Size x Realistic Plot^2	0.005*	(0.00)	Hedonic PC x Realistic Plot^2	0.001	(0.00)
Brand Size x Msg. Credibility	0.018***	(0.01)	Hedonic PC x Msg. Credibility	-0.011***	(0.00)
Adjusted R^2	0.33			0.14	
N	340			340	

Note: Standard errors are in parentheses. Based on the LT ad effectiveness

*p< .05, **p < .01, ***p < .001.

Appendix E: Alternative Measures and Robustness Checks

Table E1: Operationalization, Alternative Measures of Authenticity Dimensions

Variable	Operationalization	Krippendorff's Alpha	Cronbach's Alpha	Source
Brand Essence/ Brand Consistency	Please answer the following questions with regard to the ad: - How similar is the ad to previous ads of this brand? (not at all similar/very similar) - How well does this message exemplify the type of advertising that the brand previously used? (extremely poor example/ extremely good example) - How consistent is this message with the type of advertising that the brand normally airs? (not at all consistent/very consistent)	.69	.90	Spiggle, Nguyen, and Caravella (2012)
Brand Heritage/ Heritage Dummy	Please indicate whether the ad creates connection with the brand's heritage or tradition. Indicate if the ad refers to the brand's - Place/Country of Origin: - Tradition - History - Traditional product methods Dummy variable (1= yes, 0 = no)	.90		
Realistic Plot/ Inverse Absurdity	The advertisement was - Not at all illogical/ very illogical - Not at all absurd/ very absurd - Not at all unreal/ very unreal - Not at all unrealistic/ very unrealistic	0.83	0.95	Arias-Bolzmann, Goutam, and Mowen (2000)
Message Credibility/ Believable Msg.	The information in the ad was: - Not at all believable/ highly believable - Not at all true/ absolutely true - Not at all acceptable/ totally acceptable - Not at all credible/ very credible - Not at all trustworthy/ very trustworthy	.71	.91	Gurhan-Canli and Batra (2004)

Table E2: Alternative Measures of Authenticity Dimensions, Results

	Brand Consistency		Heritage Dummy		Inverse Absurdity		Believable Msg.	
Variable	Coefficient		Coefficient		Coefficient		Coefficient	
C	-0.010	(0.01)	-0.011	(0.01)	-0.012*	(0.01)	-0.012*	(0.01)
Chocolate bars ω_1	0.004	(0.00)	0.007	(0.00)	0.007	(0.00)	0.006	(0.00)
Shower Gel ω_2	0.015***	(0.00)	0.019***	(0.00)	0.022***	(0.00)	0.017***	(0.00)
Yoghurt ω_3	0.004	(0.00)	0.008	(0.00)	0.007	(0.00)	0.006	(0.00)
Razors ω_4	0.021***	(0.00)	0.023***	(0.00)	0.025***	(0.00)	0.022***	(0.00)
Shampoo ω_5	-0.002	(0.00)	0.001	(0.00)	0.004	(0.00)	0.001	(0.00)
Brand Essence θ_1			0.004**	(0.00)	0.003*	(0.00)	0.004**	(0.00)
Brand Essence^2			0.003***	(0.00)	0.003***	(0.00)	0.003***	(0.00)
Brand Heritage θ_2	-0.002	(0.00)			-0.003	(0.00)	-0.003	(0.00)
Realistic Plot θ_3	-0.003***	(0.00)	-0.003**	(0.00)			-0.002*	(0.00)
Realistic Plot^2	0.001*	(0.00)	0.001	(0.00)			0.001	(0.00)
Message Credibility θ_4	-0.003	(0.00)	-0.004*	(0.00)	-0.003*	(0.00)		
Line Extension γ_1	0.004	(0.00)	0.004	(0.00)	0.004	(0.00)	0.005	(0.00)
Rational Appeal γ_2	0.000	(0.00)	0.001	(0.00)	0.001	(0.00)	0.000	(0.00)
Emotional Appeal γ_3	-0.002	(0.00)	-0.002	(0.00)	-0.003*	(0.00)	-0.001	(0.00)
Brand Presence γ_4	0.028*	(0.01)	0.031**	(0.01)	0.038***	(0.01)	0.031**	(0.01)
Complexity γ_5	0.010	(0.01)	0.007	(0.01)	0.018	(0.01)	0.010	(0.01)
Complexity^2	-0.190**	(0.06)	-0.179**	(0.06)	-0.227***	(0.06)	-0.189**	(0.06)
Celebrity γ_6	-0.008**	(0.00)	-0.008**	(0.00)	-0.008**	(0.00)	-0.008**	(0.00)
Spot Length γ_7	0.001**	(0.00)	0.001*	(0.00)	0.001**	(0.00)	0.001**	(0.00)
Brand Consistency	0.005**	(0.00)						
Brand Consistency^2	0.003**	(0.00)						
Heritage Dummy			-0.008	(0.00)				
Inverse Absurdity					-0.005*	(0.00)		
Inverse Absurdity					0.001	(0.00)		
Believable Msg.							-0.003*	(0.00)
Adjusted R^2	0.21		0.21		0.27		0.21	

Note: Standard errors are in parentheses. Based on the LT ad effectiveness; *$p < .05$, **$p < .01$, ***$p < .00$

PAPER III: EXECUTIONAL CUES IN ADVERTISING – AN OVERVIEW

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ABSTRACT

Advertising execution is an important driver of ad effectiveness and thus a central topic in marketing. It is therefore not surprising that numerous studies analyzed the effect of selected executional cues on various advertising effectiveness measures. This chapter aims to provide an overview of the most relevant studies on this topic. The author therefore, (a) develops a comprehensive framework that structures and classifies the different executional cues marketing managers and ad agencies have to consider when designing a new campaign, (b) reviews the literature for each group of cues, (c) identifies contextual factors that moderate their effects and (d) proposes avenues for further research.

Key Words: Advertising effectiveness, advertising content, advertising execution

1 Introduction

Companies invest millions in advertising each year to enhance their brands' awareness, image, and ultimately sales; in 2016 alone they spent over US$520 billion worldwide (*GroupM* 2017). Some companies manage to generate a substantial return on these kinds of investment. Examples of highly successful campaigns[18] include Apple's "Get a Mac", MasterCard's "Priceless", the milk processor board's "Got milk", or Dove's "Real Beauty" campaign (see Figure 1) (Belch and Belch 2015).

Figure 1: Examples of Successful Campaigns

However, these campaigns are rather the exception than the rule. In fact, most advertisings have only a small impact on sales, if any. More specifically, prior research showed that the average advertising elasticity is equal to .1 and that half of all ads show no effect on sales at all (Sethuraman, Tellis, and Briesch 2011). Thus, the question arises why are some ads more successful than others?

One important driver of advertising effectiveness is its content (Tellis 2004). In a well-known field experiment, Eastlack and Rao (1989) demonstrate that changes in ad content have

[18] Please note that I use the terms "campaigns", "advertising", and "ads" interchangeably.

a stronger impact on sales than changes in ad spending. Lodish et al. (1995) support these results in another field experiment, reinforcing the relevance of content when analyzing advertising effectiveness. In fact, advertising content has become even more important over time. The cluttered media environment and consumers' limited cognitive capacities (Burke and Srull 1988) make it increasingly difficult for ads to catch consumers' attention (Danaher, Bonfrer, and Dhar 2008; Sethuraman, Tellis, and Briesch 2011). It is thus essential for companies to employ an effective advertising content strategy.

According to the literature, advertising content strategies consist of two separate parts - the message strategy and the ad execution (Belch and Belch 2015; Percy, Rossiter, and Elliott 2001) (see Figure 2). Message strategy, on the one hand, focuses on "*what* should be communicated within the ad" and comprises informational key elements (cues) of the brand. These include the target group, the central message, as well as the overall communication objectives. Marketers usually base these content cues on the brand's overall strategy- that is its segmentation, positioning, and budgeting decisions. The ad execution, on the other hand, focuses on "*how* the message should be communicated (visually, verbally, and conceptually)"; the manner in which the advertiser conveys the message. Contrary to the message strategy, which usually remains constant across different campaigns, advertisers adjust the ad execution for each one of them. Thus, when designing a new campaign, brand managers and ad agencies have to develop a new ad execution whereas the message strategy cues are already predetermined. In this chapter, we thus focus on the executional cues of advertising content.

Numerous studies analyzed the moderating influence of different executional cues in the last fifty years (e.g., Chandy et al. 2001; Dahl, Sengupta, and Vohs 2009; Jain, Agrawal, and Maheswaran 2006; Smith et al. 2007; Teixeira, Picard, and el Kaliouby 2014). However, most of them focus on only one selected executional cue even though campaigns are a composition of multiple cues (e.g., its creativity, its visual and verbal complexity, or the brand's salience).

In this chapter, I aim to provide an overview of the different executional cues marketing managers and ad agencies have to consider when designing a new campaign. I, therefore, systematically structure and classify the various cues in a comprehensive framework and provide an overview of the relevant[19] advertising execution literature of the last twenty years.

Furthermore, since the influence of the various executional cues might depend on the particular context, I also highlight potential variables that might moderate these effects. Specifically, the influence of the cues might be contingent on the product category (e.g., high vs. low involvement) and type of brand (e.g., new vs. established), the companies' media plan (e.g., the medium TV vs. print), the consumer characteristics (e.g., male vs. female), or the particular situation (e.g., good vs. bad mood). To sum it up, the key objectives of this chapter are:

1) To develop a comprehensive and systematic framework of the different executional cues
2) To selectively highlight relevant research on advertising execution and identify gaps in our understanding of this topic
3) To identify and classify possible contextual variables that moderate the effects of the executional cues on ad effectiveness

I organize the remainder of this chapter as follows. I first introduce the two most commonly used study designs to analyze advertising effectiveness. Afterward, I introduce a framework comprising different executional cues and examine each one of them based on previous literature. Finally, I structure the different context variables and highlight the most significant research gaps.

[19] I mainly focus on research that were published in the leading Journals in Marketing (*Journal of Marketing, Journal of Marketing Research, Journal of Consumer Research, Marketing Science, International Journal of Research in Marketing, and the Journal of the Academy of Marketing Science*) within the last twenty years.

2 Different Research Designs

The main goals of advertising are to build brand awareness and enhance the brand image, which should ultimately lead to an increase in sales. Hence, ads have to grab consumers' attention and evoke some form of cognitive (e.g., cognitive thoughts, recall) and/or affective (e.g., attitude towards the brand, brand liking) response that leads to behavior (e.g., purchase) (Bruce, Peters, and Naik 2012). Within the last 50 years, there has been extensive research on advertising effectiveness examining how, why, and to what extent advertising works. I broadly divide these studies into two research streams. The first stream uses laboratory studies to explain the psychology behind consumers' responses to advertising and the second stream examines advertisings' influence on market performance indicators by modeling the effect of ads on actual consumer behavior using real world data (Tellis 2004).

2.1 Laboratory Studies

Researchers mainly employ laboratory studies to examine the role of advertising on persuasion. That is, they either analyze how advertising is processed or determine the moderating influence of, for example, selected content cues on different mindset metrics such as recall, attitude, and purchase intent (Chattopadhyay and Basu 1990; Loewenstein, Raghunathan, and Heath 2011; McQuarrie and Mick 2014). In laboratory studies, researchers usually manipulate one or more independent variables and observe their effects on a dependent variable of interest. Given that these studies closely control for the environment and any confounding variables, their main advantages are the high internal validity as well as their ability to identify cause and effect relationships (Tellis 2004). Still, laboratory studies face major drawbacks. First, most of these studies are conducted in artificial environments where they cannot take competitive aspects or other marketplace constraints into account. Against this setting, it is unclear whether their findings apply to the real market environment. Second, most laboratory studies force consumers to process advertising actively, whereas in real-world environments consumers are more

likely to process them passively. Hence, they presume initial attention. Third, it is questionable to what extent one can infer actual consumer behavior from different mindset metrics[20]. The various mindset metrics may be antecedents of behavioral responses (Zhang, Wedel, and Pieters 2009), yet they are not necessarily good forecasters of actual behavior (Smith and Swinyard 1983). Finally, it is hardly feasible to test a combination of several content characteristics and compare their effects within one study.

2.2 Field Studies

Field studies estimate the effect of advertising based on statistical methods and real world data. Most studies that follow this approach analyze the effect of either ad spending or ad frequency on different performance indicators such as brand sales and market share. Thereby, they provide information about the general effectiveness of advertising (e.g., the average short- and long- term sales effects of TV vs. print ads). However, besides a few noteworthy exceptions (e.g., Bass et al. 2007; Chandy et al. 2001; MacInnis, Rao, and Weiss 2002), they do not consider the role of the individual advertising or its content.

Field studies have a stronger external validity than laboratory studies, for they base their results on real conditions and actual consumer behavior (rather than manipulating study participants). However, considering that they are unable to control for all possible confounding variables, their internal validity may be weak. It is also hardly feasible for field studies to determine true cause and effect relationships.

To sum it up, none of the two study designs is superior to the other; thus, the design choice solely depends on the study's primary goal. Although, I note that there is a need for hybrid studies that combine the advantages of laboratory and field research (e.g., field experiments).

[20] One should note that some of the more recent laboratory studies manage to examine actual consumer behavior by using eye-tracking, facial recognition, or neurological methods. Thus, they may be able to overcome this third limitation.

After I shortly discussed the two most common methods to examine advertising effectiveness, I develop a comprehensive framework including and structuring the most important executional cues next. Based on this framework, I then summarize the findings of prior laboratory and field studies and identify research gaps.

3 Developing a Framework of Advertising Content

Before I discuss the various executional cues, I briefly describe how I derived this framework. To develop the framework I a) did a rigorous and thorough study of the academic and practitioners' literature and b) conducted several expert interviews. More specifically, I first applied a keyword search ("advertising") in several academic online databases (e.g., EBSCO, Google Scholar), scanned the Internet for practitioner articles using Google and Bing and studied relevant textbooks (e.g., Stewart and Furse 1986). Next, I conducted a manual search in leading interdisciplinary journals for academics and practitioners (e.g., *Wall Street Journal, Harvard Business Review*). Based on this literature search, I identified multiple executional cues, classified them and developed the initial framework. Finally, I validated and refined this framework conducting interviews with two marketing managers and two art directors, respectively.

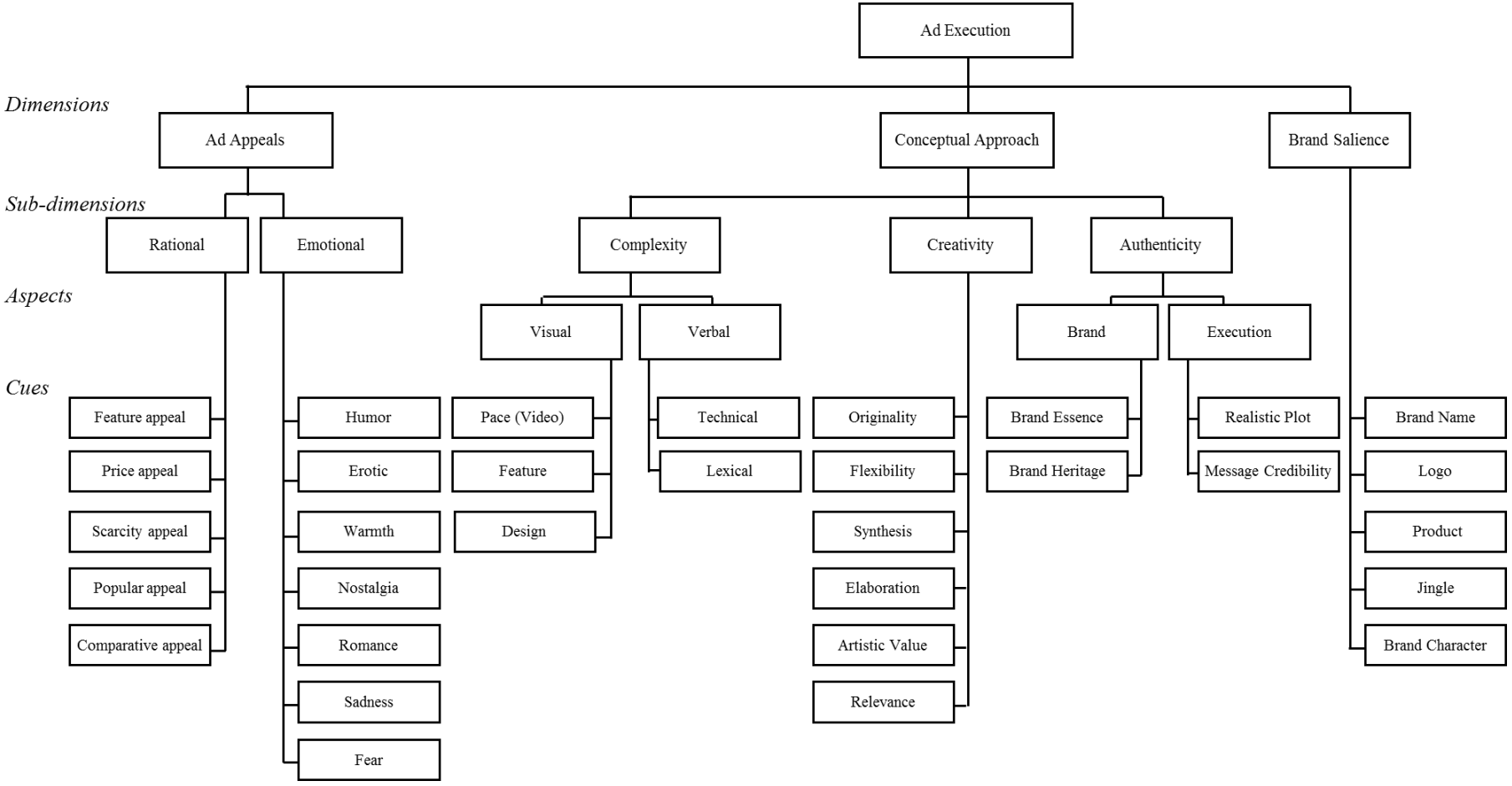
Note that all executional cues included in this framework have to fulfill four conditions. First, practitioners and academics have to perceive them as relevant. Second, they have to be under the control of the marketer or ad agency. Third, the cues should not be subject to major budget constraints (e.g., celebrity endorsement, spot length) and finally, they should apply to different media (TV, Internet, billboard, and print). Applying these conditions increases the generalizability and applicability of the framework.

In the final framework, depicted in Figure 2, ad execution is composed of three dimensions: ad appeals (i.e., *how* to attract consumers' interest in the ad's message), conceptual approach (i.e., *how* to convey the appeals and ad message), and brand salience (i.e., *how* to integrate the

brand). These can be further divided into several sub-dimensions (e.g., rational vs. emotional), aspects (e.g., visual vs. verbal) and cues[21] (e.g., humor). Even though some dimensions/ sub-dimensions might interact with each other (e.g., emotional appeals and creativity), advertisers should still consider each of them individually when designing an ad. I will discuss each dimension next.

[21] Note that I focus only on the most relevant executional cues. Thus, there could be additional cues (e.g., disgust) that I did not list in figure 2.

Figure 2: Framework of Different Executional Cues



4 Advertising Appeals

The first dimension of the ad execution are advertising appeals. As already mentioned above, appeals are used to generate interest as well as to change consumers' attitudes toward the product or service (Belch and Belch 2015; Clow and Baack 2007). Marketers can employ many different appeals; I broadly distinguish between rational and emotional appeals (MacInnis, Rao, and Weiss 2002; Tellis 2004). Whereas rational appeals focus on consumers functional needs, emotional appeals focus on consumers' social and psychological ones. Marketers usually integrate both types of appeals within an ad, even though they focus on only one of them. Which appeals marketers ultimately choose depends on the kind of product, the communication objective, the medium, as well as the preferences of the art director and brand manager (Clow and Baack 2007).

4.1 Rational Appeals

The goal of rational appeals is to generate consumers' interest and persuade them by communicating favorable product information and appealing to reason. Given that rational appeals usually provide evidence of the products' advantages, they should be very effective in changing consumers' attitudes and increasing their purchase interests (Belch and Belch 2015). However, there are two central problems with the use of rational appeals: (1) the effort required to process them and (2) the stimulation of counterarguments (Tellis 2004). First, consumers have to elaborate on the information to change their attitudes. Therefore, the effectiveness of rational appeals strongly depends on consumers' motivation to process the ad. Second, if the provided information is incongruent with consumers' prevalent brand believes, rational appeals stimulate counterarguments (Jain and Maheswaran 2000).

Advertisers can embed many different rational appeals/cues in their ads (see Figure 2). The most commonly used rational appeals are (a) *feature appeals* – simply stating a favorable product attribute or benefit, (b) *price appeals* – highlighting either a price promotion or a

permanent low price, (c) *scarcity appeals* – informing consumers about the limited availability of a product, (d) *popular appeals* – stressing the popularity of a product by indicating the brand's leadership position or the number of satisfied consumers, and (e) *comparative appeals* - comparing the focal brand either to a particular competitor or the entire category (Belch and Belch 2015). Most academic research focuses on comparative appeals, due to their high popularity in practice. Given that they provide a rational basis for evaluations, they should facilitate consumers' purchase decisions. However, the academic literature is divided about their effectiveness. Grewal et al. (1997) find in a meta-analysis that even though comparative appeals are less believable, they still lead to greater purchase interest. Conversely, Pechmann and Stewart (1994) argue that comparative appeals negatively impact consumers' attitudes towards the brand, for especially loyal customers of the competitor brand might perceive them as unfair. To enhance the effectiveness of comparative appeals, Jain and Posavac (2004) suggest that advertisers should be more positive in their comparison reference, because negatively claimed comparisons result in even lower believability and brand attitudes. Furthermore, comparative claims are more effective for smaller brands that compare themselves to the market leader (Grewal et al. 1997).

Not only the impact of comparative appeals but also the effectiveness of rational appeals, in general, depends on the ads' context. Franke, Huhmann, and Mothersbaugh (2004) for example find that rational appeals are more effective for search than for convenience products. Chandy et al. (2001) argue that rational appeals work better for new than established brands, given that consumers are less knowledgeable about new brands and hence more motivated to process the provided information. Similarly, consumers might be more motivated to process rational appeals for high involvement or complex products (Belch and Belch 2015). Furthermore, they should be more effective for print and banner advertising. For these kinds of ads, consumers can take the time they need to process the given information (Clow and Baack 2007;

Sheth and Mittal 2004). Rational appeals in video ads increase the likelihood that consumers change the channel (Woltman Elpers, Wedel, and Pieters 2003). Thus, if advertisers want to use rational appeals in video advertising, they should use it towards the end of the ad. Finally, for brands that do not strongly differ from competing brands, emotional appeals might be more attractive and useful.

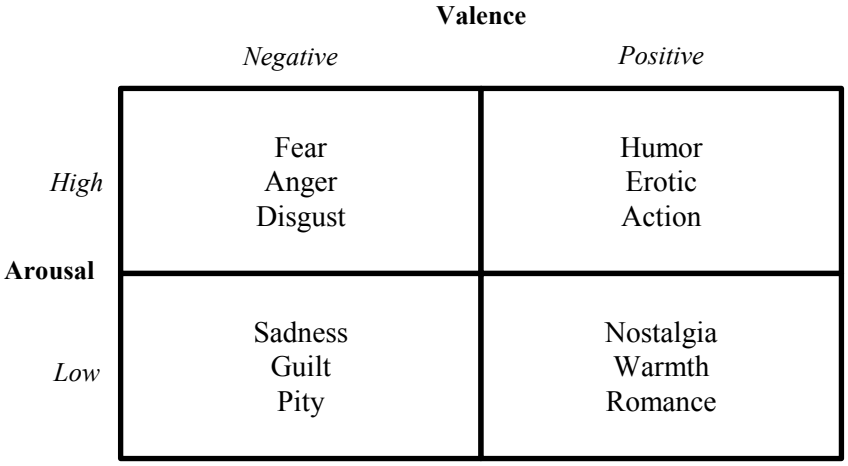
4.2 Emotional Appeals

Emotional appeals try to generate consumers' interests and convince them by evoking feelings. That is, they try to influence consumers on an emotional rather than rational level. Marketers hope that the positive feeling they evoke will transfer to the brand and ultimately lead to a positive brand evaluation (Belch and Belch 2015). Prior research showed that emotional appeals influence brand evaluations through two routes – a direct impact on persuasion and an indirect one through attitude toward the ad or ad attractiveness (Pham, Geuens, and De Pelsmacker 2013; Teixeira, Picard, and el Kaliouby 2014).

Marketers can again choose from many different emotional appeals/cues (see Figure 2). I classify them based on two dimensions[22], namely valence and arousal (see Figure 3). Valence denotes how pleasant or unpleasant the emotion is. Emotions of positive valence are for example humor, warmth, and nostalgia, whereas fear, disgust, anger, and sadness are examples of negative valence.

[22] Some prior research uses three dimensions: valence, arousal, and dominance. However, I believe that the first two are most important. In addition, there is less research about the third dimensions in the relevant journals (Stewart, Morris, and Grover 2007).

Figure 3: Classification of Emotional Appeals



In general, humans look for positive emotions and avoid negative ones (Stewart, Morris, and Grover 2007). However, advertisers commonly use both types in ads (e.g., life insurance, shampoo). Sadness and fear, for example, are often used to warn consumers of the negative consequences of not using the product or to evoke sympathy and pity (e.g., for charity ads). Conversely, advertisers use positive emotions such as humor and warmth to transfer positive feelings to the product and usage experience. Previous work suggests that positive emotions are more likely to increase consumers' attitude toward the ad and brand (Holbrook and Batra 1987), evoke greater elaboration (Roggeveen, Grewal, and Gotlieb 2006), and ultimately enhance persuasion (Holbrook and O'Shaughnessy 1984). Hong and Lee (2010) also suggest that consumers prefer positive over mixed emotions, because the latter might lead to discomfort and anxiety.

The second dimension of emotional appeals is arousal. Arousal describes the intensity of the experienced emotion (Griskevicius et al. 2009). Thus, high arousal usually involves some physical stimulation. Examples of high arousal emotions are erotic, humor, and fear whereas warmth, nostalgia, and sadness are examples of less arousing ones (see Figure 3). Previous research finds that regardless of the valence, high arousing emotions are more likely to grab consumers attention and distract them from counter arguing (Nielsen, Shapiro, and Mason 2010). For example, video ads with high arousing appeals prevent consumers from zapping

(Woltman Elpers, Wedel, and Pieters 2003) and are much more likely to be shared (Berger and Milkman 2012; Tucker 2015). Teixeira, Picard, and el Kaliouby (2014) suggest that arousal has an inverted u-shaped effect. That is, an intermediate level of arousal grabs consumers' attention whereas too much arousal distracts consumers from the brand and thus hinders brand recall. Also, too little arousal is insufficiently engaging. In summary, the effect of different emotional appeals is determined by its valence and level of arousal.

Similar to rational cues, the effectiveness of emotional cues also depends on the ads' context. Prior research, for example, showed that emotional appeals work especially well for established fast moving consumer goods, because consumers are familiar with this kind of products and thus less motivated to process any rational appeals (Chandy et al. 2001; MacInnis, Rao, and Weiss 2002). Pham, Geuens, and De Pelsmacker (2013) also showed that the effectiveness of emotional appeals depends on consumers' consumption motivation. Specifically, emotions are more effective for hedonic than utilitarian products. Moreover, emotional appeals are more suitable for video ads, since the ability to use sound and sight facilitates the transportation of emotions (Clow and Baack 2007). Some context factors also influence the effect of selected emotional appeals. Puccinelli et al. (2015) for example show that when consumers are deactivated (e.g., through a sad movie), they are much less likely to pay attention to highly arousing ads. The effect of erotic appeals also depend on the consumers' gender. Whereas erotic ads have a positive effect on the attitude towards the ad for males, they have a negative influence for females (e.g., Dahl, Sengupta, and Vohs 2009; Ma and Gal 2015).

Overall, rational and emotional appeals are the most extensively studied aspects of the advertising execution. In Table 1, I provide an overview of the relevant literature over the last 20 years. Despite the fact that prior research extensively analyzed various appeals, there are still some knowledge gaps, for example:

(1) What are the most important appeals/cues for different media types and brands? Given that prior work focused mainly on one selected appeal, further research should compare the effect of different appeals within one study. In addition, what is an effective combination of different appeals?

(2) Teixeira, Picard, and Kaliouby (2014) suggest that arousal follows an inverted-u shape. Given that some emotional appeals are more arousing than others are, it would be interesting to investigate which emotions evoke an effective level of arousal. I believe that especially neuromarketing studies could provide valuable insights on this topic.

(3) How did the Internet change the effectiveness of different appeals? Advertising used to be a primary source of information. However, nowadays the Internet is the most important information provider, which might change the influence of rational appeals.

(4) Since most research is based on laboratory studies, field studies are needed to validate these findings.

(5) How does culture influence the effectiveness of different appeals? Most studies were conducted in the USA or other western countries. However, some appeals could have very different effects in Arabic or Asian countries. Hong and Lee (2010), for example, show that consumers of different cultures (American vs. Chinese) react differently to arousal. The effect of comparative appeals might also depend on culture. For instance, in highly individualistic countries (e.g., USA), compared to highly collectivistic countries (e.g., China), comparative claims might be perceived as less "unfair".

Table 1: Overview of the Relevant Literature, Rational and Emotional Appeals

Author	Medium	Content	Method	DV	Moderator
Chandy et al. 2001	Video	Rational and emotional	Field study	- Referrals (sales)	- Market age
MacInnis, Rao, and Weiss 2002	Video	Rational and emotional	Laboratory study and field study	- Advertising effectiveness - Ad/ brand attitude - Ad Credibility	- Involvement
Woltman Elpers, Wedel, and Pieters 2003	Video	Rational and emotional	Laboratory study	- Zapping behavior	- Other executional cues
Franke, Huhmann, and Mothersbaugh 2004	Print	Rational and emotional	Laboratory study	- Readership scores	- Product type
Orth and Holancova 2004	Print	Emotional: Erotic	Laboratory study	- Approval - Ad/ brand attitude - Behavioral intent	- Gender - Consumers' prior attitude
Roggeveen, Grewal, and Gotlieb 2006	Print	Emotional: Valence	Laboratory study	- Perceived risk	- Advertisings' regulatory focus - Brand reputation
Bass et al. 2007	Video	Rational and emotional	Field study	- Increase in call time	
Jain et al. 2007	Print	Rational: Comparative	Laboratory study	- Brand evaluation	- Consumers' regulatory motivation
Malaviya 2007	Print	Rational and emotional	Laboratory study	- Brand evaluation - Cognitive response	- Repetition - Product category
Lau-Gesk and Meyers-Levy 2009	Print	Emotional: Valence	Laboratory study	- Ad attitude	- Consumers' processing motivation
Griskevicius et al. 2009	Video	Emotional: Arousal	Laboratory study	- Product desirability - Persuasion	

Dahl, Sengupta, and Vohs 2009	Print	Emotional: Erotic	Laboratory study	- Ad attitude	- Gender - Cognitive load
Eisend 2009	Print/ video	Emotional: Humor	Meta-analysis	- Ad/brand attitude - Behavioral intent - Source Credibility - Recall/ recognition	- Medium - Product category - Type of humor
Nielsen, Shapiro, and Mason 2010	Print	Emotional: Arousal	Laboratory study	- Recognition - Cognitive response - Brand awareness	
Hong and Lee 2010	Print	Emotional: Valence	Laboratory study	- Ad/ brand attitude - Behavioral intent - Discomfort	- Consumers' construal level
Berger and Milkman 2012	Print	Emotional: Valence and arousal	Field study and laboratory study	- Virality - Willingness to share	
Morales, Wu, and Fitzsimons 2012	Print/banner	Emotional: Fear	Laboratory study	- Ad attitude - Behavioral intent - Time to act	- Consumers' need for control
Teixeira, Wedel, and Pieters 2012	Video	Emotional: Joy and surprise	Laboratory study	- Zapping behavior - Attention	
Pham, Geuens, and De Pelsmacker 2013	Video	Emotional	Laboratory study	- Brand evaluations	- Involvement - Consumption motivation
Teixeira, Picard, and el Kaliouby 2014	Video	Emotional: Joy	Field study	- Viewing interest - Behavioral intent	- Other executional cues
Liaukonyte, Teixeira, and Wilbur 2015	Video	Rational and emotional	Econometric model	- Search engine referrals - Website traffic - Transaction count	
Puccinelli et al. 2015	Video	Emotional: Arousal	Laboratory study and field study	- Brand recall - Viewing time (seconds)	- Consumers' need for cognition - Mood
Tucker 2015	Video	Emotional: Valence	Field study	- Number of views - Behavioral intent - Brand attitude	

5 Conceptual Approach

The second dimension of the ad execution is the conceptual approach. It describes the way in which advertisers convey the ads' message and appeals. I divide the conceptual approach into three sub-dimensions: complexity, authenticity, and creativity, which I will subsequently discuss. An overview of the relevant literature (see Table 3) concludes this section.

5.1 Complexity

Complexity is the degree of variability in a stimulus pattern (Berlyne 1960). There are two schools of thoughts on how complexity influences advertising effectiveness (Pieters, Wedel, and Batra 2010). The first one believes that ads should be simple and straightforward. Specifically, they argue that simple ads facilitate comprehension and are less likely to distract consumers from the brand (Anderson and Jolson 1980; Macklin, Bruvold, and Shea 1985; Rossiter and Percy 1983). Comprehension should be a prerequisite for effective advertising, for ads can only change consumers' attitudes when they understood the message (Jacoby, Nelson, and Hoyer 1982). Additionally, given that consumers can only process a limited amount of information, complex and cluttered ads may negatively influence recall (Stewart and Furse 1986).

Conversely, the second school of thought believes that ads should be more complex. They argue that complexity makes the ad more interesting and entertaining (Berlyne 1970). Furthermore, Morrison and Dainoff (1972) propose that consumers spend more time looking at complex ads and Phillips (1997) suggests that they evoke deeper ad processing. Finally, complexity might also defer advertising wear-out. Considering that complex ads require more processing and have a higher level of inherent uncertainty, they should benefit from repeated exposures (Gatignon 1984), whereas for simple ads additional exposures might be perceived as repetitive and boring (Cox and Cox 1988).

Some previous work suggests that both schools of thought – in their present form – may indeed be incorrect. Rather, complexity should have an inverted u-shape effect. The argument

is that simple ads might be perceived as too boring whereas very complex ones might overwhelm the consumer (Geissler, Zinkhan, and Watson 2006; Morrison and Dainoff 1972). Thus, an intermediate level of complexity should be most effective.

Also, the actual effectiveness of complexity might ultimately depend on its context. First, complex ads might be more effective under high involvement. Highly involved consumers are more motivated to process the ad and are thus more likely to comprehend even complex ads (Lowrey 1998). Similarly, complex ads might be more effective for consumers with a high need for cognition, because for this kind of consumers, simple ads might be insufficiently challenging (Putrevu, Tan, and Lord 2004). The effect of complexity might also depend on which aspect of the ad is complex. In this chapter, I distinguish between two aspects: visual and verbal complexity.

Visual complexity. "Visual complexity refers to all non-representational perceptual material, such as different colors, lines, and luminance contrasts, in the ad with more material increasing the visual complexity" (Teixeira, Wedel, and Pieters 2010, p. 786). Analyzing 249 magazine ads, Pieters, Wedel, and Batra (2010) differentiate between two cues that cause visual complexity – variability in the ads' features and variability in the ads' design. Variability in features, on the one hand, refers to the level of detail and variation of the ads' visual objects. The higher the number of objects and the stronger the variation in colors the more feature complex the ad is. Variability in design, on the other hand, refers to the level of elaboration in terms of the visual objects' shapes and patterns. The results show that feature variability decreases consumers' attention and attitude towards the ad. These findings are in line with the results of Pracejus, Olsen, and O'Guinn (2006) who find that visual clutter in ads negatively influences brand attitude. Yet, design variability has a positive effect on attention and attitude towards the ad, most likely because design variability increases consumers' engagement. Moreover, Pieters,

Wedel, and Batra (2010) show that neither of these two visual complexity cues hinder comprehension. Thus, comprehension of the main message is independent of visual complexity (at least in print ads). Furthermore, for video advertising visual complexity is also determined by the pace of the scenes (Germeys and D'Ydewalle 2007). Pacing relates to the number of scene cuts and edits in an ad (changing camera positions within scenes) (Lang 2000); the faster the pace, the more information consumers have to process. Teixeira, Wedel, and Pieters (2010) find that there is an optimum level of visual complexity for video ads. Specifically, they argue that an intermediate level of visual complexity engages consumers and is thus more effective.

Verbal complexity. Verbal complexity refers to the language components of the ad. Prior research distinguishes between two cues that can cause verbal complexity. First, the integration of terminology or technical jargon (this is often the case for car or computer ads) and second the use of a difficult syntactic style (e.g., more syllables, longer sentences). Prior research also refers to this as technical and lexical complexity (Geissler, Zinkhan, and Watson 2006). Anderson and Jolson (1980) propose that technical jargon has a negative influence on attention. Furthermore, consumers perceive products that use technical jargon in their ads as having a higher price and being harder to operate. However, the effect of technical complexity is moderated by consumers' experiences with the product. The more experienced the consumer, the more likely that he or she appreciates technical jargon. Furthermore, Macklin, Bruvold, and Shea (1985) find that a more complex syntactic style can lead to positive beliefs and enhances consumers attitude toward the ad. Lowrey (1998) argues that the specific effect depends on the medium as well as consumers' motivation to process the ad. For video advertising, a complex syntactic style enhances recall, whereas for print advertising it enhances persuasion. Thus, the effect of complexity is difficult to determine, for it not only depends on the context of the ad but also on the specific cue. There are some open research questions and literature gaps pertaining to complexity:

(1) What is the sales effect of complexity? Most studies on complexity are laboratory studies. Thus, the moderating effect of complexity on the relationship between ad spending and sales is still unclear.

(2) The limited literature in this field focused either on visual or verbal complexity. Therefore, further research should investigate the interaction between visual and verbal complexity.

(3) According to Gatignon (1984), the effectiveness of complex ads increases with repetition. This implies that the influence of executional cues might depend on the ads' timing strategy (i.e., scheduling). For example, complex ads might be more effective under continuous scheduling, whereas simple ads might be more effective under flighting (an advertising timing strategy where ads run for a short period followed by a period of no advertising). Further research should thus combine these two literature streams to investigate whether the effect of complexity (or executional cues in general) depends on the advertisings' scheduling.

5.2 Creativity

The second sub-dimension of the conceptual execution is creativity. Creativity is probably the most commonly used term in advertising. Many practitioners firmly believe that it is essential for an effective advertising (Nyilasy and Reid 2009). It is therefore not surprising that companies often choose advertising agencies based on how many creativity awards they won. Creative ads are believed to break through the advertising clutter and to enhance the ad effectiveness (e.g., Pieters, Warlop, and Wedel 2002; Smith et al. 2007). However, designing a creative copy does not guarantee a positive ad response, as evident by the various advertisings

that, despite winning multiple creativity awards, did not show any effect on sales (e.g., Nissan's "Enjoy the ride" campaign[23]).

Even though creativity in advertising has been defined in many different ways throughout the literature (Sasser and Koslow 2008) most agree that a creative advertising is composed of two traits: divergence and relevance (Smith et al. 2007; e.g., Smith and Yang 2004; Tellis 2004). Divergence relates to the extent to which an ad comprises elements that are original, novel, or unusual (Smith and Yang 2004; Till and Baack 2005), whereas relevance relates to the extent to which an ad comprises elements that are meaningful, appropriate and valuable for the brand's target group. To be able to measure the level of creativity in advertising, Smith et al. (2007) developed and tested a scale based on consumers' perceptions. They, therefore, identified different cues that constitute divergence and relevance (see Table 2). This scale has since been adopted by many subsequent studies (Chen, Yang, and Smith 2016; Reinartz and Saffert 2013; Yang and Smith 2009).

Table 2: Creativity Cues

Cues	Definition
Originality	The ad contains ideas that break away from stereotypical thinking
Flexibility	The ad contains many different ideas that move from one subject matter to another
Synthesis	The ad combines or connects normally unrelated objects or situations
Elaboration	The ad contains numerous details to finish and extend basic ideas
Artistic Value	The ad contains elements that are verbally and/or visually distinctive
Advertising Relevance	The ad contains elements that are relevant to the target group
Brand Relevance	The advertising brand is relevant to the target group

Based on Smith et al. note that an ad has to score high on only one of the respective cues to be perceived as divergent/relevant.

Most research finds that creativity has a positive effect on advertising effectiveness. Specifically, they show that creative ads are able to stand out in an overly cluttered media environment, draw attention to the ad as well as brand (Pieters, Warlop, and Wedel 2002),

[23] Nissan's "Enjoy the ride" campaign won multiple creativity awards but dealers complained that the campaign would drive customers away.

enhance consumers' motivation to process the ad (Yang and Smith 2009), positively influence consumers brand attitude (Ang and Low 2000), and increase the ad's memorability (Till and Baack 2005). Yang and Smith (2009) also show that creativity reduces consumers resistance to persuasion and Chen, Yang, and Smith (2016) suggest that the positive effect persists even after several repetitions. However, based on the literature it is not clear whether these results also translate into (intended) behavior. Whereas some studies find a positive effect of creativity on purchase intent (Ang and Low 2000; Kover, Goldberg, and James 1995; Smith et al. 2007) others find no effect at all (Smith, Chen, and Yang 2008; Till and Baack 2005).

Thus, the effect of creativity might again depend on the context. This could also explain why award-winning ads like the campaign of Nissan failed to increase sales. Reinartz and Saffert (2013) made a first attempt to examine the effect of creativity on actual consumers' behavior in terms of sales. Even though they find an overall positive effect, they also show that the magnitude of this effect depends on the product category. They, for example, suggest that creativity has only a minor impact for categories that already employ high levels of creativity in their ads (e.g., soft drinks) and even harms advertising effectiveness for certain utilitarian products (e.g., skin lotion). Moreover, Reinartz and Saffert (2013) claim that some divergence cues are more effective than others. Thus, the effect of creativity might not only depend on contextual factors but also on the specific cue. Yang and Smith (2009), for example, propose that for high and low involvement brands different creativity cues might be more effective. On the one hand, divergence cues closely related to cognition such as synthesis and elaboration might be more effective for high involvement brands, because consumers are more likely to elaborate on their ads. On the other hand, divergence cues closely related to affect such as artistic value and originality might be more effective for low involvement brands.

Two noteworthy studies in the context of creativity are the ones from Baack, Wilson, and Till (2009) and Wilson, Baack, and Till (2015). These studies show that creativity alone might

not attract consumers' attention to ads, especially when consumers face scarce cognitive resources. In their research, the positive effect of creativity was only present when attention was presumed for example through the size or salience of the ad. Thus, they suggest that creativity does not improve advertising effectiveness unless the ad receives direct attention. This finding challenges the results of prior laboratory studies that force consumers' attention to ads. Thus, further field studies like the one from Reinartz and Saffert (2013) and Wilson, Baack, and Till (2015) are needed to verify the positive effects of creativity. Some concrete research gaps are:

(1) What is the general sales effect of creativity for different types of product categories and brands? Reinartz and Saffert (2013) show that the influence of creativity varies across different product categories. Further research should determine what causes this effect.

(2) What is the most important divergence cue for different types of product categories and brands? Yang and Smith (2009) propose that different creativity dimensions should work for different product categories. However, they do not test their assumption.

(3) What is the most effective combination of the different divergence cues?

(4) Reinartz and Saffert (2013) suggest that creativity has only a minor impact for categories that already employ high levels of creativity in their ads. Thus, it might be possible that not the absolute level but the relative level of creativity (compared to the category average) influences advertising effectiveness. Further research should thus compare these two (absolute vs. relative level of creativity) levels.

(5) As mentioned before the different executional cues might interact with each other. For example, prior research finds that creativity has a positive effect on consumers' attitude toward the ad (Ang and Low 2000) whereas comparative appeals have a negative

effect on ad attitude but a positive influence on purchase interest (Pechmann and Stewart 1994). Thus, the question arises, what is the effect, if marketers combine these cues? It might be possible that the effects cancel each other out or it might also be possible that they amplify each other. In other words, based on the literature the effect of combining different cues for example creativity and comparative appeals, is still unclear.

5.3 Authenticity

The last sub-dimension of the conceptual execution is authenticity. Within the last decade, authenticity has become one of the most prevalent buzzwords in the advertising industry. Marketing managers and creatives are both convinced that an authentic ad execution is a key driver of effective advertising (e.g., Beverland, Lindgreen, and Vink 2008; Morhart et al. 2013). Specifically, authentic ads should stimulate brand trust (Anderberg and Morris 2006), help consumers connect to the brand (Grayson and Martinec 2004), and convey a feeling of sympathy and empathy depicting an actual problem that consumers can relate to (Stern 1994). Moreover, marketers believe that authentic ads overcome consumers' increasing skepticism (Darke and Ritchie 2007). The latter is especially important, given that consumers become ever more skeptical toward ads because of the improved information transparency in the digital age (Campbell and Kirmani 2000).

Despite the perceived importance of the concept, there is neither an overall accepted definition nor a common understanding of what constitutes an authentic ad execution. I define an authentic ad as one that is genuine, real, and true with regard to a particular aspect of the ad (Beverland and Farrelly 2010). Reviewing the literature, I observe that academics, as well as practitioners, refer to authentic ads in various contexts. For example, some link authenticity to the trustworthiness of the spokesperson (Stern 1994), others to a realistic ad plot (Deighton, Romer, and McQueen 1989), and yet others to an accurate representation of the brand

(Beverland, Lindgreen, and Vink 2008; Brown, Kozinets, and Sherry 2003). However, most relate authenticity either to the presentation of the brand or the execution, given that marketers invest in ads to (a) promote the brand and (b) provide information. Thus, in this chapter, I also distinguish between these two aspects.

Brand authenticity. Brand authenticity relates to how the ad preserves and sustains the brand's uniqueness, heritage, values and essence (Brown, Kozinets, and Sherry 2003; Grayson and Martinec 2004; Spiggle, Nguyen, and Caravella 2012). I identify two cues that advertisers can use to evoke brand authenticity. The first possibility for marketers to convey brand authenticity within ads is to preserve the brand essence and maintain the brand's styles and standards (Spiggle, Nguyen, and Caravella 2012). Keller (1998) refers to brand essence as the "core values for which a brand stands," the brand's "marketing DNA". Thus, authentic ad executions should reflect the brand's image and personality as well as use a consistent ad design (e.g., layout, ad theme, colors). Brand essence should build and reinforce a unique and memorable brand image within the mind of consumers (Brown, Kozinets, and Sherry 2003; Keller 1998). Communicating a consistent brand image should also increase the perceived reliability and sincerity of the brand (Elliott and Wattanasuwan 1998). Furthermore, when ads preserve the brand essence, consumers might be more likely to recognize the advertised brand.

The second possibility to evoke brand authenticity is to refer to the brand's heritage. Various studies on branding show that consumers perceive brands that commit to their history and tradition as more authentic (e.g., Beverland 2006; Brown, Kozinets, and Sherry 2003; Spiggle, Nguyen, and Caravella 2012). Previous work argues that honoring the brand heritage should have a positive influence on ad effectiveness (Brown, Kozinets, and Sherry 2003; Merchant and Rose 2013). First, it should legitimize the brand, providing evidence that it is the "original" and not a counterfeit (Newman and Dhar 2014; Peñaloza 2000). Second, reminding consumers

of the brand's many years of experience should enhance its perceived reliability and competence (Beverland 2006). Third, Newman and Dhar (2014) suggest that heritage associations might provide brands with a unique aura and increase the emotional commitment by adding sentimental value (Leigh, Peters, and Shelton 2006). However, for low involvement brands, consumers might perceive heritage claims as trivial and silly.

Executional authenticity. Executional authenticity relates to how truthful, genuine, and realistic the information conveyed by the ad is (Spiggle, Nguyen, and Caravella 2012; Stern 1994). Again, there are two cues that may evoke executional authenticity. First, advertisers can convey executional authenticity by showing a realistic plot that reflects an everyday situation, presented by ordinary non-idealized characters (e.g., Deighton, Romer, and McQueen 1989; Stern 1994). Stern (1994, p.388) defines this cue as "conveying the illusion of ordinary life in reference to a consumption situation." Thus, a realistic plot refers to something that may not be the "real thing," but that is similar to real life (Grayson and Martinec 2004). Based on the literature it is unclear whether a realistic plot indeed positively influences ad effectiveness. On the one hand, a realistic plot allows consumers to identify with the ad's character, because the portrayed situation is familiar to them and relates to their' own experiences (Stern 1994). Consumers who identify with the character are more likely to engage in self-referencing; that is, they process the ads' information by relating it to his or herself (Rose and Wood 2005). On the other hand, consumers might perceive realistic plots as too boring. Thus, they are less likely to attract consumers' attention.

The other possibility to convey executional authenticity is to promote the brand with a realistic, non-exaggerated message. Previous literature shows that consumers associate authentic brands with a high level of credibility. Authentic brands should be "what they claim to be," not the result of exaggeration (Brown, Kozinets, and Sherry 2003; Grayson and Martinec 2004; Morhart et al. 2013). According to previous literature, message credibility is one of the main

elements of persuasion (Choi and Rifon 2002). Message credibility should positively influence consumers' attitude toward the ad, increase brand trust and strengthen the emotional commitment towards the brand (Cotte, Coulter, and Moore 2005; Grayson and Martinec 2004; Morhart et al. 2013). Furthermore, it should help overcome the increasing ad-skepticism of marketing savvy consumers (Calfee and Ringold 1994). However, because consumers have grown accustomed to exaggerated messages (Calfee and Ringold 1994), they might expect some form of overstatement. Cowley (2006) even argues that exaggerated messages inflate brand evaluations, even when consumers recognize the overstatement. Thus, the effect of message credibility is unclear.

Overall, research on authenticity in the context of advertising is sparse, despite the fact that authenticity is believed to be an essential element of effective advertising (Anderberg and Morris 2006; Beverland, Lindgreen, and Vink 2008). Thus, I again discovered multiple gaps in the literature:

(1) Previous work on authenticity in advertising either followed a qualitative or conceptual approach. Thus, it is unclear, how consumers process authenticity and if authenticity indeed reduces the increasing consumer skepticism?

(2) What is the effect of authenticity on the relationship between ad spending and sales?

(3) What is the effect of the different authenticity cues? For example, previous literature is unclear about the effect of a realistic plot or a credible message.

(4) Again, not much is known about potential context factors. Thus, future research should analyze the effect of context factors on the four authenticity dimensions. The effect of authenticity, for example, might differ for large, well-known brands and small less-known ones.

Table 3 summarizes the relevant literature on the conceptual approach of the last 20 years.

Table 3: Overview of the Relevant Literature, Conceptual Approach

Author	Medium	Content	Method	Dependent Variable	Moderator
Pracejus, Olsen, and O'Guinn 2006	Print	Complexity: Visual	Laboratory study	- Brand perception	
Pieters, Wedel, and Batra 2010	Print	Complexity: Visual	Laboratory study	- Attention to brand - Attention to ad - Ad attitude	
Pracejus, O'Guinn, and Olsen 2013	Print	Complexity: Visual	Laboratory study	- Brand attitude - Behavioral intentions	- Culture
Brasel and Gips 2014	Video	Complexity: Verbal	Laboratory study	- Brand recall - Ad/brand attitude	
Ang, Lee, and Leong 2007	Print	Creativity	Laboratory study	- Attitudinal ad evaluation - Ad recall - Cognitive responses	
Smith et al. 2007	Print	Creativity	Laboratory study	- Attention to ad - Motivation to process - Cognitive responses - Ad/brand attitude - Behavioral intentions	
Yang and Smith 2009	Video	Creativity	Laboratory study	- Behavioral intentions - Viewing intentions	- Involvement

Chen, Yang, and Smith 2016	Video	Creativity	Laboratory study	- Wear- in and -out - Behavioral intentions - Interest in ad - Ad/brand attitude - Comprehension - Recall	- Repetition
Verlegh, Steenkamp, and Meulenberg 2005	Print	Authenticity: Brand heritage	Laboratory study	- Product attitude - Behavioral intentions - Claim credibility - Product evaluation	- Involvement
Escalas 2007	Print	Authenticity: Realistic plot	Laboratory study	- Cognitive responses - Brand evaluation - Brand attitude - Behavioral intentions	- Consumers' ad skep-ticism
Darke and Ritchie 2007	Print	Authenticity: Credible message	Laboratory study	- Credibility of ad - Product attitude - Perception of deal value	
Kirmani and Zhu 2007	Print	Authenticity: Credible message	Laboratory study	- Brand attitude - Perceived quality - Cognitive responses - Brand preference	- Consumers' regula-tory focus
Xu and Wyer Jr. 2010	Print	Authenticity: Credible message	Laboratory study	- Product evaluation	- Brand familiarity
Craig et al. 2012	Print	Authenticity: Credible message	Laboratory study	- Recommendation like-lihood - Behavioral intentions	- Cognitive Load

6 Brand Salience

Brand salience or the integration of the brand within the ad (logo, brand name, product etc.) represents the third dimension of the ad execution. Existing studies combining advertising and branding mainly fall in one of two research streams. The first stream focuses on how different types of advertisings strategically contribute to the brand-building process (e.g., Bruce, Peters, and Naik 2012; Draganska, Hartmann, and Stanglein 2014; Keller 2007). Draganska, Hartmann, and Stanglein (2014) for example show that online and traditional TV ads have similar brand building effects. Whereas these studies provide valuable insights into the general influence of advertising on brand equity, they do not provide managers with concrete and actionable implications or tactics on how to communicate or integrate their brand within ads. That is they do not focus on the different executional cues of the branding strategy. The second research stream examines the effect of selected branding elements (e.g., the frequency or timing of the brand name) on various mindset metrics such as recall, attitude and purchase intent (e.g., Baker, Honea, and Russell 2004; Romaniuk 2009; Stewart and Furse 1986). In the following, I will concentrate on the results of the latter literature stream.

Brand salience refers to the extent to which brand managers integrate different branding cues such as the brand name, logo, product, jingle or slogan within an ad. The more prominent the brand is, compared to the other advertising objects, the stronger the brand salience (Teixeira, Wedel, and Pieters 2010). Establishing a minimum level of brand salience should be a prerequisite for every advertising. However, given that advertisers need to balance sales, creativity, and other objectives there is an ongoing debate on how salient the brand should be.

One stream of literature argues for strong brand salience. Their main reasoning is that if consumers fail to correctly register the advertising brand or even worse incorrectly attribute the ad to a competing brand, advertisers waste their marketing investments without any return on sales. This is an important point given that around half of the consumers watching an ad fail to

identify the brand name afterward (Franzen 1994; Rossiter and Bellman 2005). The increasing number of ads aired per day and consumers' limited cognitive capacity (Burke and Srull 1988) makes it even harder for consumers to correctly identify which ad belongs to which brand (Baker, Honea, and Russel 2004; Danaher, Bonfrer, and Dhar 2008; Jewell and Unnava 2003). Furthermore, Stewart and Furse (1986) find that for video ads, frequent mentioning of the brand name and showing the product or logo for a longer time significantly enhances recall. The more consumers see, hear or think about the brand, the more prominent is the brand in consumers' memory (Elliott and Percy 2007; Keller 2007). Other studies argue for an early disclosure of the brand (Baker, Honea, and Russell 2004; Elsen, Pieters, and Wedel 2016). According to Baker, Honea, and Russell (2004) revealing the brand at the end of a video ad inhibits consumers' ability to associate the brand with the ads' content. Additionally, Teixeira, Picard and el Kalibouy (2014) suggest that positive emotions caused by the ads emotional content are significantly less effective when advertisers place the brand after the emotional appeal. Pieters, Wedel, and Zhang (2007) also find a positive effect of brand salience for print ads. Specifically, they show that a bigger surface size of the brand elements favors attention.

Conversely, some studies argue that consumers might be annoyed, if the brand elements are too prominent within the ad. For example, Teixera, Wedel, and Pieters (2010) find that brand salience enhances ad avoidance. Even though, pulsing, showing the brand frequently for only a short time reduces this effect. Furthermore, strong salience might remind consumers that they should be manipulated and thus evokes counter-arguments. Finally, brand salience decreases the ad's "soft-sell" character and increases its less favorable "hard-sell" character (Aaker and Bruzzone 1985).

Given the discussion above, I conclude that further research on the influence of brand salience is needed. Table 4 provides and overview of the relevant literature over the last 20 years.

(1) Does brand salience increase advertising effectiveness in terms of sales? What is the optimal level of brand salience?

(2) It should also be interesting to find out which branding cues (e.g., logo vs. brand name) are most effective in enhancing brand salience without causing annoyance and/or ad avoidance. In other words, which branding cues should marketers integrate within ads?

(3) Which context factors moderate the effect of brand salience? For example, it might be reasonable to assume that brand salience should be stronger for new or less known brands.

Table 4: Overview of the Relevant Literature, Branding Strategy

Author	Medium	Content	Method	Dependent Variable	Moderator
Pieters and Wedel 2004	Print	Branding salience	Laboratory study	- Attention to ad	
Pieters, Wedel, and Zhang 2007	Print	Branding salience	Laboratory study	- Attention to ad	
Kolsarici and Vakratsas 2010	Print/ video	Branding salience	Field study	- Sales	
Teixeira, Wedel, and Pieters 2010	Video	Branding salience	Laboratory study	- Ad avoidance	
Elsen, Pieters, and Wedel 2016	Display	Branding salience	Laboratory study	- Ad/brand attitude - Ad identification	

7 Context Factors

After I discussed the different executional cues that advertisers have to consider when designing an ad, I now classify the different moderating variables into four clusters based on their key features and their managerial relevance (see Table 5).

Table 5: Classification of the Different Content Factors

I Category and Brand	II Media Plan	III Customer	IV Situational
Involvement	Medium	Gender	Mood
Product type	Genre	Age	Clutter
Brand age	Repetition	Need for cognition	Cognitive load
Consumption motivation		Loyalty	
Quality		Ad scepticism	
Size		Regulatory motivation	
		Contrual level	
+	*Managerial Relevance*		-

The first cluster consists of factors pertaining to the product category and type of brand such as the product involvement, market age, consumption motivation, or quality. This cluster has the highest managerial relevance given that brand managers can easily determine to which group they belong. For example, cars are usually high involvement products whereas soups are low involvement products or blow dryers belong to durables goods whereas cornflakes belong to fast moving consumer goods. Some factors in these groups might be somewhat less obvious (e.g., the consumption motivation or perceived quality). However, marketers can still determine their group membership by conducting market research (i.e., asking a representative group of consumers or using secondary data). Factors belonging to the second cluster refer to the brand's media plan. They include for example the medium (e.g., TV, print) or the genre of the TV program or magazine in which the ad is embedded (e.g., sports vs. drama). Since these factors strongly depend on the brand's advertising budget, the managerial relevance should be somewhat lower. The fourth cluster comprises numerous consumer characteristics including gender,

age or need for cognition. The relevance of this cluster depends on the single factor, the particular brand, and the medium. Whereas gender and age might be relevant factors for brands with very specific target groups (e.g., anti-aging creams, tampons) they are less important for others (e.g., soups, bread). Still, the relevance of this group might increase in the next decade due to the strong growth of mobile and internet advertising, which enables marketers to use more personalized ads. In the case of personalized ads, customer factors should be much more relevant, since advertisers might be able to learn about the consumers based on their online behavior and their social media profiles. Finally, I call the last cluster situational factors. Considering that situational factors change over time, they show the lowest managerial relevance. Thus, these factors might be interesting for theory development, but they are less conclusive for practitioners.

8 Summary and Research Priorities

Advertising execution is an important driver of ad effectiveness and thus a central topic in marketing. In this chapter, I aim to provide an overview of the different executional cues marketing managers and ad agencies have to consider when designing a new campaign. I therefore, structure these cues in a comprehensive framework and provide an overview of the relevant literature on this topic of the last 20 years. Reviewing the literature, I find that there has been quite some research about advertising appeals. By contrast, there has been less research directed toward the other two dimensions of the advertising execution, conceptual approach, and brand salience. Furthermore, in terms of methodology, I find that considerable efforts have been devoted to laboratory studies (often with student samples), whereas only a few researcher analyzed the effect of executional cues in field studies.

Within this chapter, I suggest a number of research gaps that future research should address. Summarizing these, I propose five central avenues for further research. First, as mentioned above most prior research conducted laboratory studies. Thus, future research should

concentrate on field studies, on the one hand, to determine the effectiveness of executional cues on *actual* consumer behavior and on the other hand, to provide external validity to the findings of previous laboratory studies. Especially since laboratory studies presume initial attention toward the ad. Thus, based on these studies, it is unclear which content cues are actually able to break through the advertising clutter.

Second, future research should analyze to what extent the different executional cues interact with each other. It could be reasonable to assume that many executional cues have an effect upon one another. The effect of emotional appeals, for example, might depend on the executional authenticity. Given that, realistic plots allow consumers to identify with the ads' character (Stern 1994) emotional appeals might be more effective in realistic settings. Similarly, creativity might moderate the effect of rational appeals. Creativity attracts consumers' attention (Ang and Low 2000), which is an important prerequisite for the effectiveness of rational appeals. Thus, creativity might enhance the influence of rational appeals. Further research should investigate these and/or similar interactions.

Third, I propose that the influence of executional cues depends strongly on the context. Even though some studies have analyzed the moderating effect of specific context variables, there is still a need for additional studies in this area. Further research should examine the effect of the most relevant moderating variables (cluster I) such as product involvement, brand size, or consumption motivation on the different executional cues so that managers can choose the most appropriate executional strategy for their respective type of brand. Pertaining to mobile and Internet advertising, researchers should also analyze the moderating effect of consumer factors, since marketers may personalize these type of ads. Another interesting context factor is culture. Most prior studies focus on the USA or other western countries. However, consumers

of different cultural backgrounds (e.g., individualistic vs. collectivistic countries) might respond differently to executional cues. Thus, conducting cross-cultural studies would also be an interesting avenue to pursue.

Fourth, the effectiveness of executional cues might also depend on the executional strategy of competitor brands. Brands of a given category often employ similar executional cues (e.g., most soft drink brands rely on creativity, most facial cream brands rely on rational appeals, and most perfume brands rely on emotional appeals). However, given the cluttered media environment, it might be more effective for brands to differentiate themselves by means of a distinct execution. The use of similar executional cues might be one reason why consumers fail to identify the advertising brand correctly. Still, it might be possible that some brands actually benefit from similar campaigns (e.g., the market leader). Thus, further research should investigate how and under which conditions the effectiveness of executional cues depends on competitors' execution.

Five, further research should analyze the role of executional cues in integrated advertising campaigns. More and more marketers adopt integrated marketing campaigns using multiple media channels (print, Internet, video) to communicate with their consumers (Naik and Raman 2003). However, based on the literature it is unclear whether they should use the same or different executional cues across all channels. On the one hand, the media channel moderates the effectiveness of executional cues. This implies that marketers should use different cues depending on the channel and target audience (e.g., rational appeals for print, emotional appeals for video ads, technical complexity for trade journals). On the other hand, using the same executional cues across all channels might enhance consumers' recall and recognition and allow marketers to leverage synergies. Thus, further research should investigate to which extent marketers should use the same executional cues in integrated marketing campaigns.

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