

Ithaca 2018 Abstract Submission

Title

Wine labels that pay off: The role of processing fluency and risk-propensity in the effects of wine labels on consumers' purchase intentions and willingness-to-pay

I want to submit an abstract for:

Conference Presentation

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Keywords

Wine labels; Fluency; Risk; Survey data; Moderated-mediation analyses

Research Question

Our primary objective is to examine if more fluently processed wine labels leave consumers more reassured and consequently if they exhibit higher purchase intentions and willingness-to-pay.

Methods

We selected 4 wine labels to include in our survey that was distributed to 594 subjects in a 2 × 2 between-subjects experimental design.

Results

Fluently processed labels lead to reassuring impressions and higher purchase intentions and willingness-to-pay. Reassuring impressions better explain purchase intentions and WTP for people who are more prone to take risks.

Abstract

Package design represents the first cue that consumers are exposed to when they interact with a product (Charters, Lockshin, & Unwin, 1999). Marketers thus pay great attention to the aesthetic properties of their products' package designs. With respect to wine, research recognizes the strong influence of front labels on consumers' responses (Boudreaux & Palmer, 2007; Combris et al., 2009). Given this influence, the way consumers process wine labels has lately received attention and has been investigated under the lens of fluency (Lunardo & Livat, 2016), or the ease with which stimuli are processed (Reber, Winkielman, & Schwarz, 1998). Psychological research on fluency consistently finds evidence for the notion that fluently processed stimuli are preferred by consumers (Alter & Oppenheimer, 2008; Reber, Schwarz, & Winkielman, 2004). Therefore, one may hypothesize that fluently processed wine labels will make consumers more reassured (H1), and consequently exhibit higher

purchase intentions (H2a) and willingness-to-pay (hereafter, WTP; H2b) through the mediating role of reassuring impressions. This research thus investigates the role that processing fluency plays in reassuring impressions, consumer's intentions and WTP when exposed to wine labels.

Further, this research examines if front-of-package labels that can be fluently processed exert the same positive effect for all consumers. Relying on research showing that people perceive non-fluently processed stimuli as riskier than fluently processed stimuli (Song & Schwartz, 2009), we propose that consumers may react differently to processing fluency depending on their propensity to take risk in the everyday life. Specifically, we propose that risk-propensity moderates the effects of processing fluency derived from wine labels on reassuring impressions, such that the more a consumer is a risk-taker, the more processing fluency will lead to reassuring impressions (H3). Considering this interaction between fluency and risk propensity, as well as the mediating role of reassuring impressions hypothesized above, we also suggest that risk propensity moderated the indirect effect of fluency on purchase intentions (H4a) and WTP (H4b) through the mediating role of reassuring impressions.

In order to test these hypotheses, data were collected from 539 US citizens (61% male, age ranging from 20 to 59) who were recruited online by a panelist to answer a questionnaire. Because fluency from the wine label can derive from the typicality and fun of the wine label design, we selected a sample of 100 wine labels for wines from California, and asked an expert wine judge to select 20 that were seen as varying in typicality and fun. In order to obtain variance in fluency and test its effects on purchase intentions and WTP, the 20 labels were pretested to retain the 4 labels that were then used in a 2 × 2 between-subjects design which manipulated typicality (high versus low) and fun (high versus low).

Once having been exposed to a wine label, respondents were asked to complete a series of measures. In order to limit common method variance (Podsakoff et al., 2003), respondents first rated on a single-item measure their WTP by answering the question, "What price in US dollars would you be willing to pay for this bottle of wine?" (adapted from Bagchi & Cheema, 2013). They then rated their purchase intentions ("Improbable / Probable", "Unlikely / Likely", "Impossible / Possible", $\alpha = .92$), their reassuring impressions from a three-item scale from Henderson et al., 2004 ("Innovative / Mainstream", "Informal / Formal", "Not calm / Calm"; $\alpha = .71$), and their processing fluency on a three-item scale adapted from Fang, Singh, and Ahluwalia (2007; "very difficult to understand/imagine/process" / "very easy to understand/imagine/process"; $\alpha = .92$). Risk propensity was then measured using the three positively framed items from the Risk-Propensity Scale developed by Meertens and Lion (2008; $\alpha = .88$). Finally, since the effects of fluency could vary with typicality and fun, these two variables were measured using for each a single item ("To what extent do you find this label: Typical / Fun"). Except WTP, all the scale items were measured on seven-point Likert-type scales. All multi-item measures exhibited good reliability ($\alpha > .70$), factor loadings above .60, and discriminant validity, with all the measures' average variance extracted greater than .50 and larger than all squared correlations (Fornell and Larcker, 1981).

The hypotheses were tested using the Process Macro (Hayes, 2012). Two distinct mediation analyses (Model 4, 5000 bootstraps) were conducted to test hypotheses 1-3. Then, two distinct moderated-mediation analyses were performed to test hypotheses 4-5 (Model 8, 5000 bootstraps). For all the analyses, depending on the sub-hypotheses, either purchase intentions or WTP was included as the dependent variable. Reassuring impressions was included as the mediator, and processing fluency as the independent variable. The variables measuring the typicality and fun of the wine labels were included as covariates.

Regarding the tests of H1-H2, a first mediation analysis revealed a positive effect of processing fluency on reassuring impressions ($\beta = .28$, $t = 6.46$, $p < .001$), supporting H1. Turning to the test of the mediating role of reassuring impressions, the results first revealed a significant positive indirect effect of processing fluency on purchase intentions through reassuring impressions (95% CI = .044; .110). More specifically, as mentioned above, processing fluency exerts a positive effect on reassuring impressions, this variable then exerted a positive effect on purchase intentions ($\beta = .26$, $t = 6.79$, $p < .001$). No direct effect of processing fluency on purchase intentions was found. These results support H2a. The same analysis was performed with WTP as the dependent variable. Again, a mediating role of reassuring impressions was found (95% CI = .057; .143), with reassuring impressions exerting here again a positive effect on WTP ($\beta = .34$, $t = 7.93$, $p < .001$) and supported H2b. Of note, typicality and fun were found to affect reassuring impressions ($\beta_{\text{Typic.}} = .22$, $t = 7.90$, $p < .001$; $\beta_{\text{Fun}} = -.10$, $t = -3.43$, $p < .001$) and purchase intentions ($\beta_{\text{Typic.}} = .09$, $t = 3.47$, $p < .001$; $\beta_{\text{Fun}} = .28$, $t = 12.19$, $p < .001$). However, only

the fun aspects of wine labels had an effect on WTP ($\beta = .14$, $t = 5.62$, $p < .001$).

Hypotheses 3 and 4 were tested using moderated-mediation analyses. The first analysis was conducted with purchase intentions as the independent variable. In addition to the positive main effect of processing fluency on reassuring impressions, the results first revealed – as expected – its significant interaction with risk propensity ($\beta = .18$, $t = 4.00$, $p < .001$). Specifically, the positive effect of processing fluency is stronger for people high (versus low) in risk propensity, supporting H3a. Results then revealed a significant index of moderated mediation (95% CI = .018; .080), supporting the notion that reassuring impressions differently mediate the effect of processing fluency depending on the risk propensity. Specifically, when people are not prone to risk (- 1 S.D.), the mediating effect of reassuring impressions derived from fluency is lower (95% CI = .010; .068) than the mediating effect observed for high risk takers (+ 1 S.D.; 95% CI = .071; .192). This indicates that for people who are more likely to take risks, an increase in reassuring impressions following processing fluency acts as the mechanism that explains their increase in purchase intentions. The same significant moderated-mediation was found with WTP (95% CI = .028; .099), again with the effect of fluency being mediated more by reassuring impressions for high risk-takers (95% CI = .011; .094) than low risk-takers (95% CI = .104; .242). This result indicates that the price consumers are willing to pay for a bottle of wine is explained by their feeling of reassurance that follows the ease they had to understand the label, especially when those consumers are high risk-takers.

Overall, this research contributes to the literature in two important ways. First, this research identifies reassuring impressions on the variable that explains why fluency can lead to positive effects, in variables of primary interest for wine producers, like purchase intentions and WTP. Second, our research shows that this effect of reassuring impressions following fluency is different depending on the risk that consumers are used to taking in their everyday life. Hence, wine producers and marketers may gain in designing labels that can be easily read and understood, and in particular when their customers can be characterized as risk-takers.

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