Behavioral Economics and Our Brain’s Predisposition Towards the Negative
Traditional economic theory posits that people are rational and seek to maximize benefits when making choices. We implicitly buy into this view when we do research that includes only benefits that people seek. More specifically, we address most business questions using only positively worded attributes (e.g., is a brand I trust, cleans dirt well, provides excellent customer service) and often do not measure the negative (e.g., I do not trust this brand, does not clean dirt well). This is the case in brand equity studies, concept testing, product testing, shopper studies, etc.

Of late, however, Behavioral Economics has shown that our decision processes are far from rational. One of the greatest contributions of Behavioral Economics has been the finding that people have a strong inherent bias towards negative information. We are hardwired to pay attention to negative information and less so to positive information. This predisposition is an adaptive response to ensure our survival. A failure to notice positive stimuli is at most, an opportunity loss, but a failure to notice negative stimuli (e.g., a predator) could mean we cease to exist. If we do indeed gravitate towards the negative, then the question is do we have a complete and accurate picture of how people make decisions when we choose to focus only on the positive when we do research? The answer to this rhetorical question is clearly a “no”. Before we jump into how a negativity bias may impact consumers’ decisions, however, it is worth briefly reviewing the psychological literature that has uncovered this bias.
Perhaps the best known review of the negativity bias has been documented in a paper appropriately named “Bad is stronger than Good” by Baumeister, Bratslasky, Finkenauer, and Vohs (2001). In this paper, the authors summarize an impressive collection of studies that show how this negativity bias permeates every aspect of our lives. Most directly related to how consumers evaluate brands or products, however, would be studies on how we form impressions of others. Research in this area shows a clear positive-negative asymmetry: negative information about a person has a larger impact on impressions than positive information. For example, Hamilton and Huffman (1971) found that negative traits received more weight in impression formation than did positive ones. People were also more confident of their negative impression of someone with bad traits than they were confident about their good impression of someone with positive traits (Hamilton and Zanna, 1972). Rothbart and Park (1986) found that the more negative a trait, the fewer the number of instances required for the formation of stereotypes, and the greater number of instances necessary to disconfirm the stereotype. In short, negative stereotypes/reputations are easily formed and difficult to lose.

Anecdotally, we have certainly seen this when it comes to corporate brand reputations or equity. It only takes one negative event to taint a company’s reputation and a long time to recover from it. For those of us who are married, we should also note Gottman’s (1994) research on relationships. Gottman suggests that for a relationship to survive, the number of good interactions must outnumber the negative ones by at least five to one. The hypothesis is that negative events are so much stronger than positive ones that the positive must outnumber the negative in order to prevail.

Finally, there is evidence from cognitive psychologists that negative information is processed and remembered better than positive information (Robinson-Riegler and Winton, 1996). In their study, participants showed better memory for negative than positive information and were better able to remember the source of negative than positive information. These findings suggest that the negative information was thought about more thoroughly and hence was better remembered.
Let’s now focus in on what is dear to us: brands and products. In a recent brand equity study by Winchester & Winchester (2009), the authors looked at how positive and negative beliefs about brands are associated with the intent to switch brands. To ensure the generalities of their findings, three industries were included in this study: financial services, power utilities and insurance services. Across all three industries, the authors showed that negative brand beliefs have a greater impact on increasing the stated intention to switch brands than positive beliefs have on decreasing the intention to switch brands.

A question that may arise from this study is where do negative beliefs about brands come from? One obvious source would be from actual product experience. We share the results from two product tests that strongly suggest that negative information obtained during product usage has a disproportionate negative effect (versus positive) on product evaluation.

In the first study we conducted, five blinded products from different brands were tested among consumers in a home usage test. Each respondent tested only one of the five products (i.e., a monadic design). Respondents were asked two open-ended questions (Likes and Dislikes) after product usage. Respondents were also asked to rate the product overall on a 5-point scale.

To test the hypothesis that negative information is stronger than positive information in influencing overall rating, we looked to see if the negative verbatim that came from the Dislikes had a greater weight than the positive verbatim from the Likes. To test this, we looked for verbatim that were mentioned both in the Dislikes and Likes and determined if the verbatim was more impactful when mentioned in the Dislikes than when it was mentioned in the Likes. **In general, the results showed that for the same word that appeared both in the Dislikes and Likes mentions, the word mentioned in the Dislikes had a greater impact on overall rating.** This finding provides support that our predisposition towards negative information extends to product evaluation as well.
As one example, take “softness,” one of the key attributes for the category studied. We found that disliking the product on softness had a 2.3 times greater impact on overall rating than liking the product on softness. Most importantly, this negative impact was incremental to the positive impact. In other words, the negative information provided additional predictive power beyond the positive information on overall rating. Knowing whether people disliked the product on key attributes added more predictive power than just knowing whether people liked the product on the key attributes.

In the second study conducted by Ipsos, respondents were asked to use two products sequentially. At the end of the product usage period, respondents were asked to indicate which product they preferred overall (the first or the second). As in the first study, respondents were asked to indicate what they liked or disliked about the products in open-ended questions immediately after product usage. So, the key difference from the first study is we are predicting product preference in this second study instead of an overall rating measure.

Similar to the results found in the first study, we found that words mentioned in the Dislikes had a greater weight than the same word mentioned in the Likes. For example, an attribute mentioned both in the Likes and Dislikes had to do with the comfort of the product. What we found was that mentions that the product was uncomfortable (negative information) had an impact on overall preference that was 4 times greater than mentions that the product was comfortable (positive information"). In other words, pleasing the consumer is good but not aggravating/irritating the consumer is critical.

Given what we know about the impact negativity bias has on consumer decision-making, it becomes imperative that we start to include negatively worded attributes within our research to truly understand consumer perceptions. But it’s not quite as easy as it sounds. Consider a brand equity study on laundry detergent brands. What would the negative attributes be? They tend to occur less frequently, and are potentially more idiosyncratic. Consequently, it is difficult to come up with a list of negative attributes that can be easily applied to all the stimuli in a given study. In contrast, it is easy to think of positive attributes.

The first change we need to make to our research, and as illustrated by the two product usage studies described earlier, is to capture both positive and negative feedback via open-ended responses. Not only is this natural language more robust than preconceived attribute lists, but it reflects how people actually communicate and express themselves. Second, as detailed in a previous paper (Ho, 2012), we can use text analytics with open-ended questions to get us one step closer to reality. As was shown in this paper, the prior paper also details how open-ended questions coupled with text analytics can get us one step closer to reality, albeit in different contexts.
In sum, our brain’s predisposition towards the negative is a pervasive one and has been shown in many aspects of our lives. In this paper, I have added to this literature by showing that negative information can have a disproportionate effect on product evaluations. Our current, often exclusive focus on collecting positive information needs to be balanced by a shift to collecting negative information as well. People’s choices of products or services can be equally, if not more, influenced by their negative beliefs about brands or companies.

If the goal is to get consumers to try our products, then we must understand not just what would attract them to our products, but also understand what may be stopping them from trying our products. If the goal is to win back consumers who have used our products previously but don’t anymore, we need to understand the negative beliefs that prevent them from repurchasing.

This information is likely to yield incremental insights beyond those obtained from positive information, and bring us one step closer to capturing reality. The payback from understanding the impact of the negative is that it can help reset our minds. Reframing a discussion on how to improve one’s product, service or brand equity to include avoiding failures that generate negative information and emotions will likely lead to different marketing actions and product development priorities than a discussion that focuses exclusively on ensuring benefits.
References


About Ipsos Marketing

Ipsos Marketing is the Ipsos brand dedicated to meeting the innovation and brand growth needs of our clients. It is organized around four global practices: Innovation and Forecasting, Markets and Branding, Healthcare and Qualitative.

Ipsos Marketing experts help clients transform insights into their competitive advantage. They offer innovative contractual models to better manage Market Research money. They distribute insights real-time within client’s organizations by leveraging technology and workshops. They integrate knowledge by combining various sources of insights.

Ipsos Marketing is a specialization of Ipsos, a global market research company with offices in 86 countries. Ipsos delivers insightful expertise across six research specializations: advertising, customer loyalty, marketing, media, public affairs research, and survey management.

Ipsos has been listed on the Paris Stock Exchange since 1999 and generated global revenues of €1,712,4 million (2 274 M$) in 2013, of which 52% came from Ipsos Marketing.

Visit www.ipsosmarketing.com to learn more.