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An Investigative Study into the Effects of Price and Non-Price Oriented TV Advertising on Generation Z Consumers' Purchase Intentions.

This dissertation is submitted in accordance with the Leeds University Business School's regulations. I confirm that this is all my own work, and, where quotes or citations have been made, they are appropriately referenced.

Word count: **7499**.

Abstract

This study aimed to investigate the effects of price and non-price oriented TV advertising on Generation Z consumers and on their purchase intentions. To measure this, the study utilised a qualitative approach through several focus groups, conducted and structured using a researcher-made topics guide and readily available advertising materials. The sample population included Generation Z individuals from the University of Leeds, and a control group of individuals from preceding generations was used to draw comparisons and contrasts. The findings show that Generation Z value price messages within TV advertising, and that their purchase intentions are positively influenced by them regardless of perceived value. Relevant practical implications and study limitations are also provided.

Acknowledgements

I would like to thank my supervisor, Jennie Robinson, for her continuous support and guidance during the course of this research project. I would also like to acknowledge the individuals that participated and engaged with the study and enabled this research to be possible.

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1. Introduction

Television advertising and advertising price messages are topics that have been well explored in marketing and economics alike due to the effects they can have on consumer price sensitivity and purchase intentions (Kalra and Goodstein, 1998). Whilst technology advancements in recent centuries has allowed for marketers to advertise to consumers through a plethora of platforms, traditional TV advertising remains a high-reach medium for even the most technologically-savvy generations, such as Generation Z (Southgate, 2017). Generation Z has been described as unlike any other, as the first global generation, and as the cohort that marketers will soon shift the majority of their focus towards (Lorgulescu, 2016).

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This study aims to identify Generation Z consumers' attitudes towards TV advertising and measure the extent to which price and non-price oriented advertising can influence this demographic's purchase intentions. The paper looks to contribute to relevant current research into advertising effects by supplying updated data set, and to research into Generation Z generally. Utilising a qualitative approach, the study consists of several focus groups with Generation Z individuals with the aim of engaging them in conversation around price and non-price oriented advertising and encouraging them into sharing their attitudes and opinions, in order to gain valuable insights for marketers.

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2. Literature Review

2.1 The Purpose and Influence of Advertising

Advertising has been cited as one of the most important factors influencing consumer demand (Zhang et al., 2015; Lu et al., 2016) and global spend on it was forecast to reach a record \$563 billion USD in 2017 (Jordan, 2017). Weilbacher (2003) notes that goods and services that are truly differentiated and

superior to competing alternatives are scarce for consumers, and hence advertising has traditionally been used as a means for brands to differentiate themselves from rivals (Kalra and Goodstein, 1998). Indeed, literature tells us that advertising in itself can act as a signal of quality to consumers, irrespective of obvious informational content that it may, or may not, provide (Wiggins and Lane, 1983; Milgrom and Roberts, 1986; Neto et al., 2016).

Whilst a traditional Behaviourist view sees advertising as merely an outside stimulus that is the sole cause and effect of human response (Kandel, 2013), the contemporary approach argues that advertising is consumed in a much more complex manner and must establish a connection with the audience in which they consciously attend to the advert and are hence influenced by it (Weilbacher, 2003). This contact has otherwise been described as consumer involvement, meaning the level of personal relevance it holds (Howard and Kerin, 2006). In his work on the Involvement Construct, Zaichkowsky (1985) finds that involvement is a suitable indicator of motivation to process a message (Gotlieb and Sarel, 1991), and is hence shown to influence the extent to which consumers process an advertisement (Howard and Kerin, 2006).

Though involvement can be argued as an important influencer on consumer behaviour (Gotlieb and Sarel, 1991), it is suggested by Weilbacher (2003) that unless the message is actively disruptive, it is merely a net addition to previously learned and retained information of a brand that a consumer stores. Weilbacher (2003) hence argues that it is the challenge of advertising to sabotage the ordinary workings of the brain through disruption, and thereby establish a connection with the audience. The research conducted for this paper looks to determine the extent to which the inclusion of price within TV advertising can successfully achieve this goal, and whether it has positive or negative effects.

2.2 Advertising Price and Reference Price Effects

Previous research into the effects of price in advertising has usually centred around reference prices (Bemmaor and Mouchoux, 1991; Kaul and Wittink, 1995;

Howard and Kerin, 2006). Reference prices are described as internal standards that consumers evaluate the purchase price of a good or service against (Dye and Yang, 2016), with the comparison between the two prices determining the outcome of any purchase decision (Lu et al., 2016). It has hence been suggested that by influencing the cognitive reference price of consumers, advertisers can in turn sway purchase decisions in their favour (Lu et al., 2016), a strategy that is inherent to reference price advertising (Howard and Kerin, 2006).

Reference price advertising strategies communicate a lower price in comparison to a higher price previously offered, or currently offered by a competitor (Howard and Kerin, 2006). The value of this approach has been questioned, with some arguing that it is an effective persuasion strategy, and others suggesting that superfluous value cues have little effect on price perceptions (Howard and Kerin, 2006; Lu et al., 2016). It should be noted that price itself acts as a signal of quality (Milgrom and Roberts, 1986); consumers utilise price as a quality indicator since previous experience tends to show that more expensive products are superior to cheaper alternatives (Olbrich and Christian Jansen, 2014).

Advertising has since been categorised as either price or non-price oriented (Kalra and Goodstein, 1998), whilst non-price oriented advertising can be either differentiating or reminder (Mitra and Lynch, 1995). Generally, it is agreed that price oriented advertising acts as a source of information on alternative options available to consumers (Nelson, 1974; Bharadwaj, Varadarajan, and Fahy, 1993; Ling et al., 2010) and hence increases price sensitivity (Bemmaor and Mouchoux, 1991). It has also been argued that non-price oriented, or mood (Kaul and Wittink, 1995), advertising increases differentiation, thereby reducing competition (Porter, 2008) and decreasing consumer price sensitivity (Kalra and Goodstein, 1998; Gao et al., 2015). However, as mentioned previously, Nowlis and Siminon (1996) maintain that price sensitivity is inherently influenced by initial market perceptions. It is also argued that advertising results in reduced consumer price sensitivity for premium products (Huber et al., 1986), whilst TV advertising in general increases price sensitivity (Kanetkar et al., 1992).

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2.3 Advertising Impacts on Intention to Purchase

Whilst research into price sensitivity effects of advertising is extensive (Erdem et al., 2002), the research of this paper will consider and explore the impacts of price and non-price oriented advertising on consumer behaviour in relation to intention to purchase. Purchasing intention has been described as a probability that is controlled by customers who intend to purchase a particular product (Dehghani and Tumer, 2015), and it is argued that the core purpose of advertising is to sway the consumer to become more inclined to purchase a product (Karma and Sharma, 2017). Moreover, Kotler and Keller (2006) suggest that purchase intentions can drive sales via advertising that improves consumer attitudes and brand equity. Schiffman and Kanuk (2009) found that consumer purchase intentions are largely dependent on perceived value, a factor that should be taken into account when analysing the results of this paper's research.

Purchase intentions are usually linked to consumer behaviours, attitudes and perceptions, and are influenced by price and perceived value (Mirabi et al., 2015). Research (Spears and Singh, 2004; Mirabi et al., 2015) shows that advertising has a significant impact on consumer purchase intentions, whilst promotion of price is also shown to stimulate consumer buying intentions (Chi et al., 2009). That said, it is also argued that consumer attitudes towards advertising itself play an important role in determining behavioural and, hence, purchase, intentions (Shaouf et al., 2016).

2.4 Attitudes Toward and Impacts of TV Advertising

Kotwal et al (2008) acknowledge that TV advertising can significantly influence purchase behaviours, but so too can attitudes toward TV advertisements themselves. Whilst attitudes refer to an overall evaluation of and affection for an object, attitude towards advertising has been described as 'a learned predisposition to respond in a consistently favourable or unfavourable manner to

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advertising in general' (Millan and Mittal, 2010). Karma and Sharma (2017) suggest that there is a direct link between attitude towards TV advertising and attitudes towards products and brands, thus the research conducted in this paper will take initial attitudes into consideration when evaluating the implications of price and non-price oriented advertising. Karma and Sharma (2017) also advocate the use of TV advertising due to its ability to attract the attention of the audience effectively, and also instil trust for brands and products into consumers because of the belief that commercials are a reliable source of product information (Shah and D'Souza, 2008).

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However, it is also argued that people differ in attitudes towards TV advertising, some viewing it positively and others negatively (Oh and Jeong, 2015). It is suggested that from as early as the age of eight, individuals begin to develop a scepticism towards TV advertising (Derbaix and Pecheux, 2003), a phenomenon labelled as the Schemer Schema (Wright, 1986). The Schemer Schema (Wright, 1986) suggests that people develop beliefs about the tactics that marketers use to persuade them, which is partly due to a shift from concrete to abstract thinking during individual development (Boush et al., 1994). It is suggested that as cognitive abilities improve, decision making competences develop and hence scepticism increases (Boush et al., 1994). It is argued that adolescents are in the process of developing knowledge about advertiser tactics, so research into an older age group could clarify the impacts of advertisement attitudes further (Derbaix and Pecheux, 2003). Furthermore, it is suggested that the fundamental basis for effective marketing is an understanding of the changing consumer (Stipp, 2016).

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2.5 Advertising to Generation Z

Generation Z have been labelled as the next generational focus, and already amount to over 2 billion people (Southgate, 2017), occupying almost one third of the global population (Inskip, 2016). Since an understanding of the developing consumer is essential to marketing (Stipp, 2016) it is somewhat surprising that little large-scale research into the generation is available, whilst there is a high

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level of disagreement within the research that does exist and little consensus on the classification of Generation Z in relevant literature (Mladkova, 2017). Authors debate over the boundaries between generations, with some arguing that Generation Z are born after 1990 (Mladkova, 2017) and others suggesting 1995 as a more appropriate border (Vallone et al., 2016). For the purpose of this research, Strauss and Howe's (1991) Generational Theory will be utilised, whereby 1995 marks the generational boundary.

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Research does, however, agree on certain traits and characteristics of this cohort. Raised and shaped during years of recessions, economic hardship and exponential technological development (Inskip, 2016), Generation Z have had access to more information than any of their preceding generations (Seemillar and Grace, 2017). With this demographic now well into adulthood and experiencing increasing spending power (Southgate, 2017) their needs, perspectives and aspirations should be of great importance to marketers, and should be considered as vastly different from their predecessor, Generation Y (Seemillar and Grace, 2017). That said, Ariker and Toksoy (2017) note that their intentions and consumption behaviours are an area in need of greater research.

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The most significant research regarding Generation Z to date was conducted by Kantar Millward Brown (2017) in their study of behaviours, attitudes and responses to advertising. Their research found that TV advertisements remain a high-reach, high-receptivity platform, and that music and design play key roles in engagement levels (Southgate, 2017). They suggest that design that focuses on visual metaphors as opposed to explicit messages are better perceived, and that TV adverts offer the greatest level of visual quality (Southgate, 2017). Research also suggests that the cohort prefers it when brands share insights rather than sell to consumers (Inskip, 2016), but affordable price is said to be a significant precondition of Generation Z consumers (Ariker and Toksoy, 2017), categorising their mind-set as less idealistic and more economically pragmatic (Inskip, 2016). However, it is clear that further research into the field of Generation Z and their attitudes towards advertising is required (Mladkova, 2017).

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The research conducted for this paper will look to address this need somewhat by identifying the current attitudes of Generation Z, in terms of advertising and price and non-price oriented TV adverts. Whilst factors such as growing up during economic hardship and technological development are likely to have influenced this cohort's attitude towards the use of price in advertisements, further research in the future will be required. Future research would allow marketers to determine whether the findings of this study in relation to price effects are due to the aforementioned generational reasons and influencing factors, or more due to the fact that the cohort typically has a low disposable income.

Another important characteristic of Generation Z that should be considered is their media consumption habits. In an era of social media, video on demand and online video streaming, some authors suggest that TV is becoming of less importance (Wang, 2015). Indeed, TV consumption has changed from the traditional style of the family gathered together on the sofas (Kassaye and Hutto, 2016), but this does not mean that TV, as a media consumption platform, is no longer relevant or important to this generation (Wang, 2015). Research suggests that this cohort still watch live TV, and hence are exposed to TV advertising, for major live programmes such as sporting events or reality TV (Kassaye and Hutto, 2016). Furthermore, on demand platforms that are said to be becoming more popular with this Generation, such as ITV player, 4OD and HBO all include TV adverts within programming in the same way as ordinary TV media.

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2.6 Areas for Further Research

A review of the relevant literature has enabled the identification of a number of areas of research that are in need of updated data in relation to the changing consumer and advertising landscape. Whilst the research conducted by authors such as Mitra and Lynch (1995) and Kaul and Wittink (1995) into the effects of price and non-price advertising generally is extremely valuable, neither focus specifically on Television advertising effects. Their research, along with that of Karla and Goodstein (1998), focuses on the economic impacts of different

advertising strategies, as opposed to consumer-behaviour related consequences such as purchase intentions. Furthermore, it is frequently said that a thorough understanding of the evolving consumer is required for successful marketing (Stipp, 2016) and that research into contemporary generations is scarce and in need of sustenance (Mladkova, 2017). Indeed, most of the research conducted into the effects of advertising price was conducted over a century ago (Bemmaor and Mouchoux, 1991; Kaul and Wittink, 1995; Howard and Kerin, 2006), and hence a void in data has developed.

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The research conducted in this paper will begin to address several areas in need of replenishment, and thus produce the start of a new data set that is apparently required. Firstly, the research will look to build on that of Mitra and Lynch (1995) by exploring the effects of price and non-price advertising, as well as on Kantar Millward Brown's (2017) research into advertising to Generation Z, the youngest generation that can be interviewed without parental approval. The research will also focus on effects related to purchase intentions, rather than price sensitivity, as explored by Kanetkar et al (1992) and others.

3. Methodology

3.1 Research Questions

The purpose of the research was to explore the effects that price and non-price oriented adverts have upon the purchase intentions of Generation Z individuals. As context, the research first looked to determine pre-existing attitudes towards TV advertising, as well as advertising generally. The study then looked to measure changes in attitudes and purchase intentions following exposure to certain price and non-price oriented advertisements.

To summarise, the study looked to answer the following research questions:

- Do Generation Z react favourably or adversely to the use of price in TV adverts?
- Does the use, or non-use, of price in TV advertising influence the purchase intentions of Generation Z?

3.2 Method Rationale

The research conducted was qualitative and gathered through several focus groups. The study opted to gather qualitative data for several significant reasons. Firstly, the nature of the issues involved were relatively complex, due to the fact they were concerned with attitudes, feelings, and behavioural intentions. Similarly to Harris and Dennis' (2011) qualitative study into consumer engagement, an exploratory qualitative approach was utilised to gain an insight into consumer attitudes and preferences, with the methodology justified by the works of Bellinger et al (1976; cited by Harris and Dennis, 2011, p341) and Dey (1993; cited by Harris and Dennis, 2011, p341). Whilst much of the research conducted into the effects of price and non-price oriented advertising utilised quantitative methods of data collection (Mitra and Lynch, 1995; Bemmaor and Mouchoux, 1991), usually through surveys, these research papers generally focused on economic effects and price sensitivity, which lends itself to regression and statistical analysis. On the other hand, data related to behaviours and attitudes cannot be gathered through simple questions typically asked in surveys, but can be collected through discussion and probing questions. This type of questioning typically lends itself to qualitative research methods. Thus, qualitative data collection through focus groups was chosen in order to yield the most meaningful responses, and in turn allow for more insightful and valuable findings.

Another reason for this type of data collection was to build on the research conducted by Kantar Millward Brown (2017), who conducted online discussion forums among Generation Z participants. Face to face focus groups were selected as a method of collecting data, due to ease of access to appropriate participants. There was therefore no need for the use of digital platforms of

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communication. Kantar Millward Brown's (2017) research, as outlined by Southgate (2017), conducted trial questionnaires and focus groups in order to determine the ideal questions to yield the most relevant and beneficial data set. Therefore, the questions used in this study's research utilised some similar and adapted questions from the original research paper, paying specific attention to the wording of questions as to avoid bias.

3.3 Method Outline

Three focus groups were conducted in total, each consisting of five participants. The number of focus groups was limited to three due to time restraints, and ideally a larger sample size would have been interviewed to give a more accurate representation of the entire Generation Z population. Two of the three focus groups consisted of individuals from Generation Z, thus acting as the sample, whilst the third consisted of individuals aged 40-65 from preceding generations, and therefore acted as a control group. A convenience sample of 15 people was drawn from the University of Leeds and members of the Bedfordshire community. The number of participants per focus group was limited to 5 in order to allow for all members to share their opinions, whilst also to ensure the focus group leader could maintain control throughout the sessions.

The focus groups lasted for between 36 and 53 minutes, and were conducted in February 2018. Each followed a predetermined structure from a topics guide, but allowed for discussion between participants relevant to topics other than those presented by the focus group leader in order to ensure that valuable insights could be gained via participant dialogue. The set of standard questions in the topics guide can be viewed in Appendix A, and were used to trigger group discussion, as well as ensure consistency across the three focus groups.

To determine attitudes towards price and non-price oriented TV adverts and influences on purchase intentions, six adverts from six different brands were shown to participants. The six brands fell into one of the following three

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Or even better to have got more groups.

Commented [AC16]: Again – this was a month before submission and the times are really short, it's not making this look good. There's no actual need to state the month or time.

categories; automotive, furniture, or grocery stores. The brands utilised were: BMW and Mercedes, Sofology and DFS, and Aldi and Lidl. These brands will henceforth be referred to as Brands A, B, C, D, E and F respectively. For each category, one of the adverts shown included a price message, and the alternate brand's advert did not. The price messages varied in style, both in terms of being auditory or visual, as well as a quoted price or a reference price, for example a percentage discount. Thus, the author could measure differences in attitude towards similar adverts that were primarily differentiated by the inclusion, or non-inclusion, of a price message. All of the adverts were produced as a TV campaign, and were sourced through search engine www.youtube.co.uk (BMW UK, 2017; Mercedes Benz Cars UK, 2017; Sofology, 2017; DFS, 2017; AldiUK, 2017; Lidl UK, 2017).

The study chose the categories of products and the specific brands for several reasons. Firstly, the categories chosen allowed for products to be shown that cover a wide range of prices, roughly between £10 and £20,000. This range allowed for more valuable insights to be gained when considering the influence that price and non-price advertising has on Generation Z consumers. The categories were also chosen because they are applicable to Generation Z; these individuals are now at University or beginning their careers, so they are responsible for their own grocery shopping, are of legal driving age and, typically, are or will soon be looking to move out of the family home (Inskip, 2016). Thus, the products advertised are relevant to them and could, therefore, have a meaningful influence on their purchase intentions.

The brands for each category were chosen due to their similarities to each other. For example, Brands E and F are commonly known as supermarket companies that compete based on price, offer comparable products, and avoid big name brands. Equally, Brands A and B fall into the premium automotive segment and boast product ranges that are parallel in price, performance and design. Finally, these brands were also selected on a convenience basis, in order that the author

was able to identify two corresponding adverts, one of which included a price message and one of which did not.

When considering the topics guide, three opening questions were asked of participants before any of the visual materials had been shown. For example, 'How would you describe your attitude towards TV advertising, and advertising in general' (Appendix A). Following the resultant discussion, both adverts from a product category were shown one after the other, and trigger questions one to five were asked. This was repeated for each of the three categories of products. Finally, trigger question six was asked after all visual materials had been presented.

3.4 Evaluation and Limitations

It is important to consider the limitations of the research methodology to ultimately determine the viability and reliability of the data gathered. The first limitation identified relates to the sample and control group sizes. Since the number of participants is limited to 15, it is unrealistic to state that the entire population is accurately represented. That said, by limiting the number of participants ethical issues are more easily avoided. The participants selected were from the same University, from similar middle-class backgrounds, and held generally consistent views on advertising, brands and prices. This similarity between participants was mirrored in the control group, who were from the same area of Bedfordshire and also middle-class. In this vein, the likelihood of conflict within the focus groups was limited and hence the safety of the participants and the group leader was increased.

Another limitation of the methodology is the reliability of the results gathered via qualitative means. Since the data was collected through focus groups, it is inevitable that some participants may not have given honest or complete answers. For example, this may have been because their opinion was swayed

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I would also have liked to see some consideration of the demographic of the researcher. Asking people just like yourself has benefits (people feel comfortable opening up, even more so if they know you already) but also disadvantages in terms of inherent bias. I would have liked to see these acknowledged.

by other participants or due to an awareness of time constraints. These are issues relevant to all focus-group based research and are difficult to avoid but are outweighed by the fact that this type of data collection allows for stimulating dialogues to occur between participants and thus presents an opportunity for more meaningful and insightful outputs.

4. Findings

4.1 Attitudes Towards TV Advertising

The opening questions of the focus groups with Generation Z participants looked to gain an insight into preconceptions of TV advertising and advertising in general. It quickly became apparent that TV, as a platform to observe and digest advertising information, is unfavourable; the majority of participants suggested they use TV adverts as a time to do other activities, usually as a means of avoiding the adverts all together. This finding was consistent with the control group, who said that they exercise the option to fast-forward through adverts that modern technology and on demand channels offer. It was quite clear that mobile phones and social media act as a distraction from TV adverts, and whilst participants spoke of their awareness that adverts across social platforms are tailored to them specifically, they dislike the intrusive nature. Cinema was outlined as the only platform where advertising is welcomed and enjoyed, due to it contributing to the traditional cinema-goers experience.

Whilst participants generally outlined a dislike of TV adverts, all were able to identify what they specifically like in an advertisement and gave examples of those that left a lasting impression. Favourable characteristics frequently outlined included aesthetically pleasing visuals, an attention-grabbing soundtrack, and appropriate use of humour and comedy. Story-telling was also mentioned as important to Generation Z, who are more engaged when advertisers take their audience on a hedonic journey, establish an emotional connection with them, and

reveal an intelligent link between the story and product, or service, in the advert climax:

“I like the advert with the sisters singing songs because it reminds me of me and my sister’

“I think adverts with a good story are more memorable”

“A good soundtrack captures my attention”

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Interestingly, both the Generation Z participants and the control group outlined that they are aware of the tactics that marketers use, and are hence sceptical of advertising as a whole. Thus, transparency and honesty in advertising is favourable.

4.2 Brand Preconceptions

Participants from all focus groups identified Automotive Brands A and B, BMW and Mercedes respectively, as high end, premium and luxurious. Generation Z participants held a clear disposition towards brand B, seeing it as a more fashionable brand, and consider brand A to be slightly outdated and of inferior quality. Conversely, and interestingly, the control group participants outlined that they do not currently consider brand B as one that is suitable for them, but more so for an older consumer.

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Generation Z suggested that of the two furniture brands, they perceive Brand C, Sofology, as the cheaper option when compared to Brand D, DFS. That said, they also outlined that Brand D is memorable due to the fact it continuously promotes a price message in their advertising, though this was not seen positively. This insight was consistent with the control group, who associate the price message with poor product quality, and hence believe Brand C to be superior to, and more desirable than, Brand D.

When brands E and F, Aldi and Lidl respectively, were discussed, all participants implied that they see both as equal, and often struggle to tell the difference

between them. Generation Z participants suggested that they believe Aldi's promotional activity to be of higher quality, whilst the control group explained a belief that both brands are looking to take market share from competitors by competing on price as well as quality. They suggested that this has become apparent through adverts that utilise a price message alongside messages such as 'award winning'.

4.3 Automotive Advertisement Attitudes

Of the two adverts shown, the one that belongs to Brand B (hence Advert B) utilised a price message, communicated through visual and auditory means. Following the display of both adverts, Generation Z participants unanimously expressed a preference towards Advert B over Advert A, and explicitly pointed to the use of price as a contributing factor:

"The [Brand B] advert made me feel like it was normal to get [the product]"

"I noticed that [Advert B] showed the price at the end... which was good value"

"The price is really important... makes the decision process easier"

They suggested that, having seen Advert B, they are more likely to buy the product shown in Advert B rather than that shown in Advert A. Whilst they didn't dislike the product or the advert of Brand A, they suggested that a price was necessary on the advert. They outlined how the use of price within the advert aids their decision making and evaluation process, and hence the majority of participants felt that they are more likely to consider Brand B in their future purchasing decisions.

Interestingly, the findings of the control group were quite the opposite, with most participants from this focus group arguing that the use of price in Advert B decreases the transparency of the advert. It was argued that the price shown would likely be an absolute base value, and hence the control group participants felt that the quoted price was misleading and somewhat dishonest. Some

participants went as far as suggesting that this decreased their intention to purchase the product shown in Advert B, whilst others outlined that they felt unmoved either way by either advert.

4.4 Furniture Advertisement Attitudes

Whilst Advert C omitted a price message and opted for a celebrity endorsement, Advert D utilised a reference price message stating that products were subject to a half-price sale. Based on the adverts shown, it was generally agreed by Generation Z participants that Brand C was the more expensive of the two; this conclusion was reached following discussion that Brand C did not advertise price in their advertisement. Most participants stated that they would be less likely to purchase from Brand C but for a number of reasons, namely due to the omission of price being perceived as deceptive. Conversely, Generation Z participants suggested they are be more likely to shop at Brand D in the future because the combination of price and quality messages improved their attitude towards the brand.

An interesting point made, that was widely agreed upon, was that the price message itself could have been stronger. In Advert D, an actual price figure was not referenced, merely the sale reduction percentage. Participants suggested that both visual and auditory communication is needed to require their attention, and that an actual number is much more memorable:

“I didn’t [notice the price message] ... it wasn’t figures, just words”

“I need voice over and figure”

“Both visual and auditory needed”

They also argued that the price message is somewhat devalued when a figure isn’t presented, because the sale promotion message lacks **transparency**.

Commented [AC20]: Yes, but presumably all the sofas are different prices so it would be hard to do.

Whilst Generation Z participants felt more inclined to visit a Brand D store after observing the TV advert, the control group unanimously suggested that the advert did little to change their preconception that it offers low quality, low price products; a preconception formed through previously-seen advertising. That said, they also suggested that Advert C did nothing to persuade them to shop with Brand C either.

4.5 Supermarket Advertisement Attitudes

Following the display of the two Supermarket advertisements, Generation Z participants described a number of issues that they had for both. When considering Brand E's advert, all participants picked up on the price message used but felt that it was overwhelmed by the number of other things occurring, such as an ongoing story-telling narrative, a soundtrack, and a mixture of cartoon and real video clips. The participants also indicated that they were surprised that Brand F didn't utilise a price message considering their preconceptions that Brand F competes on price. They also indicated that the advert itself wasn't very enticing.

Overall, Generation Z participants collectively agreed that Advert E was superior, and that they would be more likely to shop with Brand E having seen the adverts. Similar to the findings of the previous two subsections, the inclusion of price was quoted as a significant reason for their preference, and most suggested that they are more likely to conduct their grocery shopping with Brand E in the future:

"I'd shop based on the place that shows me the difference in price between supermarkets"

"I'll remember the advert more now I've seen the price"

"Less persuaded to shop with [Brand F] than [Brand E] in the future"

Whilst the control group indicated that they would rather shop at stores belonging to Brand E after seeing its advert in comparison with Advert F, they universally outlined that this preference was marginal and that they could not identify which

advert belonged to which brand. Similarly to Generation Z participants, they categorised the supermarket adverts as those where a price message is most influential and stated that on the larger priced items experience outweighs advertising.

Commented [AC21]: I'm getting a bit lost as to which is what; a table showing something like A = BMW, F = Aldi, etc., would be helpful

4.6 Other Key Themes

A recurring theme of the focus groups with Generation Z participants was lifestyle trends. Lifestyle was mentioned, either implicitly or explicitly, over 10 times, with participants describing how adverts that appeal to them also appeal to their specific lifestyle. They also spoke of certain adverts, including two of those shown within the focus group, being very aspirational and selling a lifestyle, and also mentioned that they dislike when advertisers insult or shame someone based on their individuality:

"I like it... it's a lifestyle appeal"

"A brand's advert has to fit my lifestyle"

"You can't insult someone's lifestyle"

Commented [AC22]: I'm intrigued as to what this might refer to!

Another interesting insight was presented, whereby a number of Generation Z participants agreed that they appreciate the use of price most when utilised in adverts for lower priced items, such as in Advert E. They argued that a price message is more important when advertising such goods because product differentiation is negligible, and that by saving on these items means they can spend more money on higher priced goods and services. However, they also indicated that the price message should communicate a genuinely beneficial deal, again indicating that it should be honest and transparent.

Commented [AC23]: This could be picked up because it's actually quite deep: people care more about a price differential on pence on, say, ketchup, than they do a differential of thousands of pounds on a car/hundreds on a sofa? This has a number of implications – either your group are so far from purchase that these amounts are meaningless, or it implies these are status goods so more is better, or there's something else weird going on here.

Mostly the results section here is good. This is usually the easiest bit to write because you're supposed to just say what you saw. This has been done, but the winning writing style is a real boon here because results sections can by their nature become boring, and this was not.

5. Discussion, Limitations and Further Research

5.1 Generation Z Attitudes Towards TV Advertising

Whilst the Generation Z participants initially spoke of a general dislike towards TV advertisements and indicated that they choose to avoid watching them whenever possible, they engaged well with the advert materials displayed during the focus groups. Indeed, they highlighted that music, exciting visuals, and an emotive storyline are features of advertisements that they value, and this was confirmed during the discussion of the focus group stimulus materials. For example, Advert A was widely criticised and disliked, and participants commented on the fact that the soundtrack was not engaging.

These findings are consistent with those presented by Kantar Millward Brown (2017), who highlighted music and design are key determinants of Generation Z advertisement engagement. Thus, this paper supports and reinforces their research into Generation Z's attitudes towards TV advertising. Whilst it is apparent that advertisers looking to target this generation should utilise an appealing soundtrack and an attention grabbing and aesthetically pleasing design, further research into the specific characteristics that determine auditory and visual success is required. For example, research into the effectiveness of a soundtrack could focus on the soundtrack release date, in order to determine whether modern and current music establishes a connection with Generation Z to a greater or lesser extent than a soundtrack that invokes feelings of nostalgia.

Building on Zaichkowsky's (1985) and Howard and Kerin's (2006) work on consumer involvement, the findings of this paper's research support the suggestion that advertising is more successful when it establishes a connection with the audience. Generation Z participants appear willing to be taken on an emotive, hedonic journey when the advert is relevant or relatable. The research found that storylines relating to lifestyle, such as family or social life, have a high potential for success due to its importance for this Generation. That said, an

Commented [AC24]: GOOD, though explore this a bit more

Commented [AC25]: GREAT that is what I'm looking for – again could take this further and cut some more descriptive parts to make room
In fact if the focus groups had gotten underway in semester 1 we could have had a second round of focus trying out different music

appropriate balance between audio, visuals, a story line and other advert features is required, otherwise Generation Z seem to become confused as to which message is most important. This was demonstrated by the findings following the display of Advert E, and hence it is apparent that the memorability of the advert messages is reduced.

Commented [AC26]: Should we say something here about experience? Presumably the control group had had an additional 40 years of sitting through adverts (unable to fast forward or look at phones!) to get to grips with it

The research found that, as outlined by Derbaix and Pecheux (2003), Generation Z are already aware of advertiser tactics and have, therefore, developed some scepticism towards adverts. In their research, Derbaix and Pecheux (2003) found that adolescents are not able to take these tactics into full consideration, and the findings of this research suggest that this is true, too, of Generation Z at this moment in time. Whilst the control group explicitly outlined sceptical opinions towards the adverts shown, particularly in reference to the use of price, Generation Z participants were much more willing to accept the adverts and their messages on face value, without much critical evaluation. Of course, this finding is not necessarily a characteristic of the Generation but more likely of the age group that Generation Z currently falls into, something that could easily be determined via further research when Generation Z have reached a fully sceptical age (Derbaix and Pecheux, 2003).

Commented [AC27]: This follows well from my comment on age; could have closed the loop by noting that the control group have probably had chance to find out the hard way that face price is often the entry level

5.2 Generation Z Reaction to Use of Price in TV Advertising

Kantar Millward Brown's (2017) research into Generation Z's attitudes towards advertising found that visual metaphors are preferred to explicit messages, and Inskip (2016) argued that the cohort do not want to be sold to but would rather that brands shared valuable insights. However, the findings of this research appear inconsistent with these previous studies; of the six adverts shown, the ones that included a price message were favoured over the ones that did not by the Generation Z participants. This study suggests that, as per Ariker and Toksoy's (2017) work, Generation Z are preconditioned to and have a favourable attitude towards the inclusion of price in advertising. It is suggested that this is because the inclusion of price offers information that can then form part of

Generation Z's product evaluation and contribute towards their buying decision process from an earlier stage, thus supporting Seemillar and Grace's (2017) suggestion that this cohort learns by applying information to their own life.

However, it is unlikely that this preference towards the adverts that included a price message was totally caused by the price message alone, and it is probable that other features of the adverts, such as overall quality, had an influence on participant opinion. This insight is supported by the fact that control group participants also tended to favour the price oriented adverts, but explicitly commented that this wasn't due to the inclusion of a price message. Future research could look to overcome this variable by showing participants the same advert, for a single product, twice but where a price message is included in one and not the other, rather than two different adverts that show different brands and products. This would go some way to eliminating any human error and bias caused by a predisposition towards a certain brand over another.

An important finding from the research is that the degree of favourability and memorability towards a price message is largely dependent on how the message is communicated. The adverts shown in the focus group utilised a variety of auditory and visual communication methods to highlight the product prices. The findings of the research suggest that, in order to capture the attention of the audience and increase the likelihood that they remember the price, an auditory message is required in tandem with a visual message. Participants unanimously agreed that they preferred this communication method, as per Advert B, and were able to frequently quote the price communicated in this advert at later stages of the focus group. This was not the same for adverts D and E that used only visual communication. This finding somewhat contradicts Seemillar and Grace's (2017) argument that Generation Z are visual learners because it highlights the importance of auditory communication on message reinforcement. Marketers targeting this generation on a price basis should look to strengthen their price message by communicating it in the advert visuals as well as via a voice over.

Commented [AC28]: Good –insights should be tied back to literature whether it agrees or disagrees

Another factor that appears to affect how well Generation Z respond to price oriented advertising is the style of the price message as either a price figure or a reference price. This research finds that Generation Z individuals place little value on reference price because the cues have no effect on price perceptions, thus corresponding with Howard and Kerin's (2006) research into reference price effects. Based on the discussion from the focus groups, this research argues that transparency in advertising is important to Generation Z, and it is suggested that reference prices in advertising, such as percentage sales, are seen as a selling tactic and therefore are valued less by the cohort. This suggests that marketers who intend to utilise a reference price message when advertising to Generation Z should look to maximise transparency and honesty by communicating current and previous pricing together within the reference price message.

5.3 The Effect of Advertising Price on Generation Z Purchase Intentions

This study agrees with relevant literature in that advertising can undoubtedly influence and stimulate consumer purchase intentions (Chi et al., 2009; Mirabi et al., 2015) and that this statement is consistent with Generation Z consumers. Moreover, analysis of the focus group discussions shows that Generation Z participants are much more likely to consider the brands that included price in their advertising in future purchase decision, and often indicated that they would consider these brands instead of one of the brands that utilised non-price oriented advertising. This indicates that the inclusion of price had a significant positive influence on Generation Z purchase intentions, thus answering this paper's research questions. Whilst the finding that price oriented adverts are favourable over non-price oriented adverts for this generation, it is somewhat meaningless for marketers if purchase intentions are not also influenced. Indeed, research with a larger sample size would give a more accurate reflection of the entire Generation Z population, but this research gives an indication to marketers that the use of price in TV advertising that targets this cohort is likely establish a connection, sway the audience, and hence have a positive influence on their purchase intentions. This finding also supports relevant literature (Weilbacher,

2003; Kotler and Keller, 2006; Karma and Sharma, 2017) and contributes to the field by offering the beginning of an updated data set.

It should be noted that the research also finds that the extent to which Generation Z purchase intentions are influenced by the inclusion of price within advertising also depends on the size of the investment and the level of product differentiation. It is suggested that for products such as groceries, where product differentiation across supermarket chains is arguably low and are, generally, low cost items, advertising that includes a price message is likely to be persuasive and have a significant influence on Generation Z purchase intentions. It is also suggested that for items that are a greater investment, such as vehicles, the advertisement of price alone will stimulate and contribute towards the purchase decision making process, but will influence purchase intentions to a lesser extent. Indeed, to strengthen and increase the validity of these statements, research that utilises a broader range of stimulus material and thus that covers a wider array of prices is required.

Something that was unclear from the research was the extent to which perceived value in price oriented advertising influences Generation Z purchase intentions, a factor that was highlighted in the literature review as important to consider when analysing the research results. When considering the attitudes towards the Automotive and Supermarket advertisements, the inclusion of a price message supplied information that Generation Z valued because it contributed to a product evaluation and stimulated the purchase decision making process. The participants made comments to suggest that the prices advertised were good deals, and that they would be less motivated to consider the products shown if this was not the case. Hence, this supports Schiffman and Kanuk's (2009) work on purchase intentions, which argues that perceived value is a determinant of consumer purchase intentions. However, when participants were shown the furniture manufacturer adverts many implied that, whilst they do not know the value of sofas generally, they would still be more likely to shop with the brand that advertised price. This suggests that price oriented advertising can influence

purchase intentions of Generation Z consumers, even when they have no price-value preconceptions of a brand or a product.

6. Conclusion

The purpose of this research was to determine the extent to which the use of price in TV advertising is favoured by, and influences the purchase intentions of, Generation Z in comparison with non-price oriented TV adverts. A review of the relevant literature highlighted the fact that the beginning of an updated data set would be a valuable contribution to the research field regarding price and non-price oriented advertising and purchase intentions, thus justifying the study into Generation Z. The data, collected via qualitative means, indicates that this cohort hold a favourability towards advertising that is emotive, honest and transparent, and that they value the use of price messages because they feel well informed to make a purchase decision. This is consistent with current research about the generation, which suggests that they are economically pragmatic and preconditioned to favour price messages (Inskip, 2017; Southgate, 2017). The findings also indicate that purchase intentions are stimulated positively to a greater extent by price oriented advertising compared with non-price oriented advertising, but further research that employs a greater sample size will improve the reliability of these findings. The findings also suggest that price messages are communicated more successfully when both auditory and visual streams are utilised within TV advertising.

Formatted: Left, Space After: 10 pt, Line spacing: Multiple 1.15 li, Don't keep with next

Commented [AC29]: Overall this is a good looking piece and it has achieved what it set out to do. I felt it was rather superficial, asking target groups very simple things and not probing the focus groups very deeply. Consideration of multiple factors would have been more impressive; the age of people and their skepticism level was mentioned, but the student could have pointed out that older people probably had actually experienced buying a car, whilst the idea that other factors in the ads could be influencing buyers was something that should have been circumvented in this study. In fact, the focus groups felt rather like a preliminary round of research that should have been followed by groups focusing on a more detailed element selected from themes arising from the preliminaries – not as the whole research.

This very nicely written and slick, but odd in not defining generation Z until far in. Un-page numbered quote on p9. Would be nice to include actual century-old references not recent citations of them. Thing about smaller numbers being ethical was a bit weird – I knew what the student meant but only because I had had the conversation with him but it didn't come over in the piece.

Without a more complex series of aims, it is difficult for this piece to display the levels of criticality required for the highest marks. This is polished and charming but lacks depth. There are places where the opportunity for deeper digging was flagged but sadly the student did not take those opportunities. It's a perfectly decent piece but needs that deeper digging to move up to the next band.

Appendices

Appendix A – Focus Group Topics Guide

Opening Questions – to set context

1. How would you describe your attitude toward TV advertising, and advertising in general?
2. When thinking of a recent TV advert that you particularly liked, what were the reasons for liking it? Similarly, what do you tend to dislike in TV adverts?
3. How would you describe your attitude toward the following brands; BMW and Mercedes, Sofology and DFS, Aldi and Lidl?

Trigger Questions – asked after each pair of adverts

1. How did the advert make you feel? How would you describe your attitude toward it?
2. Did the advert either increase your desire to purchase the products, or reduce your desire to purchase the product shown?
3. Did you notice a difference between the two adverts, other than the fact that they are different brands? Specifically, did you notice the use of price in one but not the other?
4. Does the use or non-use of price change your attitude toward the brand or product?
5. Do you feel more or less likely to purchase the product now that you are aware of the use or non-use of price?

Final Trigger Question

6. Having seen all of the adverts, do you think that the use of price is more influential in one of the adverts than the others? Equally, is the non-use of price more influential in one than in others?

Appendix B – Information Sheet

Information Sheet

- Title: An Investigative Study into the Effects of Price and Non-Price Oriented TV Advertising on Generation Z Consumers and Their Purchase Intentions.
- You are being invited to take part in a research project. Before you decide it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Ask us if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part.
- Aim is to measure changes in purchase intentions following the display of several TV adverts. Duration: 30 minutes.
- You have been chosen because you are part of Generation Z, come from somewhat similar backgrounds and have similar mind-sets. Alternatively, you have been chosen to act as a control group.
- It is up to you to decide whether or not to take part. If you do decide to take part, you will be given this information sheet to keep (and be asked to sign a consent form) and you can still withdraw at any time without it affecting any benefits that you are entitled to in any way. You do not have to give a reason.
- You will be required to watch a number of TV adverts and enter into discussion with other focus group participants for approximately 30 minutes.
- All the information that we collect about you during the course of the research will be kept strictly confidential. You will not be able to be identified in any reports or publications.

Appendix C - Example Consent Form

Consent to take part in JT Dissertation Research Project

Add your initials next to the statement if you agree

I confirm that I have read and understand the information sheet letter dated 6 February 2018 explaining the above research project and I have had the opportunity to ask questions about the project.

I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason and without there being any negative consequences. In addition, should I not wish to answer any particular question or questions, I am free to decline.

I give permission for members of the research team to have access to my anonymised responses. I understand that my name will not be linked with the research materials, and I will not be identified or identifiable in the report or reports that result from the research.

I agree for the data collected from me to be stored and used in relevant future research [in an anonymised form].

I understand that other genuine researchers will have access to this data only if they agree to preserve the confidentiality of the information as requested in this form.

I understand that other genuine researchers may use my words in publications, reports, web pages, and other research outputs, only if they agree to preserve the confidentiality of the information as requested in this form.

I agree to take part in the above research project and will inform the lead researcher should my contact details change.

Name of participant:
Participant's signature:
Date: 6 February 2018
Name of lead researcher: Joseph Toogood
Signature: JToogood.
Date: 6 February 2018

Appendix D - Focus Group Transcript Excerpts

Focus Group 1 – Generation Z Participants

- **How would you describe attitudes towards TV advertising and advertising in general?**
- Quite mistrusting in general, lots of tactics used to make you buy
- Feel aware of these
- Love it when it's in the right place, but when watching TV, I don't want it. Really like it at cinema as part of the experience. Really like it on social if in the right places, but don't want it between programmes
- I like story-telling, emotional ones – hedonic
- (agreement all round)
- When you don't know what they are advertising until the end, meaning behind it
- (agreement – John Lewis given as example)
- I do get quite irrationally angry because I saw one yesterday and it was an old woman who traded in India who travelled the world then Mercedes popped up
- Has to have some link
- Needs a clever link

- **How did the adverts make you feel? How would you describe your attitudes towards them?**
- I prefer the Mercedes advert
- (general agreement)
- really? I don't
- I think both trying to target young people, BMW more so with 'feeling connected' and social networks. The Mercedes feels more like for young professionals going into full time jobs
- First predictable, targeting millennials – integrated, connected – cliché
- Generic car advert, not even an attractive soundtrack, felt generic, just another car advert

- To be fair, BMW showed a feature, but I've seen that in lower cost car adverts so not impressed
- Yeah reminds me of the Corsa advert, that was funny but BMW predictable
- I feel like Mercedes was more of a drink advert though
- I think I prefer Mercedes because I prefer the car
- Yeah, I prefer the car, but I don't think the advert was that good
- Yeah, I couldn't tell it was a car advert until the car appeared at the end
- But for me I still feel like a Mercedes is anywhere in my reach yet, but that made it feel like it was a normal one to get when I finish uni. I didn't feel like I wanted to get the BMW

- **Do you think that either of the adverts would make you buy one of the products more?**
- I'd say that the Mercedes advert because you felt like it was more targeted at us and catered to our needs
- I noticed that the Mercedes one showed the price at the end, and it wasn't far off my car, which I thought was good value for the car shown

Focus Group 2 – Generation Z Participants

- **Did you notice the difference between the two adverts?**
- I think context was very similar, but approach very different. Mercedes more price oriented whereas BMW was selling features.
- (agreement)
- I was thinking that the BMW was do with what the car actually has whereas the Mercedes one was more to do with the type of person and lifestyle
- (agreement)
- wouldn't have known BMW was targeted as young people
- car adverts don't say where you can get the car
- I think if targeting people our age then price is really important, you get to see whether you can look further into the car and look further into it.
- It helps with overall evaluation and decision process

- (agreement)

- **Does the inclusion of price affect your attitude towards the brands?**
- No
- (agreement)
- better with price as makes decision making process easier
- doesn't annoy me, maybe because a higher price item. Price annoys me more in things such as supermarkets rather than a high end car.
- Price benefits brand like Mercedes as it makes it seem more affordable
- I think with a car personally I wouldn't go one that is cheap so want a good one with high price, so price too low would put me off

- **Do you feel more or less likely to purchase either of the products shown?**
- I'd definitely look at Mercedes, more drawn to look at the advert because of the price. But wouldn't look at the first
- I liked that it showed features but not in a boring way
- BMW should have shown other benefits

- **How did the adverts make you feel? How would you describe your attitudes towards them?**
- I prefer Sofology
- Oh I prefer DFS
- I didn't like DFS because it was cartoon
- (agreement)
- my problem with Sofology is the use of the celebrity, so I just think they must have paid him loads
- yeah but doesn't that make you think that they are doing alright?
- No I just think that the sofas aren't as good because they aren't advertising the sofa itself
- But to pay him they must be doing alright
- I remember the sofa because of the celebrity

- I'm not making the connection with him and the brand
- I think the DFS advert was different from my preconception
- I wasn't expecting that either

- **Did you notice the price message?**
- I did
- I didn't
- It wasn't figures, just words
- I need voice over and figure
- Half price message wasn't as good, because half price of what
- Yeah it devalues the message, what is the starting price? Why isn't the price just originally lower?
- Sofology not using price didn't change attitude towards the brand
- I would've preferred the price on the Sofology advert because showing the actual price would've swayed me away from thinking they aren't good sofas, showing the price would show you the quality
- (some disagreement)
- I think that Sofology more expensive because it didn't show the advert, I'd look at DFS first
- I think price again is important I don't know how much sofas cost so seeing a price would make me go to that store
- I see both as low cost, but I see one owning up to it (DFS) but the other is being more deceiving

Focus Group 3 – Control Group Participants

- **How did the adverts make you feel? How would you describe your attitudes towards them?**
- Prefer Aldi – it showed upmarket stuff, it looked good, and it got in 'award winning' it was good stuff good quality. The Lidl one was fine, but nothingy
- It felt like they were just advertising for the sake of it
- I can't remember which one was which.
- (agreement)

- there was too much info in the first one – story, prices, pictures
- I didn't even notice the first one had prices on – I completely missed it
- I haven't noticed price on any of them
- It was a good story
- Advertising wasted on me, I didn't register the messages
- The Lidl one – it reconfirmed that it is a budget brand, food looked nice but not honest. First entertaining but annoying, second one was nothing.
- The first one tried to convey more information about quality, and price, but at least it was about product and quality. The second one was about image, suggesting you can be like the characters shown. It annoyed me – playing to the thing of 'come to Lidl, you can be a great dad'
- Didn't like the stereotypes in there
- Lidl one missed the mark

- **Would either make you shop with the brand?**
- Based on that I would shop at Aldi
- I have been swayed by Aldi or Lidl adverts
- I'd rather go to the first rather than the second, but I can't remember the name of either, and I'm no more likely to go to either
- The first one makes me slightly more likely to go to the store, the second one wouldn't have done
- It could have been any supermarket (the second one)

- **Did the fact that Lidl didn't use price surprise you?**
- I was surprised that Lidl hadn't used price, I was waiting for it
- Methodology off because you don't tend to watch identical adverts back to back
- I don't think they are advertising to me
- I think it was smart – at Christmas people care less about price
- Second advert didn't appear very German, it came across as quite British
- (agreement)

- **Having seen all of the adverts, do you think that the use of price is more influential in one of the adverts than the others? Equally, the non-use of price more influential than in others?**
- I think I'd be more likely to shop at Aldi, also if I was younger than Mercedes
- Only supermarket for me, others don't influence me. Price too large, so use or non-use doesn't sway me
- I didn't notice a number on any of the adverts, so pricing completely lost on me
- For me, I took the pricing as being a signal of quality stuff, if you're telling me about prices it is because you have a quality concern. Don't want numbers in my adverts
- TV adverts should be for a mood or a feeling, not for a price

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