

Understanding Employee Perceptions of Advertising Effectiveness

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1 Introduction

This paper sets out to understand what drives employee perceptions of advertising effectiveness. More specifically, it explores the drivers of perceived advertising effectiveness of consumer advertising among employees at a large retailer.

To our knowledge, only a handful studies have investigated the role played by consumer advertising for employees. These studies show that consumer advertising, in addition to the customers it is primarily intended to influence, also has an internal audience and that it can have beneficial effects on employees in terms of motivation, identification, and behaviors (Gilly and Wolfinbarger 1998; Hughes 2013; Wolfinbarger and Gilly 2005). In a recent study we disentangle the role played by employee reactions to advertising in fostering organizational identification (Bondesson and Rosengren 2014). Using an experimental study design we find that employee perceptions of advertising effectiveness (i.e., their perceptions of whether the consumer ads used by their employer will have a positive influence on its customers, Celsi and Gilly 2010) have a positive impact on employee organizational identification. This finding is in line with empirical findings by Gilly and Wolfinbarger (1998) and shows the potential in using consumer advertising to get employees “on board” (Bondesson and Rosengren 2014).

In the present paper we build on these results. More specifically, given the importance of employee perceptions of advertising effectiveness in building organizational identification we explore what drives such perceptions. Whereas previous research on employees as an internal audience of consumer advertising adapts an *internal perspective*, focusing only on employee reactions specific to that of being an employee (for example, ad portrayal accuracy and value congruence, Celsi and Gilly 2010), we test whether it is useful to also include an *external perspective*, looking at general advertising reactions that have been found to be important in advertising effectiveness among consumers. We do so by adding ad attitude (e.g., Haley and Baldinger 2000) and perceived advertising effort (e.g., Dahlén, Rosengren, and Törn 2008) as antecedents to employee perceptions of advertising effectiveness. Because these perceptions influence

how consumers are affected by advertising, we argue that they can also be expected to influence employees.

The current paper makes several contributions. First, it integrates the literature on employee reactions to advertising (e.g., Celsi and Gilly 2010) with key findings in the advertising effectiveness literature with regards to the importance of ad attitudes (e.g., Haley and Baldinger 2000) and perceived advertising effort (e.g., Modig, Dahlén, and Colliander 2014). Second, it presents preliminary empirical evidence that the employee reactions to advertising are not too different from that of consumers. Third, on a more general level, the paper contributes to the growing literature on different stakeholder reactions to consumer advertising and adds a broader picture of how advertising contributes to firm performance, beyond influencing consumers.

It should, however, be noted that the present paper is exploratory in nature. Further research is needed in order to develop a more in-depth theoretical understanding of these reactions. It is our hope that the exploratory findings presented in the current paper will inspire such efforts.

2 Understanding Employee Perceptions of Consumer Advertising

Given that advertising is primarily intended to create business value by communicating to existing and potential customers, most advertising research tends to focus on reactions and effects on this specific target audience. In the current study we are, however, interested in the reactions of employees advertising primarily intended to influence the customers of their employer. In the following we will refer to this type of advertising as consumer advertising to distinguish it from advertising directed primarily to employees (e.g., employer branding advertising and corporate advertising).

Our interest in employee reactions to consumer advertising aligns with recent research showing that focusing only on consumer reactions might offer a limited view of the business value created by advertising. Studies adopting a shareholder perspective to advertising have clearly shown that advertising has effects other than those solely connected to customers and sales (e.g., Srinivasan et al. 2009; 2011). For example, both investors (Joshi & Hanssens 2007) and employees (Rosengren and Bondesson 2014; Wolfenbarger and Celsi 1998) have been found to react to advertising in a way could benefit a firm, and that is not fully explained by the effect that advertising has on consumers.

When it comes to employee perceptions of consumer advertising research clearly shows that employees pay attention, and react, to consumer advertising – even when they are not the intended audience for it (Acito 1980; Gilly & Wolfenbarger 1998). This research also shows that the reactions employees have

can influence their behaviors as employees, for example in terms of customer focus (Celsi & Gilly 2010) and sales performance (Hughes 2013).

In line with these findings the current study sets out to better understand how employee perceptions of advertising effectiveness are formed. The focus on perceived advertising effectiveness is based on previous research showing that this perception is important as it affects organizational identifications of employees (Bondesson and Rosengren 2014; Gilly and Wolfinbarger 1998). High levels of organizational identification fosters beneficial employee behaviors such as cooperation inside and competitiveness outside the organization (e.g. Dutton et al. 1994) and employees who identify with their organization have been found to become more customer oriented, more committed, and more likely to act as corporate ambassadors (Friedman 2009; Riketta 2005; Van Dick et al. 2006; Wieseke, et al. 2007). Given the benefits of organizational identification and the role played by employee perceptions of advertising effectiveness in fostering such identification a better understanding of perceived advertising effectiveness is warranted.

2.1 The Importance of Perceived Advertising Effectiveness

The key goal for most advertisers is to achieve desired responses in the market place, in terms of target group attitudes and behaviors and/or market performance (sales, market share, profits etc.). The degree to which advertising actually succeeds with this goal can be described as advertising effectiveness. In the present context, however, the focal interest is whether employees *believe* their organization's advertising will be effective in the market. For example, whether employees believe that ads will be successful in gaining consumer attention and generating sales (Bondesson and Rosengren 2014; Celsi and Gilly 2010).

As suggested by Gilly and Wolfinbarger (1998), perceived advertising effectiveness is important because: a) employees believe that advertising effectiveness is related to organizational success and b) advertising images prompt employees to consider whether or not their organization is likely to be viewed positively or negatively by family, friends, and customers who view the advertising. The assertion that advertising effectiveness matters to employees has also been empirically confirmed by the same authors (Celsi and Gilly, 2010) as well as in a recent study by Bondesson and Rosengren (2014). Moreover, a recent study by Hughes (2013) indicates that a salesperson's judgment of how a brand's advertising is evaluated by consumers will influence the effort he or she puts on selling that specific brand. This, in turn, influences actual performance in terms of sales. This suggests, then, that in order to capitalize on the internal effects of advertising employee perceptions of advertising effectiveness are key.

2.2 *Perceived Advertising Effectiveness from an Internal Perspective*

Existing literature on employee reactions to advertising suggest that these are mainly formed based on employees adapting an insider perspective (e.g., Celsi and Gilly 2010; Gilly and Wolfinger 1998). More specifically, this literature focuses on reactions to advertising based on the employee being a part of an organization. The basic premise of this research is that when employees encounter an image of their organization they start considering their role as employees (Celsi and Gilly 2010). This, in turns, leads them to reflect on the fit between the organizational image and their own identity (Scott and Lane 2000). Consequently, this line of research has focused on the reactions that employees have in relations to the advertising as members of the organization.

Celsi and Gilly (2010) identify two internal reactions are important for explaining employee perceptions of advertising effectiveness, namely: ad promise accuracy and ad value congruence.

Ad promise accuracy refers to perceptions with regards to how likely it is that the organization will consistently fulfill the claims made in ads (Celsi and Gilly, 2010). Employees tend to have extensive knowledge about their organizations, making them more able than consumers to evaluate the accuracy of ads (Gilly and Wolfinger 1998). Perceptions of ad promise accuracy are thus based on the knowledge and experiences that employees have about their organization, and a negative evaluation can occur when they feel they cannot deliver on the promises made in the advertising (Gilly and Wolfinger, 1998). A related concept is employee portrayal accuracy, relating to ads where employees are featured and reflecting the degree to which the employees feel the featured employees are similar to those in the organization (Celsi and Gilly, 2010). In the present study, this concept will not be included since the empirical case does not include ads featuring employees.

Ad value congruence is the similarity between personal values and values highlighted in an ad (Celsi and Gilly, 2010, p. 521). Consumer advertising makes both implicit and explicit statements about organizational values and this prompts employee reactions. Qualitative research suggest that employees judge whether or not the statements made in consumer advertising reflects the true value of the organization as well as of themselves as members of it (Gilly and Wolfinger 1998), and, that higher ad value congruence leads them to perceive advertising as more effective (Celsi and Gilly 2010).

Theoretically, promise accuracy and value congruence has been said to affect perceptions of ad effectiveness because a) employees are more likely to feel that their organization can fulfill promises when they are accurate (Gilly and Wolfinger 1998) and b) when employees share the values portrayed in the ad, they are more likely to support the ideas and promises in the ads and believe that other employees in the organization will do so as well (Celsi and Gilly 2010).

Both these factors should, then, make the advertising more effective in the eyes of the employees.

2.3 *Perceived Advertising Effectiveness from an External Perspective*

Interestingly, the theoretical argumentation and empirical evidence of what drives employee perceptions of advertising effectiveness thus suggests that these perceptions are rooted in internal effects only. Whereas the usefulness of an insider perspective to explain employee reactions to advertising has been empirically supported using both qualitative (Gilly and Wolfinbarger 1998) and quantitative (Celsi and Gilly, 2010) methods, these studies do not consider that perceptions of advertising effectiveness might, in part, be the consequence of employees using an outsider perspective. By this we mean that employees, in addition to advertising reactions based on their membership of the organization, also react to consumer advertising in based on their ability to see themselves as customers of the organization. In fact, in many situations, such as retailing, employees are customers too. In the current study we will consider two ad perceptions that have been found to drive advertising effectiveness among consumers, namely: attitude towards the ad and perceived advertising effort.

Ad attitude (or ad liking) reflects “a pre-disposition to respond in a favorable or unfavorable manner to a particular advertising stimulus during a particular exposure occasion” (MacKenzie and Lutz, 1989, p. 49). It has been found to be one the most important drivers of advertising effectiveness, correlating strongly with brand attitude, purchase intention and actual sales (cf. Haley and Baldinger, 2000; Brown and Stayman, 1992). Consequently, it should potentially have an effect on employees as well. In the present paper, we therefore complement previous work by including employee’s own attitude to the ad as one potential driver of their perceptions of advertising effectiveness.

Perceived advertising effort refers to perceptions of the amount time and thought that has been put into making the ad. This perception has been found to function as a marketing signal, in that it foster perceptions of seemingly unrelated aspects of an organization such as product quality (e.g., Rosengren and Dahlén 2012), product development (e.g., Dahlén et al 2008), customer care (Rosengren et al 2014), and even the development possibilities offered to its employees (Rosengren and Bondesson 2014). In the current study we include advertising effort to incorporate the possibility of employee perceptions of advertising effectiveness to also be susceptible to a signaling effect.

Theoretically, ad attitude and perceived advertising effort should influence employee judgments of ad effectiveness due to employee tendency to form their own attitudes based on the attitudes they believe other people are having (cf. Festinger, 1954). More specifically, research on social psychology has shown that people systematically overestimate the extent to which other people have the

same attitudes as themselves, which is referred to as “the false consensus effect” (Ross et al., 1977). There are several reasons behind the effect, but one is the underlying psychological strive to reduce cognitive dissonance. In the present context, the assumption would then be that when employees evaluate their organization’s advertising as outsiders, this strive makes them assume that other outsiders (i.e. consumers) will make a very similar evaluation as themselves. (Whether they are right or wrong is of course an intriguing question that can be answered after an campaign, but the answer has no influence on how the assumption is formed a priori).

3 Research Question

Based on the theoretical discussion above the paper asks the following research question:

RQ: To what extent are employee perceptions of advertising effectiveness based on employee’s internal (i.e., ad claim accuracy and ad value congruence) and external perceptions (i.e., ad attitudes and ad effort) of consumer advertising?

4 Method

The study was conducted in cooperation with a large food retailer. This allows us to study real employees and their reactions to real consumer advertising. A total of 314 employees participated in the study (74% women). 78% worked in a store and the remaining 22% in the head office. The average employment tenure was 15 years (median 12 years).

4.1 Procedure

Participants were contacted through e-mail addresses provided by the retailer. They were invited to participate in an online study and those who agreed followed a link where they were shown a consumer ad of their employer and then asked to answer several questions with regards to it.

To increase generalizability six different advertisements were used in the study. The ads were selected based on discussions with three representatives from the retailer (the executive brand manager, a market analysis director, and an advertising manager) as well as representatives of their media agency. This stimuli sampling approach was included to give us more variation in terms of the ad perceptions created by consumer advertising. The allocation to the different ads was random.

By using several ads we reduced the idiosyncratic effects of specific ad messages and executions. As we are interested in overall patterns of reaction, however, we will only present results on an aggregated level.

4.2 Measurements

Our dependent variable, *perceived advertising effectiveness*, was measured with four items: I believe the ad will increase sales of [retailer X], I believe that the ad will be well liked by customers, The ad effectively raises the visibility of [Retailer X], The ad is effective measured on a 7-point Likert scale (1=do not agree / 7=fully agree). This measure was taken from Celsi and Gilly (2010) and responses were averaged into an index (Cronbach's alpha =.95).

Internal reactions were assessed in terms of ad promise accuracy and ad value congruence taken from Celsi and Gilly (2010). Again, answers were given on a 7-point Likert scale (1=do not agree / 7=fully agree) and averaged into indices. *Ad promise accuracy* was measured with three items: [Retailer X] is not as good as it is shown in the ad, The ads make exaggerated claims, The ads promise more than [retailer X] actually delivers (Cronbach's alpha =.81). *Ad value congruence* was measured with three items: I'm proud of the values expressed in the ads, The organizational values implied by the ads are the values and beliefs we should be highlighting in our ads, The values featured in the ads are similar to my own values (Cronbach's alpha = .94).

External reactions was measured in terms of attitude towards the ad and perceived ad effort. *Ad attitude* was measures by "What is your general impression of the ad you just saw?" with answers given on seven-point semantic differential (bad/god, negative/positive, unappealing/appealing). This measure has previously been used by (c) (Cronbach's alpha =.95). *Perceived advertising effort* was measured with three items: A lot of time was invested into making the ad / A lot of thinking was invested into making the ad / A lot of money was invested into making the ad (Cronbach's alpha = .90 , adapted from Dahlén et al 2008).

5 Results

To answer the research question we used multiple regression analysis. More specifically, we specified three different models for explaining employee perceptions of advertising effectiveness. The first model was the internal model with ad promise accuracy and ad value congruence used in previous research on employee reactions to advertising (Celsi and Gilly 2010). The second model was the external model based on consumer reactions to advertising in terms of ad

attitudes and ad effort (Modig et al 2014). The third model was a full model including both internal and external perceptions as independent variables.

Preliminary analyses showed no violation of the assumption of normality, linearity, multicollinearity and homoscedasticity. All three models were significant and the results are presented in table 1. Hierarchical multiple regression was used to assess the ability of the external perceptions (attitude towards the ad and ad effort) to explain employee perceptions of ad effectiveness after controlling for internal perceptions (ad promise accuracy and ad value congruence). More specifically, the internal perceptions were entered at Step 1, explaining 40% of the variance. After entry of the external perceptions at Step 2 the total variance explained by the model was 62% ($p < .01$). The two external perceptions explained an additional 23% ($p < .01$) of the variance, after controlling for internal perceptions. In the final model, all four independent variables were statistically significant (all $ps < .01$), with the external perceptions (attitude towards the ad = .53, ad effort = .21) recording higher beta values than the internal perceptions (ad value congruence = .17, ad promise accuracy = .10). Reversing the order of the hierarchical analysis an adding internal perception to a model of external perceptions leads to a small, albeit significant increase in variance explained (R2 Change = .03, $p < .01$). Taken together this suggests that external perceptions are key to understanding employee perceptions of advertising effectiveness.

Table 1: The impact of advertising reactions on perceived advertising effectiveness

	<i>Internal model</i>	<i>External model</i>	<i>Full model</i>
Ad value congruence	.62**		.17**
Ad promise accuracy	.10**		.10**
Attitude towards the ad		.66**	.53**
Ad effort		.21**	.21**
Adj R2	.40	.60	.63
Std.error of estimate	1.21	0.99	0.96
F	106**	238**	132**
Df	313	313	313

Notes.: *= $p < .05$, **= $p < .01$

6 Discussion

The findings of the present show that both internal and external perceptions of consumer advertising influence employee perceptions of advertising effectiveness. As such the study suggest that external reactions should be added to internal reactions in order to better understand how employee perceptions of advertising effectiveness are formed. In fact, the findings clearly show that external perceptions are important to understand employee perceptions of advertising effectiveness than are the internal perceptions studied in previous research (e.g., Celsi and Gilly 2010). More specifically, by adding attitudes towards the ad and perceived ad effort in the explanation of employee perceptions of advertising effectiveness the explanatory power of the model is improved by more than 40% (i.e., R^2 increases from .40 to .63). What is more, ad attitude is found to be the most important independent variable, followed by ad effort and then ad value congruency and ad promise accuracy.

This paper contributes to advertising research by integrating the literatures on employee reactions to advertising (e.g., Celsi and Gilly 2010) with key findings in the advertising effectiveness literature with regards to the importance of ad attitudes (e.g., Haley and Baldinger 2000) and perceived advertising effort (e.g., Modig et al 2014). The findings show that employee reactions to advertising are quite similar to those of consumers. In fact, they suggest that the perception of advertising effectiveness is not primarily based on employees comparing ads internally against the organization, its values and what it actually delivers to customers. Instead, the employee perceptions of advertising effectiveness seem to be based on the personal attitudes and opinions of employees following logic along the line of “If I like it, our customers will”. It should, however, be noted that this result might be specific to the retailer setting used in the current study. In this setting, most (if not all) employees are, indeed, customers to the organization.

The findings of the current study have managerial implications. A better understanding of employee perceptions of advertising effectiveness is useful given that these perceptions can help foster organizational identification (Bondesson and Rosengren 2014; Wolfinbarger and Gilly 1998). Interestingly, our findings indicate that ad attitude, in addition to being considered one of the most (if not the most) important driver of advertising effectiveness among customers (Haley and Baldinger 2000), is highly relevant also as in internal measure. This implies that companies might want to consider tracking advertising campaigns internally much in the same way as they do externally. Doing so should be important for marketing managers struggling with increasing demands on accountability. Adding an employee perspective in advertising evaluations can be a way to further highlight the value of advertising internally. Since we know that marketing departments’ ability to measure performance

dictates their influence within the firm (O'Sullivan & Abela 2007), it should be fruitful to measure how consumer advertising motivates existing employees.

On a more general level, the paper contributes to the growing literature on stakeholder reactions to consumer advertising (e.g., Joshi and Hanssens 2007; Rosengren and Bondesson 2014). In doing so, it adds a broader picture of how advertising contributes to firm performance, beyond influencing consumers. A better understanding the extended effects of advertising is warranted, as it leads to a more comprehensive understanding of the role played by advertising in business.

7 Limitations

To conclude it should be noted that the study relied on responses to employees of one food retailer, which limits generalizability. It should also be noted that the present paper is exploratory in nature, and that further research is needed in order to develop a more in-depth theoretical understanding of these reactions. Given the importance of ad attitudes among customers and employees it would also be interesting to explore whether or not these two audiences tend to like the same consumer advertising or not. It is our hope that the exploratory findings presented in the current paper will inspire such efforts.

8 References

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