THE HONG KONG UNIVERSITY OF SCIENCE AND TECHNOLOGY
DEPARTMENT OF MARKETING

Implicit Product Claims: The Role of Motivated Beliefs

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Venue: Room 4047, Lee Shau Kee Business Building, HKUST

Abstract:
An implicit product claim is one that is suggested by the marketer, but is not overtly asserted. For example, a package may employ a minimalist design and images of nature, which the consumer uses to infer that the product is environmentally friendlier than alternatives. We build an economic framework that incorporates motivated beliefs to show how implicit product claims arise in equilibrium because of the consumer's desire to feel positive about their choice. Our framework is then used to ask how the use of an implicit product claim affects the firm's incentive to make tangible product improvements. For example, does an implicit product claim of environmental friendliness raise or suppress actual investment in making the product more sustainable? We locate conditions for which implicit product claims and actual product investments are either substitutable or complementary marketing tools.