

# When (Firsthand) Experience Matters less than You Expect: The Influence of Advertising on Repurchase Decisions

**Mathew S. Isaac**  
*Seattle University*

**Morgan Poor**  
*University of San Diego*

## *Abstract*

*Although it is well-established that advertising can build awareness and stimulate product adoption, it is less clear how advertisements (or other secondhand information sources) interact with information from firsthand experiences to determine repurchase rates. While it is true that consumers rely heavily on their own personal experiences to form subsequent judgments, research in consumer psychology has also shown that advertising and other types of secondhand information (e.g., product reviews) can exert a surprising level of influence on post-consumption decision making. In this article, we discuss specific factors that may help marketers assess whether or not such information will impact consumer behavior.*

It will come as no surprise that when deciding whether to repurchase a product or service, consumers rely significantly on information garnered from their own firsthand experiences. Experience is said to be the greatest teacher, and indeed, research has shown that consumers “grant special status” to conclusions drawn from their experiences.<sup>1</sup> In fact, consumers typically consider their own direct experience with a product or service to be the single-most valuable piece of information that they could have when making a repurchase decision. In the parlance of consumer psychologists, this means that information from firsthand experiences is presumed to be high in diagnosticity.

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Of course, people today do not consume products or services in a vacuum. In the modern world of multi-tasking and information overload, consumers are commonly exposed to secondhand information about an offering at about the same time that they directly consume it. For example, restaurant patrons may peruse information in menus or on food packages at the same time that they actually consume their food. Or smartphone users may encounter a mobile advertisement for the very app that they happen to be using.

Long before the arrival of smartphones, consumer psychologists were studying how consumers integrate information from firsthand experience with secondhand information about a product or service (e.g., from marketers, friends, or experts) to form evaluations and make choices. The good news for marketers? – this research has consistently found that secondhand information, such as advertisements or product reviews, often exerts a surprising level of influence on decision making, even when consumers might be expected to simply rely on the information from their firsthand experiences. Furthermore, recent findings offer a number of more nuanced insights and implications that marketers would be wise to keep in mind when attempting to boost repurchase rates.

### **Insight #1: Timing of Information Matters**

Imagine an experiment where consumers try a product (i.e., acquire information from firsthand experience) either right before or right after viewing an advertisement for the same product (i.e., receiving secondhand information). Prior research suggests that the influence of the advertisement on repurchase rates is likely to be much greater if it precedes (rather than follows) firsthand experience with a product or service.<sup>2, 3</sup> As it turns out, advertisements and other types of secondhand information not only change consumers' expectations about a subsequent experience, they can even alter the experience itself. For example, pub patrons in an experiment were given the exact same beer brew to taste and asked to state their level of preference.<sup>4</sup> While some patrons were given no secondhand information about the composition of the brew, others were informed that the brew contained balsamic vinegar (an ingredient that most beer drinkers found conceptually unappealing), either before or after tasting it. Compared to those patrons who were unaware of it, those who received the ingredient information evaluated the beer's taste unfavorably, but only if this information was disclosed prior to consumption.

*Implication #1: Shift advertising expenditures to exposures that occur prior to firsthand experience whenever possible, where it can have the greatest impact.*

### **Insight #2: Ambiguity of Experience Matters**

When an experience is clearly positive or clearly negative, research shows that secondhand information has little effect on subsequent product judgments.<sup>5</sup> For example, after consumers heard an unambiguously unpleasant ring tone (i.e., the sound of bees buzzing), they rated the ring tone poorly irrespective of whether they had been shown relatively positive or relatively negative reviews from other listeners. Other work corroborates this result – for example, advertising had no influence on the judgments of shoppers who had directly examined the texture of a dress shirt (firsthand experience) unless product quality was difficult to ascertain.<sup>6, 7</sup> Luckily for marketers, the information acquired during many firsthand experiences is often ambiguous (i.e., providing both positive and negative information) or relatively neutral in nature, thereby yielding inconclusive evidence about product quality. This opens the door for secondhand information to exert influence on repurchase decisions.

*Implication #2: Concentrate advertising spending on products of moderate quality (rather than the high-end or low-end products in one's portfolio) where the opportunity to influence post-experience behavior is greatest.*

### **Insight #3: Timing of Judgment Matters**

Relative to secondhand information, the information obtained during experiences emphasizes feelings over facts. This is a major reason why consumers consider firsthand experiences to be diagnostic- they evoke emotions that secondhand information typically does not. Recent research suggests that when consumers make repurchase decisions during or just after a firsthand experience, they pay more attention to the direct feelings, emotions, and visceral sensations that arise from their experience, such that secondhand information has little or no influence.<sup>5</sup> But, the downside of these emotionally-rich firsthand experiences is that they tend to be fleeting in memory, unless of course the experience is strongly positive or strongly negative (as discussed in Insight #2). This means that secondhand information provided around the same time as a firsthand experience can influence repurchase decisions that are made after a brief time delay. Take the example of a consumer sampling a new flavor of chewing gum that happens to be moderately tasty, but not exceptional. Recent research suggests that viewing an advertisement when tasting the gum will not influence the consumer's immediate decision to buy a pack. However, even ten minutes after the experience ends, the gum tasting experience is likely to have faded away sufficiently in memory that the more cognitive information

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that was included in the advertisement (i.e., related to features and attributes, not feelings) can reemerge and influence decision making.<sup>5</sup>

*Implication #3: Be patient. Even if advertising metrics taken immediately after a consumption experience suggest that an advertisement was ineffective, this does not necessarily mean that advertising spending has been wasted. To fully understand the impact of secondhand information on repurchase decisions, marketers must also measure advertising effectiveness retrospectively (i.e., at varying points in time after the experience).*

Although it is obvious to marketers that advertising can build awareness and stimulate product adoption, it is less clear how advertisements (or other secondhand information sources) interact with information acquired during firsthand experiences to determine repurchase rates. Research in consumer psychology suggests that while experience may indeed be the greatest teacher, a window of opportunity exists where advertising can still exert influence on post-experience consumer decisions.

### Authors

*Mathew S. Isaac is an Associate Professor of Marketing in the Albers School of Business and Economics at Seattle University. His research focuses primarily on consumer judgment and decision-making, examining how contextual and motivational factors influence product evaluations and purchase intentions. Dr. Isaac's research has been published in the Journal of Marketing, the Journal of Marketing Research, the Journal of Consumer Research, the Journal of Consumer Psychology, and the Journal of Advertising Research. His work has also been featured in business and popular press, including Harvard Business Review, Time, Forbes, Wall Street Journal, The Atlantic, Men's Health, and Fast Company. Dr. Isaac obtained his Ph.D. in Marketing from the Kellogg School of Management at Northwestern University and his MBA, with concentrations in Finance and Strategic Management, from the University of Chicago Booth School of Business. Prior to entering academia, Dr. Isaac worked as a Consultant and Manager for Bain & Company and ZS Associates, where he advised media, healthcare, and private equity clients on issues related to sales, marketing, and corporate strategy. email: isaacm@seattleu.edu*

*Morgan Poor is an Assistant Professor of Marketing in the School of Business at the University of San Diego, where she teaches Introduction to Advertising and Promotion to undergraduate and graduate students. Her research focuses on sensory marketing and message framing, with a special interest in how these factors influence and shape the actual consumption experience. Her work has been published in the Journal of Marketing, the Journal of Consumer Psychology, and the*

*Journal of Consumer Marketing*. Her work has also been featured in the popular press, including coverage by outlets such as *The Today Show* and *New York Times Magazine*. Dr. Poor obtained her Ph.D. in Business with a specialization in Marketing from the Kelley School of Business at Indiana University and an M.A. in Communications from the University of Kentucky.  
email: [poormorgan@sandiego.edu](mailto:poormorgan@sandiego.edu)

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### Endnotes

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