

**BA 4713 - PROMOTIONS MANAGEMENT**

# **HIERARCHY OF EFFECTS**

**What is Hierarchy of Effects?**

**History of Similar Models**

**Steps of the Hierarchy of Effects Model**

**How can we take advantage of Hierarchy of Effects?**

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## **HIERARCHY OF EFFECTS**

In my report, would like to explain in detail, the Hierarchy of Effects model that I have learned in class.

The marketing communications model called “Hierarchy of Effects” represents the series of steps that affect the customer’s decision to purchase a product/service. The reason why it is called “hierarchy” is that number of customers decrease as they move down through the sequence. For this reason, we can say that those steps are very crucial for marketers since moving through until the end of the last stage is the main objective of all marketing campaigns.

### **History of Similar Models**

Understanding the customer’s decision process has been such a crucial issue for marketers and researchers that many theories had been developed for decades to assess the marketing campaigns. “Understanding this process has been a priority not only for marketers and those attempting to understand consumer behaviors, but also others in the disciplines of sociology, rural sociology, social psychology, cognitive psychology and communications, among others.” says Michael A. Belch (Belch, n.d.). Some of those theories developed that and adapted including the Hierarchy of Effects Theory are:

- 1) The Classical (AIDA) Model: Attention > Interest > Desire > Action

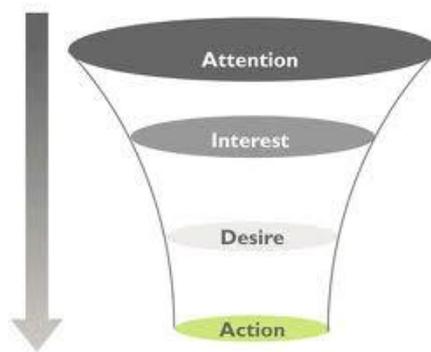


Figure 1.1

This model began to be used in the 1920's. For researchers, customers should move through these four sequential steps in order for the marketers to end up with the product/service being sold.

- 2) The Hierarchy of Effects Model of Robert Lavidge and Gary Steiner: Awareness > Knowledge > Liking > Preference > Conviction > Purchase. With their model created in 1961, Lavidge and Steiner supported the AIDA model and in addition to that, they thought that customer progresses through three main steps which are respectively cognitive, affective and conative stages. Belch adds: "Their research has led many to believe that decision processes move through a cognitive (thinking) to an affective (feeling) and then to (conative) behavioral sequence. While critics argue against such processes, nevertheless, they have been adopted by many marketers and used to develop a variety of marketing strategies." (Belch, n.d.)

For the article of Thomas E. Barry entitled "In Defense of the Hierarchy of Effects: A Rejoinder to Weilbacher", Journal of Advertising Research says: "Thomas E. Barry feels that rather than discard the hierarchy of effects model, we should develop

rigorous, collaborative efforts to validate its continued value to guide us in advertising and marketing communications planning for another 100 years.” (Barry, 2002)

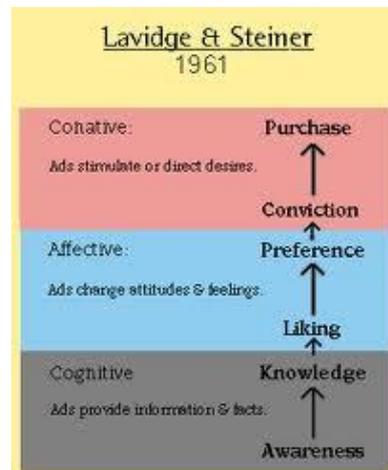


Figure 1.2

3) Russell Colley’s Hierarchy Model: Awareness > Comprehension > Conviction > Action. The model that was developed in 1961 led to the development of DAGMAR (Defining Advertising Goals for Measured Advertising Results).

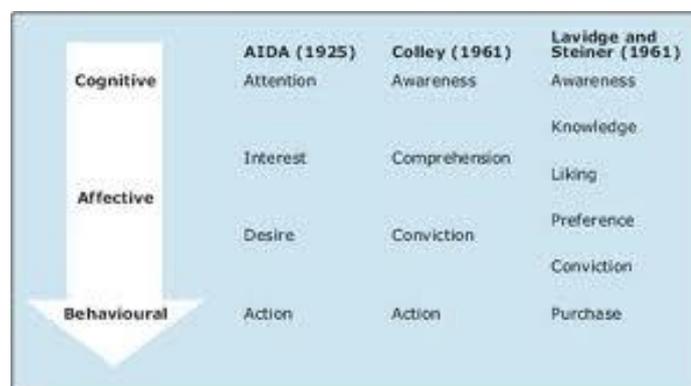


Figure 1.3

## Steps of the Hierarchy of Effects Model

Among all developed theories, the hierarchy of effects model is the prevailing one. By analyzing its steps, we can clearly see how advertising influences the purchasing decision. We can analyze it with the help of such a downward pyramid.



Figure 2.1

Marketing campaigns follow this downward sequence where the customer moves from unawareness to the purchase of the product/service. Each step must be completed with fulfillment so that the progress to the next stage becomes possible. Let's examine those steps:

- 1) Awareness: The customer realizes the product/service through advertising or word of mouth.
- 2) Knowledge: He begins to gain knowledge about the product/service through communicating or reading. However, he might be aware of the product but might not know much more. At this point, the comprehension of the brand name gains importance.

- 3) Liking: This is the stage where he begins to have some feelings about the product/service by seeing it being used or by word of mouth.
- 4) Preference: He begins to develop personal preferences towards the product/service. He gets detached from competitors and focuses on one particular product/service. At this stage, we should try to build preference by promoting the features of the product/service such as quality, value and performance in order to move the customer to the next step.
- 5) Conviction: He has a desire to purchase the product/service.
- 6) Purchase: Having proceeded through the above stages, the customer finally makes his purchase. At this point, some members of the target audience might prefer a product/service but may choose to wait for something else to purchase it. In order to be successful at this step, we can use a new strategy such as offering the product at a lower price or offering a premium.

As we can see from the above steps, it is easier to complete the ones at the top of the pyramid than the ones towards the base. Number of expected customers declines as they move down the pyramid because lower steps are more action oriented compared to others. At each stage in the process, we should have specific strategies such as using different advertising tools, sales promotions and media channels in order to be successful and move the customer to the next step.

In his article published in [marketingsavant.com](http://marketingsavant.com), Dana VanDen Heuvel said: “Effectively marketing and managing each of the stages of the hierarchy of effects is an essential ingredient in successful marketing campaigns, yet so many marketers ignore one or more of the stages and then wonder why a campaign or product launch produced lackluster results.” And he adds: “...start working, one stage at a time, to determine the ideal strategy and

marketing plan for each stage and then roll that out over a period of weeks or months...” He continues: “...look at how our existing strategy and actions meet the customers needs at each stage and start to measure (or dig up the measurements & metrics reports that we have) to determine the effectiveness. The tools, tactics and channels will all work together to meet the overarching marketing and business goals while meeting each of the sub-goals in each stage of the hierarchy. When it’s truly functioning as it should, the hierarchy of effects is a beautiful thing!” (Heuvel, 2009)

### **How can we take advantage of Hierarchy of Effects?**

According to Angela Hausman’s article in [hausmanmarketresearch.org](http://hausmanmarketresearch.org) (Hausman, 2011), we can take advantage of the Hierarchy of Effects model in three main ways: monitoring, maximizing directions and generating sales.

**Monitoring:** Monitoring the impacts of the actions taken for the campaign helps us make informed decisions during its launch. For example, if many customers get stuck at a stage or flow out of the pyramid after a stage, the model tells us that there is a problem and at which phase it arises and this makes identifying the problem easier.

**Maximizing Directions:** Observing how actions taken change the level of awareness, knowledge, liking, preference, and conviction also helps us in decision-making. We can increase the campaign’s success by using more frequently the marketing actions that create large changes in the level of the and end the actions that create little or no change in the level of the stages.

**Generating Sales:** We know that sales are not a direct measure of the campaign’s success. The Hierarchy of Effects model, at this point, provides us an indirect measure of its success. We should monitor how earlier the steps in the model translate into increase in sales of that

product/service since although customers move through most of the stages, they can always fail to move to the purchase stage. We should examine the importance of each stage, take specific actions and evaluate the success of the model accordingly.

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