When Empathic Managers Become Consumers: a Self-Referential Bias

Johannes Hattula, University of St. Gallen, Switzerland

Walter Herzog, WHU-Otto Beisheim School of Management, Germany

Darren W. Dahl, University of British Columbia, Canada

Sven Reinecke, University of St. Gallen, Switzerland

This research implies that cognitive empathy, the mental process of putting oneself into the shoes of consumers, activates managers' consumer identity and increases the influence of their personal consumption preferences on predicted consumer preferences. Two studies are presented in support of this self-referential bias.

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EXTENDED ABSTRACT

How do managers predict consumer preferences? Over the past decades, numerous studies on this topic have been published (e.g., Gershoff, Mukherjee, and Mukhopadhyay 2008; Hoch 1987, 1988; West 1996). In this line of research, it has been argued that cognitive empathy, defined as the mental process of putting oneself into the shoes of consumers to understand their needs, supports managers in their construal of consumer preferences (Dahl, Chattopadhyay, and Gorn 1999). The present research, however, reveals an adverse effect of cognitive empathy in this context. Our findings suggest that cognitive empathy makes salient managers' personal consumption preferences, thereby biasing their prediction of consumer preferences.

THEORY

It seems reasonable to assume that managers have two identities: their professional identity as managers and their personal identity as consumers (Ashforth and Johnson 2001). In this research, we hypothesize that cognitive empathy increases the salience of a manager's consumer identity. Empathic managers put themselves into the shoes of consumers which means that they play the role of a consumer, imagine to act and feel as a consumer, and they simulate consumers' product and service experiences (Dahl et al. 1999; Stotland 1969). That is, empathic managers assume the mental processes of a consumer, which in turn is likely to activate the manager's consumer identity.

With an increasing salience of the manager's identity as a consumer, personal consumption preferences might become accessible (Zhang and Khare 2009), thereby influencing the manager's construal processes and decisions. Hence, we argue that cognitive empathy increases the impact of a manager's personal consumption preferences on predicted consumer preferences.

Hypothesis: *Cognitive empathy increases the influence of a manager's personal consumption preferences on predicted consumer preferences.*

Note that in general, it is expected that empathic persons are able to abstract from their personal preferences (Decety and Jackson 2004; Preston and de Waal 2002). In this context, however, the opposite might be true. We test our hypothesis in two empirical studies.

STUDY 1

Ninety-three marketing managers (mean age: 41.44) were recruited to take part in a case study on a product development process in the automotive industry. Participants first indicated their personal preferences for car attributes by assigning importance weights to six product features. Specifically, they were asked to assign 100 points to the following car attributes: design, performance, dependability, comfort, sustainability, and prestige (Horsky and Nelson 1992). By using a constant sum scale, we explicitly capture trade-offs between the product features (Krosnick and Alwin 1988).

Subsequently, participants were asked to assume the role of a manager of a hypothetical car manufacturer and steer the development process of a new car model. They were then provided with recent market research data on consumer preferences for each product feature. Moreover, participants were asked to define the character of the new model by assigning 100 points to the six product features. In particular, we asked participants to define the character of the new model in line with the preferences of a typical consumer in the market. Finally, we measured their degree of cognitive empathy during the case study (Davis 1980).

Assigned weights in the management task were then regressed on managers' personal importance weights, cognitive empathy, and the interaction of both variables. For each product feature, we find a positive effect of managers' personal importance weights and a positive interaction effect, supporting our hypothesis that cognitive empathy increases the influence of managers' personal consumption preferences on predicted consumer preferences.

STUDY 2

Since the findings of study 1 are based on self-selection into high/low empathy groups, we experimentally manipulated cognitive empathy in study 2. To enhance generalizability, study 2 is based on a case study on communications management.

For this study, we recruited 231 marketing managers (mean age: 45.31). In a first part, framed as a consumer study on personal identity and advertising effectiveness, participants watched two real ads of the luxury watch manufacturer Rolex and indicated their personal liking of each ad on an 11-point Likert-scale. In the second part, they were asked to assume the role of the head of marketing of Rolex. They were randomly assigned to either the "cognitive empathy" or "no cognitive empathy" condition. Participants in the cognitive empathy group were asked to describe a typical target consumer of Rolex, to imagine the target consumers' thoughts when watching the two ads, and to anticipate potential reactions to the ads. We assumed that participants had a clear impression of a prestige-oriented target consumer of Rolex (Puligadda, Ross, and Grewal 2012). Participants in the "no cognitive empathy" condition did not receive such instructions (Galinsky, Wang, and Ku 2008). Finally, participants estimated target consumers' evaluations of each ad on an 11-point scale. None of the participants was able to infer the true goal of the study.

The manipulation of cognitive empathy was successful (the cognitive empathy measures from study 1 were used as manipulation check). To test our hypothesis, we regressed predicted consumer evaluations on managers' personal liking scores, the cognitive empathy manipulation, and the interaction of both variables. For both ads, we find a positive effect of managers' personal liking scores and a positive interaction effect. Overall, study 2 replicates the findings of study 1 and supports the hypothesis that cognitive empathy increases the influence of managers' personal preferences on predicted consumer preferences.

CONCLUSIONS

This paper investigates an empathy-caused self-referential bias in managerial predictions of consumer preferences. The findings of two studies in distinct contexts and using different preference measures demonstrate that cognitive empathy increases the influence of managers' personal consumption preferences on predicted consumer preferences.

Our research makes a number of contributions. First, it extends previous research on managerial predictions of consumer preferences by showing the counterintuitive influence of cognitive empathy. Second, we introduce an identity-based perspective arguing that cognitive empathy increases the salience of a manager's consumer identity. Third, it underlines the importance of investigating managers' consumer identity and their personal consumption preferences.

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