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THE IMPACT OF A HAPPY POSITIONING ON WILLINGNESS TO PAY FOR UTILITARIAN PRODUCTS

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Abstract

This study intends to examine the relationship between a happy positioning, utilitarian products and willingness to pay. After reviewing existent literature, it is hypothesised that by associating utilitarian products to a happy positioning, willingness to pay will be positively impacted. In order to test this hypothesis, research was conducted following an experimental design involving one pre-test and one main study. The main study consisted of a between subjects experiment with two conditions: happiness *vs* performance positionings. Against the hypothesis, results suggest that willingness to pay for utilitarian products does not differ significantly depending on the condition individuals were allocated to.

Keywords: Happiness positioning, Utilitarian products, Willingness to pay, Advertising

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1. Introduction

How individuals make their purchasing decisions has been greatly affected by technology, and both online and offline, the decision consumer journey has changed (Bommel, Edelman and Ungerman, 2014). Marketing strategies used in the past have turned obsolete as marketing goes through permanent evolution (Edelman, 2010). A significant turning point for the practice of marketing is how consumers today not only start their decision-making process with more options, but they also add more alternatives to their initial array of consideration along time (Edelman, 2010). Hence, selection becomes increasingly complex and difficult. Positioning can facilitate decision-making by giving emphasis to attributes that make a brand stand out from competitors, thus helping them to effectively catch the public's attention (Kapferer, 2012).

Researchers have focused on the distinction between a relative utilitarian or hedonic nature of goods. A microwave can be considered utilitarian as it serves a functional need (heating food), whereas designer clothes are hedonic goods since they are pleasure oriented and address a more sensory consumer experience (Dhar and Wertenbroch, 2000).

When it comes to brands, individuals perceive them like they perceive individuals, based on warmth and competence (Fiske, Cuddy and Glick, 2007; Peter and Ponzi, 2018). Competence and warmth dimensions can have different nomenclatures, however the underlying traits of each dimension remain relatively unchanged (Abele, Cuddy, Judd and Yzerbyt, 2008). According to Cuddy, Fiske and Glick (2008), precursory studies about impressions of personality include "warm" and "happy" as descriptors of the same perceptive dimension (Appendix A), suggesting a relationship between them. Considering that the warmth and competence dimensions can be described by a variety of traits, for the purpose of this study, when mentioning happiness, we are referring to what the literature frequently calls warmth, and when mentioning performance, we are alluding to competence. In advertising contexts, depending on the level of consumer involvement, describing a brand focusing only on one dimension (either focusing on warmth or on performance) can override any positive effect yielded by hedonic or utilitarian appeals (Peter and Ponzi, 2018). Examples of advertising copies used by the authors in their study were "*A friendly insurance company*" for warmth, and "*A professional insurance company*" for competence.

Some literature suggests that warmth can have a positive impact on purchase intention and brand ownership (Kolbl, Arslanagic-Kalajdzic and Diamantopoulos, 2019), and yet, whether or not willingness to pay for utilitarian products specifically can be affected by a happy positioning has not been determined, leaving a gap in the marketing literature. A happiness appeal is expected to have a different effect than a performance appeal because warmth is judged first and more heavily weighted than competence in behavioural responses (Abele et al, 2008; Fiske et al, 2007). Moreover, because Okada (2005) suggests that utilitarian products are tendentially preferred as consumption is easier to justify, and because warmth appeals seem to impact consumer-brand relationship positively (Kolbl et al, 2019), one could argue that combining these dimensions (a utilitarian nature of goods and a happy brand description) could be beneficial in other aspects of consumer behaviour.

Against this background, this study attempts to fill this gap by exploring the relevance of a happy positioning in utilitarian products and in particular, how it affects willingness to pay.

2. Literature Review

The following subsection explores concepts regarding the relative nature of goods and consumption motivation (utilitarian and hedonic), dimensions of brand perceptions (warmth and competence), and willingness to pay.

Studies suggest that utilitarian products relate positively to consumption and to willingness to pay because consumers can easily justify their choices (Okada, 2005). The same way, warmth can also positively affect purchase intentions (Aaker, Stayman and Hagerty, 1986; Kolbl et al, 2019), despite that under some circumstances, such effect can be cancelled (Peter and Ponzi, 2018). Finally, Goodstein and Kalra (1998) mention that consumers would be more willing to pay for a product when they can understand how it can provide them a specific benefit. However, studies reflecting on the relationship between positioning and willingness to pay are often too broad when it comes to categorisation.

2.1. Definitions & Research Importance

By principle, positioning is a branding process used to emphasise the attributes that set one brand apart from competitors, as well as to catch consumers' attention (Kapferer, 2012). That way, the decision-making process is facilitated as some brands stand out more than others.

This is especially important as in this day and age consumers have too many alternatives to choose from and not all options considered will be purchased. The true function of positioning then is to take advantage of a strong purchasing rationale, as a product or brand should make its offer obvious to the customer, hence facilitating selection (Kapferer, 2012). For this reason, it is important that a brand offers a strong reason for why its products should be purchased.

In purchase contexts, consumer choice is motivated by the benefits consumers can take from a purchase, which implies that individuals are able to justify their choices according to their needs (Okada, 2005). Some choices are easier to justify than others and that is intimately related to the relative nature of the purchase.

Utilitarian and Hedonic Dimensions

Goods can be divided into two categories according to how much utility or pleasure they can provide. Utilitarian goods are the ones that are predominantly associated with performance and serve functional needs (Peter and Ponzi, 2018). Having a practical use, their value is easier to quantify (Okada, 2005). Hedonic goods, on the other hand, are commonly associated with luxuries and their consumption provides feelings of pleasure and enjoyment (Peter and Ponzi, 2018). This indulgent and experiential nature makes their benefits harder to quantify and therefore, justify (Okada, 2005).

When evaluating the trade-offs implied in consumption, if people find themselves in situations where it is harder for them to justify consumption, they will constrain themselves from doing so. This means that purchasing a product that is regarded as utilitarian is more easily justifiable as it is quantifiable because it serves a higher purpose, in a sense that it has a practical utility (Dhar and Wertenbroch, 2000; Thaler, 1980). For this reason, utilitarian options tend to be preferred over hedonic ones "*because consumers implicitly make decisions on even a single item in the context of other purchases made previously or other future purchases that could be made in its stead*" (Okada, 2005).

Nonetheless, utilitarianism and hedonism are not mutually exclusive, meaning that they can co-exist (Okada, 2005; Pöyry, Parvinen and Malmivaara, 2013). In order to evaluate to what extent a product fits into the utilitarian and hedonic dimensions, researchers commonly use the hedonic/utilitarian (HED/UT) scale developed by Voss, Spangenberg and Grohmann (2003). This scale consists of a set of 10 adjectives and respective opposites (Appendix B). Half of the items regard to the hedonic dimension whereas the other half regard to the utilitarian dimension. Its usefulness lies in the ability to assess to which dimension a certain product has a stronger affinity.

According to a study conducted by Pöyry et al (2013) about online consumption, utilitarian motivations translate into purchase intentions, thus contributing for companies' profits, contrary to hedonic motivations. This happens because people moved by hedonic incentives participate to keep themselves entertained and individuals driven by utilitarian motivations are more likely to be looking for useful information that helps them make consumption decisions more efficiently.

Okada (2005) also claims that the time and effort *versus* the money that people invest in hedonic and utilitarian goods varies according to the goods' relative nature, so that there is a preference for spending more time in hedonic goods (as a mechanism to justify a guilty pleasure), as opposed to an increased willingness to spend more money in utilitarian goods. This means that consumers assess functionality as worth paying a premium (Okada, 2005). For example, individuals would be more predisposed to spend more time in finding the best deal on a holiday, but more likely to pay a premium for a food processor. As explained before, this happens because the extra money they are spending in the food processor is more easily justifiable because ultimately it has a functionality.

Warmth and Competence

Research has shown that much like people, brands are evaluated in two essential dimensions: warmth and competence (Fiske et al, 2007; Peter and Ponzi, 2018). One example of a warm brand description would be Coca-Cola's "*Open Happiness*", whereas one that focuses on describing competence would be Volkswagen's "*German Engineering*". Warmth translates into "*a positive intent towards others*" (Peter and Ponzi, 2018) whereas competence is defined as the capacity of concretising the intent (Abele et al, 2008; Peter and Ponzi, 2018), therefore being goal-oriented and evocative of efficiency. This is important as consumers need to know what the brand's intentions might be and if they can be executed as promised, thus

meeting individuals' underlying consumption drivers. Compared to competence, warmth is not only judged first, as it is also more heavily weighted in affective and behavioural responses (Abele et al, 2008; Fiske et al, 2007).

In a study conducted by Aaker et al (1986), the authors unveil a positive effect of warmth on purchase likelihood, the same way that Kolbl et al (2019) suggest that brand warmth can impact consumer-brand identification positively, and consequently, increase purchase intentions as a function of said attitude. However, a positive effect on brand attitude can easily be cancelled by a negative indirect effect. The innuendo effect demonstrates that when a brand description relies solely on one dimension (warmth or competence), consumers draw negative conclusions based on the omitted dimension (Peter and Ponzi, 2018). This happens because people sense that there is information missing or being hidden from them, so they try to fill in the gaps making negative inferences. Peter and Ponzi (2018) also found that the innuendo effect follows involvement, meaning that as involvement grows stronger, so do the negative inferences about the omitted dimension. Their study suggests that in situations where consumer involvement is low, the innuendo effect cannot be observed.

Willingness to Pay

Involvement is also expected to affect consumers' willingness to pay. Goodstein and Kalra (1998) mention that in order to understand the substance of a claim in advertising contexts, prospects might require further elaboration. It is only when they can understand how a product can provide them a specific benefit and what it implies that they would be more willing to pay for it. As low involvement yields lower message elaboration, respondents are not able to extract a personal significance and therefore are more reluctant in offering a price premium. Goodstein and Kalra's (1998) work dwells on the relationship between advertising

and price effects, in which willingness to pay is implied. Such relationship, they defend, depends on the positioning strategy adopted by the brand.

In this context, Kaul and Wittink (1995) divide advertising into price or non-priceoriented, suggesting that price-oriented advertisements increase price sensitivity, whereas nonprice-oriented advertising decreases that same sensitivity. This suggests that generically, positionings that are non-price-oriented have the potential to yield a lower price sensitivity and therefore, an increased willingness to pay from consumers. Previous studies on the field reflect on the importance of positioning and its effects, but they are often too broad when it comes to categorisation, leaving a gap that this study intends to narrow. It might be challenging to test all types of positioning empirically but grouping them into categories that are too broad might also lead to biases that are not easily detectable. In addition, as we have seen, warmth appeals are likely to have a stronger effect on consumers' brand attitude, but the question is whether these effects would translate into price-related measures such as willingness to pay. By definition, willingness to pay is *"the maximum price a given consumer accepts to pay for a product or service*" (Le Gall-Ely, 2009).

When it comes to consumer purchasing decisions, as well as in marketing corporate practices, price is an important variable. Because the effects of positioning on price, namely on willingness to pay, are perceived as good indicators of how a positioning affects brand equity (Goodstein and Kalra, 1998), evaluating consumers perception of price is all the more relevant.

How much someone is prepared to spend on a product depends on many socioeconomic factors, and some cannot be controlled by marketers. Nonetheless, the importance of this research is precisely so that managers understand the determinants of willingness to pay they can control in the context of a happy positioning for utilitarian products, so that they can use these insights to influence them and optimise margins.

2.2. Research Objective and Hypothesis Formulation

The goal of the present research is to examine the impact of a happy positioning on the willingness to pay for utilitarian products taking an experimental approach. The aforementioned goal is important from a managerial point of view as it has important consequences for companies, considering that price influences profit margins.

The belief that consumers will be willing to offer a premium for utilitarian products when these are associated with a happy positioning compared to when associated with a performance positioning relies on the combination of several factors. Firstly, research suggests that compared to competence, warmth is more heavily weighted in affective and behavioural responses (Abele et al, 2008; Fiske et al, 2007), and that warmth can have a positive impact on purchase intention (Kolbl et al, 2019). Therefore, one could argue that a happy positioning associated with warmth could have similar positive effects on other behavioral responses in purchasing contexts. On the other hand, utilitarian products are primarily preferred because their consumption is more easily justifiable (Dhar and Wertenbroch, 2000; Thaler, 1980) and Okada (2005) claims that there is an increased willingness to pay associated with utilitarianism, since consumers see functionality as worth paying a premium. Therefore, we believe that when a product type which consumption is facilitated by justification is associated with warmth appeals evoked through a happiness positioning, then willingness to pay should be positively affected. Another factor supporting the hypothesis is that, according to Kaul and Wittink (1995), exposing consumers to a positioning that has no explicit or implicit reference to price has the potential of decreasing price sensitivity and therefore increase willingness to spend more money on the product in question.

Based on these arguments, we extend this stream of research by hypothesising that regarding purchasing behaviour of utilitarian brands, consumers are willing to pay more for a brand when a message that induces a happy affective state is displayed, in contrast to when the same brand is positioned by the means of a performance focused message.

H1: Consumers' will demonstrate significantly higher willingness to pay for utilitarian products when they are exposed to a happy positioning compared to when they are exposed to a performance focused positioning.

The following sections are dedicated to testing the hypothesis and discussing the findings.

3. Methodology

3.1. Research Approach

This paper follows a positivist approach and theory development is based on deductive reasoning (Saunders, Lewis and Thornhill, 2019). By reviewing previous existent literature, a hypothesis was developed and tested, aiming to offer some context for the findings. The premise consists of a testable proposition about the relationship between a happy positioning, utilitarian goods and willingness to pay. The purpose of this work is therefore to contribute with knowledge to a topic that lacks research by collecting relevant insights in an exploratory manner. The research strategy followed a quantitative research with an experimental design based on data collection from primary sources.

3.2. Research Design and Data Collection

In order to answer the research question and test the hypothesis, an experimental approach was adopted, consisting of two main tasks – one pre-test and one main study. For the purpose of data collection, both studies were conducted by the means of an anonymous, self-administered online survey developed using Qualtrics. The pre-test was conducted in order to

find a simultaneously highly utilitarian and low hedonic brand, as well as to test positioning statements in terms of happiness and performance, thus avoiding biases in the main study. This main study consisted of a structured questionnaire with two conditions. All participants answered to the same structured questions, allowing us to assess the value of a happy positioning for utilitarian products across multiple people in the same time frame. In both studies, respondents were recruited through social media and word of mouth. Microsoft Excel was used to analyse the data of the pre-test, and SPSS (IBM) was used to analyse the data of the main study.

The pre-test sample was composed by a total of 17 observations (N=17) in which the respondents' age varied between 22 and 28 years old (M=25). Female respondents represent 59% of the sample, against the remaining 41% that were male (Appendix C). For the main study a sample of 86 observations (N=86) was gathered, with respondents aged between 19 and 56 years old (M=25). 65% of respondents belong the age group between 20 and 25 years old, followed by 30% between 26-30, 4% aged above 31 and only 1% aged below 20. The sample set for the main study consisted of 65% female and 34% male. When asked about which gender respondents identified themselves with, one person preferred not to answer (Appendix D).

3.3. Pre-Study

A primary task consisted of a pre-test with a small sample (N=17), conducted in order to find a brand that would be regarded, in its relative nature, as high in the utilitarian dimension and by contrast, low in the hedonic dimension. It was also useful to test the positioning statements that would be presented to respondents in the main study, thus splitting them into two different conditions.

Brand choice

Utilitarianism and hedonism are not mutually exclusive, and therefore a product can be considered both utilitarian and hedonic. However, to avoid biases in this research, and to be able to test the hypothesis, it was important to find a brand that, in relative terms, would predominantly stand out in one of these dimensions, namely in the utilitarian dimension.

In order to do so, and for the sake of contextualisation, respondents were presented with two short definitions, one of hedonic goods and another of utilitarian goods (Appendix E). Having the definitions present, they were then asked to rate nine different brands in a 5-point Likert scale, so they could express their opinions about different attributes. The initial brand selection consisted of a choice among nine companies that provide online services across different industries, from music streaming to online learning. The initial set of brands is justified by the fact that most of the respondents were predicted to be aged between 20 to 30 years old and thus expected to be relatively familiar with the services provided by such brands. The brands chosen for this exercise were Dropbox, WeTransfer, Adobe, PayPal, Coursera, iCloud, Spotify, Netflix and Airbnb.

Participants had to rate each brand on ten key items following the hedonic/utilitarian (HED/UT) scale proposed by Voss, Spangenberg and Grohmann (2003). The adapted scale based on the adjectives with higher correlations to each dimension (Appendix B) was used. This scale consists of ten adjectives from which five capture the definition of hedonic and the remaining five capture the definition of utilitarian. In the five-point Likert scale, 5 corresponds to the positively described adjective, and 1 corresponds to its respective polar opposite. A not applicable (N/A) option was added for situations in which respondents would not know the brand at cause.

Utilitarian	Hedonic
Effective/ineffective	Fun/not fun
Helpful/unhelpful	Exciting/dull
Functional/not functional	Delightful/not delightful
Necessary/unnecessary	Thrilling/not thrilling
Practical/impractical	Enjoyable/not enjoyable

Figure 1. HED/UT Scale (Voss et al, 2003)

The final classification of a brand as predominantly hedonic or utilitarian derived from a measurement of the aggregate perception of a brand as either hedonic or utilitarian. N/A answers were not taken into consideration for value computation.

Positioning choice

In addition, the pre-test was also meant to find the two positioning statements that would be displayed to each condition in the main questionnaire later on. In order to be able to measure the impact of the positioning on the selected brand, it was important to identify a positioning that would be regarded predominantly as happy, and one that would be perceived to be highly valued in terms of performance.

A total of twelve fictional positioning statements were developed and displayed next to non-fictional brand logos and names (Appendix F). To do so, we resorted to six companies among the ones mentioned in the brand selection subsection. The brands chosen were Spotify, Coursera, Airbnb, Dropbox, PayPal and Netflix. All positionings were similar in structure and the images were created so that the statement would have prominence – the statement was given emphasis by placing the message in the centre and the brand symbols in the bottom right in a smaller size. This was important as the statement was the element signalling happiness or performance.

Each brand was associated with two different statements, one evocative of happiness and one evocative of performance. Respondents were asked to rate how strongly each positioning expressed both performance and happiness separately with a slider scale with values comprehended between 1 (low happiness/performance) and 100 (high happiness/performance). Much like in the previous exercise there was a N/A (not applicable) option. N/A answers were not taken into consideration for the purpose of value computation.

3.4. Main Study

A main questionnaire (N=86) was primarily administered to assess willingness to pay (see Appendix G for full survey). To ensure that the findings would not be compromised by external factors, it was also useful to detect whether potential biases were observed. A split sample design was employed, in which respondents were randomly assigned to one of two conditions, depending on which positioning respondents were allocated. Condition A was exposed to a happy positioning and condition B to a performance-oriented positioning (Appendices H and I). Condition A consisted of 45 people, against 41 people that were allocated to condition B.

Participants started by being asked to rate Dropbox on the ten items that constitute the aforementioned Voss et al (2003) HED/UT scale. They were provided a five-point Likert scale where 5 corresponds to the positively described adjective and 1 corresponds to its respective opposite. This was important to assess whether respondents in both conditions (A and B) found Dropbox equally utilitarian, and similarly, if they found it equally hedonic regardless of their condition.

Respondents were then asked to carefully read the positioning statement they were shown. In order to build a certain degree of involvement, a hypothetical situation was created, in which the respondents were asked to imagine they were actively looking for cloud storage options such as Dropbox. Based on the positioning they saw, and to examine if participants would be willing to pay a premium for Dropbox, respondents were asked for a specific amount (in Euro) that they would be willing to spend on a monthly subscription of the brand.

4. Results and Analysis

4.1. Data Analysis

Results were analysed using two different tools. Microsoft Excel was used in the prestudy and SPSS by IBM in the main study. The data of the pre-test was analysed prior to the main questionnaire in order identify a product most respondents would agree to fit the utilitarian criteria, as well as to assess which two positioning statements were considered more utilitarian *versus* more hedonic (see section 3.3.). Based on these results, we proceeded to the conducting of the main study. Since the pre-study followed a single sample design and the main study a split-sample design, it was important to start the main study analysis by assessing if respondents in both conditions found the chosen brand to be equally utilitarian, and similarly, if both found it to be equally hedonic. This was important to make sure biases that could compromise the results were avoided. From here on the analysis was conducted in order to determine whether the hypothesis was to be rejected or supported, based on the significance of the results.

4.2. Findings Pre-Study

Brand choice

The main purpose of the pre-test was to serve as an indicator of which brand among the displayed set was perceived to be predominantly utilitarian rather than hedonic, as well as to find the two positioning statements that would be presented later on during the main study. Its importance is intimately related to the need of ensuring that the selected brand and positionings could provide us meaningful insights for the purpose of the main study.

The first task was to find a highly utilitarian brand.

Most hedonic by a 1.505882353	1.6375	1,64	1.757142857	1,914705882	2.68666667	3.011029412	3.7647059	4,058823529
1,505662555	1,0375	1,04	1,/5/14205/	1,914703882	2,08000007	3,011029412	3,7047039	,
Dropbox	PayPal	Adobe	iCloud	WeTransfer	Coursera	Airbnb	Spotify	Netflix
Most utilitarian by	ascending order							
	<u> </u>	2 0 1 2 5	2 24 42 25 74 4	2 25 22 2 2 2 2 2		1 000017017	4 0050044	4 05 000 05 00
3,191428571	3,705882353	3,8125	3,814285714	3 <i>,</i> 858823529	4	4,006617647	4,0352941	4,058823529
Coursera	Netflix	PayPal	iCloud	Dropbox	Adobe	Airbnb	Spotify	WeTransfer
Difference UT/HEE)							
Dropbox	Paypal	Adobe	iCould	Wetransfer	Coursera	Airbnb	Spotify	Netflix
2,3529412	2,1750000	2,3600000	2,0571429	2,1441176	0,5047619	0,9955882	0,2705882	-0,3529412

Figure 2. Hedonic/Utilitarian Mean Scores for Brands – Pre-test

Dropbox was the brand chosen considering the aggregate values (Appendix J), as it was seen as superior on the utilitarian dimension and quite inferior on the hedonic dimension. This choice is supported by the fact that Dropbox had an overall utilitarian score of 3.86 (maximum possible value 5) and was found to be the least hedonic brand of the set presented, with a hedonic score of 1.51. This accounts for a difference of 2.35 scoring points. The hedonic and utilitarian scores for Dropbox were derived from the mean sum of the ratings of all respondents for each of the ten adjective pairs, that were then split into two categories (utilitarian or hedonic). After summing the previously computed means into their respective category (five), providing a mean value for utilitarian and a mean value for hedonic. Like Dropbox, all the nine brands had two mean values: one regarding the hedonic dimension and one regarding the utilitarian dimension (Appendix J).

Only Adobe had a greater difference of 2.36 (Appendix J). The choice is also justified by the positionings tested next. While the pre-test did not include a positioning statement for Adobe, Dropbox was among the positionings tested, thus leading to more substantial results in the main questionnaire. Additionally, Dropbox was also one of the few brands everyone seemed to be familiar with as it did not get any N/A answer.

Positioning choice

It was also important to find a statement that was considered to express happiness strongly (in contrast to how strongly it expressed performance) and one that appealed to performance strongly (in contrast to how strongly it appealed to happiness). From the twelve positionings developed, "Stop carrying things around", associated with Dropbox, was the one with the highest mean score for performance of 80.29 (maximum possible value 100) and with the lowest mean score for happiness of 38. This amounts for a difference of 42.29 scoring points. "Save what makes you happy", the other statement associated with Dropbox, scored relatively high on happiness, with a mean score of 69.82, as well as it did in terms of performance, with a mean score of 63.76, accounting a total difference of only 6.06 scoring points. Considering that this could be an ambivalent positioning statement, and to better serve the purpose of this study, the statement that had scored highest in terms of happiness was adapted to Dropbox, considering that it was also seen by respondents as more dominantly evocative of happiness than of performance. "Home wherever you go", for Airbnb, had the highest mean scores of 85.06 for happiness and 70.94 for performance, which makes up a total difference of 14.12. The final happiness statement for Dropbox was "All your happy memories wherever you go".

4.3. Findings Main Study

In order to test the hypothesis, SPSS was used to run a series of independent t-tests. The goal was to compare the mean values of the two conditions (A and B) for the considered variables and assess whether they were statistically significantly different.

For this purpose, the independent variable (X) was the brand positioning – whether respondents had been exposed to the happy positioning (condition A) or to the performance positioning (condition B). In order to show that the analysis is not biased by other reasons, we started by assessing if there was a significant difference in how both conditions (A and B) perceived Dropbox. It was found that regardless of being exposed to a happy positioning or to a performance positioning, respondents from both conditions found Dropbox to be equally utilitarian (Appendix K). The results indicate that at a 5% level of significance, the difference between the mean values of Happiness ($M_{Happiness} = 3.7778$, SD = 0.63421) and Performance ($M_{Performance} = 3.7463$, SD = 0.76554) conditions was not significant: t (84) = 0.208, p = 0.836. Similarly, there was not a significant statistical difference in how they found Dropbox hedonic: $M_{Happiness} = 2.7689$, SD = 0.64379; $M_{Performance} = 2.7073$, SD = 0.66798: t (84) = 0.435, p = 0.6655 (Appendix L).

A similar analysis was conducted for the purpose of measuring willingness to pay, the dependent variable (Appendix M). The results suggest that whether prospective customers were exposed to Dropbox through a happy positioning or through a performance focused positioning, how much they are willing to pay for the brand is similar, leading to the conclusion that, in this case, a happy positioning does not affect consumers' willingness to pay. When asked about how much, in quantitative terms, they would be willing to spend on a monthly Dropbox subscription, the results indicate that at a 5% significance level, the mean values of the responses of individuals in condition A ($M_{Happiness} = 3.0440$, SD = 2.99193) and condition B ($M_{Performance} = 2.4627$, SD = 3.52698) were not significantly different with t (84) = 0.827 and p = 0.411. This suggests that respondents showed not to be prepared to pay a price premium and therefore, that opting for a happy positioning will not grant a brand the ability of charging a premium.

5. Discussion and Implications

Based on the results, whether individuals are exposed to a happy positioning or to a performance focused positioning, willingness to pay is not significantly different. Despite the literature suggesting that warmth messages, such as ones evocative of happiness, are more heavily weighted in affective and behavioural responses (Okada, 2005), in the context of this study that does not translate into a higher willingness to pay for utilitarian products. One could argue that when it comes to utilitarian products, the decision is cognitive, whereas for hedonic products it is mainly affective. Regardless, the findings suggests that even if the consumption of utilitarian goods is by nature more easily justifiable, and consumers assess functionality as worth paying a premium (Okada, 2005), a happy positioning might not be a suitable means to meet such ends.

There are a few possible reasons for why the results were not significant, and this is what we propose to do in this section.

It is important to mention that the happiness positioning shown to condition A in the main study was not tested for Dropbox specifically. As explained in section 4.2., "*All your memories wherever you go*" was adapted from "*Home wherever you go*", originally tested for Airbnb. Because the latter statement rated very highly in terms of happiness (mean score of 85.06) and accounted for a considerable difference to the performance rating (total difference of 14.12), it was then adapted to Dropbox. However, there is the possibility that if the adapted statement would have been subject to a pre-test, it would have rated differently in terms of both happiness and performance, for which it can have compromised the main study.

The research design can also have played a part in the results. As a between subjects approach was adopted, perhaps the outcome would have been different in a situation where the study would have followed a within subject design, with all participants exposed to the same condition and with a pre and a post-analysis.

The present findings contribute for the discussion in two ways.

Managerial Implications

The innuendo effect might offer us some insights on such non-significant results. As seen before, the innuendo effect is intimately related to circumstances in which brands use positioning techniques that rely on descriptions exclusively focused on one dimension (either warmth or competence), leading consumers to make negative inferences about the information being omitted (Peter and Ponzi, 2018). In this particular case, the fact that the happy positioning statement was predominantly evocative of warmth, might have triggered an innuendo effect on respondents, so that they drew negative conclusions about the dimension that was being omitted (competence). This means that in a situation like such, any positive effect that our happy positioning could have had on respondents' brand attitude, might have been indirectly and unconsciously counter attacked by potential negative inferences made towards the competence dimension. From a managerial perspective, we believe that it is possible for managers to overcome such a challenge. Ideally, what is suggested is that brands combine both dimensions (warmth and competence) in their positioning tactics. Therefore, in order to boost a positive brand attitude, brands should try to avoid focusing on a positioning that meets only warmth or competence, because consumers are able to decode the omitted information, leading them to judge the brand negatively. As discussed before, these dimensions are not necessarily irreconcilable, and it is possible to design a positioning strategy that is appealing to both warmth and competence dimensions in approximate measures. The positioning statement rejected in the pre-study "Save what makes you happy" is an example that accounts for a difference of only 6.06 scoring points between the mean ratings for happiness (warmth) and performance (competence), and we are confident that such difference can be further narrowed. Furthermore, hedonic and utilitarian consumption can differ according to the context in which the purchasing decision is made, and ambivalent positionings, we believe, would more suitably fit both hedonic and utilitarian consumption, considering heterogeneous contexts and motivations. It is important, however, to keep in mind that the innuendo effect varies as a function of involvement, meaning that as involvement increases, so do the negative inferences about the omitted dimensions and consequently the innuendo effect (Peter and Ponzi, 2018). Considering this, it is important to highlight that involvement was not measured in this study, and for that reason we cannot be positive about the innuendo effect being the reason why the results were not significant.

Another possible explanatory reason for the findings can be the fact that, in some circumstances, individuals might require further elaboration to understand the semantic and pragmatic substance of the positioning claim until they decide whether or not they are willing to pay a premium for the implied benefit (Goodstein and Kalra, 1998). For instance, prospects would be more likely to be willing to pay more for Dropbox if the positioning would further specify how it can provide happiness to consumers, so that they can actually understand what the benefits are and what they imply. This is a direct consequence of involvement, or in this case, the lack of involvement. Low-involvement conditions can yield lower message elaboration, so respondents are not able to extract a personal significance. Our suggestion then, is that managers put their efforts into amplifying involvement. They can do so by elaborating the messages sent through positioning, so that it is clear for consumers how they can benefit from purchasing a product. However, as mentioned before, involvement could not be measured, which is a limitation addressed further ahead in this paper.

Theoretical Implications

From a theoretical point of view, the present study also shows that Kaul and Wittink's (1995) argument that a non-price-oriented advertising strategy is able to yield a lower price

sensitivity, is not rule of thumb and that positioning strategies need to be evaluated in more detail rather than following such broad classifications.

6. Limitations

One limitation of this study is that product involvement was not measured. Involvement, in this context, does not refer simply to interaction, either imagined or real, but instead to the personal significance that respondents attribute to the positioning message. The importance of involvement in the scope of this paper is two-folded. First, in line with the innuendo effect, Peter and Ponzi's (2018) research shows that this effect becomes more significant as involvement increases. In fact, respondents with low involvement do not make negative illations based on an omitted dimension – circumstances in which the innuendo theory does not apply. As involvement becomes stronger, however, so do the negative inferences about the dimension that was omitted and, by consequence, the innuendo effect. There was an attempt of incorporating involvement in the study to a certain degree. For this purpose, respondents were asked to picture a situation in which they were looking into options of products similar to Dropbox. Notwithstanding, we cannot be sure to what extent this is significant. Greater complexity and realism of the tasks and experiments are suggested for future research.

The results suggest that a happy positioning does not increase how much consumers are willing to pay for Dropbox, as a utilitarian product. This indicates that similar results can be potentially observed in other utilitarian brands that opt for happiness positionings. However, whether a happy positioning for one utilitarian brand influences, or not, willingness to pay in an entire category cannot be extrapolated from this study as the experiment was limited to only one utilitarian brand. Additionally, despite the surveys being conducted online, which was convenient in order to reach a broader audience, we had no control over the conditions under which respondents answered said questionnaires. Ideally, the effects would have been measured immediately after respondents were subjected to the stimuli, in a calm environment free of distractions, however, there is no guarantee that this happened.

Lastly, the sample is not too varied, with a strong concentration of respondents aged between 20 and 30 years old. This means that the validity of the findings can be affected across consumers in different age groups.

7. Conclusion

This study aimed to examine the repercussions of a happy positioning on consumers' willingness to pay referent to utilitarian products. The value of this work lies on a specific type of positioning whose effects on consumers' availability to spend remain unexplored. After assessing the utilitarian nature of Dropbox, we resorted to two conditions in order to test the hypothesis. Following an experimental approach, this study led to non-significant results, as individuals exposed to a happy positioning did not seem to respond to the warmth appeal of the positioning statement in any different way than those who saw the competence positioning.

From a strategical point of view, this study suggests that adopting a happy positioning strategy or following a performance positioning approach can have equal effects on price perceptions towards utilitarian products, implying that marketers can opt for either strategy. However, if all the other competitors follow a positioning strategy focused on performance, then a happy positioning can lead to differentiation and help a brand stand out from other potential competitors.

Notwithstanding, we believe that previous studies can be helpful in providing some insights that could explain why the hypothesis could not be verified. The fact that the chosen

positioning was considered to be highly evocative of happiness in contrast to performance, can lead to the belief that attributing such prominence to the warmth dimension might have led respondents to judge negatively an equally important dimension that was being omitted – competence. The fact that consumers can draw such conclusions from missing information has been described before as the innuendo effect. Its importance for this research is that it is possible that a potential positive effect that the positioning might have caused on respondents could have easily been canceled by the innuendo effect.

Additionally, if consumers' availability to pay a premium for a specific benefit is more likely to occur when individuals understand the pragmatic substance of the positioning claim, then high levels of involvement facilitate the understanding of the product benefits and their meaning. In the situation that the experiment failed to provide enough involvement, then the fact that respondents were not willing to pay a premium for Dropbox might be explained by them not being able to fully process the significance of the happiness benefit.

As for what can be done in the future, we suggest that more studies are conducted to assess the effects of a happy positioning on willingness to pay. Even though this paper cannot recommend happy positioning strategies to gain competitive advantage with utilitarian products, we suggest that involvement is measured in order to provide more accurate responses. Additionally, and considering that the innuendo effect itself varies as a function of involvement, it would also be beneficial to measure this effect, as it is a potential explanation for the non-significant results. This work can also be replicated using different utilitarian products, as one could argue that perhaps it was just Dropbox that respondents would not pay more for. Lastly, in ideal conditions, such kind of experiment should be conducted in a controlled environment, assuring that responses are recorded immediately after the stimuli are presented and that no distraction interferes with the conducting of the surveys.

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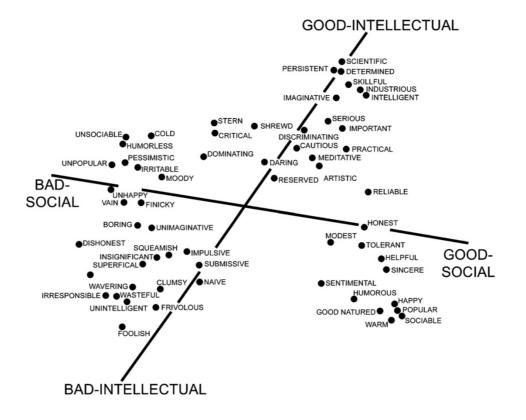
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Appendices

- A. "Trait adjectives in a multidimensional scaling solution of social (warmth) and intellectual (competence) dimensions" (Fiske et al, 2007)
- B. Utilitarian & Hedonic Item Scale (Voss et al, 2003)
- C. Sample Demographics Pre-study
- D. Sample Demographics Main Study
- E. Hedonic and Utilitarian Definitions Pre-study
- F. Positioning Statements Pre-study
- G. Main Survey Structure (Qualtrics)
- H. Happy Positioning Statement Main Study
- I. Performance Positioning Statement Main Study
- J. Brand Choice Pre-study
- K. Independent t-test on the conditions' utilitarian perception of Dropbox
- L. Independent t-test on the conditions' hedonic perception of Dropbox
- M. Independent t-test measuring willingness to pay

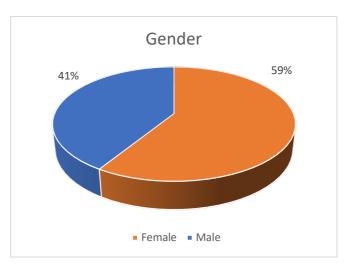
A. "Trait adjectives in a multidimensional scaling solution of social (warmth) and intellectual (competence) dimensions" (Fiske et al, 2007)



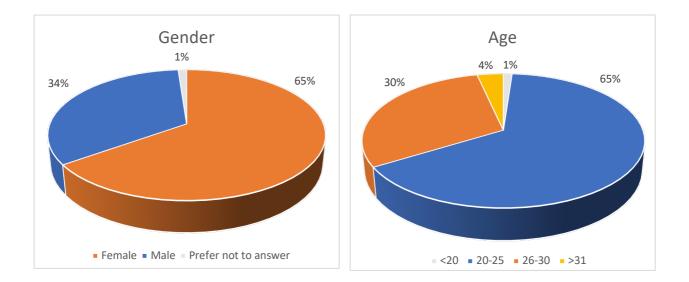
B. Utilitarian & Hedonic Item Scale (Voss et al, 2003)

Utilitarian (UT)	Hedonic (HED)			
Effective/Ineffective	Not Fun/Fun			
Helpful/Unhelpful	Dull/Exciting			
Functional/Not Functional	Not Delightful/Delightful			
Necessary/Unnecessary	Not Thrilling/Thrilling			
Practical/Impractical	Unenjoyable/Enjoyable			
Beneficial/Harmful	Not Happy/Happy			
Useful/Useless	Unpleasant/Pleasant			
Sensible/Not Sensible	Not Playful/Playful			
Efficient/Inefficient	Not Cheerful/Cheerful			
Productive/Unproductive	Not Amusing/Amusing			
Handy/Not Handy	Not Sensuous/Sensuous			
Problem Solving/Not Problem Solving	Not Funny/Funny			

C. Sample Demographics Pre-study



D. Sample Demographics Main Study

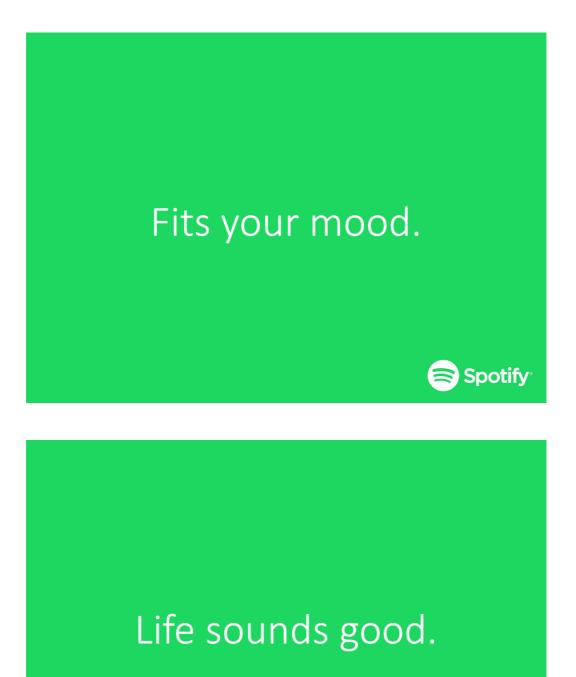


E. Hedonic and Utilitarian Definitions Pre-study

When consumed, hedonic goods are capable of providing a feeling of enjoyment and excitement. The emotive aspects implied and the sensory experience that consumers get, is what drives us to purchase such goods and services.

Utilitarian products are considered for their instrumental purpose, which means that purchases are motivated by functional aspects of the product or service, and by how well they address our needs.

F. Positioning Statements Pre-study



Spotify[®]

Enjoy like a local.



Home wherever you go.



For happy transactions.



The world in one place.



Stop carrying things around.



Save what makes you happy.



Easy entertainment.

Comfortably entertained.





Where learning is more fun.

coursera

G. Main Survey Structure (Qualtrics)

Each participant saw either Block 4 or Block 5. Random allocation was carried out by Qualtrics. All remaining blocks displayed to participants were the same.

Block 1

This survey will take you approximately 5 minutes and will help us understand how the positioning of a product affects consumers' attitudes and behaviours. Your answers will be used for statistical purposes only and will not allow you to be identified.

If you have any questions or comments on this study, please contact 40738@novasbe.pt

Thank you for your contribution!

Block 2

Please tell us how you feel right now:

	Very slightly or not at all	A little	Moderately	Quite a bit	Extremely
Active	0	0	0	0	0
Upset	0	0	0	0	0
Hostile	0	0	0	0	0
Inspired	0	0	0	0	0

Ashamed	0	0	0	0	0
Нарру	0	0	0	0	0
Nervous	0	0	0	0	0
Determined	0	0	0	0	0
Attentive	0	0	0	0	0
Afraid	0	0	0	0	0

How familiar with Dropbox are you?

Not familiar at all	Slightly familiar	Moderately familiar	Very familiar	Extremely familiar
0	0	0	0	0

Block 4

Please take your time reading the following statement carefully. You'll be asked to recall it later on.

Once you are ready, click the arrow below to proceed.

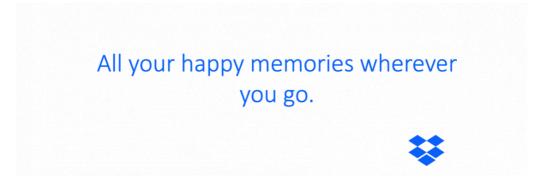
Stop carrying things around.





Please take your time reading the following statement carefully. You'll be asked to recall it later on.

Once you are ready, click the arrow below to proceed.



Block 6

Now I would like you to imagine that you are looking into options for cloud storage such as Dropbox. Consider the statement you just read. To what extent do you agree or disagree with the following?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
I am willing to pay for a monthly Dropbox subscription	0	0	0	0	0

Please tell us how much you would be willing to pay (in EUR) for a monthly subscription to Dropbox – it has to be a specific number, not a range.

Block 8

Still having in mind the statement you saw before, imagine that you have just subscribed to Dropbox.

To what extent do you agree or disagree with the following statements?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
l would recommend Dropbox to my friends and family	0	0	0	0	0
I will subscribe to Dropbox again when my current subscription ends	0	0	0	0	0
I will look for other cloud storage options when my subscription ends	0	0	0	0	0

Block 9

To which extent do you agree or disagree with the following statements?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
How a product makes me feel is important to me	0	0	0	0	0

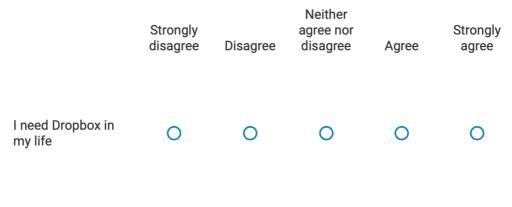
I value emotionally fulfilling products	0	0	0	0	0
l am interested in products that make my life easier	0	0	0	0	0
How a product performs is important to me	0	0	0	0	0
I like the idea of trying new products	0	0	0	0	0
I feel uncomfortable buying products that are new and unknown to me	0	0	0	0	0
I feel proud when I try a product that I am not familiar with	0	0	0	0	0
I like to talk about products and services that make me happy	0	0	0	0	0
l often make my purchasing decisions thinking about the future	0	0	0	0	0
l often choose what products to buy focused on the present	0	0	0	0	0
I would pay more for a product that is effective	0	0	0	0	0
l would pay more for a product that makes me feel happy	0	0	0	0	0

Bring to mind the statement you saw in the beginning. To what extent do you agree or disagree with the following?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
l find Dropbox to be a high- performance brand	0	0	0	0	0

Block 11

Once again, consider the statement you saw in the beginning. To what extent do you agree or disagree with the following?



Block 12

Still having in mind the initial statement, to what extent do you agree or disagree with the following?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
l find Dropbox to be a happy brand	0	0	0	0	0

Recall the statement you saw in the beginning one last time. To what extent do you agree or disagree with the following?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
l want Dropbox in my life	0	0	0	0	0

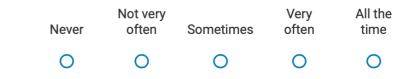
Block 14

To what extent do you find the following words to describe Dropbox?

Ineffective	0	0	0	0	0	Effective
Unnecessary	0	0	0	0	0	Necessary
Not functional	0	0	0	0	0	Functional
Not practical	0	0	0	0	0	Practical
Unhelpful	0	0	0	0	0	Helpful
Not delightful	0	0	0	0	0	Delightful
Unenjoyable	0	0	0	0	0	Enjoyable
Not Thrilling	0	0	0	0	0	Thrilling
Not Exciting	0	0	0	0	0	Exciting
Not Fun	0	0	0	0	0	Fun

Block 15

How frequently do you use Dropbox?



Do you have a Drop	box subscription?
--------------------	-------------------

O Yes

O No

Block 17

How old are you?

Block 18

Please tells us with which of the following you identify the most:

- O Female
- O Male
- O I prefer not to answer

H. Happy Positioning Statement Main Study

All your happy memories wherever you go.



Stop carrying things around.



J. Brand Choice Pre-study

practical necessary functional helpful effective average ropbox 3,823529412 3,294117647 4,235294118 3,882352941 4,058823529 3,858823529 4,3125 4,375 4,5 4 4,1625 3,625 WeTransfer 4 3,733333333 4 4 4,266666667 4 Adobe 2,6875 4,125 3,8125 4 4,125 4,125 PayPa 3,2 1,857142857 3,5 4 3,4 3,191428571 Coursera 3,928571429 3,214285714 3,928571429 3,714285714 4,285714286 3,814285714 4,352941176 3,176470588 4,117647059 4,058823529 4,470588235 4,035294118 Netflix 4,235294118 4,294117647 2,647058824 3,882352941 3,470588235 3,705882353 Airbnb 4,3125 3,235294118 4,0625 4,235294118 4,1875 4,006617647

Utilitarian Attributes Mean

Hedonic Attributes Mean

	enjoyable	thrilling	delightful	exciting	fun	average
Dropbox	1,764705882	1,352941176	1,647058824	1,294117647	1,47058824	1,505882353
WeTransfer	2,25	1,8125	1,9375	1,75	1,82352941	1,914705882
Adobe	1,866666667	1,4	1,533333333	1,8	1,6	1,64
PayPal	1,8125	1,5	1,75	1,5625	1,5625	1,6375
Coursera	3,333333333	2	2,5	3	2,6	2,686666667
iCloud	2	1,714285714	2	1,571428571	1,5	1,757142857
Spotify	4,411764706	3	3,411764706	3,882352941	4,11764706	3,764705882
Netflix	4,470588235	3,411764706	3,588235294	4,352941176	4,47058824	4,058823529
Airbnb	3,3125	2,823529412	2,8125	3,294117647	2,8125	3,011029412

Most hedonic by ascending order

1,505882353	1,6375	1,64	1,757142857	1,914705882	2,68666667	3,011029412	3,7647059	4,058823529
Dropbox	PayPal	Adobe	iCloud	WeTransfer	Coursera	Airbnb	Spotify	Netflix

Most utilitarian by ascending order

3,191428571	3,705882353	3,8125	3,814285714	3,858823529	4	4,006617647	4,0352941	4,058823529
Coursera	Netflix	PayPal	iCloud	Dropbox	Adobe	Airbnb	Spotify	WeTransfer

Difference UT/HE	D							
Dropbox	Paypal	Adobe	iCould	Wetransfer	Coursera	Airbnb	Spotify	Netflix
2,3529412	2,1750000	2,3600000	2,0571429	2,1441176	0,5047619	0,9955882	0,2705882	-0,3529412

K. Independent t-test on the conditions' utilitarian perception of Dropbox

Group Statistics									
	Positioning	N	Mean	Std. Deviation	Std. Error Mean				
Mean_UT	Happiness	45	3.7778	.63421	.09454				
	Performance	41	3.7463	.76554	.11956				

	Independent Samples Test										
		Levene's Test f Varia	for Equality of nces		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2– tailed)	Mean Difference	Std. Error Difference			
Mean_UT	Equal variances assumed	1.975	.164	.208	84	.836	.03144	.15109	26903	Upper .33190	
	Equal variances not assumed			.206	77.955	.837	.03144	.15242	27201	.33489	

L. Independent t-test on the conditions' hedonic perception of Dropbox

		Group	Statistics								
	Positioning	N	Mean	Std. Deviation	Std. Error Mean						
Mean_HED	Happiness	45	2.7689	.64379	.09597						
	Performance	41	2.7073	.66798	.10432						
				I	ndependen	t Sample:	s Test				
				Test for Equality o Variances	f		1	t-test for Equality	of Means		
						Sig. (2-		Mean	Std. Error	95% Confidence Interval of the Difference	
			F	Sig.	t	df	tailed)	Difference	Difference	Lower	Upper
Mean_HED	Equal variance assumed	s	.1	30 .71	.9 .435	84	.665	.06157	.14150	21983	.34297
	Equal variance assumed	s not			.434	82.583	.665	.06157	.14175	22038	.34353

M. Independent t-test measuring willingness to pay

Group Statistics									
	Positioning	N	Mean	Std. Deviation	Std. Error Mean				
Pay_amount	Happiness	45	3.0440	2.99193	.44601				
	Performance	41	2.4627	3.52698	.55082				

Independent Samples Test

		Levene's Test Varia				1	t-test for Equality	of Means			
							Sig. (2-	Mean	Std. Error	95% Confiden the Diff	erence
		F	Sig.	t	t df	tailed)	Difference	Difference	Lower	Upper	
Pay_amount	Equal variances assumed	.238	.627	.827	84	.411	.58132	.70333	81734	1.97997	
	Equal variances not assumed			.820	78.837	.415	.58132	.70875	82946	1.99210	