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PUFFERY: ITS EFFECT ON CONSUMERS' TRUST IN THE SALES DYAD

Perry Haan, Cal Berkey

Abstract

This study examines the effects of puffery on trust levels of prospective consumers in the sales dyad. An experimental group of consumers was exposed to a video tape of a salesperson engaging in puffery during a sales presentation. A control group was exposed to the same sales presentation, except the salesperson did not engage in puffery. Both groups completed an instrument that measured their levels of trust in the salesperson after viewing the video tape. A t-test indicated that there was a significant difference in the level of trust between the experimental and control groups. A two by three ANOVA also showed a significant difference in trust levels of consumers based on their age. Implications of the study for salespeople, consumers and other marketers were discussed. Future research in the area was recommended.

Key words: puffery, puffery in sales, trust in sales, sales, ethics in sales, ethics in marketing.

Introduction

Marketers are constantly searching for new and better ways to increase sales volume. At the same time, it is important for marketers to conduct themselves in ways that are considered ethical. Ethical marketing practices lead to more sales and long-term sales relationships with satisfied customers (Strutton, Hamilton & Lumpkin, 1997).

Puffery is a marketing tool about which ethical questions have been raised. It is the language used by marketers to describe their products and/or companies in advertising and sales presentations. Puffery makes positive statements about products that are not necessarily true (Preston, 1996, 1998). The Federal Trade Commission (FTC) has allowed marketers to use puffery because the FTC's position is that puffery does not deceive reasonable consumers. The FTC argues that reasonable consumers have the ability to differentiate between puffery and other types of information (Preston, 1996).

Trust is an integral component of the sales relationship. Customers buy products from salespeople and companies they trust. Trust is a key to developing long-term relationships with customers (Swan, Trawick & Silva, 1985; Pruitt, 1981). Anything that reduces trust in the sales relationship can negatively influence that relationship (Crosby, Evans & Cowles, 1990). This study examines the effect of puffery on trust levels of prospective buyers in the sales dyad.

Puffery

Puffery is an accepted practice in marketing. Marketers struggle to find ways to differentiate products that consumers see as having few real differences. As a result, the temptation for marketers to make statements about products that are considered puffs has increased (Preston, 1998). Examples of puffery include companies' claims of new and improved, great, fresh, or bold to describe products. Radford (2004) complains that the use of puffery is a problem in the media in general as well as in advertising, "Meaningless words are not simply a nuisance, they are a form of mental and visual clutter" (p. 21).

Even though it is receiving more scrutiny than in the past, puffery is still considered an acceptable practice for advertisers and salespeople. This acceptance is rooted in the free market concept of

caveat emptor: let the buyer beware. Preston (1996, 1998) places puffs into six categories: best, best possible, better, specially good, good and subjective qualities.

To be illegal, marketing communication must deceive consumers. The FTC Deception Statement (1983) outlines three criteria for deceptive advertising. First, a statement “must be a representation, omission, or practice that is likely to mislead a consumer” (p. 609). The FTC defines misleading statements as those that encourage behavior in which a consumer would not otherwise engage (Nebenzahl & Jaffe, 1998).

Second, to be considered deceptive, the “act or practice must be considered from the perspective of the reasonable consumer” (FTC Deception Statement 1983, p. 690). The definition of a reasonable consumer is an important issue concerning the FTC Deception Statement (1983). The FTC says that a consumer’s actions should be just in the context of the circumstance surrounding the consumer’s behavior.

Haan and Berkey (1999) argue that the reasonable consumer doctrine is potentially dangerous for vulnerable consumers. These are consumers, who by no fault of their own are unable to make reasonable assessments of the claims made by advertisers or salespeople. Children and senior citizens are often cited as examples of vulnerable consumers (Andreasen, 1993).

The third characteristic of a deceitful statement is that “the representation, omission, or practice must be material” (FTC Deception Statement 1983, p. 691). The burden of proof of materiality has been shifting in recent years. Historically it has been up to the injured party to prove the material nature of the claim. More recently, however, the FTC has ruled that marketers have an obligation to show that a claim they make is not material to consumers (Preston & Richards, 1992).

Critics of puffery (e.g., Preston, 1996; Rotfeld & Rotzoll, 1980) have argued that the FTC has been too lenient in determining the level of deception in puffery cases. They claim that if puffery does not work, marketers would not use it. Researchers (e.g., Cunningham & Cunningham, 1977; Rotfeld, 1997; Bruskin, 1971) have shown that puffery is believed by a substantial number of consumers. Puffery can also influence consumers’ perceptions of the products about which puffed claims are made (Vanden Bergh & Bartlett, 1982; Vanden Bergh & Reid, 1980).

In the mid-1990s, the FTC considered making all advertising claims warrantable. This would mean that marketers would have to prove any claim made in an advertisement. The FTC decided not to take this action (Ross, 1996). A court ruling concerning claims made by Pizza Hut and Papa John’s Pizza restaurants has led many to believe that puffery may be the subject of legal action in the near future. The two pizza firms have sued each other over Pizza Hut’s “The Best Pizza Under One Roof” and Papa John’s “Better Ingredients. Better Pizza” slogans (Heckman, 2000, p. 6).

Trust and Sales

For long-term relationships to exist between the customer and salesperson, the customer must trust the salesperson. Trust is seen as one of, if not the most important, component of a successful buyer-seller dyad (Doney & Cannon, 1997).

Trust can be defined in a number of different ways. Hosmer (1995) says trust is “...the reliance by one person, group or firm upon a voluntarily accepted duty on the part of another person, group or firm to recognize and protect the rights and interests of all others engaged in a joint endeavor or economic exchange” (p. 393). From a sales viewpoint, Crosby, Evans and Cowles (1990) characterize trust as a “consumer’s belief that the salesperson can be relied upon to behave in a manner that serves the long-term customer interests” (p. 68).

Credibility is an important element for establishing trust during the first meeting between a salesperson and prospective customer. Initially, the prospect often does not trust the salesperson to put the prospect’s needs before the salesperson’s needs (Sharma, 1990). The prospect’s preconceived ideas about salespeople and the sales process influence the level of trust placed in a salesperson during the first meeting. Past interactions with other salespeople and/or the company this salesper-

son represents affect the level of trust a prospective customer will place in a salesperson during the initial meeting (Swan & Nolan, 1985).

The first meeting with a prospect creates a paradox of trust, according to Oakes (1990). Statements made by the salesperson to show the prospect that he or she is a professional and can be trusted are often perceived negatively by the prospect. These efforts can actually cause the prospect to trust the salesperson less due to prospects' experience with salespeople who do not deliver on promises made in initial meetings. Until the salesperson has done something to prove that she or he is trustworthy, it is difficult for the prospect to trust the salesperson.

To earn the trust of the prospect, the salesperson must tell the truth. While it is important for salespeople to convince customers of the merits of buying their product, salespeople are expected to provide important information about their products that may be negative (Strutton, Hamilton & Lumpkin, 1997).

Convincing salespeople to engage in behavior that builds trust can be difficult. Often salespeople are tempted to make statements that will close a sale, but later can create animosity between the salesperson and customer (Churchill & Walker, 1990). It is important for sales managers to train salespeople to engage in sales practices that build trust (Singhapakdi, 1999). Salespeople look to their managers to provide advice that will help them build the trust that is so critical to developing long-term relationships (Dubinsky et al., 1992). Sales managers need to discover innovative ways to reward ethical behavior from their sales staffs (Lagace, Dahlstrom & Gassenheimer, 1991).

The Study

While some consumers believe puffery, most do not (Rotfeld & Rotzoll, 1980; Preston, 1996, 1998). Do consumers who do not believe a puff when it is made lose trust in the salesperson, company or product about which the puff is being made? Do consumers who do believe a puff lose trust in the salesperson, company or product when they determine that the puff is not true?

This study empirically tested the theory that the use of puffery by a salesperson reduces the level of trust a customer or prospective customer has in that salesperson (Haan & Berkey, 1999). Hence, the use of puffery diminishes the performance of the salesperson.

The study used an experimental group (exposed to a videotape of a salesperson puffing) and a control group (exposed to a videotape of a salesperson not puffing). Directional t-tests were used to compare the means of the post-treatment trust instrument scores of the experimental and control groups. The instrument used by Swan et al. (1988) was used to measure the level of trust in the experimental and control groups in the research. The instrument was adapted to fit the consumer situation being studied. A group of two academic marketing researchers and two practicing sales managers approved of the adaptation of the instrument. The instrument uses a five-point Likert scale to score the responses. The 20 statements on the instrument were scored on a scale of one through five, with five being the highest level of trust and one the lowest. Reverse scoring was used with the negative statements to produce the mean scores. The scores for each of the 20 questions were added together and divided by 20 to determine each respondent's overall trust score. The original study had a Cronbach alpha of .88. The instrument used in this study produced a Cronbach alpha of .84. These are both within the acceptable range of nomological validity (Hair et al., 1998).

A sampling frame of 300 subjects was randomly selected from the non-traditional student population of a small midwestern college. The average age of the subjects was 34 years old. Subjects in the sampling frame were randomly assigned to either the control group or experimental group.

The experimental group viewed a videotape of a salesperson using puffery as a tool to help close a sale before completing the instrument. The control group completed the same instrument after viewing the same sales situation, except the salesperson did not use puffery to aid in closing a sale.

The videotapes used in the study are approximately three minutes long. They show a salesperson selling a Sony tabletop radio to a consumer. A consumer sale of a radio was chosen so that the product and situation are ones with which the subjects of the study are more likely to be familiar.

In the version of the tape that was shown to the experimental group, the salesperson successfully sells the radio to the customer. The salesperson uses all six of the categories of puffery outlined by Preston (1996, 1998) to aid in making the sale: best, best possible, better, specially good, good and subjective qualities. Examples of puffs used in the tape include "This is the best radio on the market. It produces the best possible sound and has a fantastic CD player and cassette player."

The control group version of the tape shows the same salesperson selling the same radio to the same prospective customer. This time the salesperson does not use puffery to aid in closing the sale. The tapes were shown in a classroom setting with the subjects completing the trust instrument immediately after viewing the videotape.

Results

From the 300 potential subjects in the sampling frame, 258 (86 percent) participated in the study. The study yielded a total of 254 useable surveys. Four returned surveys were not used because the respondents failed to complete the last page. The useable surveys consisted of 128 experimental group members and 126 control group members. There were 135 females and 119 males in the sample. The experimental group had a mean score of 1.66; the control group's mean score is 2.81. With 221 degrees of freedom, the result was a t-score of 17.41. This t-score is significant at the $p < .01$ level of trust.

Implications and Recommendations

The results of the study clearly support the idea that consumers do not trust salespeople who engage in puffery. The sample showed significantly lower levels of trust in the salesperson who had used puffery in his sales presentation. The experimental group appeared to be sending a clear message that it did not trust the salesperson in the videotape who was engaging in puffery in this sales situation.

This level of mistrust supports the theoretical work of Haan and Berkey (1998) and Preston (1996, 1998). It does conflict with advertising research (Rotfeld & Rotzell, 1980) that suggests that puffery does not lower trust level of some consumers. There are a number of potential explanations for this.

First, many consumers have low levels of trust in salespeople. Salespeople historically have been towards the bottom of polls that ask consumers to rank occupations based on trust (Laczniaik & Murphy, 1985). Many people have preconceived stereotypes of salespeople that are difficult to change.

Second, consumers are exposed to large doses of puffery in advertising. The typical consumer may have become immune to the number of advertisements they are exposed to that use puffery as a tool. While most consumers have had a number of dealings with salespeople, the number of sales encounters is probably much smaller than the number of advertisements that consumers are exposed to in the media. Consumers may be less likely to be immune to puffery in a sales situation (Preston, 1996).

Finally, the live, face-to-face sales scenario is more personal. Consumers often need to rely on salespeople for information about products that they do not have the time and/or expertise to evaluate themselves. This situation makes consumers more vulnerable and forces them to rely on salespeople more than when they are evaluating advertising for a product with which they are more familiar (Doney & Cannon, 1997).

Another consideration when analyzing trust scores for the experimental and control groups is the situation. The subjects of this study were watching a salesperson and consumer engaged in a sales

exchange. As a consumer in an actual sales situation, a subject may have different reactions than this consumer did in both the puffery and non-puffery scenarios. If the subjects were the consumers engaging in the sales dyad, they would probably be more concerned with the transaction itself and pay less attention to the behavior of the salesperson.

The effort to reduce puffery can be implemented in a number of ways. Salespeople need to analyze the words and expressions they are using in their presentations to prospects to determine if puffery is part of their presentations. For many salespeople, this process may begin by learning about puffery. Many salespeople may not understand the potential problems associated with using puffery. Puffery is commonplace in American society and many people have seen it used by other salespeople and in advertising to the extent that they may have become immune to its use.

Once they understand the concept of puffery and if they believe it is a problem, salespeople may want to have others observe their sales presentations to see if they are using puffery. Even after learning about puffery, it is possible that salespeople have engaged in these practices for so long that they may not recognize the tactics they are using as puffery.

Although this study makes the case for the problems puffery can cause, convincing practicing salespeople who have used this technique for long periods of time to stop will most likely be very difficult. Salespeople may think that the explanations of why they should not use puffery sound good. But as long as they think competitors are using puffery to close sales, they very likely will want to do it themselves.

Sales managers must be convinced of the problems associated with puffery. If those managing salespeople do not see puffery as a problem, salespeople will have little incentive to quit using this as a sales tactic. This is especially true if the salesperson believes puffery works.

Sales managers need to provide training to help salespeople understand puffery. Sales managers also need to be available to work with salespeople to find alternative ways of presenting the benefits of products in a ways that solve consumers' problems without engaging in puffery. This is a task that will take time and some creativity on the part of sales managers. This extra effort by the sales manager should have long-term positive results. Sales managers need to create incentive systems that reward long-term relationships with customers and not just one-time sales transactions.

Any effort by the sales force to reduce its level of puffery must be supported by the entire organization. An organization, from top management on down, must be willing to encourage and reward ethical behavior not just from its salespeople, but from all employees. Companies need to find innovative ways to provide incentives to employees to behave in a more ethical manner. If salespeople act more ethically only to have customer service representatives or some other employees engaged in unethical behavior, especially when dealing with consumers, it undermines the efforts made by the sales force.

Limitations and Future Research

While there is a strong correlation between the use of puffery by salespeople and a decrease in trust, it is important to note that this study was limited to the sale of one consumer product to one group of consumers. In the sales dyad and other marketing exchanges, an almost unlimited number of variables could affect a subject's response to a videotape like the one used in this study. This limits the ability to generalize these results to other sales situations.

The study was conducted on a sample of college students in a midwestern city. While the average age of the sample was 34 years old, the ability to generalize the results of this study is limited. Future studies could be conducted on groups of professional purchasing agents as well as consumers of different ages. Also, the results of the study depended on the credibility of the videotapes. Consumers needed to believe the actors in the tape. In addition, watching a videotape is not the same as participating in the sales dyad.

Certainly, a number of issues related to this study could be studied. The trust instrument used in this study can be adapted to test trust in salespeople in a variety of different situations with different subjects, including business-to-business scenarios. Research could be conducted to examine the effects of puffery on other vulnerable consumer groups. The elderly, children and those with less well developed reasoning skills are segments of consumers thought to be more susceptible to marketers' claims (Andreasen, 1993; Haan & Berkey, 1999). Future studies can test these consumers' trust of salespeople based on the use of puffery.

Overall, salespeople and sales managers need to consider the ethical consequences of their actions, such as the use of puffery. The more ethically salespeople and sales managers act, the more likely the salespeople, sales managers and the organizations they represent will succeed. Reducing or eliminating the use of puffery by the sales force is a move in that ethically positive direction.

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