

Empirically distinguishing informative and prestige effects of advertising by Daniel A. Akerberg published on Rand journal of economics. This research found that does advertising really affect consumer demand. And it can contribute benefit from Policymaker.

The hypothesis is that advertisements that give consumer product information which tell about the details of the product, will not affect to rational customer. Or it should primarily affect consumers who have never tried the brand before, inexperienced customer.

On the other hand, advertisements that create image effects like brand character. It should affect both inexperienced and experienced consumers. Because It directly affects the utility a consumer derive from the brand.

They use panel data following household grocery purchase and household TV advertising exposure overtime. They pick to collect data from new brand called Yoplait as weekly data and record over three year (1986-1988), allow customer as Heterogeneity. Method is OLS regression and Robust check with logic and probit method.

Conclusion, From the result, Coefficient measuring advertising's effect on initial purchase significantly but rarely significant on repeat purchases. And these Yoplait advertisements were influencing inexperienced customers by informing, not by creating favourable image.