



## Smoking or Spending Too Much? Don't Count on Remedy Marketers to Help

Published : February 11, 2004 in [Knowledge@Wharton](http://knowledge.wharton.upenn.edu/article.cfm?articleid=926)

In some parts of the world, people who are disgusted with their inability to curb overeating, overspending and/or smoking make resolutions on Dec. 31 to cut out such vices on their way to a healthier life in the new year.

January is the first test of their resolve. How are people doing? A recent visit to the local mall suggests that carbohydrates, credit cards and cigarettes have not disappeared from people's lives. Resolutions, it seems, are prone to early slippage.



This is a single/personal use copy of Knowledge@Wharton. For multiple copies, custom reprints, e-prints, posters or plaques, please contact PARS International: [reprints@parsintl.com](mailto:reprints@parsintl.com)  
P. (212) 221-9595 x407.

A new research paper by three marketing professors says that remedies – defined here as products or services that offer solutions to consumer problems – may be part of the problem. Examples of remedies include nicotine replacement products to help smokers kick the habit and debt consolidation loans to help consumers reduce debt load.

In their paper, Wharton marketing professor [Lisa E. Bolton](#), Joel B. Cohen, marketing professor at Warrington College of Business, University of Florida, and Paul N. Bloom marketing professor at Kenan-Flagler Business School, University of North Carolina, conduct several experiments to examine the effects of remedy messages on consumers “outside the problem domain” – non-smokers, non-debtors – and consumers “within the problem domain” – smokers and debtors.

Remedies, of course, aren't the only method used to decrease risky behavior, the researchers note. The traditional approach is risk avoidance, which often relies on abstinence-type programs such as those targeted to teenagers against drugs and sex. “These ‘just say no’ campaigns and similar public service messages typically emphasize the problems or costs of risky behavior and encourage people to avoid [it],” the authors write in their paper entitled, *The Marketing of “Get Out of Jail Free Cards”: How Remedies Encourage Risky Consumption Behavior*.

Remedy messages are different in that they offer ways to take care of the risk. In addition to nicotine replacement products and loan consolidation services, remedies can include low-fat products aimed at reducing obesity, advanced drug treatments to combat HIV/AIDS and seat belts to lower the risk of automobile injuries.

A remedy message “targets those at risk or in harm's way ... and attempts to offer a solution to the problem. As such, remedy messages serve as ‘exit’ signs and offer people a way out of the” risky behavior, the researchers note, adding that “the *intended* objective of remedy messages seems self-evident. [They] aim to reduce risky behavior by advocating the use of the branded product or service promoted by the marketer.”

The researchers, however, went on to investigate whether remedy messages “have ‘*unintended*’ consequences that undermine risk-avoidance by consumers. Specifically, do remedies serve as ‘get out of jail free cards’ that boomerang and reinforce risky behavior” by certain individuals?

They do, the researchers conclude. Although remedy messages “reinforce perceptions that the behavior is risky and should be avoided” when they are heard by individuals outside the domain, these same messages actually encourage continuation of the behavior when heard by individuals already engaged in it.

In other words, says Bolton , remedy messages “undermine the risk avoidance messages.” Because risk avoidance messages offer no remedies, remedy messages “are inherently less threatening ... Consumers seize upon the remedy and reason that it reduces perceived risk and gives license to further risky behavior.” In effect, consumers “accept that the risk requires a remedy but then reason that the remedy takes care of the risk.”

### **Asymmetry in the Marketplace**

Bolton and her colleagues first became interested in remedies last year during the height of Internet spamming when consumers were continually bombarded with messages on everything from how to enhance body image to how to pay off debt. “We were speculating on what effect these messages were having on the people receiving them,” says Bolton .

She and her colleagues zeroed in on behavior that is clearly detrimental. “Certainly there are some risky behaviors that might be beneficial, such as undergraduate students signing up for more difficult, and challenging, courses. But we were interested in behaviors that are harmful, that have negative consequences.”

The researchers looked at two problem domains which meet these criteria (smoking and overspending) where the marketplace offers specific remedies (smoking cessation products and debt consolidation loans). Not only is smoking on the rise among young people but it is “the number one cause of preventable disease and death” in the U.S. , the authors note. Meanwhile, in the financial area, students begin to run up large amounts of debt while studying and traveling abroad during college, behavior which eventually can have a negative impact on their ability to borrow and manage money.

In looking at efforts allegedly aimed at helping people kick unhealthy habits, the researchers emphasize the big difference between remedy messages and risk avoidance messages. For private firms that sell remedies (such as Nicotrol and Nicoderm for smoking cessation and numerous firms for debt consolidation loans), “there is no financial incentive to offer risk avoidance messages, like ‘just say no’ campaigns, unless they are linked to saleable products and services,” the authors write.

What we identify, says Bolton , is “an asymmetry in the marketplace. Unlike the many incentives for marketers to promote branded products and services, there are few incentives to promote risk avoidance. Even those risk avoidance messages that exist are usually sponsored by the government or public advocacy groups and tend to be poorly funded and ineffective.”

Meanwhile, remedy products and services have proven to be a lucrative business. The researchers note that media advertising for nicotine replacement products grew from \$2 million in 1994 to \$82.5 million in 2002.

### **Endless Monthly Payments**

The researchers highlight other issues related to risk-related marketing and consumer welfare. They point out, for example, that remedy messages can also affect people “tempted” by an unhealthy behavior or “sitting on the fence” about it. In the case of smoking, for example, “not only will smokers become less likely to quit, but uncommitted smokers or occasional smokers may be more likely to become regular smokers,” reasoning that a remedy exists that seems to sufficiently reduce the risks of nicotine.

As a result, remedy messages “may be particularly damaging among populations who are ‘undecided’ concerning the risky behavior, such as teenagers considering whether to smoke or engage in unsafe sex, or colleges students introduced to credit and debt,” the researchers note. Consumers, not the sellers, suffer the negative consequences of risky behavior. “If consumers avoided ... smoking and incurring excessive debt, they would be better off – but firms promoting remedies would not.”

Nor do companies that promote smoking cessation remedies have any incentive to remind smokers “how few people successfully quit,” Bolton points out, just as financial companies have no incentive to emphasize to people how long it will take them to pay off those lower-monthly-payment consolidation loans.

It’s not only that remedy messages are everywhere, Bolton adds, but that they “overpromise” in leading consumers to think that “it is going to be easy, or inexpensive to stop the risky behavior. That’s just not the case,” she says. “It’s not easy to quit smoking. It’s very hard. It’s not easy to pay off loans. The monthly payments may be low but they go on for a long time.”

As the research paper puts it: “Marketers who ‘oversell’ the remedy exacerbate boomerang effects. Is it any wonder that consumers – who lack knowledge that remedies are not as effective as claimed – view these remedies as ‘get out of jail free’ cards?” What’s needed, says Bolton, is “for consumers to be more savvy and for government regulators to pay more attention to remedy advertisers and the claims they are making.”

### **Applying Cost Benefit Analysis**

In conducting their research, the authors exposed some students between the ages of 18 and 21 to a remedy message (in this case a nicotine replacement product) and others to a risk avoidance message (a quit-smoking message). The students were then asked to rate the risk and benefits of smoking and to indicate their intentions to smoke or to quit smoking.

“We found that for non-smokers, the nicotine replacement messages increased their perceptions of the risks of smoking and increased their intentions to not smoke,” says Bolton. “The message reminded these students that smoking is highly addictive and bad for their health, both reasons not to smoke.”

For smokers, however, “their perceptions of the health and addiction risks of smoking declined,” she adds.

“It’s as if the remedy essentially said, ‘See, the risks aren’t so bad. If you ever want to quit you can use [our product].’ So for smokers the perceived risks decreased, which meant the likelihood that they would stop smoking did not increase. It was the boomerang effect – the idea that the remedy is this ‘get out of jail free card.’ The smoker says, ‘Some day when I want to quit I will play the nicotine replacement card.’”

The same results were found when students were asked about debt consolidation. “For students who felt they were at risk for overspending, the remedy message decreased those risk perceptions. For students who didn’t they think were at risk, the message increased their perceptions of risky financial behavior,” Bolton says.

In discussing cost benefit analysis in the context of risk avoidance vs. remedy messages, the researchers note that risk avoidance measures – as opposed to remedy measures – try to reduce risky behavior by heightening the perceived costs or risk of a behavior. People smoke if the perceived benefits of it (such as stress reduction, peer acceptance) outweigh the perceived costs (health risks, addiction). People do not smoke, or they try to quit, if the perceived costs outweigh the perceived benefits.

The same cost-benefit analysis can be applied to remedy messages, the researchers suggest. “Remedy messages are targeted at people who are already engaging in the risky behavior and are designed to reduce the perceived costs associated with risk avoidance ... [but] because a remedy exists that offers to solve the problem, people may perceive that the problem is manageable and thus less severe ... They may become more willing to accept risk.”

This is especially true when the “risky behavior is at least somewhat attractive,” as smoking is to some. “For example, the risk of addiction and the fear of not being able to quit have been identified as drivers of smoking avoidance. If nicotine replacement products make quitting seem easier, the perceived costs or risk of smoking are reduced.” In the eyes of the smoker, the benefits of lighting up outweigh the costs.

According to the researchers, firms that promote remedies may be pursuing their own interests at the expense of consumers. “Just as people may take less care of their health once they have health insurance, consumers may be less risk-averse when remedies are available. Put simply, a remedy reduces the costs or risk of a target behavior – and people may trade away some of this gain in safety and engage in riskier behavior,” the researchers say. As examples, they cite data from the risk compensation literature suggesting that reckless driving rises after the introduction of seat belt requirements, that wearing bicycle helmets appears to have led to more reckless riding, that safer playground environments increases risky play by children, that lower-alcohol beverages have been linked to binge drinking, and that condom use and HIV/AIDS drugs have been linked to more promiscuous and dangerous sexual behavior.

How big an issue is moral hazard? “Much of the moral hazard literature tends to look at the problem moral hazard creates for companies. If you insure people and they start taking less care of their health, that’s a problem for the firm or the system,” Bolton says. “But we are more interested in it from the point of view of the consumer. And in this area, there seems to be a gap in the literature, especially with regards to health care. A slew of health models all talk about how remedies should promote health protective behavior, and yet we are finding the opposite in our research. Companies are promoting a remedy that should help people to protect their health, and yet it doesn’t. There is a disconnect in this area. We are surprised that it hasn’t been explored more.”

Smoking or Spending Too Much? Don't Count on Remedy Marketers to Help: Knowledge@Wharton  
(<http://knowledge.wharton.upenn.edu/article.cfm?articleid=926>)

This is a single/personal use copy of Knowledge@Wharton. For multiple copies, custom reprints, e-prints, posters or plaques, please contact PARS International: [reprints@parsintl.com](mailto:reprints@parsintl.com) P. (212) 221-9595 x407.