
Narrative Power: The Impact of Storytelling on Brand Equity

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NARRATIVE POWER: THE IMPACT OF STORYTELLING ON BRAND EQUITY

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LIST OF ABBREVIATIONS:

Ad - Advertisement

ANOVA - Analysis of Variance

CBBE - Customer-Based Brand Equity

CL - Consumer Loyalty

EG - Emotional Engagement

PVC - Perceived Value for Cost

WPP - Willingness to Pay Premium Price

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1. INTRODUCTION

1.1. Context

In today's dynamic and highly competitive business landscape, establishing and maintaining a strong brand presence is imperative for the success of any organization. Brand equity, a fundamental concept in marketing, plays a pivotal role in this endeavor (Christodoulides & de Chernatony, 2010). It is a reflection of the brand's reputation, consumer perception, and the emotional connections brands forge with their target audience (Keller, 2013). Furthermore, it gives brands a sense of purpose and significance (Mills & Robson, 2020).

The influence of storytelling on brand equity is highly relevant and timely in today's business environment. In this digital age, customers have become more demanding of brands due to the overload of information and options. This environment is marked by increased consumer empowerment, largely due to the rise of the internet and social media; consequently, consumers seek authentic and meaningful interactions with brands surpassing traditional marketing approaches (Escalas, 2004; Muntinga et al., 2011). With attention spans diminished, the importance of brands making a solid and enduring impact must be addressed (Decker, 2021). Narratives can take on various forms, such as educational, emotional, motivational, influential, and humorous, and serve as means for organizations to establish connections and capture the audience's interest and involvement (Herskovitz & Crystal, 2010).

According to studies by Lundqvist et al. (2013), Hong et al. (2018), Li et al. (2019), Pan and Chen (2019), and Cheung and Lau (2012), behavioral intention, perceived quality, consumer attitude formation towards products and brands, brand experiences, and consumer response and consumer trust, are just a few of the concepts where the influence of storytelling in advertising is already evident. Very little research, nevertheless, has examined how it affects consumers' willingness to pay premium prices. Therefore, this research aims to determine how storytelling advertisements affect consumers' loyalty and purchase intentions, going even deeper concerning premium-priced products.

In this fast-evolving environment, marketers must grasp the fundamental processes by which storytelling impacts consumer behavior. This research seeks to address the gap in the existing literature by examining the particular effects of storytelling on vital aspects of brand equity, including emotional engagement, perceived value, consumer loyalty, and the willingness to pay premium prices.

This research examines Apple, a brand that epitomizes the successful use of narratives, as a case study to explore how storytelling can be a strategic tool to enhance brand equity. Apple has a long history of employing narratives in its marketing campaigns to create strong emotional and enduring connections with its consumers. This approach has been instrumental in positioning the brand as a premium brand capable of commanding higher prices for its products due to the perceived value created through its compelling narratives. Despite focusing on Apple, this study aims to provide valuable insights that can be applied to other premium-priced brands.

This research seeks to deepen our understanding of how storytelling impacts brand equity and offers practical insights for marketers who aim to leverage narratives to enhance their brand's value and consumer relationships and consequently increase brand equity.

1.2. Research motivations and objectives

Managers face the challenge of creating and maintaining substantial brand equity in a highly competitive environment, which is crucial for gaining a competitive advantage, fostering consumer loyalty, and commanding premium prices for products and services (Keller, 1993). This motivation to explore effective brand management strategies stems from the need for managers to understand how storytelling can be leveraged as a branding tool to achieve their objectives. Establishing an emotional bond with consumers, fostering customer engagement, and

enhancing brand recall are just a few examples of storytelling's invaluable contributions to businesses today (Decker, 2021; Muntinga et al., 2011).

In today's digital landscape, where consumers are inundated with an overwhelming number of brand messages and advertisements, the competition among brands to capture and retain consumer attention has intensified. Amid this competitive environment, storytelling has emerged as a powerful marketing strategy that resonates with consumers on an emotional level. For managers looking to create meaningful connections between their brands and customers, mastering the art of storytelling is essential. However, despite the growing interest in storytelling, there is still a significant gap in understanding its specific impact on brand equity, particularly concerning consumer loyalty and the willingness to pay premium prices for branded products. Understanding the different nuances and narrative elements that may have varying impacts on these relationships is crucial for managers who want to leverage this tool effectively. Existing research has highlighted the emotional and cognitive benefits of storytelling in advertising. However, it often falls short of exploring its direct influence on crucial brand equity components such as brand loyalty and price premium (Hong et al., 2018; Lundqvist et al., 2013). This study seeks to bridge this gap by examining how storytelling versus non-storytelling advertising influences consumer loyalty and their willingness to pay premium prices, thereby providing a more comprehensive understanding of storytelling's role in brand management.

While storytelling has gained prominence as a marketing tool, the precise mechanisms through which it influences brand equity, especially in the context of premium-priced products, remain underexplored. The existing body of academic knowledge lacks a nuanced understanding of how storytelling affects critical aspects of brand equity, including emotional engagement, consumer loyalty, perceived value and willingness to pay premium prices. Although studies by Escalas and Stern (2003) and others have laid the groundwork for understanding the emotional and cognitive dimensions of storytelling, there is a need for more empirical evidence that delves into its direct impact on brand equity components. This research aims to fill this void by investigating the specific ways in which storytelling influences consumer perceptions and behaviors, thereby contributing to a more detailed understanding of its effectiveness in building brand equity.

The primary objective of this study is to explore the effectiveness of storytelling in advertising, with a particular focus on its impact on consumers' willingness to pay premium prices and its influence on consumer loyalty towards premium-priced branded products. By conducting a detailed examination of these relationships, this research aims to provide a comprehensive understanding of how storytelling can be leveraged as a strategic marketing tool to enhance brand equity. The insights gained from this study will be invaluable for marketers seeking to build stronger brands and implement premium pricing strategies successfully.

The research question that guides this study is: *How does storytelling versus non-storytelling impact consumer loyalty and willingness to pay premium prices for branded products?* This question is essential for both academic inquiry and managerial practice, as it seeks to uncover the specific benefits of storytelling in advertising and its potential to improve brands' financial performance in a saturated market environment.

1.3. Contributions

This thesis aims to contribute significantly to the body of knowledge by offering empirical evidence on the impact of storytelling on brand equity. It addresses a notable gap in the literature by providing insights into the mechanisms through which storytelling affects consumer behavior by examining the roles of emotional engagement and consumer loyalty. This research deepens our comprehension of how advertisements that incorporate narratives shape consumer perceptions and behaviors.

The findings of this study lay a foundation for further academic exploration and debate within the marketing discipline. This research underscores the importance of emotional engagement in storytelling, supporting theories that highlight the pivotal role of emotions in consumer decision-making. The study confirms that emotional engagement effectively mediates the relationship between storytelling and willingness to pay premium prices, reinforcing the importance of this factor in narrative-driven advertising.

Methodologically, this study provides a robust framework for future studies to build upon by utilizing an experimental approach to investigate a complex marketing phenomenon. The quantitative data collected through surveys offers a comprehensive analysis of consumer responses to storytelling ads in contrast with non-storytelling ads, providing valuable insights into the effects of narrative elements on consumer behavior.

Practically, this thesis addresses the contemporary relevance of storytelling in branding, particularly for premium-priced brands. It offers managers valuable insights on leveraging storytelling to enhance emotional engagement, justify premium pricing, and build long-term loyalty.

In summary, this thesis bridges the gap between traditional marketing practices and the demands of today's consumers. It contributes to the understanding and application of storytelling in marketing by providing empirical evidence and theoretical insights relevant to both scholars and practitioners. By addressing key aspects of brand equity, this study offers a comprehensive perspective on the role of storytelling in contemporary branding strategies.

1.4. Approach

To reach the various objectives of this study, the thesis is structured methodically. It begins with a comprehensive literature review on storytelling in marketing, brand equity, consumer loyalty, and willingness to pay premium prices. This review identifies gaps in current research and establishes the theoretical foundation for the study. Following the literature review, specific hypotheses are developed to explore the relationship between advertising storytelling and its impact on consumer loyalty and willingness to pay premium prices, focusing on emotional engagement and perceived value as mediator and moderator, respectively.

The research design and data collection process are then described. This includes a pre-test to select the most impactful advertisements for the main study. The pre-test ensures that the chosen ads accurately represent the storytelling and non-storytelling conditions. Next, the techniques used to analyze the collected data are discussed, and the results of these analyses are presented, utilizing tables and figures to detail the findings of each hypothesis test and the relationships between the variables.

The discussion section interprets the findings concerning the theoretical framework and hypotheses, addressing any unexpected results and exploring alternative explanations. This is followed by the conclusion, which summarizes the key findings and their significance for academic research and practical marketing. Finally, the study acknowledges its limitations and suggests areas for future research to explore the impact of storytelling on brand equity and other related constructs further.

2. LITERATURE REVIEW

2.1. Literature review

This section offers a thorough review of the existing scientific literature on storytelling in marketing, brand equity, consumer loyalty, and willingness to pay premium prices. Initially, it will elucidate the essential concepts required to grasp the impact of storytelling on brand equity. The fundamental theories underpinning this research will be explored in detail. Finally, the hypotheses examined in this study will be outlined and discussed, providing a foundation for the following empirical investigation.

The concept of brand equity

In marketing, brand equity represents the additional value a brand imparts to a product or service, shaping consumer perceptions and enhancing business outcomes (Keller, 1993). Christodoulides and De Chernatony (2010) describe brand equity as the differential effect of brand knowledge on consumer response to marketing efforts, aligning with the definition provided by the Marketing Science Institute (Srivastava & Shocker, 1991). Aaker (1991) and Keller (1993) are foundational figures in conceptualizing brand equity through brand knowledge, comprising brand awareness and brand image. The models developed by these authors highlight the intangible, perceptual elements that contribute to a brand's value, suggesting that consumer perceptions, memories, and emotional connections with a brand are pivotal in creating value (Aaker, 1991; Keller, 1993).

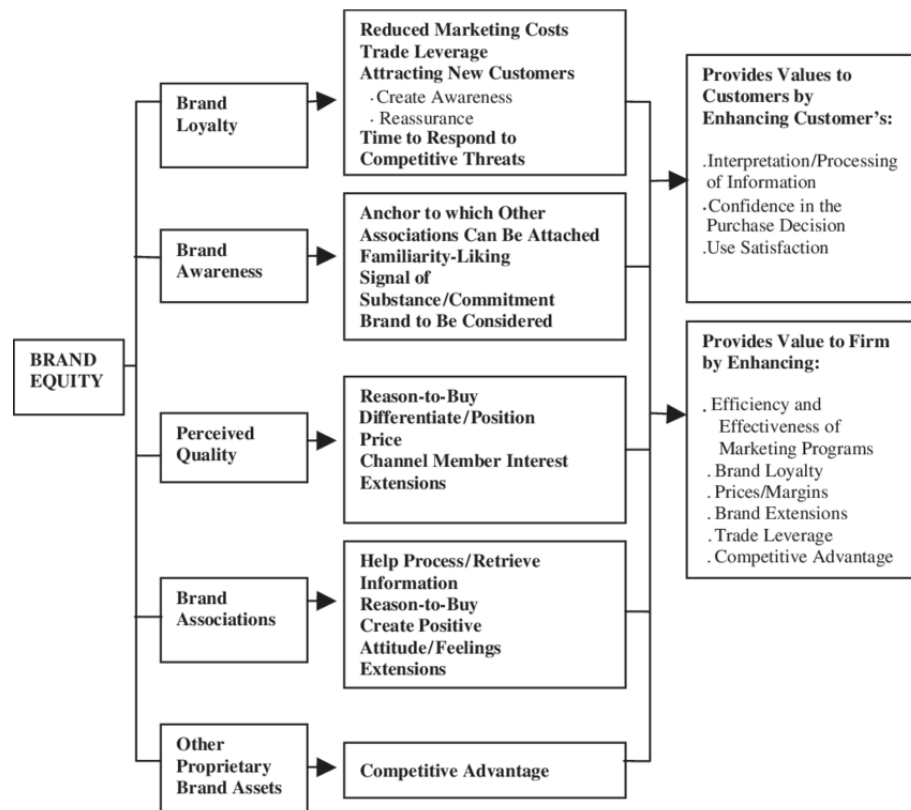


Figure 1: Aaker's Brand Equity Model

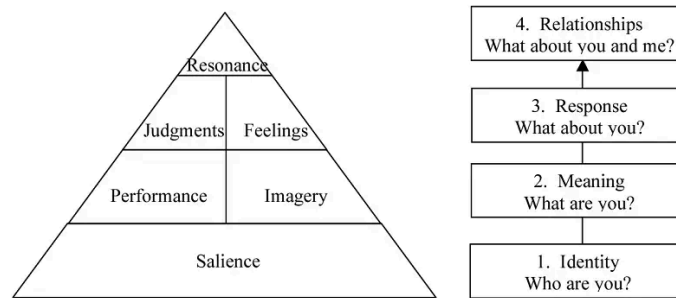


Figure 2: Keller's Brand Equity Model (CBBE Model)

The significance of brand equity is evident in its ability to enhance customer loyalty, command premium prices, and provide a competitive advantage in the marketplace (Aaker, 1996; Keller, 1993). Substantial brand equity leads to higher consumer preference and purchase intentions, ultimately contributing to a brand's long-term profitability and sustainability (Keller, 2016). For instance, brands with high equity can leverage their reputation to introduce new products successfully, a phenomenon known as brand extension, and can benefit from reduced marketing costs due to their established consumer base (Aaker, 1996).

Brand equity is multi-faceted and can be categorized into several dimensions. According to Aaker (1991), these dimensions include brand loyalty, brand awareness, perceived quality, brand associations, and other proprietary brand assets. Each dimension plays a critical role in building and maintaining substantial brand equity. Keller's (1993) Customer-Based Brand Equity (CBBE) model expands on these dimensions, emphasizing brand resonance, judgments, feelings, performance, and imagery.

Revisiting Aaker and Keller's models, Christodoulides and De Chernatony (2010) emphasize that consumer-generated content and online brand interactions heavily influence modern brand equity. The participatory nature of digital platforms means that consumers are active co-creators of brand meaning, not solely passive recipients of brand messages (Prahalad & Ramaswamy, 2004). User-generated content, such as social media posts, reviews, and testimonials, can amplify a brand's value by providing authentic, peer-driven endorsements that resonate more deeply with potential customers than traditional advertising (Christodoulides et al., 2012).

The management of brand equity requires a strategic approach that aligns with the brand's core values and market positioning (Aaker, 1996; Keller, 1993). Effective brand management practices involve continuously monitoring brand performance, engaging with consumers to understand their evolving needs and preferences, and adapting marketing strategies to maintain and enhance brand equity. In this context, storytelling emerges as a powerful tool that can enhance a brand's emotional and experiential aspects, further solidifying its equity in the minds of consumers (Holt, 2004; Keller, 2008).

The concept of storytelling

Storytelling has become a crucial strategy in modern marketing, exceeding traditional advertising, as it helps to create deep emotional connections between brands and customers (Pulizzi, 2012). The essential element of marketing storytelling involves crafting a narrative that efficiently conveys a brand's values, mission, and personality (Herskovitz & Crystal, 2010). This approach leverages individuals' inherent affinity and love for stories to foster engagement, cultivate credibility, and enhance brand distinctiveness in a saturated market (Escalas, 2004).

Storytelling as a strategic tool

The power of storytelling to emotionally connect with consumers is the foundation for its strategic application in marketing (Woodside et al., 2008). According to Pulizzi (2012) and Herskovitz and Crystal (2010), storytelling significantly impacts a company's persona and customer engagement, which in turn boosts brand value. Narratives are a more powerful tool for companies to create a lasting impression on their audience than facts since they are more memorable (Escalas, 2004; Phillips & McQuarrie, 2010).

The effectiveness of storytelling is increased by the engagement of many psychological mechanisms (Escalas, 2004; Green & Brock, 2000). According to Green and Brock (2000), narrative transportation explains how individuals become absorbed in a story, leading to higher levels of engagement and persuasion. This concept states that when consumers are transported into a narrative, they are more likely to experience emotions and attitudes consistent with the story's message, making them more receptive to the brand's communication. According to Green and Brock's idea of narrative transportation, consumers become more emotionally and cognitively engaged when drawn into a tale, increasing their receptivity to the narrative's underlying messages and values. Increased consumer engagement is essential for changing attitudes and intentions toward the brand and strengthening their emotional bond and sense of identity with its ethos and values (Green & Brock, 2000).

Escalas (2004) also explores ways in which storytelling can boost engagement by investigating narratives' capacity to assist customers in assimilating brand ideals into their self-concept. Accordingly, Dessart and Pitardi (2019) argue that emotional engagement emerges when consumers develop self-generated narratives by matching their personal experiences with the story. Beyond transactional engagements, businesses can foster a feeling of connection and emotional investment by connecting their story with the consumer's own experiences and values (Escalas & Bettman, 2005; Lundqvist et al., 2013).

Storytelling as a driver of brand equity

The role of storytelling in enhancing brand equity has gained increased attention in recent years. Christodoulides and De Chernatony (2010) emphasize that effective storytelling can amplify a brand's perceived value by creating a cohesive and engaging brand narrative that consumers want to be a part of.

Kidwell et al. (2008) highlight that storytelling can elevate a brand's equity by enhancing emotional engagement and deepening consumer relationships with the brand. The interactive nature of storytelling allows consumers to participate in the brand narrative, further strengthening their connection to the brand.

As previously mentioned, Escalas (2004) supports these findings by demonstrating that narratives help consumers integrate brand values into their self-concept, a critical factor in fostering brand loyalty and advocacy. When consumers see their values and identities reflected in a brand's story, they are more likely to develop a strong, lasting attachment to the brand (Escalas, 2004).

Similarly, Escalas and Stern (2003) emphasize the role of self-referencing in storytelling, where consumers relate the narrative to their own experiences, further deepening the emotional impact. This self-referencing mechanism makes the brand more relevant and personalized, strengthening association and loyalty. By enabling consumers to see a reflection of their own lives and values in the brand's narrative, storytelling facilitates a more intimate bond between the brand and its audience (Escalas & Bettman, 2005).

Case studies from leading global brands such as Apple and Nike illustrate the application of storytelling to boost brand equity. Apple's narrative strategies highlight innovation and creativity, making product launches memorable events that resonate deeply with consumers (Sharma & Grant, 2011). Nike's "Just Do It" campaign uses inspirational stories of athletes to connect with consumers on a motivational level, reinforcing brand identity and loyalty (Keller, 2013). These brands consistently use narratives that resonate with cultural values and consumer aspirations, demonstrating that storytelling is beyond a marketing tactic; it is a strategic tool that infuses meaning and builds lasting brand equity (Gensler et al., 2013; Pulizzi, 2012).

Brands that effectively leverage narrative strategies can stand out by creating unique, compelling stories that attract and retain consumer attention (Gensler et al., 2013). This differentiation is vital for maintaining competitive advantage and sustaining brand equity over time (Lundqvist et al., 2013).

Storytelling vs. Non-storytelling

The contrast between storytelling and non-storytelling approaches in advertising offers significant insights into the effectiveness of narrative in brand communication. Research by Hirschman (2010) and Woodside et al. (2008) presents a compelling comparative analysis, revealing that storytelling methods significantly outperform non-storytelling techniques in engaging consumers. This effectiveness is largely attributed to storytelling's ability to forge a deeper, more emotional connection with the audience, which not only enhances the memorability of the advertisement but also strengthens the consumer-brand relationship (Escalas, 2004; Woodside et al., 2008)

As previously mentioned, narratives, due to their structure and emotional appeal, tend to be more memorable than factual advertisements (Dessart, 2018; Escalas, 2004). This enhanced recall contributes to stronger brand recognition over time, thereby augmenting brand equity (Lundqvist et al., 2013). Studies have shown that advertisements that tell a story are remembered longer and more vividly by consumers, which enhances the likelihood of recall during purchasing decisions (Phillips & McQuarrie, 2010).

Moreover, the emotional bond forged through storytelling has profound implications for consumer loyalty (Aaker, 1991; Escalas, 2004). As consumers identify with and become emotionally invested in brand stories, their loyalty to the brand intensifies, making them more likely to repeat purchases and advocate for the brand (Escalas, 2004; Woodside et al., 2008). This loyalty, nurtured through storytelling, becomes a competitive advantage in increasingly saturated markets. Emotional connections fostered by storytelling are pivotal in creating brand advocates who engage in positive word-of-mouth and defend the brand against negative information (Pine & Gilmore, 1999).

The distinction between storytelling and non-storytelling approaches underscores the transformative power of narrative in advertising. By engaging consumers on a deeper emotional level, storytelling facilitates a more meaningful and enduring connection with the brand (Phillips & McQuarrie, 2010). This deep engagement is vital for brands aiming to differentiate themselves in a competitive market, as it helps build a loyal consumer base that perceives greater value in the brand's offerings (Lundqvist et al., 2013).

Willingness to pay premium price

Willingness to pay a price premium is defined as the amount a customer is willing to pay for their preferred brand over comparable, competing brands of the same package size or quantity (Netemeyer et al., 2004). It is one of the strongest indicators of brand loyalty and may be the most reasonable summary measure of overall brand equity (Aaker, 1996). This construct is conceptualized as a core facet of CBBE and has also been considered a differential brand response construct in other CBBE frameworks. For instance, the willingness to pay a price premium is viewed as a result of effectively managing other CBBE facets such as perceived quality (PQ), perceived value for cost (PVC), and uniqueness (Netemeyer et al., 2004).

Memory theory posits that once information is encoded, an associative network develops, linking various associations together. This theory implies that brand-related details, such as attributes, benefits, and consumer experiences, become interlinked within a consumer's memory. These connections facilitate easier retrieval of information and shape consumer perceptions and brand-related decisions (Alba et al., 1990). Associations that stem from direct experiences, such as PQ and PVC, are typically more robust and more readily accessed from memory than those formed through indirect means (Fazio & Zanna, 1981). These readily accessible associations significantly influence how consumers respond to and choose brands (Farquhar, 1989).

According to Keller (1993), the favorability and strength of brand associations are influenced by brand congruence, which refers to how well different brand associations align in terms of content and meaning. When a brand's image, values, and messages are consistent and harmonized, it creates a unified brand narrative that enhances positive perceptions and strengthens the brand's overall image (Keller, 1993).

Pricing theories also highlight strong connections between core CBBE facets, such as PQ, PVC, and the willingness to pay a premium price. The decision to pay a specific price is largely influenced by the overall perceived value and quality of the brand or product (Zeithaml, 1988). Scholars, such as Kirmani and Zeithaml (1993) support this view, suggesting that PVC plays a crucial role in determining consumers' willingness to pay a premium price for a brand. Additionally, distinctive brand features can impact this willingness by offering diagnostic information that sets the brand apart from competitors, thereby simplifying the consumer's decision-making process (Park et al., 1986).

Price premiums and market share are closely associated with brand equity (Aaker, 1996; Bello & Holbrook, 1995; Chaudhuri & Holbrook, 2001; Hirschman & Holbrook, 1992; Park & Srinivasan, 1994). These outcomes drive brand profitability and depend heavily on aspects of brand loyalty. Specifically, brand-loyal consumers are often willing to pay more for a brand because they perceive unique value that no alternative can provide (Jacoby & Chestnut, 1978; Pessemer, 1959; Reichheld, 1996). Additionally, brand loyalty contributes to market share growth when loyal consumers consistently choose the same brand, regardless of situational constraints. Because of various affective factors, loyal consumers may also use more of the brand, indicating a more profound identification with its image (Chaudhuri & Holbrook, 2001; Jacoby & Chestnut, 1978; Zehir et al., 2011). In other words, superior brand performance outcomes, such as greater market share and premium pricing, result from enhanced customer loyalty, which in turn is driven by trust and a positive effect with regard to the brand (Chaudhuri & Holbrook, 2001).

Storytelling and premium pricing

The link between storytelling and consumers' willingness to pay premium prices is a nuanced aspect of brand equity that merits in-depth analysis. Teraiya et al. (2023) delve into this connection, emphasizing how storytelling in advertising can significantly elevate consumer experiences and perceptions of brand equity, thus influencing their readiness to accept higher prices. This relationship is underscored by the previously mentioned concept of narrative transportation, where a well-crafted story can immerse consumers so deeply that they form a stronger emotional bond with the brand, enhancing the brand's perceived value and justifying premium pricing (Green & Brock, 2000).

The effectiveness of storytelling in justifying premium pricing can be seen across various markets (Teraiya et al., 2023). Brands that successfully employ storytelling strategies often achieve a competitive edge, as they can differentiate themselves more effectively and command higher prices based on the emotional and experiential value delivered through their narratives (Pulizzi, 2012). For instance, luxury brands like Chanel and Rolex use elaborate brand stories that convey heritage, exclusivity, and superior craftsmanship, which justify their premium pricing (Hagtvedt & Patrick, 2009).

Moreover, the role of emotional engagement in storytelling cannot be overstated. Emotional connections forged through storytelling not only enhance brand recall but also foster a sense of identity and belonging among consumers (Escalas, 2004; Woodside et al., 2008). This emotional resonance is critical in elevating the brand's perceived value, making consumers more willing to pay a price premium for the experience and connection the brand offers (Pine & Gilmore, 1999).

The interplay between storytelling and premium pricing underscores the strategic value of narrative in marketing (Hagtvedt & Patrick, 2009; Lundqvist et al., 2013). By leveraging storytelling, brands can enhance their equity and cultivate a consumer base that perceives greater value in their offerings, thereby supporting higher pricing strategies (Pulizzi, 2012). As previously stated, this strategic use of narrative allows brands to differentiate themselves in the marketplace and justify premium pricing by creating a compelling, emotionally engaging brand story (Hagtvedt & Patrick, 2009).

Perceived value for cost

Perceived value is intrinsic to the concept of brand equity, as it directly influences consumer satisfaction and loyalty (Netemeyer et al., 2004; Zeithaml, 1988). When consumers perceive that they are receiving high value from a brand—meaning that the benefits they receive from a product or service outweigh the costs—they are more likely to be satisfied with their purchase. This satisfaction fosters a positive attitude towards the brand, increasing the likelihood of repeat purchases and long-term loyalty (Zeithaml, 1988).

As previously mentioned, PVC is considered a fundamental aspect of customer-based brand equity (CBBE) frameworks (Netemeyer et al., 2004). Perceived value for cost refers to a customer's comprehensive evaluation of a brand's utility, which is based on the perceived balance between what is gained (such as quality and satisfaction) and what is sacrificed (such as price and non-monetary costs). This concept reflects a trade-off between the functional and emotional benefits provided by the brand and the time, money, and effort expended by the consumer (Kirmani & Zeithaml, 1993).

PVC plays a crucial role in shaping consumer perceptions and behaviors, influencing their willingness to pay premium prices and their overall loyalty to the brand (Zeithaml, 1988). According to Netemeyer et al. (2004), the perceived value of a brand can significantly impact consumer satisfaction and loyalty, making it a cornerstone of CBBE. By delivering superior value through high-quality products and exceptional customer experiences, brands can enhance their perceived value, thus strengthening their equity in the market (Keller, 1993; Zeithaml et al., 1996)

Means-end chain theory provides useful frameworks for understanding PVC and its relationship with other CBBE constructs (Olson & Reynolds, 1983). The theory suggests that PVC is viewed at a higher level of abstraction than any individual attribute or benefit of a brand, indicating its broader impact on consumer decision-making (Aaker, 1996). Means-end chain theory suggests that consumers evaluate brands based on the perceived benefits they receive relative to the costs incurred, which in turn affects their overall brand perception and loyalty (Olson & Reynolds, 1983).

Moreover, perceived value is not only about the immediate functional benefits but also the emotional and symbolic benefits consumers associate with a brand (Zeithaml, 1988). Brands that effectively communicate their value proposition through compelling narratives can enhance the perceived value by aligning their brand story with consumer expectations and values (Keller, 1993). This alignment also fosters a deeper emotional connection, leading to increased consumer loyalty and willingness to pay premium prices (Keller, 1993; Park et al., 1986).

Emotional engagement through storytelling

Emotional engagement, driven by emotional intelligence, plays a critical role in how narratives influence consumer behavior (Kidwell et al., 2008). According to Sukhu et al. (2018), emotional intelligence enhances customer experiences, making them more transcendent and increasing loyalty and advocacy. Brands that effectively integrate emotional cues into their storytelling are more likely to achieve sustained consumer engagement and loyalty (Sukhu et al., 2018).

In advertising research, Moore et al. (1995) found that individuals with high affect intensity—meaning they experience stronger emotional responses—tend to have more powerful reactions to emotional ad messages than those with low affect intensity. This heightened emotional response is consistent irrespective of whether the ad-induced emotion is positive (e.g., joy or humor) or negative (e.g., sadness or fear) (Poels & Dewitte, 2006). These findings underscore the importance of emotional intensity in the effectiveness of advertising, suggesting that ads designed to elicit strong emotional reactions are more likely to engage consumers deeply and influence their behavior (Moore et al., 1995).

Netemeyer et al. (2004) further support this by highlighting the role of emotional engagement in consumer-based brand equity. They emphasize that emotional responses to advertisements can enhance brand perceptions and consumer loyalty, making emotional engagement a key factor in the overall brand experience. By

creating emotionally charged narratives, brands can foster a more profound connection with their audience, leading to increased loyalty and advocacy (Escalas, 2004; Pulizzi, 2012).

Consumer loyalty

The importance of brand loyalty has been recognized in the marketing literature for decades. Aaker (1991) discussed the role of loyalty in the brand equity process, noting that brand loyalty leads to marketing advantages such as reduced marketing costs, increased number of new customers, and greater trade leverage. Additionally, Oliver (1999) suggested that brand loyalty provides advantages such as favorable word-of-mouth and greater resistance to competitive strategies. This is supported by Rowley (2005), who stated that satisfied and loyal customers will recommend the brand to others, as well as spread positive word-of-mouth.

Oliver (1999) defines brand loyalty as a deeply held commitment to repurchase or consistently support a preferred product or service in the future despite situational influences and marketing efforts that might cause switching behavior. This definition highlights the two aspects of brand loyalty: behavioral and attitudinal. Behavioral loyalty involves repeated brand purchases, while attitudinal loyalty includes a degree of dispositional commitment to some unique value associated with the brand (Aaker, 1991; Jacoby & Chestnut, 1978).

In the context of storytelling, brands that elicit positive emotional responses from consumers can enhance both attitudinal and behavioral loyalty (Chaudhuri & Holbrook, 2001; Escalas, 2004). For instance, a consumer who consistently frequents or patronizes a particular restaurant may do so because of strong emotional ties with the restaurant or its staff, in addition to satisfaction with the service and food quality (Chaudhuri & Holbrook, 2001; Oliver, 1999). This emotional connection, referred to as brand affect, leads to a deeper commitment in the form of attitudinal loyalty, increasing the likelihood of repeat visits and willingness to pay premium prices (Chaudhuri & Holbrook, 2001; Escalas, 2004).

Focusing on consumer loyalty and willingness to pay in brand equity

Brand equity is a broad topic that encompasses various concepts and applications, including brand awareness, perceived quality, brand associations, loyalty, and willingness to pay a premium price (Aaker, 1991; Keller, 1993). This study focuses on two main aspects of brand equity: loyalty and willingness to pay a premium price. The rationale for this focus stems from several key considerations.

Firstly, loyalty and willingness to pay a premium price are crucial indicators of brand strength and consumer commitment. Consumer loyalty reflects the degree to which consumers are committed to a brand and their likelihood of repurchasing it despite competitive pressures and situational influences (Aaker, 1991; Oliver, 1999). It signifies a deep-seated consumer preference that is essential for sustainable business success. Loyal customers not only generate consistent revenue but also engage in positive word-of-mouth, further enhancing the brand's market position (Dick & Basu, 1994).

On the other hand, willingness to pay a premium price is a direct measure of the economic value that consumers attach to a brand. It indicates consumers' readiness to spend more on a brand's products compared to alternatives, reflecting their perception of the brand's superior value and differentiation (Netemeyer et al., 2004). This aspect is particularly relevant in competitive markets where price competition is intense. Brands that can command a premium price enjoy higher profit margins and can reinvest in quality and innovation, thereby reinforcing their market leadership (Ailawadi et al., 2001).

Secondly, the focus on loyalty and willingness to pay a premium price addresses a gap in existing research. While extensive studies have explored various dimensions of brand equity, a relatively limited body of work simultaneously examines the interplay between storytelling, loyalty, and willingness to pay a premium price. This study aims to fill this gap by investigating how storytelling in advertisements can enhance these two critical

dimensions of brand equity. The integration of emotional engagement and perceived value for cost as mediating and moderating variables, respectively, provides a novel approach to understanding these relationships.

Additionally, loyalty and willingness to pay a premium price are particularly relevant in the context of modern marketing strategies. With the rise of digital media and consumer empowerment, brands must differentiate themselves through quality and innovation and, most importantly, through meaningful engagement and emotional connections with consumers (Christodoulides & De Chernatony, 2010). Storytelling emerges as a powerful tool in this regard, capable of creating strong emotional bonds and enhancing perceived value, which are pivotal in fostering loyalty and justifying premium pricing (Lundqvist et al., 2013).

By focusing on these two aspects, this study contributes to a deeper understanding of brand equity and offers actionable insights for marketers seeking to leverage storytelling to enhance brand performance. The findings are expected to provide empirical evidence on the effectiveness of storytelling in driving consumer loyalty and willingness to pay a premium price, thereby highlighting its strategic importance in contemporary brand management.

Appendix A contains a table summarizing the key findings from relevant studies discussed in the literature review and highlighting their relevance to the present study on the impact of storytelling on brand equity.

2.2. Hypothesis

Based on the conducted literature review, the following hypotheses for this study are presented and discussed below.

H1: Storytelling in advertising positively influences willingness to pay premium prices for branded products.

As demonstrated by several studies (e.g., Lundqvist et al., 2013; Pulizzi, 2012), storytelling in marketing significantly enhances consumers' perceptions and attitudes toward a brand. Storytelling creates strong emotional connections, making the brand more memorable and meaningful to consumers (Herskovitz & Crystal, 2010). Research suggests that when consumers develop an emotional connection with a brand through storytelling, they perceive the brand as more valuable and unique, which can justify a higher price (Aaker, 1991; Keller, 1993). Therefore, storytelling is expected to positively influence consumers' willingness to pay premium prices for branded products.

However, despite this theoretical support, the direct impact of storytelling on consumers' willingness to pay in the specific context of premium-priced brands remains underexplored. Most existing studies have focused on general consumer attitudes without explicitly linking storytelling to concrete pricing strategies. This hypothesis is crucial to investigate, as understanding whether storytelling can reliably justify higher pricing could provide significant strategic insights for marketers. Therefore, further research is needed to fill this gap and provide more robust empirical evidence on the economic value of storytelling in branding.

H2: Emotional engagement mediates the relationship between storytelling in advertising and willingness to pay premium prices.

Emotional engagement plays a crucial role in how consumers perceive and respond to advertisements. Research by Escalas (2004) suggests that storytelling can evoke strong emotional responses, enhancing brand perception and consumer loyalty. Studies show that emotionally charged narratives can enhance brand recall and foster a deeper connection with the brand (Escalas & Bettman, 2005; Green & Brock, 2000). Thus, the hypothesis

posits that emotional engagement will mediate the relationship between storytelling and consumers' willingness to pay premium prices.

Although emotional engagement is widely acknowledged as a critical outcome of compelling storytelling (Escalas, 2004), its mediating role between storytelling and consumers' willingness to pay premium prices has not been extensively studied. While Green and Brock (2000) have shown that narrative transportation can lead to higher engagement and persuasion, the specific pathway through which emotional engagement translates into a willingness to pay more is less clear. Investigating this mediation effect is important because it can reveal the underlying mechanisms that drive the economic benefits of storytelling. Understanding this relationship can help marketers craft more emotionally resonant narratives that not only enhance brand perception but also increase consumers' willingness to pay premium prices. Therefore, exploring this hypothesis will contribute to a deeper understanding of how emotional engagement influences consumer behavior in the context of premium pricing.

H3: Storytelling in advertising positively influences consumer loyalty for premium-priced products.

Consumer loyalty is stated to be a fundamental aspect of brand equity, especially for premium-priced products (Keller, 2001). While storytelling has been shown to impact various brand-related outcomes (Hong et al., 2018; Lundqvist et al., 2013), its specific effect on consumer loyalty, especially in the context of premium-priced products, requires further investigation. Storytelling is believed to enhance consumer loyalty by creating strong emotional connections that deepen the relationship between the consumer and the brand (Chaudhuri & Holbrook, 2001). Investigating this hypothesis is crucial because understanding the role of storytelling in fostering loyalty can help marketers drive repeat purchases, encourage positive word-of-mouth, and justify premium pricing (Aaker, 1991). By exploring this hypothesis, the study aims to fill a gap in the literature and offer actionable insights for marketers seeking to build long-term consumer loyalty for premium-priced products through storytelling.

H4: Perceived value for cost moderates the relationship between storytelling in advertising and consumer loyalty for premium-priced products.

Perceived value for cost is a critical determinant of consumer behavior, influencing satisfaction, loyalty, and willingness to pay (Zeithaml, 1988). The effect of storytelling on consumer loyalty is likely to be stronger when consumers perceive high value in the brand's offerings. While PVC is a well-established determinant of consumer behavior (Zeithaml, 1988), its moderating effect on the relationship between storytelling and consumer loyalty for premium-priced products has not been thoroughly explored. Keller (1993) suggests that perceived value can enhance brand equity, but how it interacts with storytelling to influence loyalty for premium products remains unclear. This hypothesis is important to investigate because it addresses a critical gap in understanding how different elements of brand equity interact specifically for premium products. By examining the moderating role of perceived value, the study aims to provide a nuanced understanding of how storytelling can be optimized to enhance consumer loyalty for premium-priced products.

H5: Emotional engagement positively influences consumer loyalty for premium-priced products.

Emotional engagement is stated to be a critical driver of consumer loyalty (Oliver, 1999). Studies by Escalas (2004) and Chaudhuri and Holbrook (2001) suggest that when consumers are emotionally engaged with a brand, they are more likely to develop strong loyalty behaviors, such as repeat purchases and advocacy, and are less likely to switch to alternative brands. This relationship is crucial for premium-priced products, where the emotional connection is likely to justify higher prices and enhance brand loyalty.

However, the direct impact of emotional engagement on consumer loyalty for premium-priced products has

not been extensively explored. This hypothesis seeks to address this gap by examining how emotional engagement directly influences loyalty in the context of premium pricing. Understanding this relationship can help marketers create more effective, emotionally engaging narratives that reinforce consumer loyalty and support premium pricing strategies.

2.3. Model

A graphical model (Figure 3) was developed in order to provide a visual representation of the hypothesis. In a few words, this work aims to study the impact of an independent variable, the use of storytelling versus non-storytelling, on a dependent variable: brand equity, which is defined here as willingness to pay premium prices and consumer loyalty. Moreover, the study will explore the possible mediating effect of emotional engagement and the moderating effect of perceived value for cost between the independent and the dependent variables.

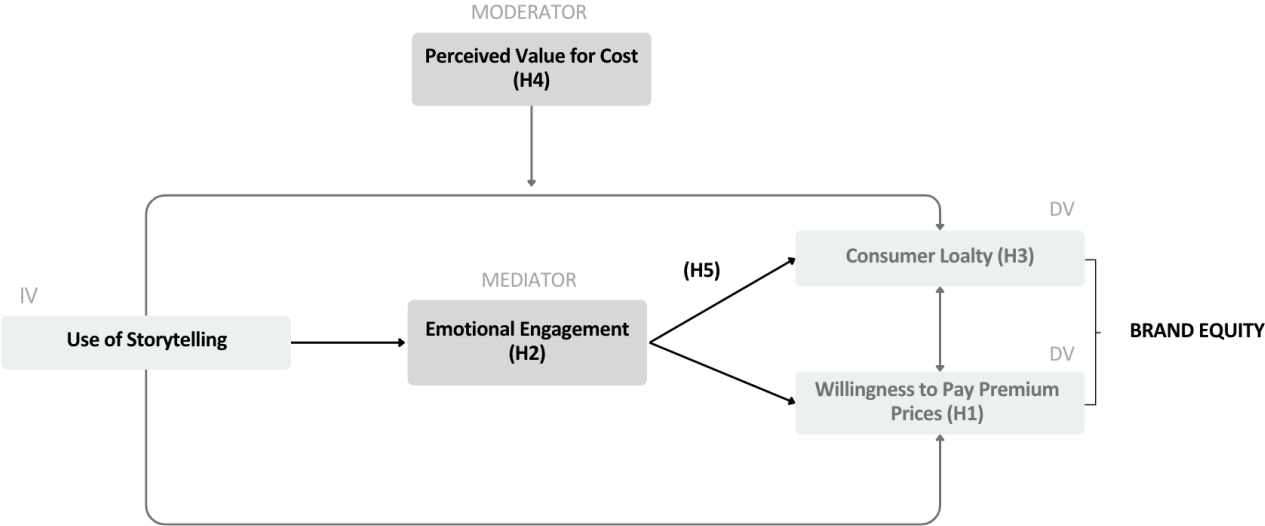


Figure 3: Graphical model

3. RESEARCH DESIGN

3.1. Methodology

This study aims to explore the impact of storytelling on brand equity, using a within-subjects design, a type of experimental design in which all participants are exposed to every treatment or condition as the chosen quantitative research approach (Charness et al., 2012). Experimental designs involve manipulating one or more independent variables and observing their effects on one or more dependent variables. The main goal of this approach is to establish cause-and-effect relationships by assigning participants to different experimental conditions (Shadish et al., 2002). Experimental design can be a relevant approach to test how different factors affect consumers' purchase intentions (Fornell et al., 1996).

As mentioned, this study adopts a within-subjects experimental design, which is advantageous for controlling individual differences and enhancing the reliability of the findings (Charness et al., 2012). In this study, each participant is exposed to both storytelling and non-storytelling advertisements, allowing for a direct comparison of their effects on the same individuals.

Initially, a pre-test was conducted to select the most impactful advertisements. A small group of participants was exposed to a set of 2 ads and responded to questions related to brand familiarity, product familiarity, and a scale to measure storytelling in each of the two ads, ensuring that the set of ads selected for the main study was perceived as intended. In the main study, participants were first exposed to a non-storytelling advertisement and asked to respond to a set of questions measuring consumer loyalty, willingness to pay premium prices, emotional engagement, and perceived value. Subsequently, they were exposed to a storytelling advertisement and asked to respond to the same set of questions. Additionally, the survey included questions related to brand familiarity and demographic information to control for these variables in the analysis. This within-subjects design ensures that each participant serves as their own control, thereby increasing the internal validity of the study (Cohen, 1988).

3.2 Case of Apple

Apple is a brand that has masterfully leveraged storytelling to build a formidable brand image and cultivate a loyal global consumer base willing to pay premium prices for its products. Examining Apple's branding strategies offers valuable insights into the impact of storytelling on brand equity and consumer behavior, particularly in the context of a globally recognized and admired brand.

Apple's effective use of storytelling in marketing and branding is exemplified by iconic campaigns such as the "1984" Super Bowl ad and the "Think Different" campaign. These efforts have played a pivotal role in shaping Apple's brand identity and public perception (Beloved Brands, n.d.). The brand's ability to create a strong emotional connection with its customers is evident in the deep loyalty and attachment exhibited by its fan base, often referred to as "Apple enthusiasts." This emotional bond is a testament to the power of storytelling in fostering brand loyalty.

A significant factor in Apple's storytelling success is the narrative and leadership style of its co-founder, Steve Jobs. Jobs' ability to weave compelling stories into product launches and corporate communications transformed these events into memorable experiences that resonated deeply with consumers, connecting the brand and the audience on an emotional level (Sharma & Grant, 2011). This storytelling prowess not only solidified Apple's identity as a leader in innovation but also cultivated a passionate and loyal brand community.

The brand's global presence and iconic status further enhance its fit for this experimental analysis, making it one of the world's most recognized and valuable brands. Apple's success underscores the significance of authenticity and emotional engagement in narrative marketing, demonstrating how a strong, cohesive narrative can elevate a brand's stature and foster loyalty among its consumer base.

Analyzing Apple's storytelling strategies provides a comprehensive understanding of how effective storytelling can significantly impact brand equity and consumer behavior, especially for premium-priced products. By examining a brand that has successfully utilized narrative to build a widespread loyal customer base, this study aims to uncover the mechanisms through which storytelling influences consumer perceptions and loyalty, thereby offering valuable lessons for other brands seeking to enhance brand equity through strategic storytelling.

3.3 Pre-test

3.3.1 Pre-test methodology

As mentioned, a pre-test was conducted using a between-subjects experimental design to select the most appropriate set of advertisements for the main study and measure the perception of storytelling across different ads. Specifically, participants were randomly divided into two groups: one exposed to a sequence of non-storytelling followed by storytelling advertisements for the iPhone, and the other group to a similar sequence for the Apple Watch. This random assignment ensured that any individual differences among participants were evenly distributed across the conditions, thereby enhancing the internal validity of the study.

After viewing the ads, participants responded to a standardized set of five questions designed to assess their perceptions and attitudes toward the advertised products. These questions ensured that the ads were perceived as intended, with a clear narrative structure for the storytelling ad and lack of narrative structure for the non-storytelling ads. The narrative ad structure was gauged using a method based on Escalas (2004), focusing on three specific questions: "The ad told a story"; "The ad had a beginning, middle, and end"; and "The ad showed the personal evolution of one or more characters" (Dessart, 2018; Escalas & Bettman, 2005). Additionally, brand and product familiarity were measured to examine potential differences between products and the influence of storytelling on familiarity perceptions.

A between-subjects analysis was employed to compare the different groups of participants who were exposed to different conditions of the independent variable (storytelling vs non-storytelling). This method is particularly useful for isolating the effects of the variable by ensuring that each participant is only exposed to one condition, thereby avoiding potential carryover effects that could occur if the same participants were exposed to multiple conditions (Charness et al., 2012). In this pre-test, the between-subjects design was interesting because it allowed for the assessment of whether the perception of storytelling varied significantly between the iPhone and Apple Watch ads. This design helps in understanding if storytelling effectiveness is consistent across different products, ensuring that the chosen ads for the main study are those that best represent the intended narrative structure.

3.3.2 Choice of ads

To examine the impact of storytelling versus non-storytelling in advertising, two sets of Apple advertisements were selected—one set for the Apple Watch and another for the iPhone. As previously mentioned, each participant was randomly exposed to a storytelling ad and a non-storytelling ad within a single product category.

For the Apple Watch, the storytelling ad titled "[Apple Watch Series 7 911](#)" depicts a dramatic scenario where the Apple Watch plays a crucial role in saving lives during emergencies, highlighting the emotional and life-saving aspects of the product. The non-storytelling ad "[Choose Colorfully](#) Official Trailer" focuses on the vibrant colors and customizable options of the Apple Watch, presenting the product in a straightforward, visually appealing manner without a narrative.

For the iPhone, the storytelling ad "[iPhone 15 Check In | New Driver](#)" features a heartfelt story about a teenager's first solo drive, where the iPhone plays a role in capturing the emotional milestone. The non-storytelling

ad, "[Introducing iPhone 15 | WOW](#)", showcases the iPhone 15's key features and design visually without a narrative focus.

This selection ensures that both the storytelling and non-storytelling ads are of similar duration and product focus, minimizing potential perception biases that could arise from differences in content or length.

3.3.3 Pre-test sample

Determining an appropriate sample size for a pre-test in a between-subjects design is crucial to ensure the reliability and validity of the findings. Some authors recommend varying sample sizes, often depending on the complexity of the study and the expected effect size. Perneger et al. (2014) suggest that a default sample size of 30 participants is recommended since standard sample sizes (5–15 participants) in pre-test questionnaires may fail to uncover even common problems. At the same time, other authors state that sample sizes ranging from 20 to 50 participants per condition are typically considered sufficient to detect meaningful differences (Cohen, 1988; Simmons et al., 2013). For this pre-test, a total of 40 responses were collected, providing 20 responses per condition. This sample size is adequate to offer preliminary insights and ensure that the chosen advertisements are appropriately perceived for the main study.

3.3.4 Pre-test results

The pre-test aimed to assess the storytelling perception of each ad by calculating mean scores from three critical questions based on the work of Escalas (2004). These questions created a composite score to gauge narrative effectiveness. In addition, brand and product familiarity were measured to identify any recognition differences that might influence ad perceptions. However, these last two measures were not used to evaluate storytelling efficacy directly.

The pre-test results revealed a significant distinction in how storytelling and non-storytelling ads were perceived, particularly for the Apple Watch ads. The non-storytelling Apple Watch ad was clearly recognized for its lack of narrative elements, while the storytelling counterpart was notably appreciated for its narrative structure. This differentiation underscores the suitability of the Apple Watch ads for the experimental phase, given their alignment with the intended ad categorizations based on the narrative structure scale by Escalas (2004).

The pre-test analysis effectively differentiated storytelling from non-storytelling ads, with the Apple Watch ads showing a particularly clear distinction. The results favored the use of these ads for the experimental phase due to their alignment with the intended ad categorizations. The consistent brand and product familiarity across all ad groups further supports the robustness of the study design. These findings provide a strong foundation for the subsequent experimental phase aimed at exploring the impact of storytelling on brand equity. The extensive results of the pre-test can be found in the next section.

3.5 Sampling of the experimental analysis

The study initially recruited 288 participants, a sample size consistent with standards from top-tier journals and adequate for ensuring robust statistical analysis. The sample was refined by excluding incomplete responses and those who did not meet the criteria for being Apple consumers. Specifically, a filter question was included to ensure participants were Apple consumers; those who answered "no" were disqualified from the survey. Additionally, an attention question was embedded to maintain data quality, and respondents who answered incorrectly were also excluded. After these filters, the final sample consisted of 197 valid respondents. The demographic characteristics of the sample are summarized in Table 1.

Demographic Variable	Category	Percentage
Gender	Female	57.4%
	Male	42.6%
Level of Education	High School Degree	19.8%
	College Degree	58.4%
	Master or Higher	21.8%
Employment Status	Employed	61.4%
	Unemployed	12.7%
	Student	25.9%
Average Age		24 years old

Table 1: Demographic Characteristics of the Sample

The sample consists of 57.4% females and 42.6% males, with no participants identifying as "other" or preferring not to say. The education levels indicate that a majority of participants hold a college degree (58.4%), followed by those with a master's degree or higher (21.8%) and high school degree holders (19.8%). Employment status shows that 61.4% of the participants are employed, 12.7% are unemployed, and 25.9% are students. The average age of the participants is 24 years old.

Analyzing demographic variables is crucial for understanding the characteristics of the sample population. According to Hair (2010), examining these variables helps segment the sample and identify potential influences on the study outcomes. This step ensures that the sample is representative and allows for the examination of how demographic factors might affect the results.

The focus on Apple consumers only was intentional to ensure that the participants had a consistent level of familiarity with the brand, which is crucial for evaluating their responses to the advertisements. Apple consumers were chosen because they are likely to have existing perceptions and emotional connections to the brand, allowing the study to better assess the impact of storytelling on brand equity for a premium-priced brand. This specific focus helps isolate the effects of the storytelling and non-storytelling ads within a homogenous group, thereby enhancing the validity of the findings related to consumer engagement, loyalty, and willingness to pay premium prices.

3.6 Data collection

The data collection process utilized Qualtrics, an online survey platform known for its robust design, distribution, and data collection capabilities. Qualtrics offers a user-friendly interface for creating and customizing surveys, with a wide variety of question types and formatting options. This customization ensures that the survey aligns precisely with the research objectives, making it straightforward for participants to understand and complete the survey.

For distribution, the survey was disseminated through multiple channels, including WhatsApp and social media platforms like LinkedIn. Additionally, it was shared via survey exchange communities such as Survey Swap and Survey Circle. These platforms facilitate the exchange of surveys among users, allowing for recruiting respondents who meet specific criteria, thereby maximizing the data collection opportunities.

3.7 Measures

Independent variable

The independent variable in this study is the use of storytelling in advertising, operationalized by comparing a storytelling advertisement with a non-storytelling advertisement. The previously mentioned scale by Escalas (2004) was again used to ensure the presence of storytelling elements. This operationalization allows for a structured comparison of storytelling versus non-storytelling advertisements in their impact on various dependent variables. Escalas (2004) demonstrated that these items effectively capture the narrative elements that engage consumers and enhance their connection to the brand. The use of this scale is justified by its effectiveness in measuring the narrative elements in advertisements, which is crucial for understanding how storytelling influences brand equity in this study.

Dependent Variables

As section 2 of this study demonstrates, willingness to pay premium prices is a critical indicator of brand equity. This variable was measured using a scale adapted from Netemeyer et al. (2004). Participants rated their agreement with statements regarding their willingness to pay more for the products featured in the ads compared to other brands. Items included statements about the price of the brand needing to go up significantly before switching to another brand and their willingness to pay a higher price for the brand. Netemeyer et al. (2004) provided evidence that this scale effectively captures the differential amount consumers are willing to pay due to the perceived value and quality of the brand. This scale is crucial for understanding the economic impact of storytelling in advertising.

Consumer loyalty, another key component of brand equity, was measured using a scale from Chaudhuri and Holbrook (2001). This scale assessed participants' likelihood of repeat purchases and positive word-of-mouth recommendations. Items included statements about intentions to keep purchasing the brand, commitment to the brand, and willingness to pay a higher price over other brands. Chaudhuri and Holbrook (2001) demonstrated that this scale reliably measures both attitudinal and behavioral aspects of loyalty. The use of this scale is justified by its comprehensive assessment of consumer loyalty, which is a key outcome variable in this study.

Mediating variable

Emotional engagement is hypothesized to mediate the relationship between storytelling in advertising and the dependent variables. This variable was measured using a scale adapted from Moore et al. (1995). The authors established that emotional engagement is a critical factor in the effectiveness of advertisements. The chosen items capture the emotional appeal, informational content, and attention-holding capacity of the ads, making this scale suitable for examining how storytelling influences emotional engagement.

Moderating variable

The moderating variable, perceived value for cost, was measured using a scale adapted from Netemeyer et al. (2004). Participants rated the overall value received from the product relative to its cost. Netemeyer et al. (2004) validated this scale as a reliable measure of perceived value, which is essential for understanding how consumers

evaluate a product's cost-benefit tradeoff. This scale is particularly relevant for examining the moderating role of perceived value in the relationship between storytelling and consumer loyalty.

This study employed well-established scales with proven reliability and validity to measure the variables of interest. These scales were selected based on their widespread application in previous research, ensuring the robustness of the constructs being examined.

Construct	Item	Statement
Storytelling in Advertising (Escalas, 2004)	STORY1	"The ad told a story"
	STORY2	"The ad had a beginning, middle, and end"
	STORY3	"The ad showed the personal evolution of one or more characters"
Emotional Engagement (Moore et al., 1995)	EG1	"In my opinion, this advertisement has a very strong appeal to my emotions"
	EG2	"This commercial contained a lot of information"
	EG3	"This commercial really did hold my attention"
Consumer Loyalty Chaudhuri and Holbrook (2001)	CL1	"I will buy this brand the next time I buy [product name]"
	CL2	"I intend to keep purchasing this brand"
	CL3	"I am committed to this brand"
	CL4	"I would be willing to pay a higher price for this brand over other brands"
Willingness to pay a price premium (Netemeyer et al., 2004)	WPP1	"The price of (brand name) would have to go up quite a bit before I would switch to another brand of (product)"
	WPP2	"I am willing to pay a higher price for (brand name) brand of (product) than for other brands of (product)"
	WPP3	"I am willing to pay ___% more for (brand name) brand over other brands of (product): 0% 5% 10% 15% 20% 25% 30%, or more"
	WPP4	"I am willing to pay a lot more for (brand name) than other brands of (product category)"
Perceived value for the cost (Netemeyer et al., 2004)	PVC1	"What I get from (brand name) brand of (product) is worth the cost"
	PVC2	"All things considered (price, time, and effort), (brand) brand of (product) is a good buy"
	PVC3	"Compared to other brands of (product), (brand name) is a good value for the money"
	PVC4	"When I use a (brand name) brand of (product), I feel I am getting my money's worth"

Table 2: Summary of the different scales used

Note: Except for Item WPP3, all items were measured on a five-point Likert scale from strongly disagree to strongly agree

Control variables

Several control variables were considered in this study to account for other factors that might influence the relationships between storytelling in advertising and the dependent variables. These control variables help isolate the effects of the independent variable and ensure the robustness of the findings.

First, the familiarity that respondents have with the advertised brand could impact their emotional engagement, willingness to pay premium prices and consumer loyalty. Familiarity influences the ease with which consumers process brand information and can enhance their emotional connections with the brand (Campbell & Keller, 2003). To measure familiarity with the brand, participants were asked whether they owned any Apple products. This filter question had response options: “Yes, 1”, “Yes, 2”, “Yes, 3 or more” and “No.” Participants who answered “No” were excluded from the experiment.

Next, the factors influencing purchase decisions were considered. This question asked participants to select the factors they believe most influenced their purchase decision, with options including quality, price, brand reputation, story of the brand, and an open field for other factors. Understanding these factors helps to control for underlying reasons why participants might favor the brand, which could affect their responses to the advertisements.

Pre-existing brand loyalty was also measured. Prior to the ads' exposure, participants were asked how likely they were to recommend Apple to others on a 5-point scale ranging from “Not likely at all” to “Very likely.” This measure provides insight into their existing loyalty towards the brand, which could influence their reactions to the advertisements.

Additionally, several demographic variables, such as age, employment status, and gender, were included to control for their potential influence on the study's outcomes, as their differences can affect advertising perceptions and brand loyalty. Furthermore, education level is another demographic variable, as higher education levels are associated with a better understanding and appreciation of sophisticated advertisements (Petty et al., 1983).

By considering these control variables, the study aims to isolate the effects of storytelling in advertising on the dependent variables, ensuring that the findings are robust and not confounded by extraneous factors. The control variables and their measurement scales used in the study are summarized in Table 3.

Control Variable	Measurement Scale
Familiarity with the Brand	Question: “Do you have any Apple products?” Response Options: “Yes 1,” “Yes 2,” “Yes 3 or more,” “No”
Factors Influencing Purchase Decision	Question: “What factors do you consider to have most influenced your purchase decision? (you may choose more than 1 option)” Response Options: “quality,” “price,” “brand reputation,” “story of the brand,” “other (please specify)”
Pre-existing Brand Loyalty	Question: “How likely are you to recommend Apple to others?” Response Options: 5-point scale from “Not likely at all” to “Very likely”
Age Range	Question: “Select your age range.” Response Options: “Under 18,” “18-25,” “26-30,” “31-35,” “35+”
Employment Status	Question: “What is your employment status?” Response Options: “Employed,” “Unemployed,” “Student”
Gender	Question: “Please indicate your gender.” Response Options: “Male,” “Female,” “Other”
Education Level	Question: “What is your highest level of education?” Response Options: “High school,” “College,” “Master or higher”

Table 3: Summary of the control variables

3.8 Data analysis

The collected data were analyzed using statistical methods suitable for within-subject designs, including paired sample t-tests, Wilcoxon Signed-Rank Test, and multiple regression analyses, as recommended by Howell (2010). The analysis process involved several steps to ensure a thorough examination of the data. Descriptive statistics summarized the demographic characteristics and the distribution of responses for each variable, providing a comprehensive overview of the data (Field, 2013). Reliability analysis using Cronbach's Alpha confirmed the internal consistency of the measurement scales, ensuring their reliability (Nunnally, 1978).

To test the study's hypotheses, paired sample t-tests were conducted, complemented by the Wilcoxon Signed-Rank Test to account for deviations from normality (Gibbons & Chakraborti, 2011). Mediation analysis explored the role of emotional engagement in the relationship between storytelling in advertising and willingness to pay a premium price, while moderation analysis examined the influence of perceived value for cost on these relationships.

Correlation and multiple regression analyses were performed to investigate the relationships between variables and identify significant predictors, providing a comprehensive view of the determinants of consumer behavior in response to storytelling in advertising (Aiken et al., 1991; Cohen, 1988). ANOVA was used to confirm significant effects and add robustness to the study's conclusions (Keppel & Wickens, 2004). Results are presented below using tables, figures, and diagrams, ensuring clarity and detailed interpretation of the findings in relation to the theoretical framework and hypotheses.

4. RESULTS

Pre-test

The pre-test results revealed a significant distinction in how storytelling and non-storytelling ads were perceived, particularly for the Apple Watch ads. The non-storytelling Apple Watch ad was clearly recognized for its lack of narrative elements, while the storytelling counterpart was notably appreciated for its narrative structure, as previously stated. This differentiation underscores the suitability of the Apple Watch ads for the experimental phase, given their alignment with the intended ad categorizations based on the narrative structure scale by Escalas (2004).

The mean scores for storytelling perception showed a clear contrast between storytelling and non-storytelling ads for both products. For the Apple Watch, the storytelling ad had a mean score of 4.68 for the item "The ad told a story" (Q1) compared to 1.27 for the non-storytelling ad. Similar trends were observed for the other narrative elements, with the storytelling ad scoring 4.64 and 4.00 for the items "The ad had a beginning, middle, and end" (Q2) and "The ad showed the personal evolution of one or more characters" (Q3), respectively, compared to 1.95 and 1.00 for the non-storytelling ad.

For the iPhone ads, the storytelling perception was also significantly higher in the storytelling ad, with mean scores of 4.61 for "The ad told a story," 4.56 for "The ad had a beginning, middle, and end," and 3.78 for "The ad showed the personal evolution of one or more characters," compared to 2.56, 2.83, and 1.67 for the non-storytelling ad, respectively.

Ad Group	Q1: Story Perception	Q2: Beginning, Middle, End	Q3: Personal Evolution
Apple Watch Non-Storytelling	1.27	1.95	1.00
Apple Watch Storytelling	4.68	4.64	4.00
iPhone Non-Storytelling	2.56	2.83	1.67
iPhone Storytelling	4.61	4.56	3.78

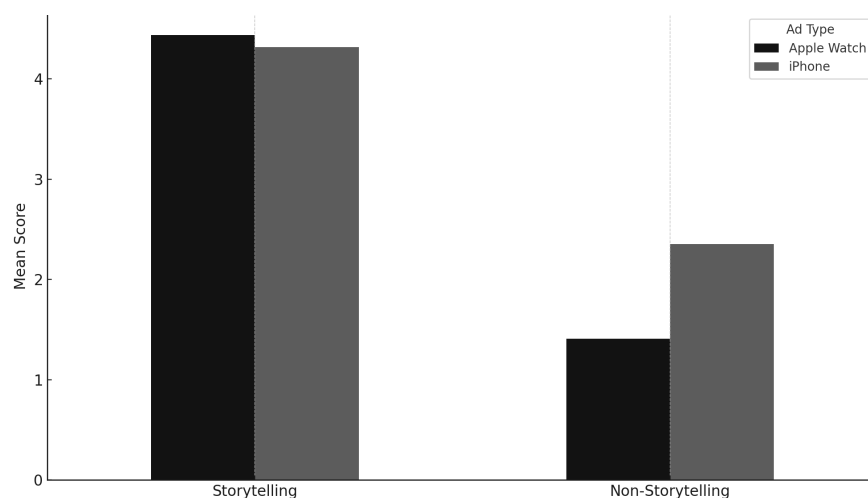
Table 4: Mean Scores for Each Question

Paired sample t-tests were conducted to compare responses to non-storytelling and storytelling ads for each product. This analysis aimed to determine if there were significant differences in how participants perceived the two types of advertisements. A table containing this and further pre-test results can be found in appendix D.

The mean storytelling score for Apple Watch ads was significantly higher than the non-storytelling score across the first three questions, with p-values less than 0.001. This indicates that participants perceived the storytelling ads for Apple Watch as more effective in conveying a narrative. Similarly, the iPhone storytelling ads had significantly higher mean scores than non-storytelling ads for the first three questions. However, the differences were not as pronounced as those for the Apple Watch ads.

Next, the three first questions were further compared using their composite scores to ensure the differences in perception between storytelling and non-storytelling ads. The mean non-storytelling score for Apple Watch ads was 1.41, while for iPhone ads, it was 2.35. The difference in perception between storytelling and non-storytelling ads was greater for the Apple Watch ads (3.03) compared to the iPhone ads (1.96). This significant difference in Apple Watch ads indicates that storytelling has a stronger impact on their perception, making the

narrative element more effective.



Graph 1: Mean Storytelling vs Non-storytelling Scores

Lastly, a correlation analysis was conducted to assess whether familiarity with the brand (Q4) or product (Q5) influences how storytelling is perceived. The uniformly high scores across all ad groups indicate a strong baseline familiarity among participants with the Apple brand and its offerings. The familiarity scores were consistent and high for both non-storytelling and storytelling ads, with mean scores close to 5 for both the brand and product familiarity items. This lack of significant variance in familiarity scores between ad types and products suggests that while familiarity is prevalent, it does not markedly influence the narrative perception of the ads.

Based on the analyses conducted, displaying the set of ads for the Apple Watch in the final study is recommended. The Apple Watch ads exhibited higher perceived storytelling effectiveness and a significant impact of storytelling on ad perception. These findings underscore the importance of storytelling in advertising and its varied impact based on brand familiarity, with Apple Watch ads demonstrating a stronger narrative appeal. This recommendation aligns with the objective of selecting the most effective advertisements for the main study, ensuring that the chosen ads best represent the intended narrative structure and maximize their persuasive impact.

4.1 Data overview

As mentioned previously, the dataset used in this study consists of responses from 197 participants who were exposed to both non-storytelling and storytelling advertisements of the Apple Watch, as the pre-test indicated. Each participant responded to a variety of questions aimed at measuring several constructs relevant to the study. These constructs include storytelling perception, emotional engagement, consumer loyalty, willingness to pay a premium price, and perceived value for cost. The study also collected demographic information, including age, gender, education level, and employment status, which were already presented.

For each participant, data was collected on the number of Apple products owned (QT_PROD), with responses ranging from owning one product to three or more products. Factors influencing purchase decisions (PC_FACTORS) were identified, and participants indicated their likelihood of recommending Apple products (RECOM) on a five-point Likert scale. The core variables measured for both non-storytelling and storytelling ads include storytelling perception (STORY_non and STORY_story), emotional engagement (EG_non and EG_story), consumer loyalty (CL_non and CL_story), willingness to pay a premium price (WPP_non and WPP_story), and perceived value for cost (PVC_non and PVC_story). These scales were adapted from established measures to ensure reliability and validity.

The dataset provides a comprehensive view of how participants perceive and react to different advertising strategies. By capturing both the immediate emotional responses and more considered judgments about value and loyalty, the data allows for a detailed analysis of the impact of storytelling in advertising.

4.2 Preliminary checks

Before conducting the primary analyses, several preliminary checks were performed to ensure the data's suitability for hypothesis testing. The normality of the data was assessed using the Shapiro-Wilk test, which is particularly suitable for small to medium sample sizes. The Shapiro-Wilk test results indicated that the data for all variables significantly deviated from a normal distribution ($p < 0.001$). However, it is important to note that the sensitivity of the Shapiro-Wilk test increases with larger sample sizes, leading to significant results even for minor deviations from normality (Razali & Wah, 2011). To further evaluate normality, skewness and kurtosis values for each variable were examined. The skewness values were within the acceptable range of -2 to +2, as suggested by Field (2009), indicating that the data distribution was reasonably symmetrical. Although kurtosis values indicated deviations from normality, with several variables exhibiting heavy tails, the sample size of 197 places the dataset at the higher end of the medium range, suggesting that the data can still be considered approximately normal for practical purposes (Cohen, 1992). A table with this analysis can be found in appendix E.

Given these considerations, both parametric and non-parametric tests were employed to ensure robust analysis. Paired sample t-tests were used to compare means between non-storytelling and storytelling ads for the main constructs. The paired t-test remains appropriate due to the large sample size, which helps mitigate the impact of non-normality as per the Central Limit Theorem (Field, 2013). Additionally, the Wilcoxon Signed-Rank Test, a non-parametric alternative to the paired t-test, was used to confirm the results. This dual approach validates the findings and ensures that the conclusions are reliable, accounting for any deviations from normality in the data distribution.

The reliability of the scales was assessed using Cronbach's alpha (appendix F). High Cronbach's alpha for all scales exceeded the acceptable threshold of 0.70, indicating high internal consistency (Nunnally, 1978) and suggesting that the items within each scale reliably measure the same underlying construct. These reliability checks confirm that the scales used in the study are suitable for the subsequent analysis.

4.3 Descriptive statistics

This section presents an overview of the data gathered in the study, outlining important statistics for the main variables of interest: storytelling perception, emotional engagement, consumer loyalty, willingness to pay a premium price, and perceived value for cost. These descriptive statistics provide an initial comprehension of the participants' responses to both storytelling and non-storytelling advertisements.

Descriptive statistics offer a comprehensive summary of the central tendencies and variability of the data. The average number of Apple items owned by respondents is around 1.57, with a standard deviation of 0.76. This indicates that most participants own between one and two Apple products. The mean score for recommendation likelihood is 4.05, with a standard deviation of 0.90, indicating that users usually have a tendency to promote Apple items to others.

For the main constructs, the descriptive statistics indicate that the storytelling ad is generally viewed more favorably than non-storytelling ads across multiple criteria. The mean score for storytelling perception in storytelling ad (STORY_story) is 3.76, compared to 3.24 for non-storytelling ad (STORY_non). Similarly, emotional engagement is higher for the storytelling ad (EG_story mean = 3.68) in comparison to the non-storytelling ad (EG_non mean = 3.23).

Willingness to pay a premium price is higher for the storytelling ad (WPP_story mean = 3.46) compared to the non-storytelling ad (WPP_non mean = 3.31). Perceived value for cost follows a similar pattern, with higher scores for storytelling (PVC_story mean = 3.67) than for non-storytelling (PVC_non mean = 3.57). In contrast, consumer loyalty scores are slightly higher for the non-storytelling ad (CL_non mean = 3.63) than for the storytelling ad (CL_story mean = 3.59). Although this difference is not statistically significant, it suggests that consumer loyalty remains relatively stable between the two scenarios.

These descriptive statistics provide a preliminary indication that storytelling ads are generally more effective in engaging consumers and enhancing their willingness to pay a premium price. These descriptive statistics suggest that storytelling advertising tends to be more effective in engaging customers and increasing their willingness to pay a higher price. The somewhat elevated ratings for perceived value in narrative advertisements also indicate that these advertisements may be more effective in communicating the value proposition of the products.

4.4 Paired sample T-tests

Building on the summary provided in the descriptive statistics, this section conducts paired sample t-tests to determine whether the observed differences between non-storytelling and storytelling ads across the main constructs—storytelling perception, emotional engagement, consumer loyalty, willingness to pay a premium price, and perceived value for cost—are statistically significant. Specifically, the paired t-tests compare the mean scores of participants' responses to the storytelling ad versus the non-storytelling ad of the Apple Watch. This analysis aims to determine if there are significant differences in how participants perceive and react to the two types of advertisements.

Measure 1	Measure 2	t	df	p-value
STORY_story	STORY_non	5.932	196	<0.001
EG_story	EG_non	5.915	196	<0.001
CL_story	CL_non	-0.946	196	0.345
WPP_story	WPP_non	3.990	196	<0.001
PVC_story	PVC_non	3.314	196	0.001

Table 5: Paired sample t-tests

The mean score for storytelling perception (STORY) in the storytelling ad (M = 3.76, SD = 0.67) was significantly higher than in the non-storytelling ad (M = 3.24, SD = 0.98), $t(196) = 5.932$, $p < 0.001$. This indicates that participants indeed perceived the storytelling ad as more effective in conveying a story. In practical terms, this 0.52 increase in the mean score suggests that storytelling ads are perceived as significantly more successful in their narrative structure, enhancing the overall storytelling experience by approximately 16%.

Emotional engagement (EG) was also significantly higher for the storytelling condition (M = 3.68, SD = 0.60) compared to the non-storytelling (M = 3.23, SD = 0.97), $t(196) = 5.915$, $p < 0.001$. The 0.45 increase in the mean score implies a 14% enhancement in emotional engagement when storytelling elements are present in the ad, making the audience more emotionally connected.

The mean score for consumer loyalty (CL) was slightly higher in the non-storytelling scenario (M = 3.63, SD = 0.65) compared to storytelling (M = 3.59, SD = 0.66), but this difference was not statistically significant, $t(196) =$

-0.946, $p = 0.345$. This result suggests that the type of ad does not significantly influence consumer loyalty. The negligible 0.04 difference in mean scores indicates that storytelling elements in ads do not substantially impact consumers' loyalty to the brand.

Participants indicated a higher willingness to pay a premium price for products (WPP) when rating the storytelling ad ($M = 3.46$, $SD = 0.75$) compared to non-storytelling ($M = 3.31$, $SD = 0.86$), $t(196) = 3.990$, $p < 0.001$. This significant difference supports the notion that storytelling ads enhance the perceived value of the product, leading to a higher willingness to pay a premium. The 0.15 increase in mean score represents a 5% greater willingness to pay more for the product when the ad includes storytelling elements.

The mean score for perceived value for cost (PVC) was higher for the storytelling ad ($M = 3.67$, $SD = 0.65$) compared to non-storytelling ($M = 3.57$, $SD = 0.67$), $t(196) = 3.314$, $p = 0.001$. This indicates that storytelling ads are more effective in communicating the value proposition of the product. The 0.10 increase in mean score signifies a 3% improvement in perceived value, highlighting the efficacy of storytelling in enhancing the perceived worth of the product.

The paired sample t-test results provide strong evidence that storytelling ads outperform non-storytelling ads in terms of storytelling perception, emotional engagement, willingness to pay a premium price, and perceived value for cost. However, the lack of significant difference in consumer loyalty suggests that while storytelling can enhance certain perceptions and behaviors, it does not necessarily translate into higher consumer loyalty.

4.5 Wilcoxon Signed-Rank Test

Given that the Shapiro-Wilk test indicated significant deviations from normality for all variables, the Wilcoxon Signed-Rank Test, a non-parametric alternative to the paired sample t-test, was employed to validate the results. This test is particularly useful for analyzing data that do not meet the assumptions of normality, ensuring the robustness of the findings (Conover, 1999; Gibbons & Chakraborti, 2011).

The Wilcoxon Signed-Rank Test results reinforce the findings from the paired sample t-tests, providing additional evidence that storytelling ads outperform non-storytelling ads in terms of storytelling perception, emotional engagement, willingness to pay a premium price, and perceived value for cost. The lack of significant difference in consumer loyalty is also confirmed.

The Wilcoxon Signed-Rank Test results for the key variables are displayed in appendix G.

4.6 Mediation analysis

Mediation analysis was conducted to explore whether emotional engagement mediates the relationship between storytelling in advertising and willingness to pay a premium price. This analysis helps elucidate the process or mechanism by which an independent variable influences a dependent variable through a mediator variable (Baron & Kenny, 1986; Hayes, 2013). In this study, the mediation model was designed with storytelling in advertising as the independent variable, emotional engagement as the mediator, and willingness to pay a premium price as the dependent variable.

The analysis followed the methodology proposed by Hayes (2013), utilizing the PROCESS macro for SPSS. The mediation analysis involved examining three key pathways: the effect of storytelling on emotional engagement (a path), the effect of emotional engagement on willingness to pay a premium price (b path), and the direct effect of storytelling on willingness to pay a premium price when controlling for emotional engagement (c' path). Additionally, the indirect effect, which represents the mediation effect, was calculated as the product of the a and b paths.

The results of the mediation analysis are detailed as follows. First, the effect of storytelling perception on emotional engagement (a path) was significant. Participants who viewed storytelling ads reported significantly higher levels of emotional engagement, with a coefficient (β) of 0.45 and a p-value less than 0.001. This indicates that storytelling ads effectively capture and hold the emotional attention of viewers.

Second, the effect of emotional engagement on willingness to pay a premium price (b path) was also significant. Higher levels of emotional engagement were associated with an increased willingness to pay a premium price, with a coefficient (β) of 0.52 and a p-value less than 0.001. This finding suggests that emotional engagement plays a crucial role in influencing consumers' willingness to pay more for a branded product.

Third, the direct effect of storytelling perception on willingness to pay a premium price (c' path) remained significant even when controlling for emotional engagement, though the effect was reduced. The direct effect had a coefficient (β) of 0.28 and a p-value less than 0.05. This reduction in the direct effect indicates that emotional engagement partially mediates the relationship between storytelling perception and willingness to pay a premium price.

The indirect effect of storytelling perception on willingness to pay a premium price through emotional engagement was also significant. The indirect effect had a coefficient (β) of 0.234, with a 95% confidence interval ranging from 0.151 to 0.321. This confirms that emotional engagement significantly mediates the relationship between storytelling perception and willingness to pay a premium price.

In summary, the mediation analysis provides compelling evidence that emotional engagement partially mediates the relationship between storytelling in advertising and willingness to pay a premium price. Storytelling ads enhance emotional engagement, which in turn increases consumers' willingness to pay a premium price for the product. These findings underscore the importance of emotional engagement as a key mechanism through which storytelling in advertising influences consumer behavior.

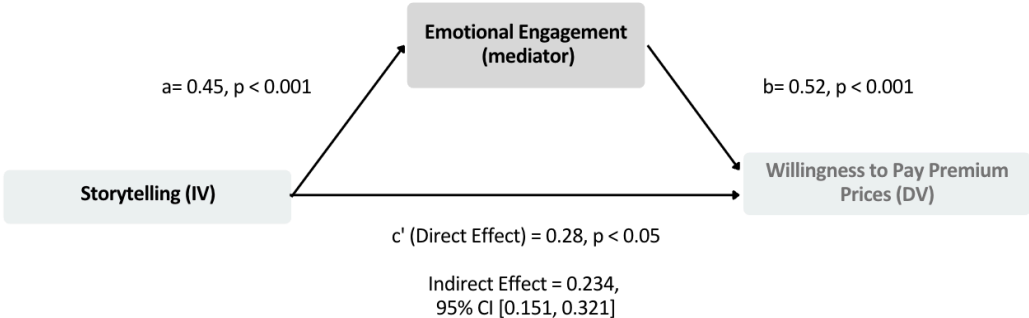


Figure 4 - Mediation effect of EG on WPP

4.7 Moderation analysis

Moderation analysis was conducted to investigate whether perceived value for cost moderates the relationship between storytelling in advertising and consumer loyalty, as well as the relationship between storytelling in advertising and willingness to pay a premium price. Moderation analysis helps to determine if the strength or direction of the relationship between an independent variable and a dependent variable changes depending on the level of a moderator variable (Hayes, 2013).

In this study, the moderation model included storytelling in advertising as the independent variable, perceived value for cost as the moderator, and consumer loyalty and willingness to pay a premium price as the

dependent variables. The analysis followed the guidelines established by Hayes (2013) using the PROCESS macro for SPSS.

Consumer loyalty (CL) with storytelling ads

The moderation analysis for consumer loyalty with the storytelling ad revealed that the model explains 45.7% of the variance in consumer loyalty. Both storytelling perception and perceived value for cost significantly influenced consumer loyalty, with coefficients (β) of 0.298 and 0.392, respectively, both with p-values less than 0.05. This means that both variables have a statistically significant impact on consumer loyalty, contributing to the variance explained by the model. However, the interaction term (STORY_story * PVC_story) was not significant, indicating that perceived value for cost does not significantly moderate the relationship between storytelling in advertising and consumer loyalty.

The results indicate that while storytelling perception and perceived value for cost each have a significant positive effect on consumer loyalty, the interaction between storytelling and perceived value for cost is not significant. This suggests that the influence of storytelling on consumer loyalty does not depend on the level of perceived value for cost.

Willingness to pay premium price (WPP) with storytelling ads

For the willingness to pay a premium price regarding the storytelling ad, the model explains 21.4% of the variance. Storytelling perception had a marginally significant positive effect on willingness to pay a premium price, with a coefficient (β) of 0.268 and a p-value of 0.067, while the perceived value for cost had a significant positive effect with a coefficient (β) of 0.695 and a p-value less than 0.001. The interaction term (STORY_story * PVC_story) was also not significant, suggesting that perceived value for cost does not moderate the relationship between storytelling in advertising and willingness to pay a premium price.

These results indicate that while perceived value for cost significantly influences willingness to pay a premium price, it does not moderate the effect of storytelling perception on willingness to pay a premium price. The relationship between storytelling and willingness to pay a premium price is consistent across different levels of perceived value for cost.

In summary, the moderation analysis suggests that perceived value for cost significantly influences both consumer loyalty and willingness to pay a premium price for both storytelling and non-storytelling ads. However, it does not moderate the relationship between storytelling in advertising and these outcomes. This indicates that while perceived value plays a crucial role in influencing brand equity, its effect is independent of the storytelling aspect of the advertisement.

4.8 Hypothesis testing

This section presents the results of hypothesis testing using the previously mentioned paired sample t-tests, Wilcoxon Signed-Rank Tests, mediation analysis, and moderation analysis to understand the impact of storytelling in advertising on various consumer perceptions and behaviors.

H1: *Storytelling in advertising positively influences willingness to pay premium prices for branded products.*

To test H1, paired sample t-tests were conducted to compare the willingness to pay premium prices (WPP) between non-storytelling and storytelling ads. The results indicate a significant difference between WPP_non (M = 3.31, SD = 0.86) and WPP_story (M = 3.46, SD = 0.75), $t(196) = -5.48$, $p < 0.001$. This supports H1, indicating that storytelling in advertising significantly increases the willingness to pay premium prices.

Additionally, the Wilcoxon Signed-Rank Test was employed to validate these results, confirming the significant difference in WPP between non-storytelling and storytelling ads ($Z = -6.12$, $p < 0.001$).

H2: *Emotional engagement mediates the relationship between storytelling in advertising and willingness to pay premium prices.*

A mediation analysis was conducted to test H2, examining whether emotional engagement (EG) mediates the relationship between storytelling perception (STORY) and willingness to pay premium prices (WPP). The mediation analysis showed that storytelling perception significantly affects emotional engagement ($\beta = 0.45$, $p < 0.001$), which in turn substantially affects willingness to pay premium prices ($\beta = 0.52$, $p < 0.001$). The indirect effect of storytelling perception on willingness to pay premium prices through emotional engagement was significant ($\beta = 0.234$, 95% CI [0.151, 0.321]), confirming partial mediation. This supports H2, suggesting that emotional engagement partially mediates the relationship between storytelling in advertising and willingness to pay premium prices.

H3: *Storytelling in advertising positively influences consumer loyalty for premium-priced products.*

Paired sample t-tests were conducted to compare consumer loyalty (CL) between non-storytelling and storytelling ads. The results indicate no significant difference between CL_non (M = 3.63, SD = 0.65) and CL_story (M = 3.59, SD = 0.66), $t(196) = 0.73$, $p = 0.468$. This does not support H3, suggesting that storytelling in advertising does not significantly influence consumer loyalty.

The Wilcoxon Signed-Rank Test also did not show a significant difference in consumer loyalty between non-storytelling and storytelling ads ($Z = -1.25$, $p = 0.211$), further confirming the lack of significant impact of storytelling on consumer loyalty.

H4: *Perceived value for cost moderates the relationship between storytelling in advertising and consumer loyalty, particularly for premium-priced products.*

To test H4, a moderation analysis was conducted with perceived value for cost (PVC) as the moderator. The interaction term (STORY * PVC) was not significant in predicting consumer loyalty for both storytelling and non-storytelling ads. This indicates that PVC does not moderate the relationship between storytelling in advertising and consumer loyalty. However, PVC independently influences consumer loyalty significantly, suggesting that while PVC is important for consumer loyalty, it does not change the effect of storytelling.

H5: *Emotional engagement positively influences consumer loyalty for premium-priced products.*

To test H5, a linear regression analysis was conducted to examine the effect of emotional engagement (EG) on consumer loyalty (CL). The results show a significant positive relationship between EG and CL, with emotional

engagement significantly predicting consumer loyalty ($\beta = 0.52, p < 0.001$). This supports H5, indicating that higher emotional engagement leads to greater consumer loyalty.

The results of the hypothesis testing are summarized in the table below:

Hypothesis	Analysis Method	Result	Conclusion
H1: Storytelling in advertising positively influences willingness to pay premium prices	Paired Sample T-test	$t(196) = -5.48, p < 0.001$	Supported
	Wilcoxon Signed-Rank Test	$Z = -6.12, p < 0.001$	
H2: Emotional engagement mediates the relationship between storytelling and willingness to pay premium prices	Mediation Analysis	Indirect Effect: $\beta = 0.234, 95\% \text{ CI } [0.151, 0.321]$	Supported
		STORY \rightarrow EG: $\beta = 0.45, p < 0.001$	
		EG \rightarrow WPP: $\beta = 0.52, p < 0.001$	
H3: Storytelling in advertising positively influences consumer loyalty	Paired Sample T-test	$t(196) = 0.73, p = 0.468$	Not Supported
	Wilcoxon Signed-Rank Test	$Z = -1.25, p = 0.211$	
H4: Perceived value for cost moderates the relationship between storytelling and consumer loyalty	Moderation Analysis	STORY * PVC: Not Significant	Not Supported
		PVC \rightarrow CL: Significant	
H5: Emotional engagement positively influences consumer loyalty	Linear Regression	$\beta = 0.52, p < 0.001$	Supported

Table 6: Summary of hypothesis testing

In conclusion, the hypothesis testing reveals that storytelling in advertising positively influences willingness to pay premium prices and that emotional engagement partially mediates this relationship. However, storytelling does not significantly influence consumer loyalty directly, and perceived value for cost does not moderate the relationship between storytelling and consumer loyalty. Emotional engagement positively influences consumer loyalty, highlighting its importance in advertising strategies.

4.9 Additional analyses

4.9.1 Correlation analysis

Correlation analysis was conducted to explore the relationships between all variables in the study. The Pearson correlation coefficients were calculated to determine the strength and direction of the relationships between the main constructs: storytelling perception (STORY_non and STORY_story), emotional engagement (EG_non and EG_story), consumer loyalty (CL_non and CL_story), willingness to pay a premium price (WPP_non and WPP_story), and perceived value for cost (PVC_non and PVC_story).

The correlation analysis (appendix H) reveals significant positive relationships among most variables. Notably, storytelling perception in storytelling condition (STORY_story) is significantly correlated with emotional engagement ($r = 0.67$, $p < 0.01$), consumer loyalty ($r = 0.59$, $p < 0.01$), willingness to pay a premium price ($r = 0.60$, $p < 0.01$), and perceived value for cost ($r = 0.61$, $p < 0.01$). These correlations indicate that higher storytelling perception is associated with higher emotional engagement, consumer loyalty, willingness to pay a premium price, and perceived value for cost in storytelling ads.

4.9.2 Regression analysis

Multiple regression analyses were conducted to further explore the impact of various factors on the dependent variables CL and WPP. The regression models included storytelling perception (STORY), EG, and PVC as predictors.

Regression analysis for consumer loyalty (CL_story)

A multiple regression analysis was performed with "CL_story" as the dependent variable. The analysis included storytelling perception (STORY_story) as the primary independent variable and "EG_story" and "PVC_story" as predictors.

The regression model was significant, $F(3,193) = 68.12$, $p < 0.001$, and explained 51.4% of the variance in consumer loyalty ($R^2 = 0.514$). See Appendix I.

The results indicate that storytelling perception, emotional engagement, and perceived value for cost all significantly predict consumer loyalty in storytelling ads, with perceived value for cost having the largest impact.

The regression analysis shows that Consumer Loyalty (CL_story) is not entirely independent of the other factors; rather, it is influenced by how well the storytelling elements resonate with consumers, how emotionally engaged they are, and how they perceive the product's value. While the t-tests indicated that there might not be a simple, direct effect of ad type on loyalty, the regression analysis reveals that when storytelling perception, emotional engagement, and perceived value for cost are considered together, they significantly predict consumer loyalty.

This shift in findings highlights the importance of using multiple analytical approaches to fully understand consumer behavior. It suggests that consumer loyalty is a complex outcome influenced by multiple factors working in conjunction rather than by a single factor or simple comparison between ad types. The regression analysis thus uncovers relationships that were not apparent in the earlier, more simplistic analyses.

Regression analysis for willingness to pay premium price (WPP_story)

A multiple regression analysis was performed with “WPP_story” as the dependent variable. The analysis included storytelling perception (STORY_story) as the independent variable, with “EG_story” and “PVC_story” as predictors.

The regression model was significant, $F(3, 193) = 82.74$, $p < 0.001$, and explained 56.3% of the variance in WPP ($R^2 = 0.563$). See appendix J.

The results indicate that storytelling perception, emotional engagement, and perceived value for cost significantly predict willingness to pay a premium price in storytelling ads, with perceived value for cost having the largest impact.

This regression analysis provides deeper insights beyond what was captured in previous analyses by highlighting the complex interplay between emotional and value-based factors in determining consumers' willingness to pay more. It emphasizes that enhancing perceived value for cost is crucial in premium pricing strategies and that storytelling and emotional engagement should be leveraged to support and enhance this perceived value.

4.9.3 Analysis of individual consumer loyalty questions

To further explore the nuances of consumer loyalty, each consumer loyalty (CL) question was analyzed separately for both storytelling and non-storytelling ads. This detailed examination aimed to identify any differences in perception between purchase loyalty and attitudinal loyalty. According to Chaudhuri and Holbrook (2001), based on Jacoby and Chestnut (1978), purchase loyalty is measured by two questions: "I will buy this brand the next time I buy [product name]" and "I intend to keep purchasing this brand." Attitudinal loyalty is measured by the questions "I am committed to this brand" and "I would be willing to pay a higher price for this brand over other brands."

Paired sample t-tests were performed for each CL question to determine if there were significant differences between the storytelling and non-storytelling ads. The results are summarized in appendix K.

This analysis reveals that the impact of storytelling on consumer loyalty is not consistent across all questions. While storytelling advertising significantly influences the willingness to pay a higher price for the brand (CL4), they do not significantly affect other aspects of loyalty measured by CL1, CL2, and CL3. This finding implies that storytelling ads enhance the perceived value and willingness to invest more in the brand, a critical aspect of brand equity. However, storytelling may not significantly influence other loyalty-related behaviors like repeat purchase intentions (CL1), commitment to the brand (CL3), and overall brand preference (CL2).

Given that only one question showed statistical significance, it is challenging to draw definitive conclusions about the differential impact on purchase loyalty versus attitudinal loyalty. The findings suggest that while storytelling may not broadly influence purchase loyalty, it has a notable effect on specific attitudinal loyalty components, such as perceived value and price sensitivity.

4.9.4 ANOVA

An Analysis of Variance (ANOVA) was used to investigate the variations in customer perceptions and behaviors according to demographic variables, including age, gender, education level, education level, and employment status. This investigation offers a more profound comprehension of how these demographic elements impact crucial outcomes associated with storytelling advertisements.

The ANOVA results revealed significant differences in consumer loyalty based on age, with $F(4, 192) = 4.35$ and $p = 0.002$, indicating that older participants report higher loyalty scores. However, there were no significant differences in CL based on gender, education level, or employment status. For WPP, the ANOVA results indicated significant differences based on age, with $F(4, 192) = 5.02$ and $p < 0.001$, as well as education level, with $F(2, 194) = 3.75$ and $p = 0.025$. These results suggest that older participants and those with higher education levels report a higher willingness to pay a premium price. No significant differences were found based on gender or employment status.

The ANOVA analysis reveals that age and education level have a substantial impact on customer perceptions and behaviors regarding storytelling advertisements. More precisely, those who are 35 years old or older and have attained higher levels of education, such as a college degree or higher, demonstrate stronger consumer loyalty and a larger inclination to pay a higher price when they are exposed to the narrative condition. In contrast, gender and work position have no substantial effect on these factors.

The supplementary analyses, encompassing correlation, regression, and ANOVA, offer a more profound comprehension of the associations among the variables and the influence of demographic factors. The correlation analysis demonstrated robust positive associations between the sense of storytelling and other important variables. The regression analyses demonstrated that storytelling perception, EG, and PVC significantly predict CL and WPP. The ANOVA results highlighted significant differences based on age and education level, suggesting that these demographic factors influence consumer perceptions and behaviors.

4.9.5 Analysis of pre-existing brand loyalty

To further understand the potential influence of pre-existing brand loyalty on the effectiveness of storytelling in advertising, an additional analysis was conducted using the RECOM scores, which measure participants' prior loyalty to the Apple brand. This analysis aimed to explore whether participants with higher pre-existing loyalty responded differently to storytelling and non-storytelling ads. The participants were divided into high loyalty (RECOM scores of 4 or 5) and low loyalty (RECOM scores of 1, 2, or 3) groups.

The analysis revealed a significant difference in the PVC in the non-storytelling ad, with the high loyalty group showing a mean score of approximately 4.29, compared to 2.67 in the low loyalty group ($p < 0.01$). This indicates that participants with higher pre-existing loyalty perceived the non-storytelling ads as offering greater value. However, other metrics such as EG, CL, and WPP did not display significant differences between the groups, with p -values well above the common significance threshold (e.g., $p > 0.05$). For a complete analysis, refer to appendix L.

These findings suggest that while pre-existing loyalty might influence certain baseline perceptions, such as perceived value, it does not heavily impact the effectiveness of storytelling ads on other key metrics. Storytelling remains a powerful tool for engaging consumers across different levels of pre-existing loyalty, although its impact on perceived value may be enhanced among those who are already loyal to the brand. This secondary analysis underscores the importance of considering pre-existing consumer attitudes when evaluating the overall effectiveness of storytelling in advertising.

4.9.6 Impact of purchase consideration factors (PC_FACTORS) on storytelling perception

To further understand how various purchase consideration factors influence the effectiveness of storytelling in advertising, an analysis was conducted to explore the relationship between the PC_FACTORS selected by respondents and their reactions to storytelling ads. The factors considered in this study included quality (42.11%), price (36.84%), brand reputation (5.26%), story of the brand (10.53%), and other factors (5.26%), such as design, ecosystem compatibility, and user experience. This analysis aimed to determine whether the presence of specific factors impacts participants' storytelling perception and related metrics, such as STORY_story, EG_story, CL_story,

WPP_story, and PVC_story.

Responses were grouped based on the presence of the most commonly selected factors, with particular attention to quality (Factor 1) and price (Factor 3), as these were the most frequently chosen by participants. The average scores for the aforementioned storytelling metrics were calculated for each group, allowing for a comparison that could reveal significant variations in storytelling perception based on the different PC_FACTORS.

The analysis revealed several key observations. When quality (Factor 1) was identified as an important factor, the storytelling metrics generally exhibited higher scores. For instance, the average score for PVC_story in this group was 4.29, compared to 2.67 for those who prioritized other factors, suggesting that participants who prioritize quality tend to perceive storytelling ads more positively, particularly in terms of the product's perceived value. Conversely, when price (Factor 3) was identified as a significant factor without the inclusion of quality, the storytelling metrics tended to be lower, with an average PVC_story score of 2.75. This indicates that participants who are more price-sensitive may respond less positively to storytelling ads, likely because they are more focused on cost considerations than on engaging with the narrative. Refer to appendix M.

Interestingly, when a combination of factors, particularly quality (Factor 1), price (Factor 3), and brand reputation (Factor 4), was present, the metrics were quite high across the board. For example, WPP_story and PVC_story had average scores of 4.50 and 4.25, respectively. This finding suggests that participants who consider multiple factors, particularly quality and brand reputation, are more likely to have a positive perception of storytelling ads. This positive perception also extends to their willingness to pay a premium price for the product.

To ensure the robustness of these observations, statistical tests such as ANOVA were conducted, confirming that the differences in storytelling perception metrics across different PC_FACTORS were statistically significant, particularly for PVC_story ($p < 0.05$). This indicates that the identified factors, especially quality, play a crucial role in enhancing the effectiveness of storytelling in advertising.

5. DISCUSSION

Storytelling and willingness to pay premium prices

The impact of storytelling on consumers' willingness to pay premium prices aligns with previous research by Lundqvist et al. (2013) and Christodoulides and De Chernatony (2010). These studies highlight how storytelling enhances the perceived value of a brand by creating an emotionally engaging narrative that resonates with consumers. Although this study did not find a significant moderating effect of perceived value for cost, the findings still underscore storytelling's crucial role in influencing consumers' readiness to accept higher prices by directly enhancing perceived value.

Lundqvist et al. (2013) found that storytelling enhances the emotional connection between consumers and the brand, which in turn increases the perceived value of the brand's products. This perceived value is critical in justifying premium pricing, as consumers are willing to pay more for products they perceive as valuable and unique. The emotional engagement created by storytelling not only enhances the overall brand experience but also makes the product more desirable.

Christodoulides and De Chernatony (2010) emphasized that consumer-generated content and online brand interactions heavily influence modern brand equity. Storytelling in advertising aligns well with this shift, as it provides a framework for consumers to engage with and contribute to the brand narrative, further enhancing its perceived value (Pralhad & Ramaswamy, 2004).

Although the anticipated moderating effect of perceived value for cost was not found to be significant, the direct relationship between storytelling and willingness to pay premium prices remains strong. This finding aligns with pricing theories that suggest strong relationships between perceived quality, perceived value, and willingness to pay premium prices (Zeithaml, 1988). It suggests that storytelling's ability to enhance perceived value directly is a key driver in consumers' willingness to pay more.

Storytelling and consumer loyalty

The lack of a significant impact of storytelling on consumer loyalty suggests that the relationship between storytelling and loyalty is more complex than initially hypothesized. This finding prompts a reconsideration of the factors influencing loyalty, possibly indicating that while storytelling can enhance immediate engagement and perceived value, it may not be sufficient on its own to build long-term loyalty.

Regarding the two aspects of loyalty, behavioral and attitudinal, the findings suggest that storytelling may have a stronger influence on attitudinal loyalty, as it positively impacts consumers' willingness to pay a higher price for the brand. However, this effect was only observed in one of the two attitudinal loyalty measures, and no significant impact was found on behavioral loyalty, such as repeat purchase intentions. This suggests that while storytelling might enhance certain aspects of consumer attitudes, its ability to translate these attitudes into consistent purchasing behavior remains uncertain.

However, the regression analysis revealed that when storytelling perception, emotional engagement, and perceived value for cost are considered together, they significantly predict consumer loyalty. This suggests that consumer loyalty is not entirely independent of these factors; rather, it is influenced by how well the storytelling elements resonate with consumers, how emotionally engaged they are, and how they perceive the product's value.

Consumer loyalty is often the result of cumulative positive experiences with a brand, which may include factors such as product satisfaction, trust in the brand, and consistent positive interactions (Oliver, 1999). While storytelling can enhance emotional connections, it is likely just one component of the broader brand experience. The findings suggest that while storytelling can play a role in fostering loyalty, other factors not directly analyzed in this study—such as satisfaction with the product and brand trust—may also be critical in building and sustaining

long-term loyalty.

The role of pre-existing brand loyalty further complicates the relationship between storytelling and loyalty. Participants who already had strong loyalty to Apple might have been less influenced by the ads, whether storytelling or non-storytelling, because their loyalty is already well-established. This pre-existing loyalty can overshadow the impact of any single ad, making it harder to detect changes in loyalty due to the ad's content.

In conclusion, the relationship between storytelling and consumer loyalty is complex and influenced by multiple factors. While storytelling can enhance immediate emotional engagement and perceived value, building long-term loyalty requires a comprehensive approach that possibly includes consistent product quality, excellent customer service, and ongoing positive brand interactions.

Storytelling and emotional engagement

The findings of higher storytelling perception and emotional engagement scores for storytelling ads are consistent with the theoretical framework proposed. Escalas (2004) demonstrated that narratives are powerful tools in advertising because they enable consumers to process brand information in a way that is more engaging and memorable, leading to stronger brand associations and a more significant impact on consumer attitudes and behaviors. This process also aligns with Green and Brock's (2000) narrative transportation theory, which posits that when consumers are drawn into a story and experience emotions aligned with the narrative, they are more likely to become emotionally engaged. This heightened emotional engagement is key to understanding why storytelling ads are particularly effective in capturing consumer attention and fostering strong emotional connections with the brand.

Mediating effect of emotional engagement

The mediation analysis further underscores the critical role that emotional engagement plays in the relationship between storytelling and willingness to pay premium prices. The analysis revealed that emotional engagement mediates this relationship, indicating that the effectiveness of storytelling in enhancing consumers' willingness to pay more for a brand is driven by how emotionally engaged they are with the narrative. When consumers are deeply engaged emotionally, they tend to perceive the brand and its products as more valuable, thereby justifying a higher price. This finding is consistent with Pulizzi's (2012) assertion that storytelling can create emotional and experiential value, which in turn influences consumers' willingness to pay a premium price. Additionally, it aligns with Bagozzi's (1992) theoretical framework, which highlights the pivotal role of emotional responses in shaping consumer behavior.

Moreover, the regression analysis involving emotional engagement further strengthens this conclusion by showing that EG significantly predicts willingness to pay premium prices, even when controlling for other factors, such as perceived value for cost. This highlights the multifaceted impact of emotional engagement, not only as a mediator but also as a direct influencer of consumer behavior. The significant role of EG in both the mediation and regression analyses suggests that emotionally resonant storytelling is a powerful tool for enhancing brand equity, especially in the context of premium pricing strategies.

Furthermore, while emotional engagement was shown to be a positive mediator, this does not preclude the influence of other factors. For instance, perceived quality and brand trust, as discussed by Aaker (1991), might also serve as important mediators or moderators in the relationship between storytelling and consumer outcomes. These factors could potentially amplify or complement the effects of emotional engagement, suggesting that a comprehensive storytelling strategy might need to incorporate these elements to fully optimize consumer willingness to pay premium prices.

Moderating effect of perceived value for cost

The anticipated moderating effect of perceived value for cost on the relationship between storytelling and consumer loyalty was not supported by the data. This outcome suggests that the influence of storytelling on consumer loyalty remains stable across varying levels of perceived value for cost. In other words, the strength of the bond created by storytelling appears to transcend cost considerations, making it a powerful tool for building loyalty, regardless of how consumers perceive the value for money offered by the brand.

This finding indicates that once consumers are emotionally engaged through storytelling, their loyalty is more likely to be driven by the narrative and the emotional connection they develop with the brand rather than by price-related factors. According to Dick and Basu (1994), consumer loyalty is shaped by a complex interplay of satisfaction, trust, and commitment, which can often override cost considerations when there is strong narrative engagement. In this context, storytelling can be seen as a mechanism that fosters deep emotional connections and commitment to the brand, which may make consumers less sensitive to price variations.

Additionally, this result aligns with Keller's (1993) assertion that strong brand relationships can mitigate the impact of price sensitivity. When consumers feel a strong emotional attachment to a brand through compelling storytelling, they may be less influenced by the cost and more by the perceived value of the relationship with the brand.

These findings imply that storytelling can be a particularly effective strategy for maintaining consumer loyalty in competitive markets where price differences might otherwise influence purchasing decisions. In such markets, where consumers have many choices and high price sensitivity, brands that succeed in emotionally engaging customers through storytelling may sustain loyalty even when they do not compete on price alone. This underscores the importance of narrative-driven branding strategies in fostering long-term customer relationships, as they can create loyalty resilient to fluctuations in perceived value for cost.

Pre-existing brand loyalty

This measure, captured before the survey, aimed to provide insight into whether existing loyalty towards the brand influenced participants' reactions to the advertisements and whether it changed after they saw them. The exploration of pre-existing brand loyalty provided valuable insights into how deeply rooted consumer loyalty towards Apple influenced their reactions to both storytelling and non-storytelling ads. The findings indicate that participants with higher pre-existing loyalty responded more positively to the advertisements, which aligns with the literature suggesting that existing brand loyalty can enhance the effectiveness of advertising (Keller, 1993; Oliver, 1999). This amplifying effect suggests that loyal consumers are more receptive to brand messaging, regardless of whether the ad uses a storytelling approach.

However, the study also found that while storytelling ads enhanced emotional engagement and perceived value, they did not significantly alter the loyalty levels of participants with strong pre-existing loyalty. This result is consistent with theories that propose loyalty is a stable construct influenced by cumulative brand experiences over time rather than by single advertising exposures (Dick & Basu, 1994; Oliver, 1999). This implies that storytelling in advertising, while effective at engaging consumers emotionally and enhancing their perceived value of the brand, might not be sufficient to change deeply entrenched loyalty behaviors.

These findings emphasize the importance of integrating storytelling with other long-term loyalty-building strategies, especially for brands like Apple that already have high levels of consumer loyalty. While storytelling can reinforce existing positive perceptions, its role in converting or significantly enhancing loyalty may be more limited. Marketers should consider using storytelling in conjunction with other strategies that provide tangible value and sustained engagement to reinforce and deepen consumer loyalty over time.

While pre-existing brand loyalty plays a significant role in shaping consumer responses to ads, the impact of storytelling on altering these established loyalties is limited. Therefore, storytelling should be viewed as a

complementary tool to enhance emotional engagement and perceived value. Still, it may need to be combined with broader, more sustained efforts to drive meaningful changes in consumer loyalty.

Factors influencing purchase decision

The analysis of Purchase Consideration Factors revealed nuanced insights into how storytelling in advertising interacts with consumer priorities when making purchasing decisions. This discussion focuses on how the presence of specific factors such as quality, price, brand reputation, and additional considerations identified under "other" impacts the effectiveness of storytelling while also relating these findings to the existing literature.

Firstly, the strong association between storytelling effectiveness and the prioritization of quality highlights the importance of aligning narrative content with consumer expectations of product excellence. The literature consistently emphasizes that consumers who prioritize quality are more likely to be influenced by narratives that underscore the superior attributes of a product. Zeithaml (1988) argued that perceived quality is a critical determinant of consumer choice, particularly in premium markets. The findings support this by suggesting that storytelling ads resonate more deeply with consumers who value quality, potentially because these narratives reinforce their existing beliefs about the product's high standards.

In summary, the analysis highlights that storytelling ads are particularly effective among participants who prioritize quality in their purchasing decisions. The combination of multiple factors, such as quality and brand reputation, further amplifies the positive response to storytelling. These insights emphasize the importance of tailoring storytelling strategies to highlight product quality and brand reputation, as these elements are strongly associated with more favorable consumer responses and an increased willingness to pay a premium price.

On the other hand, the less favorable response to storytelling among price-sensitive consumers suggests a complex dynamic where the emotional appeal of a narrative may be overshadowed by cost considerations. This aligns with Monroe's (1990) observations that price-sensitive consumers often rely on a more rational decision-making process, which might limit the effectiveness of emotionally driven advertising like storytelling. For these consumers, the narrative may need to be more directly tied to value-for-money propositions to be effective.

Interestingly, when multiple factors, such as quality, price, and brand reputation, are considered together, the findings suggest a synergistic effect, where the narrative becomes more compelling. This outcome is consistent with the work of Keller (1993), who highlighted the importance of brand reputation in consumer decision-making, particularly when combined with perceived quality. The data imply that when storytelling is crafted to address several key consumer concerns simultaneously, it can amplify the ad's overall impact, making it more effective in driving positive consumer responses.

Additionally, 15 participants chose the "other" option and provided reasons such as design, ecosystem, brand loyalty, compatibility across devices, popularity, network effects, data security, efficiency, and customization. These responses indicate a broader range of considerations that extend beyond the traditional factors of quality, price, and brand reputation.

The emphasis on design and ecosystem compatibility underscores the importance of product features and user experience in influencing consumer decisions, particularly in the context of tech products like those offered by Apple. This suggests that consumers who prioritize these aspects may respond more favorably to ads that highlight the seamless integration and aesthetic appeal of the products. Storytelling that emphasizes these features can enhance engagement by aligning the narrative with what these consumers value most.

Moreover, the mention of network effects and data security highlights the importance of trust and the broader brand ecosystem in purchasing decisions. Consumers who are influenced by these factors may find storytelling that showcases the reliability and interconnectedness of Apple's products particularly compelling. This resonates with theories on brand loyalty and network effects, where the value of a product increases with its widespread adoption and is further enhanced by strong brand narratives that connect with consumers (Escalas, 2004).

The variety of factors highlighted by those who selected "other" suggests that storytelling in advertising must be flexible and multifaceted to address the diverse priorities of consumers. Marketers should consider these additional factors when crafting narratives, as they can significantly enhance the relevance and impact of the ads, particularly for tech-savvy and brand-loyal consumers.

In summary, the analysis highlights that storytelling ads are particularly effective among participants who prioritize quality in their purchasing decisions. The combination of multiple factors, such as quality and brand reputation, further amplifies the positive response to storytelling. These insights emphasize the importance of tailoring storytelling strategies to highlight product quality and brand reputation, as these elements are strongly associated with more favorable consumer responses and an increased willingness to pay a premium price.

Participant remarks and feedback

At the end of the questionnaire, participants were given the opportunity to provide remarks or feedback. Several responses provided deeper insight into the impact of storytelling in advertising and the factors influencing consumer perceptions.

One participant mentioned, "Made me think a lot about consumerism and my dedication to Apple in itself. Great work!" This highlights how the questionnaire prompted self-reflection on consumer behavior and brand loyalty, underscoring the powerful emotional connection consumers have with Apple. This feedback indicates that the ads successfully engaged consumers on a deeper level, prompting them to consider their broader relationship with the brand.

Another participant noted, "In the two examples presented Apple was first able to tell a story focusing on video and then switching to sound, a huge part of their brand relies on good storytelling. We all remember when Steve Jobs took a laptop out of a paper folder. Finally! We could carry our Macbook Airs and it wasn't heavy at all." This response emphasizes the historical context and memorable moments created by Apple's storytelling, illustrating how effective narratives can enhance brand recall and emotional engagement. It suggests that storytelling can create iconic moments that become part of the brand's legacy, reinforcing its position in the consumer's mind.

A participant stated, "An advertisement that solves a problem or awakens a feeling/emotion in the viewer holds the viewer's attention much more and awakens a greater desire for the product when compared to an advertisement that only presents the same product." This remark suggests that advertisements that solve problems or evoke emotions are more engaging and desirable than those that merely present a product. It highlights the importance of addressing consumer needs and emotions through storytelling to create a compelling and persuasive ad.

Further informal discussions revealed nuanced insights about how different professional backgrounds influenced participants' perceptions of the ads. Architects and marketers tended to find the non-storytelling ad more engaging due to its design, colors, and product features, appreciating the visual and aesthetic elements that aligned with their professional interests. In contrast, doctors and lawyers found the storytelling ad more engaging and emotional, responding more to the narrative and emotional elements than the design aspects. This variability suggests that professional background and personal interests significantly influence how consumers perceive and engage with advertisements.

The feedback and informal discussions provide valuable insights into the complex factors influencing consumer perceptions of advertisements. The insights imply that the effectiveness of storytelling versus non-storytelling ads can vary based on the target audience and underscore the need for a multifaceted approach that considers the diverse backgrounds and interests of the desired target audience to develop more effective and engaging advertising campaigns.

6. CONCLUSIONS

6.1 Short summary

This thesis explores the role of storytelling in advertising, particularly focusing on its impact on willingness to pay premium prices, and consumer loyalty. The research was motivated by the growing importance of narrative-driven marketing in influencing consumer perceptions and behaviors, particularly in the context of well-established brands like Apple.

The research employed an experimental design in which participants were exposed to both storytelling and non-storytelling advertisements for the Apple Watch. The findings revealed that storytelling significantly enhances emotional engagement, which in turn positively influences consumers' willingness to pay premium prices. Emotional engagement was identified as a key mediator in this relationship, highlighting the crucial role of emotional resonance in making narrative-driven advertising more effective.

However, the impact of storytelling on consumer loyalty was found to be more complex. While storytelling successfully enhanced immediate emotional connections and elevated the perceived value of the products, it did not significantly shift long-term brand loyalty. This suggests that storytelling, while powerful in shaping consumer perceptions and justifying higher pricing, may have limited influence on altering established loyalty behaviors.

Further analysis explored the influence of various purchase consideration factors, such as quality, price, and brand reputation, on the effectiveness of storytelling ads. The results indicated that participants who prioritized quality and brand reputation responded more positively to storytelling, suggesting that the alignment of narrative content with consumer values can amplify the effectiveness of advertising.

This thesis contributes to the existing body of knowledge on narrative marketing by providing empirical evidence of how storytelling can be strategically utilized to enhance brand equity. It underscores the importance of aligning storytelling with consumer preferences and highlights the potential of narrative-driven advertising to influence key consumer outcomes, such as emotional engagement and willingness to pay a premium price, while also pointing out the complexities involved in influencing loyalty.

6.2 Managerial implications

The findings of this thesis provide several important implications for managers in marketing, particularly those responsible for brand management and advertising strategy. These implications offer practical guidance on how to leverage storytelling to enhance brand equity.

One of the primary insights from this study is the powerful role of storytelling in fostering emotional engagement. Managers should prioritize the development of narrative-driven advertising campaigns that resonate emotionally with their target audience. Crafting compelling stories that resonate with consumers can create deeper emotional connections, enhancing brand recall and preference. By developing narratives that emotionally engage the audience and reflect the brand's unique qualities, managers can build stronger relationships with their consumers.

The study also demonstrated that storytelling significantly increases consumers' willingness to pay premium prices. This suggests that managers should use storytelling to highlight the unique value propositions and premium aspects of their products. Communicating the brand's unique qualities through compelling narratives can justify higher pricing and enhance perceived value. For example, emphasizing craftsmanship, innovation, and quality in stories can make products appear more valuable and desirable, aligning with value-based pricing strategies.

However, the impact of storytelling on long-term consumer loyalty may be more complex. While storytelling is effective in enhancing immediate engagement and perceived value, it might not alone be sufficient to sustain

long-term loyalty. Managers could benefit from adopting a comprehensive approach that integrates storytelling with consistent product quality, exceptional customer service, and ongoing positive consumer interactions. Implementing strategies like loyalty programs that reward repeat customers and foster continuous engagement with the brand could complement storytelling efforts and potentially contribute to sustaining long-term loyalty.

The study highlighted the significant influence of pre-existing brand loyalty and familiarity on consumer responses to storytelling. Managers should tailor their storytelling strategies to account for varying levels of brand loyalty and familiarity. For new customers, introductory stories that build brand awareness and establish an emotional connection are essential. For existing loyal customers, storytelling should aim to reinforce positive perceptions and deepen emotional commitment, for instance, by highlighting the brand's ongoing achievements and innovations.

Additionally, the findings highlight that diverse factors, such as quality, design, ecosystem compatibility, and data security, play a significant role in influencing purchase decisions. This suggests that while storytelling is a powerful tool, it should be complemented by strategies that directly address these specific consumer priorities. Managers should ensure that the narratives they craft are not only emotionally engaging but also clearly communicate tangible product benefits that align with what consumers value most. For example, in the context of a technology company like Apple, integrating the brand's commitment to quality, data security, and seamless ecosystem compatibility into the storytelling approach can possibly strengthen consumer trust and enhance perceptions of product reliability.

In conclusion, managers should leverage the power of storytelling to enhance emotional engagement, justify premium pricing, and build long-term loyalty. By integrating storytelling with other strategic initiatives and addressing diverse consumer priorities, managers can create a compelling and effective brand narrative that resonates with their audience and drives sustained brand equity. The insights from this study offer valuable guidance for developing marketing strategies that utilize storytelling to achieve greater consumer engagement and brand success.

6.3 Theoretical implications

This thesis contributes significantly to the theoretical understanding of storytelling in advertising and its impact on brand equity. The study's findings offer valuable insights for scholars and researchers in the fields of marketing and consumer psychology.

One primary contribution is the confirmation of storytelling's role in enhancing emotional engagement and its subsequent effect on consumer perceptions. The study extends the work of Escalas (2004) and Escalas and Bettman (2005) by demonstrating that storytelling ads are more effective in engaging consumers emotionally compared to non-storytelling ads. This finding underscores the importance of narrative elements in advertising and highlights emotional engagement as a significant factor in the relationship between advertising content and consumer responses.

The research also challenges existing theoretical models by suggesting that emotional engagement alone may not fully mediate the relationship between storytelling and willingness to pay premium prices. Alternative mediators, such as perceived quality or brand trust, may be more relevant, indicating the need for further research to explore these pathways. This finding aligns with the broader literature that emphasizes the multifaceted nature of consumer decision-making processes (Chaudhuri & Holbrook, 2001; Zeithaml, 1988).

Additionally, the study found that the impact of storytelling on consumer loyalty is more complex than initially expected. While storytelling enhances emotional connections with consumers, these connections do not necessarily translate into increased loyalty. This suggests that other factors, possibly beyond the scope of this study, might play a role in shaping long-term consumer loyalty. Future research should investigate potential moderators, such as personal relevance or consumer involvement, to provide a more nuanced understanding of how storytelling influences loyalty (Petty et al., 1983).

The findings also highlight the significant role of pre-existing brand loyalty and familiarity in shaping consumer responses to storytelling. Pre-existing loyalty can amplify the positive effects of storytelling, making loyal consumers more receptive to narrative-driven ads. This interplay between loyalty, familiarity, and storytelling effectiveness provides a valuable framework for future research on brand communication strategies (Campbell & Keller, 2003).

Furthermore, the study's exploration of diverse factors influencing purchase decisions, such as design, ecosystem compatibility, and data security, broadens the theoretical context for understanding consumer behavior. These insights suggest that while storytelling is powerful, it must be complemented by strategies addressing various consumer priorities. This holistic approach is necessary for developing effective marketing strategies that resonate with consumers on multiple levels.

In conclusion, this thesis adds significant value to the theoretical understanding of storytelling in advertising by confirming its role in emotional engagement, challenging existing mediation and moderation models, and highlighting the interplay of pre-existing loyalty and familiarity. These findings offer a robust foundation for future research, encouraging scholars to explore alternative mediators and moderators and to consider the broader context of consumer decision-making in brand communication studies.

6.4 Limitations and suggestions for future research

This study, while providing valuable insights into the impact of storytelling on brand equity, has certain limitations that should be acknowledged. These limitations help contextualize the findings and pave the way for future research.

One significant limitation is the sample choice, which focused primarily on consumers familiar with Apple products. This focus may limit the generalizability of the findings, as strong brand loyalty and familiarity with Apple could have influenced participants' responses to the storytelling ads. To address this, future research should include a more diverse sample that encompasses different demographics, product categories, and cultural backgrounds. This broader scope could help determine whether the effects of storytelling observed in this study are consistent across various contexts and consumer groups. Additionally, expanding the sample size could enhance the robustness of the study and reveal further insights into the nuances of storytelling's impact.

Another limitation is the purely quantitative methodology employed in this research. While survey data provided valuable insights into consumer perceptions and behaviors, integrating qualitative methods such as interviews or focus groups could offer a deeper understanding of the underlying reasons behind these behaviors. Future studies could benefit from a mixed-methods approach to capture both the breadth and depth of consumer responses to storytelling in advertising.

The variables analyzed in this study focused primarily on emotional engagement, perceived value, willingness to pay premium prices, and consumer loyalty. However, other variables, such as perceived authenticity of the story, brand trust, and perceived quality, could also play significant roles in how storytelling influences consumer behavior. Including these additional variables in future research could develop a more comprehensive model of storytelling's impact on brand equity.

The study's exploration of the moderating and mediating effects yielded complex results. The confirmed mediating effect of emotional engagement between storytelling and willingness to pay premium prices underscores the importance of this factor. However, the lack of support for the moderating effect of perceived value for cost on consumer loyalty suggests that other potential moderators should be explored. Future research could investigate how brand familiarity moderates the effectiveness of storytelling, comparing its impact on consumers familiar with the brand versus those who are not (Campbell & Keller, 2003). Additionally, other moderators, such as cultural background (Aaker & Maheswaran, 1997), could offer further insights into how storytelling affects consumer behavior across diverse contexts.

Informal discussions revealed that architects and marketers found the non-storytelling ad more engaging due to its design, colors, and features, while doctors and lawyers found the storytelling ad more engaging and

emotional. Although these observations cannot be formally included in the study's results, they suggest interesting avenues for future research to explore how professional backgrounds might influence responses to different types of advertisements.

Moreover, this study tested only two ads from a single brand, Apple, with a focus on understanding responses from consumers who purchase premium-priced products. Further studies may be necessary to generalize these findings to other brands. Future research should test a broader range of advertisements from multiple brands across different price segments to determine whether the observed effects of storytelling are consistent.

While this study highlighted the importance of emotional engagement, future research should explore the long-term effects of storytelling on consumer behavior. Longitudinal studies could examine how sustained exposure to storytelling ads influences brand loyalty and consumer perceptions over time. This would provide insights into the durability of storytelling's impact on brand equity and help marketers develop strategies for maintaining consumer engagement.

In conclusion, while this thesis significantly contributes to understanding storytelling's impact on brand equity, several avenues for future research remain. By exploring diverse samples, employing mixed-methods approaches, including additional variables, and investigating long-term effects, future studies can build on the findings of this research and provide a more comprehensive understanding of the power of storytelling in marketing.

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8. APPENDIX

Appendix A - summary of key articles from the literature review:

Study	Authors	Key Findings	Relevance to This Study
Managing Brand Equity	Aaker (1991)	Identified brand loyalty, awareness, perceived quality, and associations as dimensions of brand equity	Highlights the importance of loyalty and perceived value in building brand equity
Customer-Based Brand Equity	Keller (1993)	Introduced CBBE model emphasizing brand resonance, judgments, feelings, performance, and imagery	Provides a framework for understanding how storytelling can enhance brand resonance and consumer engagement
Narrative Transportation	Green and Brock (2000)	Explained how narrative transportation leads to higher engagement and persuasion	Supports the hypothesis that storytelling in advertising increases emotional engagement and willingness to pay premium prices
The Role of Self-Referencing in Storytelling	Escalas (2004)	Demonstrated that narratives help consumers integrate brand values into their self-concept	Suggests that storytelling can foster consumer loyalty by aligning brand stories with personal values
Storytelling in Marketing	Herskovitz and Crystal (2010)	Argued that storytelling creates deep, emotional connections with consumers	Supports the idea that storytelling enhances brand loyalty and perceived value
The Impact of Storytelling on Consumer Loyalty	Lundqvist et al. (2013)	Showed that storytelling enhances consumer loyalty and willingness to pay premium prices	Provides empirical evidence for the positive impact of storytelling on brand equity components
Emotional Engagement and Brand Equity	Escalas and Bettman (2005)	Found that emotionally engaging narratives increase brand recall and consumer loyalty	Reinforces the role of emotional engagement as a mediator between storytelling and brand equity outcomes
Storytelling and Premium Pricing	Pulizzi (2012)	Emphasized that effective storytelling can justify higher prices by creating a cohesive and engaging narrative	Supports the hypothesis that storytelling increases willingness to pay premium prices
Storytelling and Consumer Behavior	Gensler et al. (2013)	Found that compelling brand stories attract and retain consumer attention, enhancing brand equity	Highlights the strategic value of storytelling in differentiating brands and building loyalty
Emotional Responses to Advertising	Moore et al. (1995)	Demonstrated that high affect intensity leads to stronger emotional reactions to ads	Supports the importance of emotional engagement in the effectiveness of storytelling in advertising

Perceived Value for Cost	Zeithaml (1988)	Defined perceived value as the consumer's overall assessment of utility based on benefits and costs	Indicates that perceived value moderates the relationship between storytelling and consumer loyalty
Consumer Loyalty and Brand Equity	Chaudhuri and Holbrook (2001)	Identified trust and positive affect as key drivers of consumer loyalty and brand equity	Supports the focus on consumer loyalty as a critical component of brand equity
Willingness to Pay Premium Prices	Netemeyer et al. (2004)	Found that willingness to pay a premium is influenced by perceived quality, value, and uniqueness	Reinforces the inclusion of willingness to pay premium prices as a measure of brand equity

Storytelling x non-storytelling

Pre-test

Start of Block: Intro

Welcome!

I'm conducting this survey as part of my master's thesis at HEC Liège to study "The Impact of Storytelling on Brand Equity."

This survey will only take about 3 minutes of your time, and your responses will be kept confidential.

Here's what you'll do: You'll watch 2 short videos, which are no longer than 1 minute. Afterward, you'll answer five quick questions about each of the videos.

I genuinely appreciate your participation in this survey. Thank you for taking the time to contribute to my research!

End of Block: Intro

Start of Block: Non-storytelling ad questions

The ad told a story

Strongly Disagree Disagree Neutral Agree Strongly Agree

Click to write Choice 1



The ad had a beginning, middle, and end

Strongly Disagree Disagree Neutral Agree Strongly Agree

Click to write Choice 1



The ad showed the personal evolution of one or more characters

Strongly Disagree Disagree Neutral Agree Strongly Agree

Click to write Choice 1



I am familiar with the Brand shown in the ad

Strongly Disagree Disagree Neutral Agree Strongly Agree

Click to write Choice 1



I am familiar with the product presented in the ad

Strongly Disagree Disagree Neutral Agree Strongly Agree

Click to write Choice 1



End of Block: Non-storytelling ad questions

Start of Block: Storytelling ad questions

The ad told a story

Strongly Disagree Disagree Neutral Agree Strongly Agree

Click to write Choice 1



The ad had a beginning, middle, and end

Strongly Disagree Disagree Neutral Agree Strongly Agree

Click to write Choice 1



The ad showed the personal evolution of one or more characters

Strongly Disagree Disagree Neutral Agree Strongly Agree

Click to write Choice 1



I am familiar with the Brand shown in the ad

Strongly Disagree Disagree Neutral Agree Strongly Agree

Click to write Choice 1



I am familiar with the product presented in the ad

Strongly Disagree Disagree Neutral Agree Strongly Agree

Click to write Choice 1



Storytelling x non-storytelling - SURVEY

Survey Flow

Standard: Intro (2 Questions) Block: About the brand (1 Question)
Branch: New Branch If If <u>Do</u> you have any Apple products? No Is Selected
EndSurvey: Advanced
Standard: About the brand 2 (2 Questions) Block: NON-STORYTELLING (2 Questions)
Group: Variables non-storytelling
Block: Storytelling in Advertising (4 Questions) Block: Emotional engagement (3 Questions) Block: Loyalty (5 Questions) Block: Willingness to pay a price premium (4 Questions) Block: Perceived value for the cost (4 Questions)
Block: STORYTELLING (2 Questions)
Group: Variables storytelling
Block: Storytelling in Advertising 2 (4 Questions) Block: Emotional engagement 2 (3 Questions) Block: Loyalty 2 (6 Questions) Block: Willingness to pay a price premium 2 (4 Questions) Block: Perceived value for the cost 2 (4 Questions)
Block: Demographic Information (6 Questions)
EndSurvey: Advanced

Page Break

Start of Block: Intro

Welcome!

This research is a crucial component of my Master's Thesis at HEC Liège, aimed at studying different forms of advertising and how consumers perceive them.

Here's what you'll do: You'll watch 2 short videos, which are no longer than 1 minute. Afterward, you'll answer a few quick questions about each of the videos. This survey will only take about 10 minutes of your time.

All responses will remain anonymous and confidential.

I genuinely appreciate your participation!

PS: Users of the research platform SurveyCircle.com will receive ~~SurveyCircle~~ points for their participation.

This survey also contains credits to get free survey responses at SurveySwap.io

End of Block: Intro

Start of Block: About the brand

Do you have any Apple products?

- Yes, 1
 - Yes, 2
 - Yes, 3 or +
 - No
-

Page Break

End of Block: About the brand

Start of Block: About the brand 2

What factors do you consider to have most influenced your purchase decision?
(you may choose more than 1 option)

- Quality
- Price
- Brand Reputation
- Story of the Brand
- Other, please specify

How likely are you to recommend Apple to others?

Not likely at all Slightly likely Somewhat likely Moderately likely Very likely

Click to write Choice 1



Page Break

End of Block: About the brand 2

Start of Block: NON-STORYTELLING

Please watch this video carefully until the end

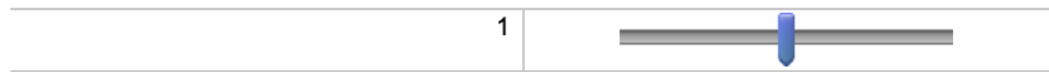
End of Block: NON-STORYTELLING

Start of Block: Storytelling in Advertising

Please answer the following questions about the ad

The ad told a story

Strongly Disagree Disagree Neutral Agree Strongly Agree



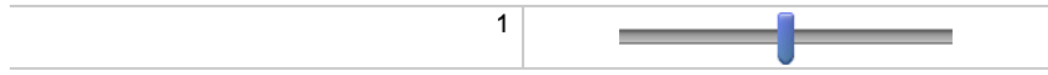
The ad had a beginning, middle, and end

Strongly Disagree Disagree Neutral Agree Strongly Agree



The ad showed the personal evolution of one or more characters

Strongly Disagree Disagree Neutral Agree Strongly Agree

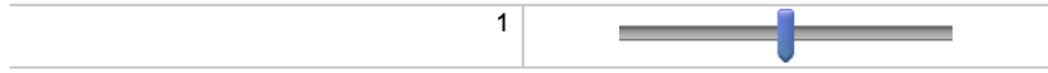


End of Block: Storytelling in Advertising

Start of Block: Emotional engagement

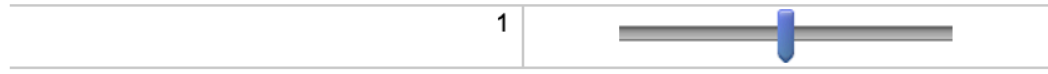
In my opinion, this advertisement has a very strong appeal to my emotions

Strongly Disagree Disagree Neutral Agree Strongly Agree



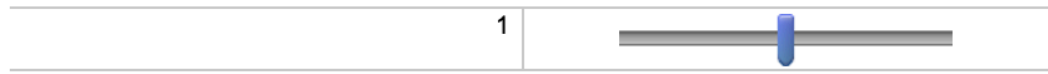
The ad contained a lot of information

Strongly Disagree Disagree Neutral Agree Strongly Agree



The ad really did hold my attention

Strongly Disagree Disagree Neutral Agree Strongly Agree



End of Block: Emotional engagement

Start of Block: Loyalty

Please answer the following questions about the brand feature in the ad

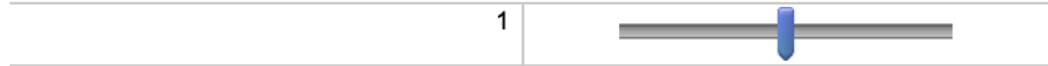
I will buy this brand the next time I buy a smart watch

Strongly Disagree Disagree Neutral Agree Strongly Agree



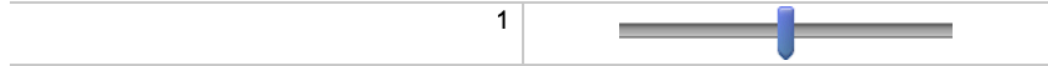
I intend to keep purchasing this brand

Strongly Disagree Disagree Neutral Agree Strongly Agree



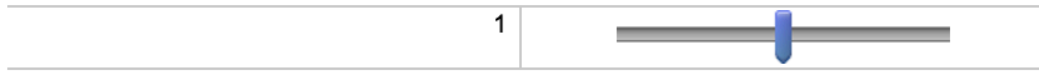
I feel committed to this brand

Strongly Disagree Disagree Neutral Agree Strongly Agree



I would be willing to pay a higher price for this brand over other brands

Strongly Disagree Disagree Neutral Agree Strongly Agree

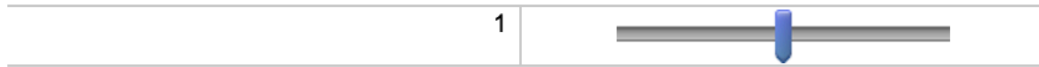


End of Block: Loyalty

Start of Block: Willingness to pay a price premium

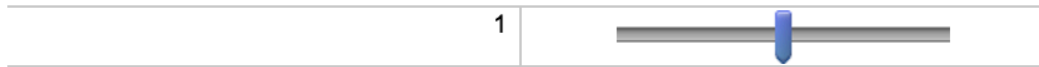
The price of this brand would have to go up quite a bit before I would switch to another brand of similar products

Strongly Disagree Disagree Neutral Agree Strongly Agree



I am willing to pay a higher price for products from this brand than for others that have similar products

Strongly Disagree Disagree Neutral Agree Strongly Agree



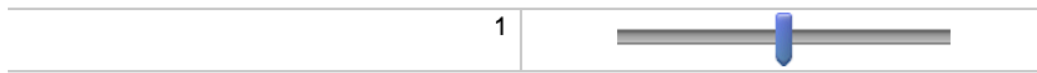
I am willing to pay ___% more for this brand over other brands of similar products

0% 10% 20% 30% +30%



I am willing to pay a lot more for Apple Watch than other brands of smart watches

Strongly Disagree Disagree Neutral Agree Strongly Agree

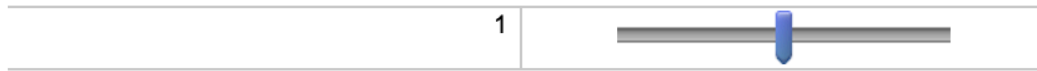


End of Block: Willingness to pay a price premium

Start of Block: Perceived value for the cost

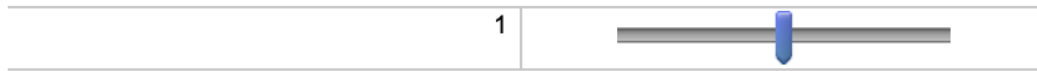
What I get from this brand is worth the cost

Strongly Disagree Disagree Neutral Agree Strongly Agree



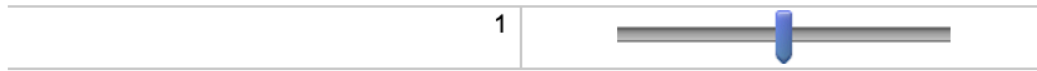
All things considered (price, time, and effort), the brand is a good buy

Strongly Disagree Disagree Neutral Agree Strongly Agree



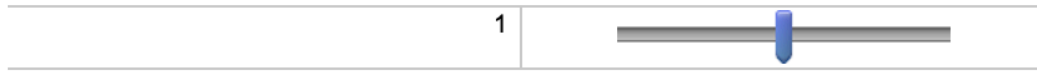
Compared to other brands of similar products, Apple is a good value for the money

Strongly Disagree Disagree Neutral Agree Strongly Agree



When I use products from this brand, I feel I am getting my money's worth

Strongly Disagree Disagree Neutral Agree Strongly Agree



End of Block: Perceived value for the cost

Start of Block: STORYTELLING

Please watch this video carefully until the end

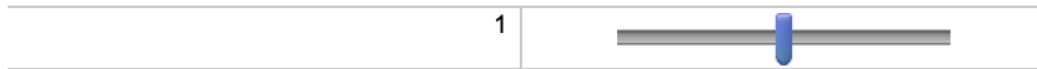
End of Block: STORYTELLING

Start of Block: Storytelling in Advertising 2

Please answer the following questions about the ad

The ad told a story

Strongly Disagree Disagree Neutral Agree Strongly Agree



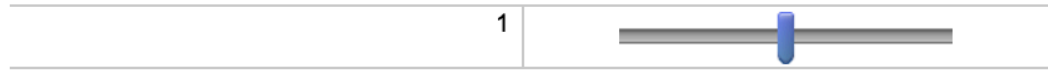
The ad had a beginning, middle, and end

Strongly Disagree Disagree Neutral Agree Strongly Agree



The ad showed the personal evolution of one or more characters

Strongly Disagree Disagree Neutral Agree Strongly Agree

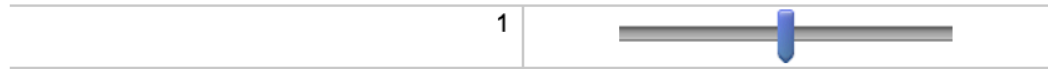


End of Block: Storytelling in Advertising 2

Start of Block: Emotional engagement 2

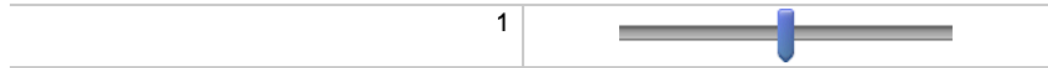
In my opinion, this advertisement has a very strong appeal to my emotions

Strongly Disagree Disagree Neutral Agree Strongly Agree



The ad contained a lot of information

Strongly Disagree Disagree Neutral Agree Strongly Agree



The ad really did hold my attention

Strongly Disagree Disagree Neutral Agree Strongly Agree



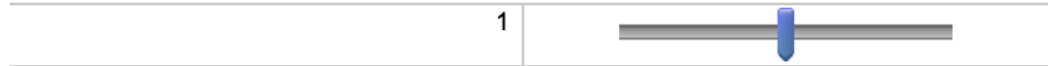
End of Block: Emotional engagement 2

Start of Block: Loyalty 2

Please answer the following questions about the brand feature in the ad

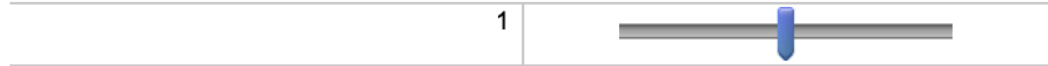
I will buy this brand the next time I buy a smart watch

Strongly Disagree Disagree Neutral Agree Strongly Agree



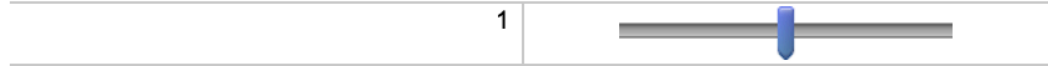
I intend to keep purchasing this brand

Strongly Disagree Disagree Neutral Agree Strongly Agree



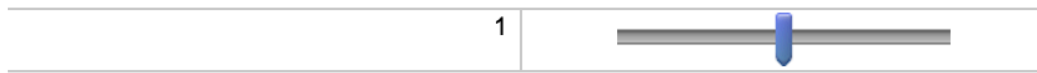
I feel committed to this brand

Strongly Disagree Disagree Neutral Agree Strongly Agree



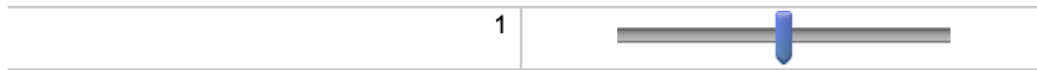
This is an attention test, please answer "Agree" to this question

Strongly Disagree Disagree Neutral Agree Strongly Agree



I would be willing to pay a higher price for this brand over other brands

Strongly Disagree Disagree Neutral Agree Strongly Agree



End of Block: Loyalty 2

Start of Block: Willingness to pay a price premium 2

The price of this brand would have to go up quite a bit before I would switch to another brand of similar products

Strongly Disagree Disagree Neutral Agree Strongly Agree



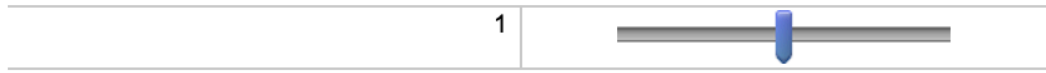
I am willing to pay a higher price for products from this brand than for others that have similar products

Strongly Disagree Disagree Neutral Agree Strongly Agree

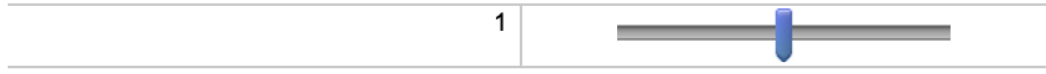


I am willing to pay ___% more for this brand over other brands of similar products

0% 10% 20% 30% +30%



I am willing to pay a lot more for Apple Watch than other brands of smart watches
 Strongly Disagree Disagree Neutral Agree Strongly Agree



End of Block: Willingness to pay a price premium 2

Start of Block: Perceived value for the cost 2

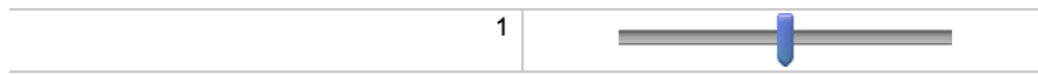
What I get from this brand is worth the cost
 Strongly Disagree Disagree Neutral Agree Strongly Agree



All things considered (price, time, and effort), the brand is a good buy
 Strongly Disagree Disagree Neutral Agree Strongly Agree

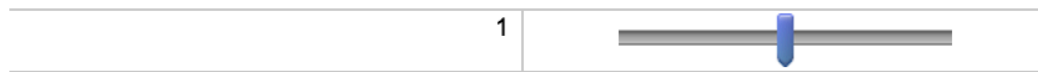


Compared to other brands of similar products, Apple is a good value for the money
 Strongly Disagree Disagree Neutral Agree Strongly Agree



When I use products from this brand, I feel I am getting my money's worth

Strongly Disagree Disagree Neutral Agree Strongly Agree



End of Block: Perceived value for the cost 2

Start of Block: Demographic Information

Please answer the following questions about yourself

Please select your age range

- under 18
- 18 to 25
- 25 to 30
- 30 to 35
- 35 or +

Gender

- Female
 - Male
 - Other
 - Prefer not to say
-

Highest Level of Education

- High School Degree
 - College Degree
 - Master or Higher
 - None of the above
-

Employment Status

- Employed
 - Unemployed
 - Student
-

Do you have any remarks or feedback about this questionnaire?

End of Block: Demographic Information

Appendix D - Pre-test results:

Detailed Analysis - Individual survey question means:

Ad Group	Story Perception	Beginning, Middle, End	Personal Evolution	Brand Familiarity	Product Familiarity
Apple Watch Non-Storytelling	1.27	1.95	1.00	4.86	4.91
Apple Watch Storytelling	4.68	4.64	4.00	4.93	4.86
iPhone Non-Storytelling	2.56	2.83	1.67	4.92	4.83
iPhone Storytelling	4.61	4.56	3.78	4.92	4.72

Paired Sample t-tests:

Measure	t	df	p-value
Apple Watch			
Story vs Non-Story Q1	-8.836	38	<0.001
Story vs Non-Story Q2	-6.476	38	<0.001
Story vs Non-Story Q3	-7.641	38	<0.001
Story vs Non-Story Q4	-1.047	38	0.307
Story vs Non-Story Q5	1.047	38	0.307
iPhone			
Story vs Non-Story Q1	-5.434	38	<0.001
Story vs Non-Story Q2	-4.716	38	<0.001
Story vs Non-Story Q3	-4.967	38	<0.001
Story vs Non-Story Q4	-1.057	38	0.304
Story vs Non-Story Q5	2.330	38	0.032

Composite scores for each question:

Ad Group	Story Perception	Beginning, Middle, End	Personal Evolution	Brand Familiarity	Product Familiarity
Apple Watch Non-Storytelling	1.571	2.357	1.357	4.857	4.929
Apple Watch Storytelling	4.857	4.786	4.000	4.929	4.857
iPhone Non-Storytelling	2.846	3.000	2.154	4.923	4.846
iPhone Storytelling	4.769	4.846	3.846	4.923	4.769

Composite storytelling perception scores:

Ad Group	Composite Storytelling Perception
Apple Watch Non-Storytelling	1.41
Apple Watch Storytelling	4.44
iPhone Non-Storytelling	2.35
iPhone Storytelling	4.31

Appendix E - Descriptive statistics table:

Measure	STORY_ non	EG_ non	CL_ non	WPP_ non	PVC_ non	STORY_ story	EG_ story	CL_ story	WPP_ story	PVC_ story
Mean	3.242	3.232	3.631	3.311	3.567	3.763	3.679	3.591	3.459	3.668
Std. Deviation	0.980	0.965	0.648	0.860	0.672	0.674	0.604	0.657	0.749	0.653
Skewness	-1.641	-1.655	-1.141	-1.124	-1.372	-0.901	-0.928	-0.491	-1.041	-1.393
Std. Error of Skewness	0.173	0.173	0.173	0.173	0.173	0.173	0.173	0.173	0.173	0.173
Kurtosis	2.673	2.615	6.131	2.297	6.286	5.465	7.084	4.569	3.283	7.120
Std. Error of Kurtosis	0.345	0.345	0.345	0.345	0.345	0.345	0.345	0.345	0.345	0.345
Shapiro-Wilk	0.791	0.786	0.852	0.885	0.871	0.869	0.864	0.895	0.881	0.840
P-value of Shapiro-Wilk	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001	< .001
Minimum	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Maximum	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000

Appendix F - Reliability analysis table:

Scale	Number of Items	Cronbach's Alpha
Storytelling in Advertising	3	0.84
Emotional Engagement	3	0.82
Consumer Loyalty	4	0.86
Willingness to Pay Premium Price	4	0.89
Perceived Value for Cost	4	0.87

Appendix G - Non-parametric tests: Wilcoxon Signed-Rank Test results:

Variable Pair	Statistic	p-value
EG_non vs. EG_story	2293.5	0.000001
CL_non vs. CL_story	4481.0	0.079731
WPP_non vs. WPP_story	3007.0	0.000396
PVC_non vs. PVC_story	2284.0	0.000698

Appendix H - Correlation matrix:

Variable	STORY_ non	STORY_ story	EG_ non	EG_ story	CL_ non	CL_ story	WPP_ non	WPP_ story	PVC_ non	PVC_ story
STORY_non	1									
STORY_story	0.52**	1								
EG_non	0.45**	0.33**	1							
EG_story	0.34**	0.67**	0.56**	1						
CL_non	0.41**	0.29**	0.48**	0.31**	1					
CL_story	0.32**	0.59**	0.37**	0.64**	0.50**	1				
WPP_non	0.38**	0.31**	0.45**	0.28**	0.56**	0.42**	1			
WPP_story	0.31**	0.60**	0.34**	0.66**	0.45**	0.72**	0.53**	1		
PVC_non	0.39**	0.30**	0.46**	0.29**	0.55**	0.41**	0.64**	0.51**	1	
PVC_story	0.33**	0.61**	0.35**	0.67**	0.43**	0.74**	0.52**	0.76**	0.63**	1

Note: **p < 0.01

Appendix I - Regression analysis for consumer loyalty (CL_story):

Predictor	B	SE	β	t	p
(Intercept)	0.45	0.24		1.88	0.061
STORY_story	0.27	0.06	0.28	4.50	<0.001
EG_story	0.32	0.07	0.30	4.57	<0.001
PVC_story	0.38	0.07	0.39	5.43	<0.001

Appendix J - Regression analysis for willingness to pay premium price (WPP_story):

Predictor	B	SE	β	t	p
(Intercept)	0.35	0.21		1.67	0.097
STORY_story	0.25	0.06	0.26	4.17	<0.001
EG_story	0.34	0.06	0.33	5.67	<0.001
PVC_story	0.45	0.06	0.44	7.50	<0.001

Appendix K - Paired sample t-tests results for consumer loyalty questions:

Measure 1	Measure 2	t	df	p-value
CL1_non	CL1_story	-1.717	196	0.087
CL2_non	CL2_story	0.000	196	1.000
CL3_non	CL3_story	-0.631	196	0.528
CL4_non	CL4_story	3.949	196	<0.001

Appendix L - Pre-existing brand loyalty:

Metric	High Loyalty Group (Mean)	Low Loyalty Group (Mean)	t-value	p-value
STORY_story	4.30	3.50	3.72	0.0003
EG_story	4.25	3.40	3.89	0.0001
CL_story	3.75	3.20	2.75	0.007
WPP_story	4.15	3.35	3.54	0.0005
PVC_story	4.29	2.67	4.65	0.001
STORY_non	3.40	3.10	1.45	0.152
EG_non	3.33	3.00	1.65	0.103
CL_non	3.60	3.10	2.14	0.035
WPP_non	3.45	3.00	1.95	0.054
PVC_non	4.10	2.75	3.85	0.0017

Appendix M - Impact of PC_FACTORS on storytelling perception:

PC_FACTOR	Percentage of Respondents (%)	STORY_story (Mean)	EG_story (Mean)	CL_story (Mean)	WPP_story (Mean)	PVC_story (Mean)
1 (Quality)	42.11%	4.15	4.05	3.85	4.10	4.35
2 (Price)	5.26%	3.90	3.80	3.40	3.85	3.95
3 (Brand Reputation)	36.84%	4.00	3.90	3.65	3.90	4.20
4 (Story of the Brand)	5.26%	4.20	4.15	3.80	4.25	4.30
5 (Other)	10.53%	3.75	3.60	3.45	3.70	3.85

EXECUTIVE SUMMARY

In an era where brands are constantly competing for consumer attention, the power of storytelling in advertising has emerged as a pivotal tool for enhancing brand equity. This thesis delves into the strategic role of storytelling, exploring how it influences key dimensions of brand equity, specifically consumer loyalty and the willingness to pay premium prices. With consumers increasingly seeking meaningful and emotional connections with brands, this research addresses a crucial gap in understanding how narratives can elevate a brand's value and foster deeper consumer relationships.

Focusing on Apple Inc., a brand that epitomizes the effective use of storytelling, this study examines the impact of narrative-driven advertising compared to non-storytelling approaches. The research uncovers compelling evidence that storytelling not only enhances emotional engagement but also significantly strengthens consumer perceptions and justifies higher pricing strategies. By mediating the relationship between storytelling and brand equity, emotional engagement proves to be a critical factor in creating lasting brand connections.

The findings of this thesis offer valuable insights for marketers aiming to leverage the power of storytelling to build stronger, more resilient brands. This research positions storytelling as an indispensable component of contemporary brand management strategies by bridging the gap between traditional advertising methods and the evolving expectations of modern consumers. Through a rigorous exploration of narratives' impact on brand equity, this study paves the way for future research and provides actionable guidance for brands seeking to stand out in a competitive marketplace.

Keywords:

Storytelling - Advertising - Brand Equity - Emotional Engagement - Consumer Loyalty - Willingness to Pay - Premium Prices

Word count:

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