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# **The Recent Evolution of the Influence of Product Premiums on Children as Consumers**

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# **The Recent Evolution of the Influence of Product Premiums on Children as Consumers**

## **ABSTRACT**

The gap between generations never been that accentuated since the Digital era came up. Children growing in this world have other expectations than the past generations. They tend to be more interested by new technologies and digital entertainment. We can as well see that the offer in the games/toys market for children is oriented to the new tools and technologies; they are modern in order to answer to a new demand.

In this Paper, we want to know this digital influence on children as consumers and their behaviors. Especially we focus on product premiums, to see if their impact is still the same. Indeed, physical games and toys seem not to be as attracted as before this era, and it might be time for marketers to consider it for their promotions with product premiums.

We try as well to understand if digital premiums would have a better impact on the purchase intentions of children and their parents. As important decision makers and customers they play an unconditional role. To answer to these problematic we give you in this paper the methodology that can be applied to prove or invalidate our theories.

## **INTRODUCTION**

Advertising and marketing is now the main part of a company's strategy. This topic and its impacts have been studied for years as channels, media and ways to advertise have increased exponentially these last years. Moreover, it has been proved that persuasion power and influence of children on their parents raised over time. But advertising is not the only factor of influence on children or any type of consumers. The price, characteristics of a product and packaging will play a strong part in a marketing strategy, but we can assume that a child don't care about the first one.

Therefore, we can wonder if packaging will have a strong impact on children. According to John R. Rossiter in "Visual and Verbal memory in children's product information utilization", children do have a strong imagery memory and can rapidly make links thanks to a relevant packaging. What about product premiums? In this same paper, John R. Rossiter suggests that premium, normally part of a packaging, becomes slowly a complete attribute of a product, increasing with age (between third and fifth grade in this study).

Moreover, Isabelle Muratore in "Implication, âge et socialisation: trois antécédents de la sensibilité de l'enfant au cadeau et aux marques" highlights the influence of three components: the dedication towards a brand or a product, the age and socialization.

According to her study, the more the child grows, the less he pays attention to the premium offered. In addition, promotional communication is more efficient when a child is involved in the brand.

Furthermore, the actual environment where children grow with the digital world let them have an easier access on entertainment than the past generations. According to Don Tapscott in "Grown Up

Digital: How the Net Generation is Changing Your World HC”, this generation is actor of *the distribution of entertainment and information*. They exchange the content and have in this way access to a lot of free and easy entertainments. We can wonder here, what would be the impact on the value of the physical premiums offered in products.

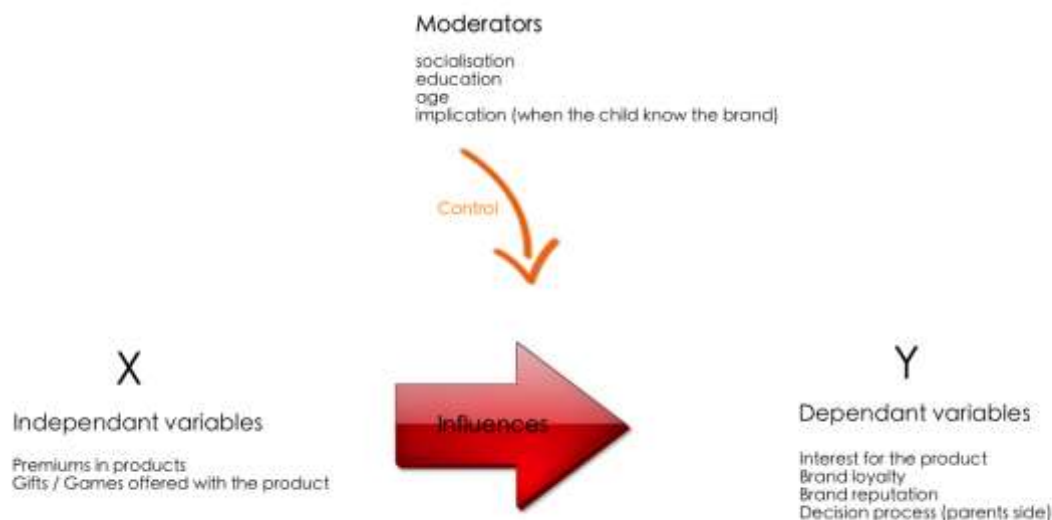
The literature led us to the following research problem:

With the expansion of new technologies, to what extent the behavior of these digital native will change and how would they perceive the value of a product premium?

## CONCEPTUAL FRAMEWORK

*Pattern at the beginning of the study:*

### Influence of Product Premiums on Children



Roberts (2005) highlights that nowadays, combination of food and toys is a must. Kids don't simply want to eat food they like; they want to be "entertained". If mums will prefer discount or free samples before playthings, children will go most likely for figurines or cinema tickets. It is very interesting to look at both expectations in order to attract children but then kind of "help" them persuading parents in the purchase. According to Wilson and Wood works (2004), if a child asks his parents to buy a product because of a premium and not only for the product itself, his requirement will be satisfied more easily. However, Mizerski (1995) was saying that premium addressed to kids have in fact more impacts on parents. The risk for the brand according to Joël Brée is to not create a relationship with the child on the product itself but on the gifts it offers. And once the child grows up and loses the interest in those premiums, he will lose as well the interest on the product and the brand itself.

In order to fill the gap and avoid this risk of loss of interest, brands created a new form of premium: collections. In this context, the company can fidelize kids and create a special link with them at the

very early age, as when they are approximately 6 years old, they do have the competency to make a collection and at the age of 7, 70% of them want to do it according to Ezan (2002).

Direct premium or toys also do have a strong effect on targeted consumers. "Playful" aspect is attracting, in addition to the product they like (for example cereals), they get a free game. In same category, brands can target parents and children at the same time by promoting family premiums such as cinema tickets, which can be seen at the best strategy to convince everyone according to each expectation seen before.

In addition to the hidden toys in cereal packets, you can see games directly on the product package. This strategy aims at giving the child a good time consuming its product and therefore associate the product with positive emotions, in addition to the manipulation of the product which creates familiarity.

For example, Nesquik offers games behind its cereal packets. To play, children use the product, touch, they become familiar with it. This increases the bond between the child and the brand / product.

Children require parents to buy such a product for adults because there is a game linked with it, even if they do not use the product itself. The product is a key to access a game, a moment of pleasure, entertainment, and it is associated with these emotions. On the children's market, product promotion and gadgets that are included with it are often more important than the offer itself.

From the literature, we got to know that there was an effect from the product premium (X) on purchase intentions, brand loyalty, brand reputation and decision process (Y).

Those intentions can change from different moderators such as the socialization, the education, the age and the implication. They will indeed play on the intensity and the degree of influence of the independent variable on the dependent ones.

## **CONCEPTUAL AND METHODOLOGICAL CRITIQUE**

Through literature, we saw the impact of product premiums on children's behavior. Indeed, a lot of those papers were explaining that toys were increasing the attraction of a product.

But we only see through the literature review and previous studies about the impact of physical product premiums and about the efficiency of premiums in classic marketing.

Children of the Z generation (born after 1990) are a difficult target for marketers. They are demanding more than the children of Generation Y, and have a role of influencers with their parents (while the children of Generation Y were only prescribers). Children of the Z generation are born with the Internet and are very connected to the digital world. The risk that marketers face is great: if a brand does not please them, they will talk about it on social networks. The reputation and brand image are dependent on the satisfaction of children.

According to traditional marketers John Paul Tréguer and Jean-Marc Segati, we can divide the target "children" in four parts:

- 0 to 3 years old: the baby king
- 4 to 11: Barbie and Nintendo generation
- 12 to 17: college segment
- 18 to 24: teens

Particularly in the two first parts of the segmentation, children are a difficult target because they change their opinion very easily. If they are disappointed with a brand, they will not return to it.

Curious by nature, they always want to discover new things and can easily purchase products from the competition. According to Jean-Jacques Urvoy, author of "Gérer une marque d'enfants", marketing items must be designed by children, not adults. An example of a successful marketing strategy can be the advertising campaign of PRINCE biscuits (brand LU) made from ideas of children who are PRINCE consumers.

Internet seems to be the new way to retain children to a brand. Internet allows for new relationships and is a very effective means of communication between consumers.

According to Ines de la Ville, Director of the European Centre for children's products (CPCE), one of the other benefits of the Internet is that children do not perceive the space as commercial: it is a place of exchange, entertainment, play with friends. Marketers will then analyse these digital exchanges. This will create ads directly related to the desires and opinions of children, relevant ads and campaigns.

One of the favourite tools for brand loyalty was to offer children toys with the product. Numerous examples may be mentioned, in particular in breakfast cereals packets, when a toy is hidden inside the package. Children once enjoyed such surprises, but now things have changed. Today toys offered in packages give a nerdy image to the brand.

Indeed, children are always interacting with the Internet. Starting from a very early age, children are exposed to the digital world that surrounds us. According to a study conducted by e-marketing.fr: Nowadays, English children read more on tablets than on physical books. However, most companies are still offering old-fashioned products premium. We wonder here how the jump into the digital world has changed the perceived value of product premium on children as consumer.

## **CONCLUSION**

It has been shown that marketers should orient their campaigns with more digital marketing than before to better target the young audience, especially in the food and beverage sector ("Interactive Food & Beverage Marketing: Targeting Children and Youth in the Digital Age", Jeff Chester Center for Digital Democracy & Kathryn Montgomery American University).

In this paper, we try to see the evolution of this impact. Will the intensity be that important now that children have access to digital entertainment? Indeed here our mediator would be "Digital era" that according to our hypothesis would have a negative impact on the attraction of products premium on children.

We realised that some companies have already taken the advantage of the digital expansion regarding their way to deal with products premium.

We try here to demonstrate that the interest of the children towards physical premiums has decreased due to the digital era. No research has combined those two aspects whereas it could be a new way to attract children and improve brand loyalty through digital marketing. With the evolution of the devices and metrics on the Internet, it would be indeed, easier for the marketers to adapt their campaigns to their target and audience.

Therefore, here are the two hypotheses we want to demonstrate.

### **Hypothesis 1**

The intensity of children's attraction on physical toys decreased from the beginning of digital era (1994). (<http://www.rfi.fr/emission/20121212-enfants-jeux-video- consoles-jouets>)

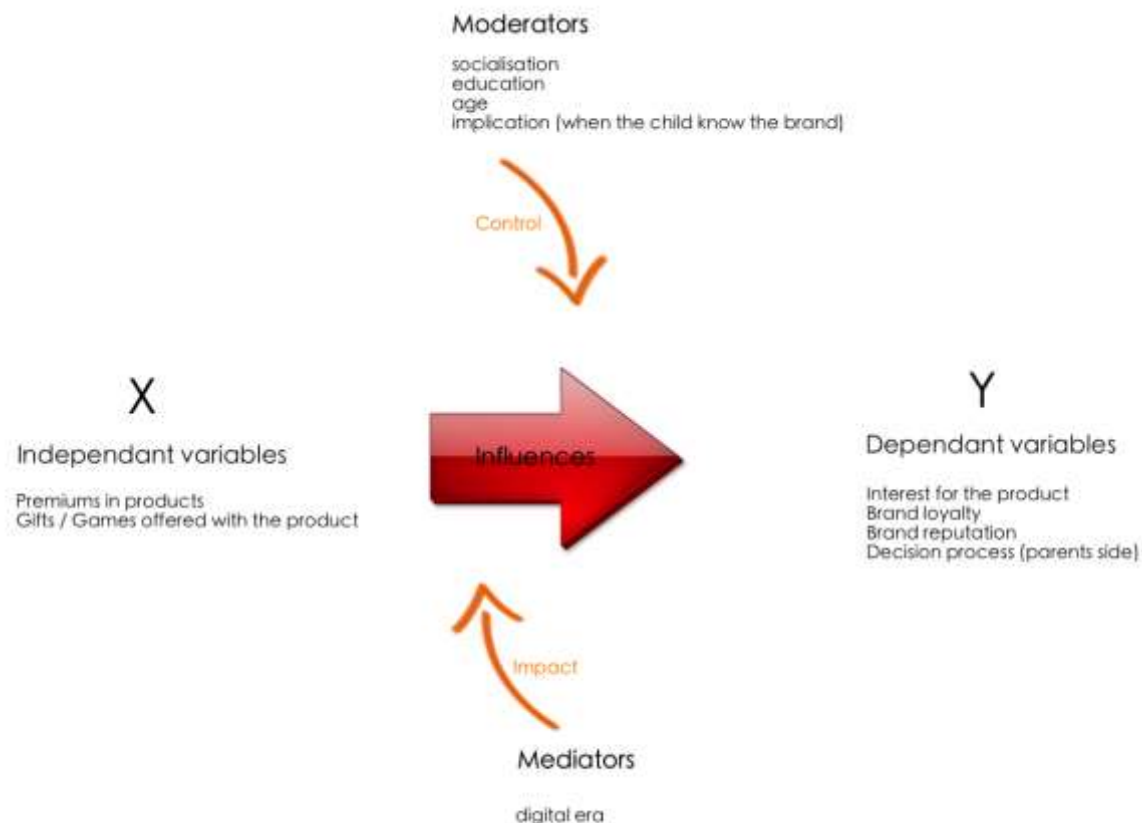
We define the beginning of digital era at 1994 with the generation Z as the first generation having access from their youngest age to internet technology (Prensky, Marc (2001). "Digital Natives, Digital Immigrants Part 1". *On the Horizon*).

We try here to demonstrate that the value of a physical toy or game lost in intensity than the value of a digital toy or game.

### **Hypothesis 2**

The intensity of physical products premium attraction decreased for children from the beginning of digital era (1994). We try to demonstrate that children who are born with those technologies would see a lower benefit than the generations before them at their age in products premiums.

### *Influence of Product Premiums on Children Revisited*



## **RECOMMENDATIONS FOR FUTURE RESEARCH**

Digital era allows us to see that, nowadays, online entertainment is the new product premium desired by children. Some brands such as Nestle (with Kit Kat and Chocapic product) have already understood this fact and adapt their marketing strategy to reach their young target. Indeed, they are using a new marketing technique to attract the attention of children: augmented reality. This is a way to access an Internet game with the proceeds. For example, Nestlé has adopted this technique to retain its young consumers Chocapic cereals. Children go on the website of Chocapic, returns the code behind the package and can access the online game. With Chocapic package that holds the child and which is recognized by webcam, small characters are animated in 3D (in the computer) as if they were actually beside the child. This unique experience creates a universe around the brand and the child associates this entertainment to the product. The Chocapic website recorded up to 1,500 connections per day.

Future researches on the impact of product premium on children as consumers should integrate the digital world as a mediator because we think that it could mitigate or even delete the classical relationship between kids and the product itself.

The aim is to evaluate the combined effect of product premiums and digital era on children as consumers.



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