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Common wisdom suggests that managerial empathy (i.e., the mental process of taking a consumer perspective) helps executives separate their personal consumption preferences from those of consumers, thereby preventing egocentric preference predictions. The results of the present investigation, however, show exactly the opposite. First, the authors find that managerial empathy ironically accelerates self-reference in predictions of consumer preferences. Second, managers' self-referential tendencies increase with empathy because taking a consumer perspective activates managers' private consumer identity and, thus, their personal consumption preferences. Third, empathic managers' self-referential preference predictions make them less likely to use market research results. Fourth, the findings imply that when explicitly instructed to do so, managers are capable of suppressing their private consumer identity in the process of perspective taking, which helps them reduce self-referential preference predictions. To support their conclusions, the authors present four empirical studies with 480 experienced marketing managers and show that incautiously taking the perspective of consumers causes self-referential decisions in four contexts: product development, communication management, pricing, and celebrity endorsement.

Keywords: consumer preference predictions, managerial empathy, managers' consumer identity, managerial decision making, responsiveness to market research

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Managerial Empathy Facilitates Egocentric Predictions of Consumer Preferences

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According to a recent survey of more than 1,200 chief executive officers in 60 countries, 66% of business leaders believe that incorporating the consumer's voice in managerial tasks is of the highest priority for the success of both managers and their companies (PwC 2012). In the same vein, a survey of global marketing executives indicates that understanding consumer preferences and taking a consumer view in managerial decision making is the key marketing challenge that firms currently face (Frost & Sullivan 2012).

To make the consumer's perspective central to managerial decision making, both marketers and researchers have emphasized that managers must develop empathy for the consumer (e.g., Dahl, Chattopadhyay, and Gorn 1999; Dietvorst et al. 2009; Franke and Park 2006; Grant 2011; Homburg, Wieseke, and Bornemann 2009; Rifkin 1994).

Managerial empathy is defined as the mental process of taking consumers' perspective in an effort to understand their needs.¹ For example, a manager at Mercedes-Benz recently stressed that all employees of the company must "look at things from the customer's perspective ... to see what the customer wants" (Kurylko 2012). Similarly, Stauffer (2001, p. 3) argues that "front-line workers aren't the only ones who need to see things from the customer's perspective. ... All employees must have an external focus." Moreover, Rifkin (1994; see also Dahl, Chattopadhyay, and Gorn 1999) posits that, in the case of designing a new product, managers should be empathic by imagining a consumer using the product to successfully create market-oriented offerings. Despite the prominence of the belief that empathy is important, surprisingly little research has examined the influence of managers' empathy on their decision processes.

In this research, we therefore examine the impact of empathy on one of the most important managerial tasks: predicting consumer preferences (Faro and Rottenstreich 2006; Hsee and Weber 1997). Specifically, we examine how empathy affects the influence of managers' personal consumption preferences on their predicted consumer preferences. Conventional wisdom suggests that empathy decreases self-referential preference predictions because perspective taking "allows us to overcome our usual egocentrism" (Decety and Lamm 2006, p. 1151); moreover, "the feature shared by all instantiations of perspective taking is the need to get beyond one's own point of view to consider the world from another's perspective" (Epley and Caruso 2009, p. 299; see also research on perspective taking in social interactions, e.g., Epley, Caruso, and Bazerman 2006; Higgins 1981; Kurt and Inman 2013). This common belief also seems to be prevalent among practitioners, as a pilot study we conducted with 43 marketing managers (mean age = 43.1 years; 72.1% male) indicated. Indeed, 76.7% of the participants were convinced that managers who put themselves into the shoes of consumers would be less affected by their personal consumption preferences when making consumer-related decisions.

Our research, however, shows exactly the opposite: that is, empathy ironically accelerates self-referencing in managerial predictions of consumer preferences. In particular, building on multiple identity research (e.g., Ashforth and Johnson 2001; Johnson et al. 2006; Mandel 2003; Puntoni, Sweldens, and Tavassoli 2011), we assume that managers have at least two identities: their professional identity as managers and their personal identity as consumers. Empathic managers put themselves into consumers' shoes, which means that they play the role of a consumer and imagine acting and feeling like a consumer; in this way, they simulate con-

sumers' product and service experiences (Dahl, Chattopadhyay, and Gorn 1999; Stotland 1969). We argue that as empathic managers assume the mental processes of a consumer, they unwittingly activate their own consumer identity. With an increased activation of their consumer identity, empathic managers' personal consumption preferences become more accessible (Bolton and Reed 2004; Forehand, Deshpandé, and Reed 2002; Reed 2004; Zhang and Khare 2009), thereby influencing their construal of consumer preferences. Thus, although empathic managers try to overcome their egocentric processing as professional decision makers, their well-intentioned efforts actually backfire by increasing self-referential consumer preference predictions.

Moreover, our findings indicate that empathic managers are less likely to consider the results of objective market research because of their self-referential preference predictions. This result is not in line with the notion that empathy is positively related to managers' market orientation (e.g., Gebhardt, Carpenter, and Sherry 2006), which includes responsiveness to market intelligence (e.g., Kennedy, Goolsby, and Arnould 2003; Kohli and Jaworski 1990; Moorman, Deshpandé, and Zaltman 1993).

Finally, our investigation explores whether marketing managers are able to suppress their consumer identity to prevent an egocentric bias when empathizing. Our results suggest that making managers aware of the egocentric bias and explicitly instructing them to suppress their consumer identity in the process of perspective taking can indeed eliminate the self-referential effect of empathy. Thus, when managers are more mindful of the danger of this self-referential effect, they are better able to use empathy to make consumer preference predictions.

In the following sections, we develop our theorizing and present supporting evidence from four studies with 480 experienced marketing managers (Perkins and Rao 1990). To enhance the generalizability of our findings, we investigate the relationship between empathy and self-referential preference predictions in different decision making contexts: product development, communication management, pricing, and celebrity endorsement.

THEORETICAL BACKGROUND

Managerial Empathy and Self-Referential Predictions of Consumer Preferences

Over the past few decades, researchers have investigated how people predict the preferences of others, specifically in the fields of social psychology (e.g., Ames and Iyengar 2005; Krueger and Clement 1994); consumer research (e.g., Lerouge and Warlop 2006; Orhun and Urminsky 2013); and, more recently, in the management literature (e.g., Faro and Rottenstreich 2006). In this line of research, studies in various contexts—such as risk preferences (e.g., Hsee and Weber 1997; Lee and Andrade 2011), product preferences (e.g., Ames and Iyengar 2005; Orhun and Urminsky 2013), and preference predictions of either familiar (e.g., Lerouge and Warlop 2006) or unfamiliar (e.g., Faro and Rottenstreich 2006; Hsee and Weber 1997) others—have consistently demonstrated that people often build on their own preferences in predicting those of others.

In overcoming self-referential preference predictions, extant research has suggested that empathy might support

¹Although empathy has sometimes been conceptualized as a multidimensional concept that includes affective (e.g., empathic concern) and cognitive (i.e., perspective taking; Davis 1983) components, we limit our theorizing to the cognitive component because it is predominant in the manager-consumer context we study here (i.e., in which managers often do not know their consumers personally or have no direct contact), whereas affective components play a minor role (e.g., Dahl, Chattopadhyay, and Gorn 1999; Homburg, Wieseke, and Bornemann 2009). Thus, the term "empathy" in this research exclusively refers to the cognitive process of perspective taking (Epley, Savitsky, and Gilovich 2002). Moreover, we take a situation-specific view on empathy and do not conceptualize it as an individual-difference variable (for a discussion, see Duan and Hill 1996).

people in abstracting away from their personal preferences (e.g., Decety and Jackson 2004; Epley, Caruso, and Bazerman 2006; Kurt and Inman 2013; Regan and Totten 1975). This is because empathy is defined as the mental process of taking the perspective of others in an effort to understand their needs (Davis 1980; Epley, Savitsky, and Gilovich 2002; Homburg, Wieseke, and Bornemann 2009; Regan and Totten 1975), which "has been contrasted with egocentrism in which a person is embedded in his or her own point of view" (Higgins 1981, p. 120; see also Piaget 1926).

At first glance, the rationale that empathy can help a marketing manager abstract away from personal consumption preferences when predicting consumer preferences seems plausible. However, in this context, in which the independence between marketing manager and consumer can sometimes be blurred, there is reason to expect the opposite. Indeed, according to identity research, people can hold multiple identities, such as that of a friend, parent, or colleague (e.g., Ashforth and Johnson 2001; Johnson et al. 2006; Mandel 2003; Puntoni, Sweldens, and Tavassoli 2011). Drawing from this research, we assume that marketing managers have at least two identities: their professional identity as managers and their private identity as consumers. Although both identities are part of the manager's self, the momentary activation of each identity is considered variable. Indeed, previous research has shown that several factors influence the situational activation of a person's multiple identities (e.g., Reed et al. 2012). For example, studies have found that cue stimuli such as gender (Puntoni, Sweldens, and Tavassoli 2011), morality (Aquino et al. 2009), and ethnic primes (Forehand, Deshpandé, and Reed 2002) trigger specific identities germane to the prime.

Yet how might a manager's empathy influence the activation of each identity? Managers who put themselves into the shoes of a consumer would try to play the role of a typical consumer, attempting to act and feel as a consumer, and they would simulate consumers' product and service experiences (Dahl, Chattopadhyay, and Gorn 1999; Stotland 1969). For example, a manager at Starbucks might visualize a consumer's experience in a Starbucks café, beginning with the consumer entering a café, interacting with personnel, ordering a beverage and a snack, and enjoying the atmosphere in the café. At the same time, an empathic Starbucks manager might conduct systematic thought experiments in which she mentally varies certain components of the service offer to anticipate consumers' reactions, such as the impact of price adjustments or the introduction of a new blend of coffee.

Although the process of empathizing is exclusively directed to the experiences of a typical consumer in the market, it can also be considered a prime of a manager's consumption mindset or identity. For example, the aforementioned Starbucks manager's visualization of consumers enjoying a drink or snack might also trigger consumption-related thoughts on the part of the manager, such as his or her favorite beverage or snack. Thus, the mental process of taking the consumer's perspective might push managers into their own consumption microcosm and activate their own consumer identity, which in turn brings their personal consumption preferences to the surface (Forehand, Deshpandé, and Reed 2002; Reed 2004; Zhang and Khare 2009). In contrast, a Starbucks manager who does not engage in

perspective taking is less likely to activate her personal consumer identity, and thus, her personal consumption preferences are relatively less salient.

Overall, we argue that empathizing with consumers not only helps managers visualize and anticipate consumers' product and service experiences but also makes managers' consumer identity and their personal consumption preferences more salient, which can interfere with their construal of consumer preferences. Although the Starbucks manager's personal preference for a certain product is a questionable predictor of a consumer's evaluation of the same product, we hypothesize that the manager's perception of consumer preferences is clouded by his or her personal consumption preferences. This is consistent with prior research demonstrating that salient information is likely to be used in decision making, even when the information is not relevant for a particular judgment (e.g., Jacoby et al. 1989; Menon and Raghuram 2003; for a review, see Higgins 1996).

Figure 1 summarizes our theorizing. Our main argument is that empathizing with consumers activates a manager's consumer identity, which in turn is likely to lead to self-referential consumer preference predictions. Formally,

H₁: Compared with nonempathic managers' predictions, empathic managers' predictions of consumer preferences are more influenced by their personal consumption preferences.

H₂: The activation of a manager's consumer identity mediates the relationship between empathy and the influence of a manager's personal consumption preferences on predicted consumer preferences.

Managerial Empathy and Consumer Identity Suppression

Assuming that our theorizing is correct, a question that arises is whether decision makers can reap the benefits of empathizing with consumers without generating self-referential preference predictions. Specifically, and in light of H₂, it is of particular interest to investigate whether managers are capable of suppressing their consumer identity while empathizing to avoid self-referencing. A straightforward strategy to answer this research question is to make managers aware of the self-referential effect of empathy and to explicitly instruct them to suppress their consumer identity while empathizing with consumers.

Initial evidence for the effectiveness of identity suppression instructions in the context of preference predictions can be found in Bolton and Reed's (2004) work on neutralizing identity-driven judgments. In their second study, the authors primed participants' identity as business executives and tested whether the positive effect of this identity on predicted attitudes of others toward emissions trading would be reduced by activating a "counter identity" (an environmentalist identity). The authors found that participants' initial business identity was successfully deactivated when they were instructed to suppress this identity and assume an environmentalist identity. This finding suggests that people can indeed put an initially activated identity aside when forming judgments of others' opinions. Thus, we hypothesize the following:

H₃: Explicitly instructing managers to suppress their own consumer identity in the process of perspective taking mitigates the self-referential effect of empathy on consumer preference predictions.

Figure 1
CONCEPTUAL MODEL AND STRUCTURAL RELATIONSHIPS IMPLIED BY H₁ AND H₂

Notably, empirical support for H₃ would imply that decision makers are capable of suppressing their consumer identity when empathizing, and moreover, simply communicating the results of the present investigation could help immunize managers against self-referential effects. Importantly, support for this hypothesis would also provide additional evidence for the postulated process (activation of managers' consumer identity) behind the self-referential effect of empathy (Spencer, Zanna, and Fong 2005).

Managerial Empathy and Use of Market Research

We have not yet elaborated on the fact that, in practice, managers are often provided with objective market research on consumer preferences (Moreau, Krishna, and Harlam 2001). Naturally, the question arises whether the hypothesized self-referential tendencies realized through empathy can shape the way managers process objective market research on consumer preferences.

According to previous research, empathic (vs. nonempathic) managers might be motivated to use objective market research in their decision making (e.g., Gebhardt, Carpenter, and Sherry 2006). However, if our theorizing that empathy can cause self-referential preference predictions is correct, the opposite might be true as well. Specifically, taking the perspective of consumers to understand their needs is equivalent to conducting "mental market research" on consumer preferences. According to H₁, the result of this mental market research process is highly self-referential and, thus, in line with the manager's personal consumption preferences. Moreover, it is conceivable that mental and objective market research diverge because managers' personal consumption preferences are unlikely to be in line with the consumption preferences of a typical consumer. In this case, empathic managers are forced to make a trade-off between mental and objective market research, whereas nonempathic managers do not engage in mental market research and therefore do not need to make such trade-offs.

As a result, nonempathic managers might be motivated to construe consumer preferences on the basis of objective market research only. Thus,

- H₄: Compared with nonempathic managers, empathic managers discount the value of objective market research on consumer preferences.

Note that managers' responsiveness to market intelligence is a key dimension of market orientation (e.g., Kennedy, Goolsby, and Arnould 2003; Kohli and Jaworski 1990; Moorman, Deshpandé, and Zaltman 1993). Therefore, evidence for a detrimental effect of empathy on the value of market research would be inconsistent with the notion that empathy is positively related to a manager's market orientation.

Summary

Our research makes several contributions to the extant literature. This investigation is the first to explore whether managerial empathy increases or decreases self-reference in predictions of consumer preferences. Importantly, we study the role of managers' personal consumer identity in forming self-referential predictions of consumer preferences. Moreover, we examine whether managers are able to suppress their personal consumer identity in the process of empathizing and to reduce self-referential preference predictions. Finally, we explore whether empathy increases or decreases managers' responsiveness to other available consumer information (i.e., objective market research results).

Next, we present the results of four studies with 480 marketing managers in different decision-making contexts. Specifically, Study 1 demonstrates that empathy increases self-reference in predictions of consumer preferences in a product development context using a self-reported measure of empathy. Moreover, we find that the more empathic managers are, the more they discount the value of objective market research on consumer preferences. Study 2 replicates

and extends these findings in a communication management setting by experimentally manipulating managers' empathy. Study 3 investigates the effect of empathy on self-referential preference predictions in a pricing task and shows that the activation of a manager's consumer identity mediates this effect. Finally, Study 4 uses the context of celebrity endorsement to examine the impact of consumer identity suppression instructions on the self-referential effect of empathy. The findings here suggest that the self-referential effect dissipates when managers suppress their consumer identity in the process of empathizing.

STUDY 1

The main purpose of Study 1 is to investigate whether empathy increases the influence of a manager's personal consumption preferences on predicted consumer preferences. Specifically, we invited experienced marketing managers to complete a case study on a product development process in the automotive industry. To ensure a realistic case study, we consulted marketing managers of a leading international car manufacturer and modified the case write-up according to their recommendations.

Method

Ninety-three marketing managers (mean age = 41.4 years; 84.9% male) were recruited from a large alumni pool of a European management school to take part in the study. Participants were given information on a hypothetical car manufacturer, the CarGroup. Furthermore, they learned that the board of the CarGroup has decided to develop a new car model.

Participants were then asked to take the role of a marketing manager of the CarGroup. More specifically, they were members of the strategy team responsible for the development of the new car model. To prepare for a meeting of the strategy team, participants were provided with the results of a recent market research project on the most important car attributes for a typical consumer in the target market. To familiarize participants with the market research data, we asked them to fill out the corresponding questionnaire themselves. As a result, they had to indicate their personal preferences for several car attributes. Specifically, they were asked to assign 100 points to the following product attributes that characterize the car market (Horsky and Nelson 1992): design, performance, dependability, comfort, sustainability, and prestige. We used a constant sum scale to explicitly capture trade-offs between the product attributes (Krosnick and Alwin 1988). This measure is used as the independent variable in our analysis.

Subsequently, participants were provided with the results of the market research project, presented in the form of a line chart that depicted consumers' average point allocation to the six aforementioned product attributes. The point allocation² is in line with actual market research reports in the automotive industry and with statements by the managers we consulted when designing this study. Then, participants were asked to steer the product development process by assigning 100 points to the six car attributes. In particular,

we asked them to define the character of the new car model in line with the preferences of a typical consumer in the market. This measure was the dependent variable in our analysis.

Next, we measured managerial empathy using the following four items (adapted from Davis 1980): (1) "I tried to take the perspective of a typical consumer in this market," (2) "It was very easy for me to put myself into the shoes of a typical consumer," (3) "I tried to understand what a typical consumer's needs are by imagining how things look from his/her perspective," and (4) "I tried to imagine how a consumer would feel in this market." For all items, we used seven-point scales (1 = "completely disagree," and 7 = "completely agree"). We formed an empathy index by averaging the items ($\alpha = .716$). This measure served as a moderator variable in our analysis.

Finally, we used the following item to measure the degree to which participants considered the market research results as valuable: "The market research results shown were extremely valuable" (1 = "completely disagree," and 7 = "completely agree"). Participants also indicated their age, gender, work experience in market research, the year in which they bought their current car, and the brand of their current car. Finally, they completed an open-ended suspicion probe question on the purpose of the study.

Results

Preliminary checks. An examination of the responses to the suspicion probe question revealed that none of the participants was aware of the true purpose of the study. Furthermore, the measured covariates (age, gender, work experience in market research, the year in which participants bought their current car, and the brand of their current car) did not affect the results of our analyses. Therefore, we do not discuss these variables further.

Test of H_1 . We tested H_1 by regressing assigned weights in the management task on participants' personal importance weights, empathy, and the interaction of both variables. The results of the six regression analyses for the corresponding product attributes appear in Table 1 and Figure 2. For each product attribute, we find a positive main effect of participants' personal importance weights on predicted consumer preferences, indicating that, on average, participants draw on their personal consumption preferences in predicting the preferences of a typical consumer in the target market. Furthermore, with the exception of the attribute performance, none of the main effects of empathy is significant. Importantly, there is a positive interaction effect for each attribute, in support of H_1 : empathy increases the influence of participants' personal preferences on predicted consumer preferences. Although the interaction effect is highly significant for five of six product attributes, the term is only marginally significant for the attribute prestige.

In addition, we explored the interaction effects more closely by conducting simple slope analyses at one standard deviation unit above (high empathy) and below (low empathy) the mean of empathy. For the attribute design, we find that the slopes for both low empathy ($b_{\text{low}} = .207, t = 2.55, p < .05$) and high empathy ($b_{\text{high}} = .559, t = 5.45, p < .001$) are significant. We find similar results for the attribute prestige ($b_{\text{low}} = .229, t = 1.82, p < .07; b_{\text{high}} = .506, t = 4.60, p <$

²Design = 20 points, performance = 15 points, dependability = 21 points, comfort = 14 points, sustainability = 14 points, prestige = 16 points.

Table 1
RESULTS OF REGRESSION ANALYSES (STUDY 1)

	Parameter	t-Value	p-Value
<i>Weight Assigned to Design in Management Task ($R^2 = .274$)</i>			
Intercept	20.323	36.106	.000
Manager's personal preference for design	.383	5.449	.000
Empathy	-.228	-.454	.651
Interaction term	.156	2.941	.004
<i>Weight Assigned to Performance in Management Task ($R^2 = .254$)</i>			
Intercept	15.566	31.934	.000
Manager's personal preference for performance	.293	4.905	.000
Empathy	.889	2.045	.044
Interaction term	.175	3.386	.001
<i>Weight Assigned to Dependability in Management Task ($R^2 = .104$)</i>			
Intercept	20.909	34.317	.000
Manager's personal preference for dependability	.141	2.011	.047
Empathy	-.812	-1.488	.140
Interaction term	.137	2.164	.033
<i>Weight Assigned to Comfort in Management Task ($R^2 = .076$)</i>			
Intercept	14.752	30.369	.000
Manager's personal preference for comfort	.149	2.140	.035
Empathy	-.121	-.279	.781
Interaction term	.139	2.015	.047
<i>Weight Assigned to Sustainability in Management Task ($R^2 = .303$)</i>			
Intercept	15.429	24.776	.000
Manager's personal preference for sustainability	.352	5.112	.000
Empathy	.549	.990	.325
Interaction term	.209	3.630	.000
<i>Weight Assigned to Prestige in Management Task ($R^2 = .208$)</i>			
Intercept	13.095	22.687	.000
Manager's personal preference for prestige	.367	4.250	.000
Empathy	-.210	-.408	.685
Interaction term	.122	1.729	.087

Notes: Unstandardized betas are shown. Manager's personal preference and empathy are mean-centered.

.001), although the slope for low empathy is only marginally significant. For the remaining attributes—performance ($b_{\text{low}} = .094$, $t = 1.30$, $p > .20$; $b_{\text{high}} = .491$, $t = 5.24$, $p < .001$), dependability ($b_{\text{low}} = -.015$, $t = -.15$, $p > .88$; $b_{\text{high}} = .297$, $t = 2.79$, $p < .01$), comfort ($b_{\text{low}} = -.009$, $t = -.09$, $p > .93$; $b_{\text{high}} = .306$, $t = 2.70$, $p < .01$), and sustainability ($b_{\text{low}} = .115$, $t = 1.26$, $p > .21$; $b_{\text{high}} = .588$, $t = 5.98$, $p < .001$)—we find that the effect of personal consumption preference on predicted consumer preference is significant for high empathy but not for low empathy.

Finally, we applied the Johnson–Neyman technique to isolate the values of empathy for which the simple slopes are statistically significant (Hayes and Matthes 2009; Johnson and Fay 1950; Johnson and Neyman 1936; Spiller et al. 2013). As Figure 3 illustrates, the results based on a 95% confidence band suggest that participants begin to project their personal preference onto consumers at moderate levels of empathy (Johnson–Neyman points of significance: design = 3.4, performance = 3.8, dependability = 4.7, comfort = 4.6, sustainability = 3.8, prestige = 3.7).

Test of H_4 . As Figure 2 shows, highly empathic managers' predictions of consumer preferences deviate substantially from the market research results (dashed lines), while the predictions of less empathic managers are largely in line with the market research results. To further corroborate this finding, we regressed the value participants assigned to the market research results on the empathy index. Consistent with the pattern in Figure 2, we find a negative and signifi-

cant effect ($b = -.453$, $t = -2.99$, $p < .01$): empathic (vs. non-empathic) managers discount the value of market research on consumer preferences, in support of H_4 .

Overall, the results of Study 1 suggest that managers predict consumer preferences by finding a trade-off between objective market research results and their personal consumption preferences. In other words, their predictions of consumer preferences can be interpreted as a point lying on a continuum between purely market research-driven predictions and purely egocentric predictions. Furthermore, H_1 and H_3 imply that empathizing shifts this point away from market research-based predictions toward egocentric predictions. The size of this empathy-caused shift along the market research–personal preference continuum can be inferred from the results of our regression analyses. For example, assume that a manager's personal importance rating for the attribute design is 40, while the market research results imply that, on average, consumers' importance rating for this attribute is 20. As Figure 2 shows, this manager's predicted consumer preference is approximately 25 for low empathy and approximately 32 for high empathy. Because the score of 25 is at 25% of the continuum between market research (20 points, or 0%) and personal preference (40 points, or 100%) and a score of 32 is at 61% of the continuum,³ the relative shift caused by empathy is 36%. This

³The minor difference between 61% and 60% ($=12/20$) results from rounding.

Figure 2
REGRESSION PLOTS (STUDY 1)

Notes: High empathy = $M + 1$ SD; low empathy = $M - 1$ SD. The dashed line represents consumers' average importance rating for the product attribute, according to the market research results presented to the participants.

result implies a substantial reduction in managers' use of objective market research results and a significant increase in egocentric consumer preference predictions. Similar analyses for the remaining attributes revealed comparable relative shifts from market research-driven preference predictions toward egocentric preference predictions (performance = +47%, dependability = +22%, comfort = +25%, sustainability = +45%, prestige = +34%; for details, see Web Appendix A).⁴

Discussion

This study provides support for our main hypothesis that managerial empathy can backfire when predicting consumer preferences. Specifically, the results suggest that taking a consumer perspective increases the influence of managers' personal consumption preferences on predicted consumer preferences. In other words, empathic managers project their

personal consumption preferences onto consumers, whereas nonempathic managers are less affected by their personal consumption preferences. This finding is clearly at odds with the lay belief that empathic managers are able to abstract away from their own tastes to gain superior insights about the preferences of their consumers. Our results also imply that empathic managers are less likely to rely on market research results when forming predictions of consumer preferences. This finding is not in line with the notion that empathy is positively related to managers' market orientation, which includes responsiveness to market intelligence.

Although the findings of Study 1 provide initial support for our main hypothesis, they are based on self-selection into high- and low-empathy groups. Strictly speaking, without random assignment and experimental control, we cannot assert that empathy causes self-referential preference predictions. To corroborate the findings of Study 1, we thus use an explicit manipulation of managers' empathy in Studies 2–4. We also expand the generalizability of our results by using other decision-making contexts and other measures of managers' personal consumption preferences and predicted consumer preferences.

⁴For purposes of simplification, we only report the results for a manager's personal preference score of 40 for each product attribute. However, note that we obtained similar shift sizes for other personal preference scores.

Figure 3
JOHNSON-NEYMAN REGIONS OF SIGNIFICANCE (STUDY 1)

Notes: Minimum (maximum) of participants' empathy in the sample: 1.75 (7). The black lines represent the simple slopes, the gray surrounding lines represent the 95% confidence band, and the dotted lines represent Johnson-Neyman points of significance.

STUDY 2

In Study 2, we experimentally manipulated managerial empathy. Furthermore, to enhance the generalizability of our initial findings, we used a communication management context in this study.

Method

We recruited 233 marketing managers (mean age = 45.2 years; 76.4% male) from an international marketing association. Participants were told that they would complete two independent studies. The first study took place under the cover of a psychological investigation of the relationship between personal identity and advertisement perceptions. More specifically, participants first answered questions on their personal identity; subsequently, they watched several advertisements, including two real ads of the luxury watch manufacturer Rolex. Then, they indicated their personal liking of each advertisement on an 11-point scale (1 = "I strongly dislike this advertisement," and 11 = "I strongly like this advertisement").

After completing a filler task, participants were asked to move on to the second study. Similar to Brown (1999), participants were told that the second study investigates strategic decision making under uncertainty. They were asked to assume the role of the head of marketing of Rolex who attends a final meeting on the launch of a new Rolex advertisement. They were informed that because of increased competition in the market, Rolex has recently been concerned about consumers' perceptions of its advertisements. Participants learned that there are two advertisements Rolex's management can choose from. Subsequently, they were shown the two Rolex advertisements from the first study. The first advertisement featured a sailing context ("sailing ad"; length = 32 seconds), and the second advertisement used a golf context ("golf ad"; length = 29 seconds).

Participants were then randomly assigned to either an "empathy" or a "no-empathy" condition (Davis et al. 2004). Participants in the empathy group were asked to describe a typical target customer of Rolex, to imagine a target customer's thoughts when watching the two advertisements, and to anticipate potential reactions to the advertisements. We assumed that participants would have a clear impression of a prestige-oriented target customer of Rolex (Puligadda, Ross, and Grewal 2012). Participants in the no-empathy

condition did not receive such instructions. All participants were then provided with the results of market research on customers' evaluations of both ads.⁵ Subsequently, participants estimated target customers' attitudes toward each advertisement on an 11-point scale (1 = "the target customer strongly dislikes this advertisement," and 11 = "the target customer strongly likes this advertisement").

Finally, participants completed a short questionnaire. As a check of the empathy manipulation, they indicated their level of empathy on the same four-item scale that was used in Study 1 ($\alpha = .851$). Furthermore, we measured the degree to which participants considered the market research results as valuable (using the same item as in Study 1). Moreover, participants indicated their age and gender and responded to an open-ended question on the purpose of the study.⁶

Results

Preliminary checks. Responses to the open-ended question revealed that none of the participants was able to infer the true goal of the study, and they were not aware of a link between both tasks. The manipulation of empathy was successful: an analysis of variance (ANOVA) with the measure of empathy as the dependent variable and the manipulation of empathy as the independent factor showed a significant effect ($M_{\text{no empathy}} = 5.41$, $M_{\text{empathy}} = 5.76$; $F(1, 231) = 5.60$, $p < .05$).

Test of H_1 . To test H_1 for each advertisement, we regressed predicted consumer evaluations on participants' personal liking scores, the empathy manipulation, and the interaction of both variables. The results appear in Table 2 and Figure 4. For both advertisements, we find a positive main effect of participants' personal liking scores, indicating that managers' personal evaluations influence their predictions of consumer evaluations. Furthermore, there was no main effect of empathy on predicted consumer evaluations. For both advertisements, the analyses revealed a positive interaction effect between managers' personal evaluations and the empathy manipulation on predicted consumer evalua-

⁵ Average consumer rating on an 11-point scale: sailing ad = 8.6; golf ad = 7.6.

⁶ In Studies 2–4, we also included the following confounding checks: cognitive load, perceived similarity to target consumer, perceived closeness to target consumer, merging of a manager's self and target consumer, decision confidence, and decision difficulty (for additional, study-specific confounding checks, see Web Appendix B). We found no significant effects for any of these variables in Studies 2–4.

Table 2
RESULTS OF REGRESSION ANALYSES (STUDY 2)

	Parameter	t-Value	p-Value
<i>Predicted Consumer Evaluation of Sailing Ad ($R^2 = .201$)</i>			
Intercept	8.470	55.857	.000
Manager's personal evaluation of sailing ad	.257	3.700	.000
Empathy	-.201	-.923	.357
Interaction term	.203	2.061	.040
<i>Predicted Consumer Evaluation of Golf Ad ($R^2 = .197$)</i>			
Intercept	7.938	56.238	.000
Manager's personal evaluation of golf ad	.178	2.984	.003
Empathy	-.129	-.638	.524
Interaction term	.236	2.768	.006

Notes: Unstandardized beta coefficients are shown. Manager's personal evaluation is mean-centered. Empathy is dummy-coded (0 = no-empathy condition, and 1 = empathy condition).

Figure 4
REGRESSION PLOTS (STUDY 2)

Notes: The dashed line represents consumers' average evaluation of advertisement, according to market research results presented to the participants.

tions. That is, empathy seems to increase the influence of managers' personal tastes on predicted consumer preferences. This result is in line with H_1 . Simple slope analyses revealed positive effects of managers' personal preferences on predicted consumer preferences for both experimental conditions (sailing ad: $b_{\text{no empathy}} = .257, t = 3.70, p < .001$; $b_{\text{empathy}} = .460, t = 6.59, p < .001$; golf ad: $b_{\text{no empathy}} = .178, t = 2.98, p < .01$; $b_{\text{empathy}} = .415, t = 6.81, p < .001$).

Test of H_4 . The results in Figure 4 show that predictions of managers in the empathy condition deviate substantially from the market research results (dashed lines). The difference between consumer preference predictions and market research results is smaller for managers in the no-empathy condition. This observation is consistent with the effect of empathy on the value participants assigned to the market research results: an ANOVA with indicated market research value as the dependent variable showed a negative and significant effect of the empathy manipulation ($M_{\text{no empathy}} = 3.96, M_{\text{empathy}} = 3.54; F(1, 231) = 4.40, p < .05$). These results support H_4 .

Finally, we used the same method as in Study 1 to quantify the size of the empathy-caused shift from market research-based to egocentric consumer preference predictions. On a scale ranging from purely market research-driven preference predictions (0%) to purely egocentric preference predictions (100%), managers' predictions in the empathy condition (sailing ad = 49%; golf ad = 28%) were substantially more egocentric and less market research-based than in the control condition (sailing ad = 26%; golf ad = 5%; for more details, see Web Appendix C).⁷

⁷For purposes of simplification, we only report the results for a manager's personal evaluation score of 4 for each advertisement. However, note that we obtained similar shift sizes for other personal evaluation scores.

Discussion

In contrast to Study 1, we used an experimental manipulation of empathy in Study 2 and investigated its effect on self-referential preference predictions in a communication management setting. Consistent with Study 1, we find that empathy increases the influence of a manager's personal consumption preferences on predicted consumer preferences. Furthermore, the results again imply that empathy decreases managers' perceived value of objective market research on consumer preferences.

STUDY 3

In support of H_1 , Studies 1 and 2 indicate that empathy increases the influence of managers' personal consumption preferences on predicted consumer preferences. However, the underlying mechanism of this effect remains to be investigated. Thus, we designed a third study to achieve the following three goals. First, we aimed to replicate the empathy-caused self-reference effect in a third decision-making context while using another measure of managers' personal consumption preferences. Specifically, Study 3 was based on a pricing task, and managers' personal consumption preferences were measured by their willingness to pay for products. Second, in Studies 1 and 2, we provided managers with market research information to support their prediction process. In Study 3, we aimed to test the robustness of the self-referential effect of empathy against a context in which managers are not provided with market research information. Third, and most importantly, we tested H_2 , which indicates that the activation of a manager's consumer identity mediates the effect of empathy on self-referential preference predictions.

Method

For Study 3, we recruited 61 marketing managers from the alumni association of a European management school (mean age = 45.1 years; 86.2% male). Participants were told that they would participate in two unrelated investigations. The first investigation was framed as a pretest of a new and simple approach to measure consumers' willingness to pay for products. The actual purpose of the first investigation, however, was to measure participants' personal willingness to pay—that is, their personal preference for several products. They were shown ten products (e.g., a marketing journal, a chicken sandwich) and asked to indicate their willingness to pay for each product. The order of the products was randomized.

After a filler task, the second investigation took place. It was framed as a case study on strategic pricing under uncertainty. Participants were given information on a fictitious coffeehouse company, UniCafé, and were asked to take the role of its marketing manager. They were told that UniCafé is about to open its first coffeehouse near a university and that its target consumers are the university's students. Furthermore, they were told that they are responsible for pricing UniCafé's products.

We manipulated managerial empathy as in Study 2 (Davis et al. 2004), and thus, participants were randomly assigned to either an "empathy" or a "no-empathy" condition. Managers in the empathy condition were asked to describe a typical student of the university and to imagine a student consuming coffee and other products at UniCafé. Participants in the no-empathy condition did not receive such instructions. Then, participants set the price for eight products offered by UniCafé (e.g., blueberry muffin, raisin bagel, cup of coffee). To test our hypotheses, we also included one product from the first investigation, the chicken sandwich. The order in which the products were presented was again randomized.

Finally, all participants completed a short questionnaire that included empathy items, measures of the proposed mediator, potential confounding factors, and questions

regarding the goal of the study. To assess managerial empathy, we used the same items as in Studies 1 and 2 ($\alpha = .723$). In addition, we used three items to measure managers' activation of their consumer identity (1 = "completely disagree," and 7 = "completely agree"): "When making my decisions, I was wondering about what I would like to..." (1) "...drink in this coffeehouse," (2) "...eat in this coffeehouse," and (3) "...consume in this coffeehouse." The three items were averaged to form an index ($\alpha = .845$). Finally, participants indicated their age, gender, education, and income and completed an open-ended suspicion probe on the purpose of the study.

Results

Preliminary checks. An analysis of the responses to the suspicion probe revealed that none of the participants was able to infer the true purpose of the study. Furthermore, none of the participants realized that the two investigations were related. Importantly, the manipulation of empathy was successful ($M_{\text{no empathy}} = 4.96$, $M_{\text{empathy}} = 5.58$; $F(1, 59) = 5.54$, $p < .05$). Controlling for age, gender, education, and income did not affect the results reported in the following subsections.

Test of H_1 . We tested H_1 by regressing the price for a chicken sandwich in the management task on participants' personal willingness to pay for a chicken sandwich, the empathy manipulation, and the interaction of both variables. We provide the results of this analysis in Table 3 (Regression 2) and Figure 5.

We find a positive effect of managers' personal willingness to pay on the product price in the management task (.193, $t = 2.72$, $p < .01$). Furthermore, there was a marginally significant main effect of empathy ($-.413$, $t = -1.84$, $p < .10$). In support of H_1 , the analysis revealed a positive interaction effect between managers' personal willingness to pay and the manipulation of empathy on the price in the management task (.222, $t = 2.06$, $p < .05$). Furthermore, simple slope analyses indicated that the effect of managers' personal

Table 3
RESULTS AND MEDIATION ANALYSIS (STUDY 3)

Regression 1: Activation of Manager's Consumer Identity ($R^2 = .069$)									
	Beta	t-Value	p-Value						
Empathy	.860 ^a	2.056	.044						
Price for Chicken Sandwich in Management Task									
	Regression 2			Regression 3			Regression 4		
	Parameter	t-Value	p-Value	Parameter	t-Value	p-Value	Parameter	t-Value	p-Value
Intercept	5.907	39.473	.000	5.802	52.473	.000	5.969	41.155	.000
Manager's willingness to pay	.193	2.717	.009	.321	6.039	.000	.264	3.664	.000
Empathy	-.413	-1.837	.071				-.389	-1.769	.082
Empathy × manager's willingness to pay	.222	2.059	.044				.122 ^c	1.141	.259
Activation of manager's consumer identity				-.079	-1.168	.248	-.044	-.647	.521
Activation of manager's consumer identity × manager's willingness to pay				.132 ^b	3.505	.000	.116 ^b	2.979	.004
	$R^2 = .401$			$R^2 = .443$			$R^2 = .484$		

^aEstimates path a in Figure 6.

^bEstimates path b in Figure 6.

^cEstimates path c in Figure 6.

Notes: Unstandardized betas are shown. Manager's (personal) willingness to pay and activation of manager's consumer identity are mean-centered. Empathy is dummy-coded (0 = no-empathy condition, and 1 = empathy condition).

Figure 5
REGRESSION PLOT (STUDY 3)

willingness to pay is positive and significant for both the no-empathy condition ($b_{\text{no empathy}} = .193, t = 2.72, p < .01$) and the empathy condition ($b_{\text{empathy}} = .415, t = 5.13, p < .001$).

Test of H_2 . We proposed that empathy activates a manager's consumer identity, which in turn increases the effect of a manager's personal consumption preferences on predicted consumer preferences (see Figures 1 and 6). To test H_2 , we ran a series of four regression models (see Table 3) and performed a bootstrap-based significance test of mediation. Specifically, H_2 is supported if five conditions are met. First, empathy must increase the activation of a

manager's consumer identity (path a in Figure 6). The corresponding coefficient in Regression 1 is positive and significant. Second, there should be a positive interaction effect between empathy and willingness to pay on product price. As we show in the preceding section (H_1), the corresponding coefficient in Regression 2 is positive and significant. Third, there should be a positive interaction effect between the activation of a manager's consumer identity and willingness to pay on product price (path b). The corresponding coefficient in Regression 3 is positive and significant. Fourth, the interaction effect between empathy and willingness to pay (path c) should vanish when controlling for the interaction effect between the activation of a manager's consumer identity and willingness to pay (path b). Regression 4 shows that the former interaction effect is not significant and the latter interaction effect remains positive and significant. Finally, we used a bootstrap-based analysis (e.g., Preacher and Hayes 2008) to test whether the indirect effect $a \times b$ is significant. Because of the unconventional structure of our mediation model, we used the general statistics software R (Venables, Smith, and the R Core Team 2012) to generate 5,000 resamples and applied the bias-corrected, accelerated bootstrap method (DiCiccio and Efron 1996). The 95% confidence interval for the indirect effect ($a \times b = .860 \times .116 = .100$) does not include zero (confidence interval [CI] = [.011, .281]), and thus, the indirect effect is significant. Overall, these findings suggest that the effect of empathy on self-referential preference predictions is fully mediated via activation of a manager's consumer identity. These results are in line with H_2 .⁸

⁸We found no indirect effects for other potential mediators: perceived similarity to target consumer ($a \times b = -.006$, 95% CI = [-.115, .098]), perceived closeness to target consumer ($a \times b = .008$, 95% CI = [-.033, .110]), merging of a manager's self and target consumer ($a \times b = .004$, 95% CI = [-.025, .082]), decision confidence ($a \times b = -.011$, CI = [-.108, .019]), decision difficulty ($a \times b = -.026$, 95% CI = [-.165, .015]), and decision accountability ($a \times b = -.022$, 95% CI = [-.118, .013]).

Figure 6
MEDIATION MODEL (STUDY 3)

Discussion

Overall, Study 3 replicates the main finding of Studies 1 and 2 in a pricing context. Specifically, Study 3 again supports H_1 by showing that empathy increases the influence of a manager's personal consumption preferences on predicted consumer preferences. This effect holds in a context in which managers are not provided with objective market research information (cf. Studies 1 and 2). Importantly, Study 3 also sheds light on the mechanism behind the self-referential effect of empathy. Our mediation analysis suggests that empathy activates a manager's consumer identity, which in turn increases self-referential preference predictions.

STUDY 4

The purpose of Study 4 is threefold. First, we aim to further the generalizability of our results and investigate the self-referential effect of empathy in another decision-making context (i.e., celebrity endorsement). Second, in Studies 1–3, managers indicated their personal preferences before predicting consumer preferences, but we do not yet know whether the results presented thus far are robust against order effects. In Study 4, we therefore randomized the order in which managers indicated personal preferences and predicted consumer preferences. Third, we test whether managers are capable of suppressing their private consumer identity in the process of perspective taking, thereby avoiding self-referential predictions (H_3).

Method

Overview. Ninety-eight marketing managers were recruited from the alumni association of a European management school to participate in two allegedly unrelated studies. The cover story stated that one study ("celebrity study") explores people's attitude toward celebrities, whereas the other study investigates strategic decision making under uncertainty ("decision-making study"). In reality, we designed the celebrity study to measure participants' personal attitude toward five celebrities, including the soccer player Cristiano Ronaldo, who was the target celebrity in this investigation.⁹ In the decision-making study, we manipulated managerial empathy and asked participants to predict consumer reactions toward Cristiano Ronaldo as a product endorser. The two studies were separated by a filler task, and we randomized the order of both studies. Thus, Study 4 was a 3 (empathy condition: no empathy, empathy, modified empathy) $\times$ 2 (order: personal preferences first, predicted consumer preferences first) between-subjects experiment.

Before participants began the two studies, they were shown five celebrities, including Cristiano Ronaldo, and were asked to indicate whether they knew each celebrity. Five participants did not know the target celebrity and were thus excluded from the studies, leaving 93 participants who completed both studies (mean age = 46.4 years; 86.2% male).

Celebrity study. In the celebrity study, participants were shown pictures of the five celebrities. Each celebrity appeared on a separate page, and the presentation order was randomized. Participants were asked to indicate their personal attitude toward each celebrity by responding to four seven-point items ("unfriendly–friendly," "unpleasant–pleasant," "not likable–likable," and "negative–positive"). For the target celebrity, Cristiano Ronaldo, we averaged these items to obtain a personal attitude index ($\alpha = .858$).

Decision-making study. In the decision-making study, participants received information on a fictitious company producing video games, PGames, and were asked to take the role of its marketing manager. They were told that PGames was in the process of launching a new soccer game and that the management is considering hiring Cristiano Ronaldo as a celebrity to endorse the video game. Furthermore, participants were informed that it is their job as a marketing manager to anticipate consumers' reactions to this specific celebrity.

Next, we randomly assigned participants to one of three empathy conditions (no empathy, empathy, or modified empathy). As in Studies 2 and 3, participants in the empathy condition were asked to describe a typical user of the new video game and to imagine a user's thoughts when seeing Cristiano Ronaldo as an endorser of the video game. Again, participants in the no-empathy condition did not receive such instructions. Participants in the modified-empathy condition received the same instructions as those in the empathy condition and were additionally instructed to suppress their personal consumer identity in the process of perspective taking. The additional identity-suppression instruction reads as follows: "Recent research has shown that when taking the perspective of consumers, managers frequently fail to suppress their own consumption preferences, needs, and attitudes. Therefore, please do *not* think about your personal consumption preferences, needs, and attitudes when taking the perspective of the consumer and only focus on the target consumer's preferences, needs, and attitudes."

After the empathy manipulation, participants were asked to estimate consumers' attitudes toward the target celebrity Cristiano Ronaldo. We used four seven-point items ("unfriendly–friendly," "unpleasant–pleasant," "not likable–likable," and "negative–positive") to measure predicted consumer evaluations of the celebrity. We averaged the items to form an index ($\alpha = .903$).

At the end of the decision-making study, we used the same items as in Studies 1–3 to measure managerial empathy ($\alpha = .798$). Furthermore, we used three items to assess managers' consumer identity activation (1 = "completely disagree," and 7 = "completely agree"): "During the task, I was wondering whether I, as a customer, would like..." (1) "...to see Cristiano Ronaldo as an endorser of the video game," (2) "...to see Cristiano Ronaldo on the cover of the video game," and (3) "...the video game cover with a picture of Cristiano Ronaldo on it." We averaged the items to form an index ($\alpha = .802$). In addition, we measured potential confounding factors.

After completing both studies, participants indicated their age, gender, and whether they owned a video game console. Finally, they completed an open-ended suspicion probe on the purpose of the studies.

⁹We chose Cristiano Ronaldo as the target celebrity because the study took place three weeks before FIFA, the international soccer association, announced the world soccer player of the year. At this time, European media reported daily about the voting, with Cristiano Ronaldo being the top candidate (e.g., <http://www.bbc.com/sport/0/football/25300076>).

Results

Preliminary checks. None of the participants was aware of the true purpose of the studies. Furthermore, an ANOVA with perceived empathy as the dependent variable revealed a significant effect of the empathy manipulation ($F(2, 90) = 5.21, p < .01$). As we expected, participants in the no-empathy condition ($M_{\text{no empathy}} = 4.57$) displayed significantly less empathy than those in the empathy ($M_{\text{empathy}} = 5.10$; $F(1, 90) = 3.98, p < .05$) and modified-empathy ($M_{\text{modified empathy}} = 5.41$; $F(1, 90) = 9.12, p < .01$) conditions. The difference between the latter two conditions was not significant ($F(1, 90) = .94, p > .33$); thus, the additional identity suppression instruction did not affect participants' level of empathizing. Furthermore, there were no effects of age, gender, and owning a video game console.

Test of H_1 and H_3 . Because there are three empathy conditions, we defined two dummy variables that were used as independent variables in a series of regression analyses (Dummy1: 1 for participants in the empathy condition, and 0 otherwise; Dummy2: 1 for participants in the modified-empathy condition, and 0 otherwise). The effect of Dummy1 represents the difference between the empathy and the no-empathy condition, and the effect of Dummy2 represents the difference between the modified-empathy and the no-empathy condition. To test our hypotheses, we regressed managers' predicted consumer attitude toward Cristiano Ronaldo (measured in the decision-making study) on their personal attitude toward Cristiano Ronaldo (measured in the celebrity study), the two dummy variables, and the interaction of each dummy variable and participants' personal attitude toward Cristiano Ronaldo. Table 4 (Regression 1) and Figure 7 present the results of this analysis.

As expected, managers' personal attitude toward the target celebrity had a positive and significant effect on estimated consumer attitude (.296, $t = 2.52, p < .05$). The two

dummy variables exhibited no significant main effects. In support of H_1 , the interaction between Dummy1 and managers' personal attitude was positive and significant (.868, $t = 3.48, p < .001$); that is, empathizing increased manager's self-reference when predicting consumer preferences. Most importantly, however, the interaction between Dummy2 and managers' personal attitude was not significant (.035, $t = .15, p > .89$), indicating that empathizing did *not* increase self-reference for managers in the modified-empathy condition (see Figure 7). Simple slope analyses revealed that the effect of managers' personal attitude toward the celebrity is

Figure 7
REGRESSION PLOT (STUDY 4)

Table 4
RESULTS OF REGRESSION ANALYSES (STUDY 4)

	Predicted Consumer Evaluation of Cristiano Ronaldo					
	Regression 1			Regression 2		
	Parameter	t-Value	p-Value	Parameter	t-Value	p-Value
Intercept	4.424	37.970	.000	4.362	28.166	.000
Manager's personal attitude toward Cristiano Ronaldo	.296	2.515	.014	.316	2.015	.047
Dummy1	.156	.754	.453	.178	.606	.547
Dummy2	-.107	-.485	.629	.177	.593	.555
Dummy1 × Manager's personal attitude toward Cristiano Ronaldo	.868	3.481	.001	.939	2.212	.030
Dummy2 × Manager's personal attitude toward Cristiano Ronaldo	.035	.145	.885	-.113	-.319	.751
Order				.191	.757	.451
Order × Manager's personal attitude toward Cristiano Ronaldo				-.108	-.423	.673
Order × Dummy1				-.168	-.307	.759
Order × Dummy2				-.701	-1.525	.131
Order × Dummy1 × Manager's personal attitude toward Cristiano Ronaldo				-.039	-.062	.951
Order × Dummy2 × Manager's personal attitude toward Cristiano Ronaldo				.371	.747	.458
	$R^2 = .301$			$R^2 = .323$		

Notes: Unstandardized betas are shown. Manager's personal attitude is mean-centered. Dummy1 (coded as 1 for participants in the empathy condition, and 0 otherwise), Dummy2 (coded as 1 for participants in the modified-empathy condition, and 0 otherwise), and Order (coded as 0 when managers indicated personal attitude first and as 1 when managers indicated predicted consumer attitude first) are dummy-coded variables.

positive and significant for the no-empathy ($b_{\text{no empathy}} = .296, t = 2.52, p < .05$) and empathy ($b_{\text{empathy}} = 1.164, t = 5.29, p < .001$) conditions, while the simple slope for the modified-empathy condition is positive but not significant ($b_{\text{modified empathy}} = .330, t = 1.60, p > .11$).

The results suggest that managers in the modified-empathy condition were indeed able to suppress their consumer identity, which in turn eliminated the self-referential effect of empathy, in support of H_3 . To further this interpretation, we conducted an ANOVA with managers' indicated consumer identity activation as the dependent variable and the three empathy conditions as the independent factor. This analysis revealed a significant effect ($F(2, 90) = 3.60, p < .05$), and contrast analyses show a pattern consistent with our interpretation (Figure 7): participants in the empathy condition indicated significantly more thoughts about their consumer identity ($M_{\text{empathy}} = 4.93$) than those in the no-empathy ($M_{\text{no empathy}} = 3.97; F(1, 90) = 6.74, p < .05$) and modified-empathy ($M_{\text{modified empathy}} = 4.02; F(1, 90) = 4.11, p < .05$) conditions. The difference between the latter two conditions was not significant ($F(1, 90) = .02, p > .90$).

Order effects. To test whether the order in which managers indicated their personal attitudes and their predictions of consumer attitudes affected the results, we estimated a second regression equation that included an additional dummy variable. The dummy variable "Order" has the value of 0 (1) for managers who indicated their personal attitudes before (after) estimating consumer attitudes. As we show in Table 4, Regression 2, our results hold when controlling for order effects.

Discussion

Study 4 again replicates the basic finding that empathy increases the influence of managers' personal consumption preferences on predicted consumer preferences. Enhancing the validity of this finding, this study shows the effect in the context of celebrity endorsement and its robustness against switching the order in which managers' personal consumption preferences and their predicted consumer preferences are assessed.

More importantly, this study identifies how one can mitigate the self-referential effect of empathy in the context studied here. It seems that a consumer identity suppression instruction successfully removes the very element from the process of perspective taking that is hypothesized to cause the self-referential effect of empathy. In other words, the empathy-caused self-reference is eliminated when the proposed mechanism (consumer identity activation) is held constant. This line of reasoning is in the spirit of experimental mechanism analysis (Spencer, Zanna, and Fong 2005) and provides further evidence for the process postulated in H_2 .

GENERAL DISCUSSION

Marketing practitioners and researchers have recognized the importance of bringing the consumer's voice to the center of managerial decision making by recommending executives to put themselves into the shoes of consumers (i.e., to be empathic). In line with this notion, research has shown that empathy supports, for example, a product manager in creating appealing products (e.g., Dahl, Chattopadhyay, and Gorn 1999). However, to the best of our knowledge, no

prior work has explored how empathy affects a manager in performing one of the most important managerial tasks: predicting consumer preferences. The present investigation addresses this research question, and in the following subsections we discuss theoretical contributions, practical implications, and opportunities for further research.

Theoretical Implications

Our research makes several theoretical contributions. First, although common wisdom suggests that empathy reduces the influence of personal preferences in construing preferences of others, our investigation implies exactly the opposite. Specifically, the findings of four studies across a variety of marketing decision contexts (i.e., product development, communication management, pricing, and celebrity endorsement), using different preference measures (i.e., constant sum scales, semantic differential items, and willingness to pay) and drawing either on self-reported or experimentally manipulated empathy, show that empathy increases the influence of a manager's personal preferences on predicted consumer preferences.

Second, we explain the self-referential effect of empathy by combining research on perspective taking and the literature on multiple identities. In particular, we argue that managers have two identities, their professional identity as a manager and their private identity as a consumer, which can differ in their momentary activation. We show that empathy activates managers' private consumer identity and, thus, their personal consumption preferences. The activation of their personal preferences, in turn, leads to self-referential preference predictions.

Third, we contribute to the literature by showing that managers are capable of suppressing their private consumer identity in the process of perspective taking, thereby avoiding self-referential preference predictions. Specifically, our research shows that managers who are explicitly instructed to avoid thinking about their private consumer identity do not fall victim to the self-referential effect of empathy.

Fourth, research has largely neglected to investigate the relationship between managers' empathy and their use of objective market research results. The findings of Studies 1 and 2 suggest that empathic managers are less likely to rely on objective market research as a consequence of their self-referential preference predictions. This finding is alarming because responsiveness to market intelligence is considered a key dimension of managers' market orientation (e.g., Kennedy, Goolsby, and Arnould 2003; Kohli and Jaworski 1990; Moorman, Deshpandé, and Zaltman 1993). Notably, the basic finding of empathy-caused self-referencing when predicting consumer preferences also remains in contexts where managers are not provided with market research information (Studies 3 and 4).

Fifth, and more generally, the marketing literature has predominantly considered decision makers' professional behavior as independent from their private consumption behavior. However, our results indicate that managers' professional decisions are strongly influenced by their personal consumption preferences. In other words, our work contributes to the literature by linking two areas in marketing research (Wierenga 2011): managerial decision making and consumer research. By investigating a manager's dual role

as a professional decision maker and as a consumer, we were able to identify a previously unknown and unfortunately undesirable effect: managerial empathy facilitates egocentric predictions of consumer preferences.

Managerial Implications

The research presented in this article offers important insights for marketing practice. Every day, marketers form predictions of consumer preferences, for example, when developing new products, designing advertisements, or pricing products. Previous work has argued that taking a consumer perspective can support marketers in the process of construing consumer preferences. Our findings, however, suggest that marketers should be aware of the self-referential effect that is triggered by empathic activities. Furthermore, empathy is likely to reduce managers' responsiveness to objective market research information. Decision makers who are aware of these undesirable effects may be able to protect themselves against self-referential tendencies. In particular, our research shows that managers can suppress their personal consumer identity during the empathic processing if they actively try to do so. Active management of the process is shown to mitigate self-referential tendencies. Thus, marketing managers reading or being informed about the results of the present research will be better prepared for effective empathizing activities focused on consumers.

Limitations and Future Research Opportunities

In this subsection, we highlight limitations of our studies and point out several research opportunities. First, in this research, we considered empathy as a situation-specific concept rather than an enduring individual ability (e.g., Faro and Rottenstreich 2006). Although we anticipate a similar pattern of results, further research could explore the effect of a manager's enduring tendency to empathize with consumers on self-referential preference predictions.

Second, we did not directly measure the accuracy of managers' preference predictions and its relationship to empathy. Although it appears that personal consumption preferences are questionable predictors of consumer preferences, more research on this topic using explicit measures of prediction accuracy seems warranted.

Third, in Studies 1 and 2, we found empathic managers' predictions to deviate substantially from market research results on consumer preferences, whereas nonempathic managers' predictions were largely in line with market research results. Further research could broaden the investigation of empathy and the use of market research results, for example, by examining the role of different forms of market research information (e.g., qualitative vs. quantitative market research results).

Finally, because incorporating the consumer's view by putting oneself into the shoes of consumers has surged in popularity in management practice, more research, particularly field research, is needed to fully elucidate the identified self-referential tendency triggered by empathy. In general, it is our hope that the current research provides a rationale and stimulus for future investigations into managerial decision making and, particularly, when and how bringing the consumer's perspective to the center of decision makers' processes can provide both positive and negative outcomes.

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