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## Article

# How Consumers Choose Hearing Aid Brands

Marketing Review St.Gallen

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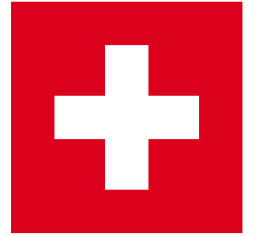
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Universität St.Gallen

# How Consumers Choose Hearing Aid Brands

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Although the end consumer is becoming increasingly important in the hearing aid market, little is known about the factors that lead consumers to choose one hearing aid brand over another. In an exploratory study, we find that consumers rely primarily on hearing care professionals, and less so on marketing communications and word of mouth, when choosing hearing aid brands. Competence emerges as the most effective characteristic of hearing care professionals, followed by their friendliness and the emphasis of product utility (vs. product features).

**Martin Riedi, Dr. Emanuel de Bellis**

**H**earing loss is a widespread phenomenon. According to recent estimates, over 10 percent of the population in OECD countries suffers from hearing impairment, with 35 to 40 percent of the population 65 or over being hearing impaired. In a sample of six Western countries, 34.7 percent of the hearing-impaired population used hearing aids, a figure that has increased only moderately over the past few years (EuroTrak 2016; Hougaard et al. 2016).

The hearing aid market is driven by several factors, such as the high prevalence of hearing loss, an increasingly aging population, and technological advancements. High potential growth in emerging markets offers an array of opportunities for the industry. However, while the hearing aid market is expected to reach USD 8,374 million by 2020 from USD 6,183 million in 2015, the low penetration rate of hearing aids is hampering global market growth (Research and Markets 2015).

Six manufacturers dominate the hearing aid market, with a total market share of over 90 percent (The Hearing Review 2017). These global players have begun to enter into related business areas, causing product offerings to become increasingly comparable. Given these trends, marketing and branding efforts to stress the uniqueness of each hearing aid brand are becoming increasingly important. At the same time, an unequivocal focus on the wishes and needs of the consumer (de Bellis et al. 2015) is key for hearing aid manufacturers.

Despite the evident importance of consumers' choice of hearing aid brand, little is known about its determinants at the point of sale. Specifically, it is unclear what drives consumers' brand choices and how they can potentially be influenced, given that hearing aids represent a complex technical product for which consumer knowledge is limited. Do consumers choose their hearing aid brand most-

ly according to their own preferences? How do advertisements and friends influence consumers' brand choices, and what is the role of hearing aid stores and associated sales tactics?

The present study examines how end consumers choose their hearing aid brands and what may cause them to change their choice. We review and test several determinants of hearing aid brand choices and seek the most effective salesperson characteristics, summarized under two key objectives. These objectives are then tested in a large-scale empirical investigation. The study results indicate that hearing aid manufacturers may need to adjust their marketing mix and associated resource allocations.

## Determinants of Hearing Aid Brand Choices

Brands are chosen for manifold reasons, such as to provide a piece of mind, save decision-making time, or express who we are (Aaker 2012; Growing Brands 2014). Three factors are particularly important in the process of influencing consumers' hearing aid brand choice. The first determinant concerns marketing communications efforts (e.g., posters, TV advertisements). Marketing communications are, on the one hand, particularly applicable to hearing aids, as they are still stigmatized, especially among younger consumers. On the other hand, hearing aid brands are relatively unknown among non-users, making it important to increase their awareness. Furthermore, advertisements are becoming increasingly personalized and can therefore be tailored specifically for hearing impaired consumers.

The second determinant concerns the recommendations of friends and acquaintances through word of mouth (Berger 2014). Especially among the core target group of middle-aged to elderly consu-

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## Hearing aid manufacturers should improve HCPs' hard skills in order to guide consumers' brand choices.

mers, recommendations and usage experiences of other consumers are crucial. Such information can be examined and transferred either offline (via traditional word of mouth such as in personal conversations) or online (via electronic word of mouth such as in chat forums and social networks). The latter channel is gaining importance given the increasing number of elderly consumers using the Internet and social networking platforms like Facebook and Twitter.

The third determinant concerns hearing aid stores and hearing care professionals (HCPs; salespeople at hearing aid stores). Hearing aids are typically distributed via local stores where consumers undergo in-depth individual counseling – a service that is particularly useful when it comes to complex technological products such as hearing aids. First-time users, for instance, lack knowledge concerning their needs and the differences among hearing aid brands. These users are prone to delegate their choice to someone such as an onsite salesperson. Finally, consumers usually make their final (brand) choice in the presence of an HCP, which is likely to increase the influence of HCPs.

The first objective of this study is to compare and evaluate the three reviewed determinants regarding their relative ability to predict consumers' hearing aid brand choices. More formally, we intend the following:

*Objective 1: We determine the relative influence of HCPs, marketing communications, and word of mouth on consumers' hearing aid brand choice.*

### Key Characteristics of Hearing Care Professionals

Given our assumptions about the importance of HCPs and the availability of hearing aid stores, one may ask which HCP characteristics are particularly persuasive. We focus on three key HCP characteristics. The first is competence. Expertise and knowledge are

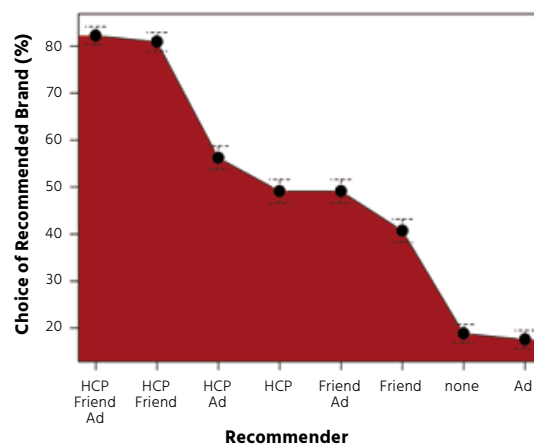
among an HCP's most significant skills, especially when it comes to relatively complex technical products. Aside from these hard factors, however, a range of soft factors may help determine the effectiveness of an HCP. The second important HCP characteristic is empathy and friendliness, which could influence whether a competent HCP is indeed perceived as competent. The final important characteristic is whether the HCP focuses on product features or utility. One may focus either on hearing aids' various features (e.g., battery lifetime) or on their utility (e.g., comfort). Thus, the second objective of this study is to compare and evaluate the three key HCP characteristics. More formally, we intend the following:

*Objective 2: We evaluate the HCP characteristics (and combinations thereof) most able to influence consumers' hearing aid brand choice.*

### Method

We pursue the above-formulated objectives by employing a 2×2×2 within-

**Fig. 1: Purchase Scenario 1 – Choice of Recommended Brand by Recommender**



Note: In purchase scenario 1, HCPs and friends proved to be the most influential determinants of whether a hearing aid brand was chosen. The x-axis refers to the eight conditions that were presented to consumers. For instance, 81 percent of participants chose the brand that was recommended by HCPs and friends (while the other brand was recommended by ads). Error bars represent the standard error.

Source: Riedi / de Bellis, 2017.

subjects design. In the experimental study, consumers were presented with two different purchase scenarios in which they were repeatedly asked to choose between two fictional brands. A range of factors were manipulated, allowing us to examine their potential influence on consumers' hearing aid brand choice.

### Participants

A total of 7159 participants were recruited in Germany via a local market research company. Of these, 393 consumers met our screening criteria of (1) exhibiting hearing issues and (2) owning and/or intending to buy a hearing aid within 12 months. The sample consisted of 43 percent females with a mean age of 61 (over 90% between 45 and 75).

### Procedure

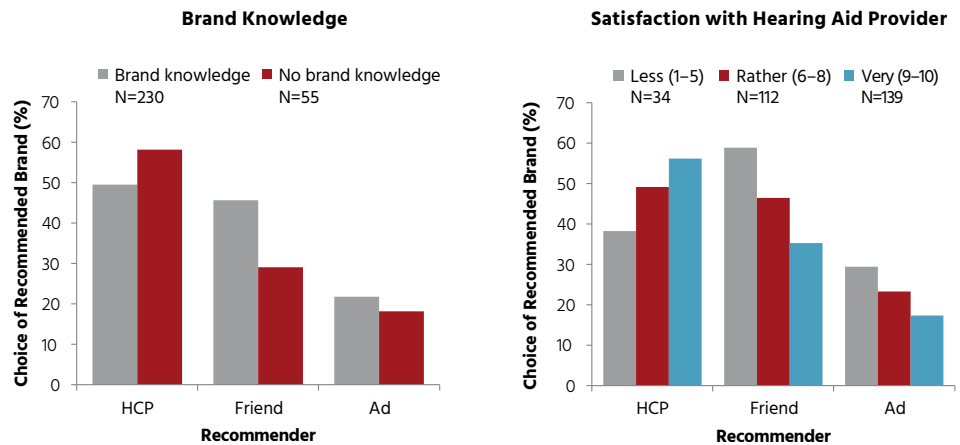
After being screened, consumers were welcomed and prepared for the two purchase scenarios (see below for details). Each scenario took approximately four minutes. Towards the end of the study, consumers were asked to reply to a few add-on questions (e.g., about the perceived importance and perceived influence of HCPs on a 10-point scale) and provide demographic data before being debriefed. The mean duration of the study was 11.5 minutes.

### Purchase Scenario 1

In determining the relative influence of HCPs, marketing communications, and word of mouth on consumers' hearing aid brand choice, we provided consumers with a detailed purchase scenario in which they were asked to choose between two fictional brands, Eprimo versus Arcor, for eight different conditions. In these conditions, we manipulated the brand that was recommended by a retail salesperson

**Fig. 2: Purchase Scenario 1 – Moderating Variables**

Brand Knowledge and Satisfaction with Current Hearing Aid Provider



Note: For ease of interpretation, we focused on the three most meaningful conditions where only the focal recommender recommended the brand. For instance, the bars on the left represent the condition where HCPs recommended the focal brand, whereas friends and ads recommended the other, non-focal brand.

Source: Riedi/de Bellis, 2017.

("HCP" hereafter), an advertising poster ("ad"), and an acquaintance ("friend"). Thus, consumers saw a total of eight (2x2x2) randomly ordered conditions in which the brand recommended by the three recommenders (i.e., HCP, ad, and friend) varied.

### Purchase Scenario 2

To evaluate the most effective HCP characteristic, a second purchase scenario was used in which consumers read a fake newspaper article about the testing of hearing aids that favored one fictional brand (Amilo) over another (Pelika). Consumers were then asked to choose between the two brands (including a "no choice" option). This setup allowed us to test the HCP characteristic(s) needed to persuade consumers of the non-favored brand (i.e., Pelika). Participants were again

asked to pass through eight conditions (2x2x2) in a random order, in which we manipulated whether the HCP appeared friendly and competent and whether the HCP emphasized product features or product utility.

### Results

To account for the repeated measurements in both purchase scenarios, we computed linear mixed-effects models (Bates/Maechler/Bolker 2012) that contain both fixed and random effects. To obtain p-values, we performed log likelihood tests.

### Purchase Scenario 1

On average, both fictional brands were chosen equally often (49.3% vs. 50.7%), indicating that neither was preferred per se. However, brand choice depended heavily on the provided recommenda-



tions: The choice share of a focal brand increased by 36 percent if a HCP recommended it, a figure that proved highly significant ( $b = .36$ ,  $SE = .02$ ,  $t = 17.58$ ,  $\chi^2 = 23.85$ ,  $p < .0001$ ). Similarly, the choice share of a focal brand increased by 28 percent if a friend recommended it ( $b = .28$ ,  $SE = .02$ ,  $t = 14.08$ ,  $\chi^2 = 20.91$ ,  $p < .0001$ ). Finally, the choice share of a focal brand increased by only 4 percent if an ad recommended it ( $b = .04$ ,  $SE = .02$ ,  $t = 1.92$ ,  $\chi^2 = 4.05$ ,  $p = .04$ ). These three models showed that the effects of HCPs and friends are strong and highly significant, while the effect of ads is only marginally significant (see also fig. 1).

These results imply that hearing aid brand choices can be strongly influenced by two determinants: HCPs and acquaintances. Examining potential moderators of these effects shows that HCPs exhibit the heaviest influence on hearing aid brand choice irrespective of consumers' gender or age and of whether they are current users or prospective buyers. However, con-

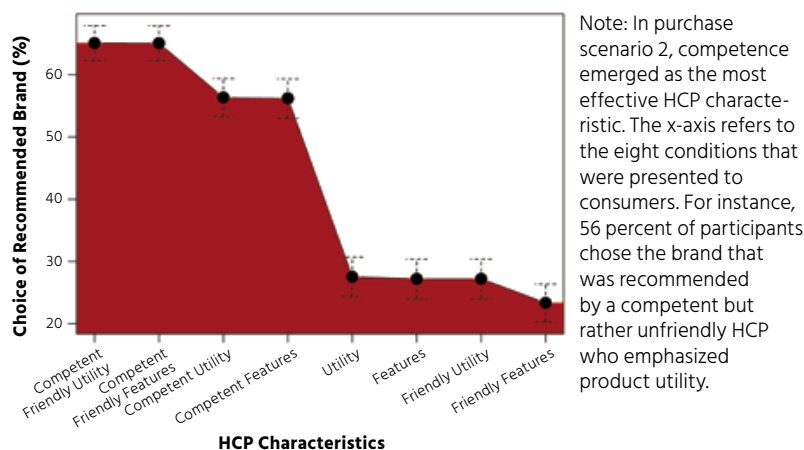
sumers without brand knowledge rely even more on HCPs, while consumers with brand knowledge rely almost as much on friends as on HCPs (see fig. 2). Furthermore, consumers who are less satisfied with their current hearing aid

provider are less prone to rely on HCPs (and more prone to rely on friends; see fig. 2), possibly demonstrating a distrust of hearing aid manufacturers in general.

#### Purchase Scenario 2

Again, both fictional brands were chosen roughly equally often (46.4% vs. 53.6%), but brand choice depended heavily on specific HCP characteristics. The choice share of the non-favored brand increased by 44 percent if the HCP was portrayed as competent ( $b = .34$ ,  $SE = .03$ ,  $t = 11.00$ ,  $\chi^2 = 17.66$ ,  $p < .0001$ ). By contrast, the choice of the non-favored brand increased by only 4 percent if the HCP was portrayed as friendly ( $b = .06$ ,  $SE = .03$ ,  $t = 2.59$ ,  $\chi^2 = 1.67$ ,  $p = .20$ ). Finally, the choice of the non-favored brand decreased by 1 percent if the HCP emphasized product features instead of product utility ( $b = -.00$ ,  $SE = .03$ ,  $t = -0.20$ ,  $\chi^2 = 0.16$ ,  $p = .69$ ). These models showed that the effect of competence is highly signifi-

**Fig. 3: Choice of Recommended Brand by HCP Characteristics**



Source: Riedi/de Bellis, 2017.



cant, while the effects of friendliness and features are not significant.

These results suggest that the persuasiveness of HCPs greatly depends on their perceived competence. An examination of potential moderators shows no substantial differences across age groups, between current users and prospective buyers, or between those who are and are not satisfied with their hearing aid provider. However, the results vary between genders, given that men put more emphasis on product features (vs. product utility). Furthermore, consumers using customized devices put considerably more emphasis on competence than do those using one-size devices (see fig. 4).

### Add-on Questions

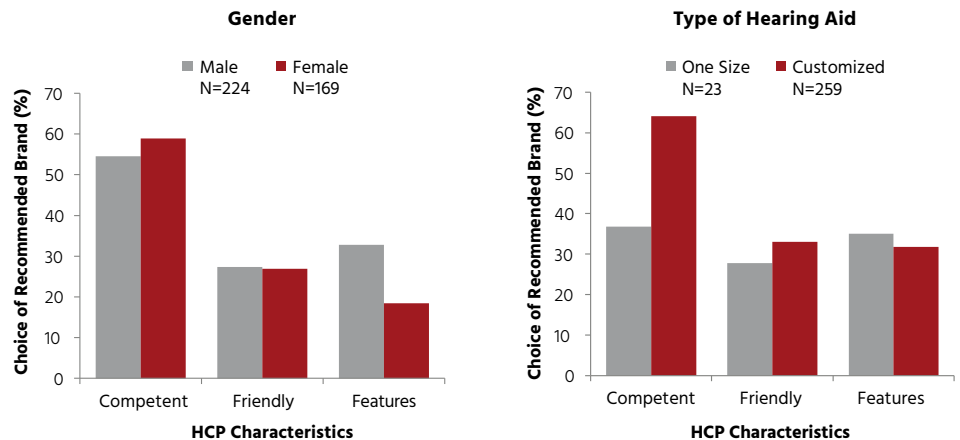
After the two purchase scenarios, several add-on questions were posed. When explicitly asked about the importance of HCPs when purchasing a hearing aid, 83 percent of respondents indicated “important” (8) to “very important” (10; see fig. 5). When asked about the influence of HCPs on consumers’ choice of hearing aid brands, 64 percent of respondents indicated “large” (8) to “very large” (10), while 30 percent indicated at least some influence (4–7; see fig. 5). These results indicate that consumers are largely aware of the importance of HCPs to their hearing aid purchases and that they feel that HCPs influence their brand choice.

### Discussion

Growth in the hearing aid market is expected to continue due to the high prevalence of hearing loss, the increasingly aging population, and technological advancements (Research and

**Fig. 4: Purchase Scenario 2 – Moderating Variables**

Gender and Device Type

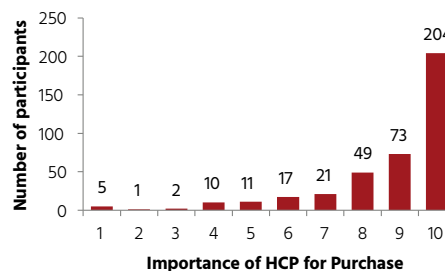


Note: The results on device type need to be treated with care given the small sample size (N=23) for one-size devices.

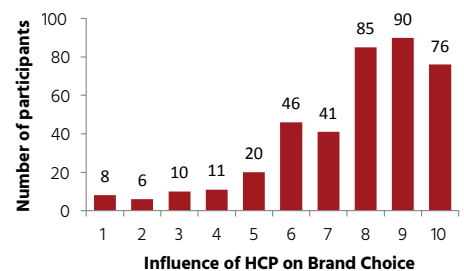
Source: Riedi/de Bellis, 2017.

**Fig. 5: Add-on Questions**

„How important are salespeople for you when purchasing a hearing aid?“



„How much influence do salespeople have on consumers’ choice of hearing aid brands?“



Source: Riedi/de Bellis, 2017.

Markets 2015). Increased competitiveness among global players requires hearing aid manufacturers to focus more narrowly on the end consumer. We therefore sought to identify which determinants influence consumers’ hearing aid brand choices and which

HCP characteristics are the most effective. Our exploratory study found that HCPs have the strongest influence on consumers’ brand choices, followed by word of mouth and marketing communications. Furthermore, competence emerged as the most effective



**Tabelle 1: Summary and Implications**

| Summary of key results   | Implications  |
|--|---|
| Across segments, recommendations by <b>HCPs</b> predicted hearing aid brand choices best. Further, consumers are largely aware of the importance of HCPs.    | → Attach greater importance to the maintenance of <b>local retail stores</b> and the recruitment and training of HCPs.  |
| <b>Word of mouth</b> emerged as a second strong predictor of hearing aid brand choice, especially for younger consumers.                                     | → Create <b>consumer interaction opportunities</b> both in person (e.g., in stores or through events) and online (e.g., via chat forums and social networks). |
| <b>HCPs' competence</b> was found to be by far the most important characteristic for predicting consumers' hearing aid brand choice.                         | → Train HCPs not only in hearing aid expertise but also in <b>sales techniques</b> to get the message across.   |
| <b>HCPs' friendliness</b> did not predict hearing aid brand choice, yet friendly HCPs were moderately important to customers of specific hearing aid brands. | → Improve the <b>soft skills</b> of HCPs, but this has lower priority.  |
| The added value of highlighting product <b>features vs. utility</b> depends on the specific customer; men and current users put more emphasis on features.   | → Teach HCPs about the needs of different consumer segments, and vary <b>online content</b> to match customers' backgrounds.                                  |


Source: Riedi/de Bellis, 2017.

HCP characteristic, with friendliness and product features (vs. utility) turning out to be negligible.

In interpreting these empirical results, one should consider that the study's experimental setup can only approximate real purchase situations. For instance, marketing communications efforts take full effect over time,

which could not be considered in this cross-sectional study and may explain the weak influence of advertisements. Nor could the physical presence of HCPs be taken into account in the online study; the influence of HCPs may be even greater in stores where they recommend hearing aid solutions in front of consumers, just before consu-

mers make their purchase decision. Finally, we used fictional brands to obtain a neutral indication for the influence of the focal determinants. In real purchase situations, however, where consumers may have previous knowledge of and experience with brands, these determinants may interact with hearing aid brands.

Despite these limitations, the present study offers novel implications that are significant for manufacturers in the hearing aid industry (see table 1). First, our results suggest that, to secure market share, hearing aid manufacturers should invest in retail. A crucial success factor is well-developed collaboration between manufacturers and local retail stores. Second, hearing aid manufacturers should improve HCPs' hard skills in order to guide consumers' brand choices. They should also invest in electronic word of mouth (e.g., social networks), which is expected to increase in importance. Manufacturers that take these factors into account are likely to benefit most from the predicted growth in the hearing aid market. 

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