Halo Effect

Idea In Short

In 1946, Polish-born psychologist Solomon Asch found that the way in which individuals form impressions of one another involved a primacy effect, derived from early or initial information. First impressions were established as more important than subsequent impressions in forming an overall impression of someone. The halo effect is a cognitive bias that significantly influences how people perceive and judge others, products, and brands. This psychological phenomenon occurs when an individual's overall impression of a person, company, or product influences their thoughts and feelings about that entity's specific traits or characteristics. In essence, the halo effect creates a “halo” of positive or negative associations that can color our perceptions and decision-making processes.

The halo effect is a type of cognitive bias in which our overall impression of a person influences how we feel and think about his or her character. Essentially, your overall impression of a person impacts your evaluations of that person's specific traits. In her article, The Beauty Advantage, columnist Jessica Bennett cites the following facts:

- Handsome men earn, on average, five percent more than do less attractive men (four percent more for women)
- Over his career, an attractive man will make $250,000 more on average than a less attractive man (from economist Daniel Hamermesh)
- 13% of women say they'd consider plastic surgery if it made them more competitive (American Society of Plastic Surgeons)
- 60% of overweight women and forty percent of overweight men say they've experienced employment discrimination
- 57% of surveyed hiring managers told Newsweek that qualified but less attractive candidates will have a harder time landing a job
- 61% of managers (majority men) surveyed said that women gain an advantage by wearing work attire that shows their figure
- Ranked in order of importance, looks came in 3rd behind experience (1st), confidence

(2nd), but ahead of the candidate's school (4th)

The article goes on to talk about the Halo Effect," saying,

> like a pack of untrained puppies, we are mesmerized by beauty, blindly ascribing intelligent traits to go along with it

Historical context

Originally identified by psychologist Edward Thorndike in 1920, the halo effect has since been extensively studied and applied in various fields, including marketing, business, and social Psychology. Thorndike observed that military officers tended to rate their subordinates as either all good or all bad across different traits, even when these traits were unrelated. This observation laid the foundation for understanding how initial impressions can disproportionately influence subsequent judgments.

Case - Apple

One of the most notable examples of the halo effect in action is the success of Apple Inc. The company's innovative and aesthetically pleasing products, particularly the iPhone, have created a strong positive halo around the entire Apple brand. This halo effect has allowed Apple to successfully expand into various product categories, from computers to smartwatches, with consumers often assuming that the quality and innovation they associate with iPhones will extend to these other products as well.

The halo effect is not limited to product perceptions; it also extends to how we perceive and interact with people. Physical attractiveness, for instance, is a well-documented trigger for the halo effect. Studies have shown that attractive individuals are often perceived as more intelligent, competent, and trustworthy, even when there is no logical connection between these traits and physical appearance. This bias can have far-reaching implications in various aspects of life, from job interviews to courtroom decisions.

What is Halo effect?

The Halo Effect happens when our sub-conscious positive judgment of certain

characteristics in an individual influences our overall judgment of that person. Politicians use the halo effect to their advantage by trying to appear warm and friendly, while saying little of any substance. People tend to believe their policies are good, because the person appears good. It's that simple! So, we end up evaluating that person exceedingly high on many traits because we are so magnetised by a single trait.

> Also known as the physical attractiveness stereotype and the "what is beautiful is good" principle, the halo effect, at the most specific level, refers to the habitual tendency of people to rate attractive individuals more favorably for their personality traits or characteristics than those who are less attractive.

Halo effect is also used in a more general sense to describe the global impact of:

- likeable personality
- some specific desirable trait
- biased judgments of the target person

Thus, feelings generally overcome cognitions when we appraise others.1 For example, if a person is vocal during one-on-one discussions, we may presume great presentation / sales skills, group leadership, etc.

Origins of halo effect

Psychologist Edward Thorndike first coined the term in a 1920 paper titled, The Constant Error in Psychological Ratings 2. In the accompanying experiment, Thorndike asked the commanding officers in military to evaluate their subordinate soldiers. These evaluation criteria included such dimensions as leadership, physical appearance, intelligence, etc. Thorndike's goal was to determine how evaluations of one dimension influenced the assessments of other characteristics. He found that high ratings of a particular quality correlated with high ratings of other characteristics; negative ratings of a specific quality also led to lower ratings of other characteristics.

Ramifications

The effect is worth noting because it can wreak havoc with management. Supervisors

performing employee appraisals may inadvertently allow strong ratings of some critical dimensions to colour the overall ratings. At work, the halo effect might most likely to show up in a supervisor's performance appraisals of a subordinates. In fact, the halo effect is probably the most common bias in performance appraisal. The supervisor may value a single characteristic more than other characteristics. Correspondingly, the supervisor may very give an employee higher ratings despite the shortcomings in knowledge or abilities.3 According to 'Reputation Marketing' by John Marconi, books that have Harvard Classics written on the front can demand twice the price of the exact same book without the Harvard endorsement. The same is true in the fashion industry. The addition of a well-known fashion designer's name to a simple pair of jeans can inflate their price tremendously.

Impact in business

In the business world, the halo effect can significantly impact company evaluations and investment decisions. A company with strong financial performance in one area may be assumed to excel in other areas as well, potentially leading to overvaluation or unwarranted positive assessments of its overall health. Conversely, a single negative event or poor performance in one aspect of a business can cast a negative halo over the entire organization, potentially overshadowing other positive attributes or achievements.

For marketers and business leaders, understanding and leveraging the halo effect can be a powerful strategy for building and maintaining a strong brand. By focusing on creating exceptional experiences in key areas, companies can generate positive halos that extend to other aspects of their brand or product line. This approach can be particularly effective when launching new products or entering new markets, as the positive associations from established offerings can help overcome initial skepticism or lack of familiarity.

However, it's important to note that the halo effect can be a double-edged sword. While it can amplify positive perceptions, it can also magnify negative ones. A single poor experience or product failure can potentially tarnish a brand's entire reputation, making it crucial for companies to maintain consistent quality and positive customer experiences across all touchpoints.

One effective way to harness the halo effect in marketing is through celebrity endorsements and influencer partnerships. By associating their products with well-liked and respected

public figures, brands can create positive halos that extend to their offerings. This strategy relies on the transfer of positive associations from the celebrity to the product, potentially influencing consumer perceptions and purchasing decisions.

Another application of the halo effect in marketing is in product packaging and design. Attractive and high-quality packaging can create a halo of perceived value and quality around a product, even before the consumer has had a chance to experience it directly. This principle extends to website design, store layouts, and other visual elements of a brand's presence, all of which can contribute to forming initial impressions that may influence subsequent judgments.

Digital impact

In the digital age, the halo effect has taken on new dimensions with the rise of social media and online reviews. A brand with a strong social media presence and positive online reviews can benefit from a digital halo effect, where consumers' positive impressions of the brand's online persona extend to their perceptions of its products or services. This highlights the importance of managing online reputations and engaging effectively with customers across digital platforms.

The halo effect also plays a significant role in corporate social responsibility [CSR] initiatives. Companies that are perceived as socially responsible or environmentally friendly often benefit from a positive halo that extends to their products and overall brand image. This can lead consumers to view such companies more favorably and even justify paying premium prices for their products, based on the positive associations created by their CSR efforts.

Shortcomings

While the halo effect can be a powerful tool in marketing and branding, it's essential for businesses to use it ethically and responsibly. Relying too heavily on the halo effect without delivering substantive quality or value can backfire, potentially leading to disappointed customers and damaged brand reputation in the long run. The key is to create genuine positive experiences and attributes that can naturally generate beneficial halos, rather than attempting to manufacture false perceptions.

For consumers, awareness of the halo effect is crucial for making more objective and informed decisions. By recognizing this cognitive bias, individuals can strive to evaluate products, people, and situations more holistically, considering multiple factors rather than allowing a single positive or negative attribute to dominate their judgment.

Summary

So, the next time you vote for a politician, consider buying a pair of designer jeans or decide whether you like someone, ask yourself whether the halo effect is operating. Are you really evaluating the traits of the person or product you thought you were? Alternatively is some global aspect bleeding over into your specific judgement? This simple check could save you voting for the wrong person, wasting your money or rejecting someone who would be a loyal friend.