Marketing Intelligence & Planning

Volume 36 Number 3 2018

305 Editorial advisory board

306 Effects of brand transgressions on third-party consumers
   Danielle Mantovani, José Carlos Korelo and Jenny Ibarra

318 A cross-national comparison of Millennial consumers’ initial trust towards an
   e-travel website
   Jan Møller Jensen and Corinna Wagner

334 Customer brand co-creation behavior: conceptualization and empirical validation
   Cassandra France, Debra Grace, Bill Merrilees and Dale Miller

349 Patient’s behavioral intention: public and private hospitals context
   Muhammad Sabbir Rahman, Mahafuz Mannan, Md Afnan Hossain
   and Mahmud Habib Zaman

365 A qualitative investigation of e-tail brand affect
   Abhigyan Sarkar, Juhi Gahlot Sarkar, Sreejesh S. and Anusree M.R.

381 Brand equity and financial performance: the moderating role of brand likeability
   Bedman Narteh

396 Sponsees: the silent side of sponsorship research
   Giulio Toscani and Gerard Prendergast

www.emeraldinsight.com/loi/mip
Marketing Intelligence & Planning aims to provide a vehicle that will help marketing managers put research and plans into action. Users of research need to communicate with those who undertake research about their problems. The journal intends to publish articles on how information gathered by researchers has been processed and translated into action plans. Papers published in this journal are subject to double blind peer review – in cases where the editorial team elect to publish a paper for its particular merit outside of the review system, this will be clearly stated in the editorial introduction to the issue.

EDITOR
Associate Professor Thomas Brashear-Alejandro
University of Massachusetts at Amherst, USA
E-mail brashear@isenberg.umass.edu

FOUNDING EDITORS
Emeritus Professor Michael J. Thomas OBE
(1933-2010)
Professor Gordon R. Foxall FACSS DSocSc
FBPs FBAM

INTERIM EDITOR
Professor Wesley J. Johnston
Georgia State University, USA
E-mail wesleyj@gsu.edu

ASSISTANT EDITOR
Miss Katie Darracott
Georgia State University, USA

ISSN 0263-4503 © 2018 Emerald Publishing Limited

Guidelines for authors can be found at:
www.emeraldgrouppublishing.com/mip.htm
Effects of brand transgressions on third-party consumers

Danielle Mantovani, José Carlos Korelo and Jenny Ibarra
Universidade Federal do Paraná, Curitiba, Brazil

Abstract

Purpose – Brand transgressions, characterized by service failure, are a frequent theme for marketing scholars. Their impact on satisfaction, trust and brand loyalty is of high interest. However, in assessing the influence of those events on third-party consumers, the literature is still lacking. The purpose of this paper is to explore how social distance explains the reactions of close and distant third-party consumers toward other consumers during a brand transgression event. Anger is analyzed as a driver of this process.

Design/methodology/approach – Two experiments were conducted. Both studies presented a 3 (social distance: victim vs close third party vs distant third party) by 2 (severity: low vs high) between-subjects design. Respondents were asked to read a transgression scenario in a mobile phone service (study 1) and in a restaurant (study 2) and then completed scales that measured their affective reactions and evaluations of the relationship – satisfaction, trust, and loyalty intention – with the transgressing brand.

Findings – The results showed that transgression severity intensifies the effect of the brand transgression on consumer’s anger. Victims and close third parties demonstrated higher levels of anger compared to distant third-party consumers. In the case of severe transgressions, an experience of anger contagion between victims and close third-party consumers was responsible for the negative effect on the relationship evaluation of the transgressing brand compared to distant third-party consumers.

Originality/value – This study extends previous research about how social distance influences consumer-brand relationships and demonstrates the mediating role played by affective anger contagion.

Keywords Anger, Brand transgression, Social distance, Transgression severity

Paper type Research paper

Introduction

Transgressions are an intrinsic and inevitable perceived violation of rules that guide relationships (Aaker et al., 2004). The focus of attention on transgressions lays on the dyadic relationship between brands consumers, and a transgression takes place when the brand causes damage to the consumer who undergoes an experience of loss and distress. Despite of a good number of studies on the topic (Harrison-Walker, 2012; Kim and Ulgado, 2012; Sinha and Lu, 2016), more research is needed to address the issue when another consumer that have no prior problem with the brand is aware of brand’s transgression events toward third-party consumers (e.g. a friend of the mistreated consumer). In that case, it is assumed that the relationship between consumers and brands may become triadic (e.g. brand-consumer-third party consumer). If the brand produces bad outcomes to a mistreated consumer, the effect could extend to other consumers, who in turn could respond to the brand, depending on how socially close or distant they are from the victimized consumer. In this regard, this research aims to explore the aftermath of brand’s transgression over other consumers who are not directly the target of brand’s wrongdoing.

These types of incidents are more frequent than marketers conceive. This paper proposes that the socially closer the third-party consumers are from the victim of the brand transgression, the more similar their ratings about the brand will be in the face of a severe transgression (e.g. decrease of brand loyalty). This is due to the similar affective state that the brand transgression produces in both consumers. We focus on anger as a driver mechanism affecting brand’s assessment. Consumers that attribute the responsibility of mistakes to brands will experience anger, and socially close consumers will present similar pattern accounted by the contagion of anger. Contrary, when third-party consumers are socially distant from the victim, the event of transgression will not affect their rationalization.
Therefore, they will not experience anger because the event is processed in an abstract level when compared to those that are close to the victim. This research builds on the existing literature in two ways. First, this study contributes to the body of knowledge on consumer-brand relationships, identifying the assessment of the relationship made by third-party consumers when they are aware of a brand transgressing on other consumers. Past research has demonstrated that others might influence our behavior and preferences (Linke, 2012; Mattila et al., 2014), but this research provides initial evidence of this influence in the consumer-brand relationship field. Based on previous studies on marketing relationship, consumer-brand relationship is often measured through satisfaction, trust, and loyalty (Fornell et al., 1996; Beerli et al., 2004; Sirdeshmukh et al., 2002). Therefore, these variables are the focus of this study for relationship evaluation.

Second, the study explores the role of a specific emotion – consumer anger – in service transgression and its impact on third-party consumers, a topic which has been largely overlooked in the literature. The cost of consumers’ angry reactions is higher than managers could expect (Funches, 2016). Besides the complaint websites (e.g. Complaints.com), which give voice to consumers to post details about the services and product failures, it is also common to see customers posting on their own social networks complaints about a transgressing company. Therefore, their close friends will also be aware of the brand failure. Past research has typically examined the affective reaction of the consumer that suffered the transgression (Harrison-Walker, 2012) and its potentially damaging effects (Grégorie et al., 2009; Funches, 2011). However, third-party consumers also experience anger when they are aware of others being treated unfairly (Mattila et al., 2014). Our research sheds light on the conditions under which this phenomenon occurs. Based on construal level theory (Trope et al., 2007; Trope and Liberman, 2010), this study argues that only close third party, but not the distant consumers, will be influenced by a brand transgression because of the emotional contagion between them (Berger, 2013). Therefore, they will both react negatively and, as a consequence, will present a similar decline in the post-event evaluations of the brand.

This research also provides important practical implications for companies, which should motivate brand managers to establish plans to identify and track brand failures according to the severity level.

Conceptual development

Transgressions in consumer-brand relationships

Transgressions are considered harmful for both brands and consumers because they bring undesirable consequences, such as a negative impact on the brand’s image (Aaker et al., 2004; Trump, 2014) and threats to the continuity of the relationship (La and Choi, 2012). Past research shows that transgressions impact specific aspects of consumer-brand relationship evaluation, such as satisfaction (Fornell et al., 1996; Cambra-Fierro and Melero-Polo, 2017), trust (Sirdeshmukh et al., 2002), and loyalty (Beerli et al., 2004). For instance, La and Choi (2012) demonstrated that service failure has a high impact on trust and in loyalty intention. Kim and Ulgado (2012) also showed the negative impact of transgression on satisfaction. This negative impact is influenced by factors such as transgression controllability, brand relationship strength (Sinha and Lu, 2016), and recovery performance (Grégorie et al., 2009; Strizhakova et al., 2012; Kim and Ulgado, 2012). Research on the attribution-affect-behavior consequence has showed that when consumers blame the transgressing brand, they get angry (Funches, 2011; Strizhakova et al., 2012; Du et al., 2014), demonstrate greater dissatisfaction, intention to complain, negative word of mouth, and their willingness to repurchase is reduced (Harrison-Walker, 2012). These causal inferences guide consumers’ post-transgression behavior (Sinha and Lu, 2016).

Another important characteristic of transgressions is their variation in terms of severity. Transgression severity refers to a customer’s perceived intensity as it relates to a service
problem. The more intense the service failure is, the greater will be the customer’s perception of loss (Tsarenko and Tojib, 2015). Research has demonstrated a strong correlation between the severity of brand service failure and consumer dissatisfaction and negative responses toward the company or brand (Kim and Ulgado, 2012; Strizhakova et al., 2012; Tsarenko and Tojib, 2015). The most common and explored perspective when analyzing the effects of brand transgression is the dyadic relationship between the brand and the customer (Aaker et al., 2004). Beyond this relationship, this study suggests that transgressions also affect third-party consumers (Casidy and Shin, 2015). The differences and similarities between the negative reactions of victims and third-party consumers are explained by social distance (Trope et al., 2007; Trope and Liberman, 2010) and the emotional contagion between these groups (Berger, 2013; Hasford et al., 2015).

Previous research has demonstrated that unfair treatment experienced by others triggers negative reactions in third-party consumers (e.g. anger), even when they have experienced fair treatment from the transgressing brand (Mattila et al., 2014; Casidy and Shin, 2015). This research suggests that the negative reaction of third-party customers depends on the social distance between them and the customer who was mistreated by the brand. Third-party consumers that are socially close to the victimized customer tend to interpret the event with greater similarity to them, whereas, consumers that are socially distant do not interpret the brand transgression as so harmful. This effect is explained by the psychological distance theory, or more specifically, the dimension of social distance that proposes how people construe their mental representations about an event (Trope et al., 2007; Trope and Liberman, 2010). The more psychologically distant an event, the more abstract it will be represented in the mind. Contrary, the more psychologically close the event, the more concrete it will be construed in peoples’ minds (Trope et al., 2007; Park and Morton, 2015).

If the brand transgression is severe, the intensity of individuals’ emotional affiliation with other people can amplify the social influence (Berger, 2013). Research also demonstrates that consumers’ negative reactions may rely on the intensity of the transgression (Tsarenko and Tojib, 2015), such that the higher the perceived severity of the transgression, the higher the levels of negative emotions. When consumers observe an unfair treatment caused by a severe transgression, they will also react with negative emotions. In this case, the social distance will influence other consumers’ affective reactions, such that close third-party consumers will experience anger similar to the victim, and as a consequence, they will present similar negative perceptions of the relationship with the brand (Linke, 2012). On the other hand, distant third-party consumers will take the perspective of the transgression as an isolated circumstance, not triggering anger, which by consequence will lead them to a milder evaluation of the relationship with the brand after a transgression. Therefore, the following hypothesis is proposed:

**H1.** In face of severe transgressions, victims and close third-party consumers will demonstrate higher levels of anger compared to distant third-party consumers.

When forming evaluations of satisfaction, trust and loyalty about a brand, consumers use experienced emotions as a source of information (Funches, 2016; Hasford et al., 2015). Past research (Funches, 2011; Harrison-Walker, 2012; Strizhakova et al., 2012) shows that anger is responsible for the impact of service quality on relationship evaluation, often measured in terms of satisfaction, trust, and loyalty intention. Once emotional contagion is also triggered by the capacity of empathy, or by imagining another person’s feelings, the perspectives of close others are strongly considered, which enhances the emotional transfer (Parkinson, 2011). Because of affective sharing and affective similarity attraction, individuals’ emotions can promptly transfer to other group members (Berger, 2013; Du et al., 2014; Hasford et al., 2015). For example, Du et al. (2014) found that the impact of group emotional contagion is more
intense in a familiar group than in an unfamiliar group. The authors argued that familiar
groups (e.g. friends and family members) are more likely to have similar opinions and
behavior because they are more susceptible to emotional contagion with each other than with
distant others. As a consequence, victims and close third-party consumers will share similar
affective reactions, and their evaluations about satisfaction, trust and loyalty about in face of a
severe transgression will be similarly mediated by the feeling of anger. However, distant
third-party consumers assess an event more abstractly and feel lower levels of anger,
presenting a more positive assessment of the brand relationship after a transgression.

This research proposes that anger will negatively mediate the impact of the interaction
between social distance and severity on relationship evaluation. When the transgression is
severe, the victim’s anger, driven by the mechanism of affective sharing and contagion
(Berger, 2013; Linke, 2012; Du et al., 2014), will transfer to close third-party consumers, and
as such, they will provide the same negative evaluation of satisfaction, trust and loyalty,
unlike distant third-party consumers. This effect might be contingent on the transgression
severity. Events that are not severe in terms of harming the consumer have a weaker effect
on the relationship, since the consumer experiences less anger in that situation. As a result,
this study suggests the following hypothesis:

H2. In face of severe transgressions, an experience of anger contagion between victims
and close third-party consumers will result in a stronger negative effect on the
relationship evaluation – satisfaction, trust, and loyalty – of the brand compared to
distant third-party consumers.

Experiment 1
To test the two hypotheses of the research, a scenario-based design in the domain of mobile
phone services was selected, using a fictitious brand, named COMCEL. This sector is
characterized by high levels of failures toward consumers and high rates of complaints,
resulting in one of the lowest rates of satisfaction on the ACSI index (mobile phone services
ranked 38th among 43 industry sectors in the ACSI, 2016 index).

Procedures
The sample was composed of 176 undergraduate students ($M_{age} = 21.9$ years, 55.4 percent
women). The experiment presented a 3 (social distance: victim vs close third party vs distant
third party) by 2 (severity: low vs high) between-subjects design. Social distance
manipulation procedure was based on the concepts of Trope et al. (2007) and Trope and
Liberman (2010). A recall task was used to induce the close third-party condition, in which
participants were asked to think of a real and close person in their lives and to explain the
reasons the person is important to them (e.g. what is the relationship between you and
the person?; In general, what do you feel when you are in his/her presence?; What would be
the main similarity between you and this person?).

In the distant third-party condition manipulation was adapted to use a recognition
mechanism in which participants were asked to read a scenario about a known but
socially distant person, a student who took the same course as you during a different
semester. Participants in the victim condition were not subjected to the social distance
manipulation and were directly asked to read and imagine themselves in the brand
transgressing situation.

After the social distance manipulation, we addressed the transgression of the service in
two levels (low vs high). We asked participants to imagine themselves using a service from
a cell phone company COMCELL, and that everything about the service was going ok until
that moment. But one day the company made a mistake: printed wrong name (low-severity
condition); $100 was charged on the cell phone bill for an average of $30 of regular
consumption and also, the name of the victim was included in companies’ list of consumers in debt (high-severity condition). The severity was adapted for each condition of social distance, where the target of the mistake was: the participant (victim condition); a close person (close third-party condition); or a distant person (distant third-party condition).

These manipulations were selected based on a separated pre-test (n = 30, 64 percent male, M_age = 24.2 years) to identify the severity associated with the transgression situations. The results indicated no difference in the perceptions of scenario reality (M_low = 6.03, SD = 1.09; M_high = 5.92; SD = 1.36; t(28) = -1.01, p = 0.515), where 1 = it is not a possible real situation and 7 = it is a possible real situation. Most important, participants assigned to the high-severity condition reported higher means of severity perception (M_high = 6.18, SD = 1.01) compared to the low-severity condition (M_low = 2.76; SD = 1.33; t(28) = 7.92, p < 0.001).

After reading the scenario, participants answered questions involving the measurements of the experiment. Anger was operationalized with one question about how much anger the participant would feel in the situation described in the scenario. Satisfaction was measured with the scale adapted from Fornell et al. (1996) containing three items: ideal conformity, global satisfaction, and expectations with the brand, all collapsed to a satisfaction index (α = 0.88). Trust was measured following the proposal of Sirdeshmukh et al. (2002), with three items collapsed in an index: the brand’s competence, integrity, and concern with customers (α = 0.90). Loyalty was measured using the scale adapted from Beerli et al. (2004), which also included three items collapsed in an index: intentions to solve the problem first with the brand, keep using the brand services, and recommend the brand to others (α = 0.92). All items varied from 1 = “completely disagree” to 7 = “completely agree.”

**Results**

The manipulation check of social distance and severity were performed with *t*-tests for independent samples. Only the differences between two groups were compared (close vs distant third-party consumers), since there was no social distance for the victim group. The results of social distance showed the manipulation worked. There was a significant difference between the measures of close third (M_close third = 6.03, SD = 1.09) and distant third (M_distant third = 3.34, SD = 1.45; t(114) = 11.34, p < 0.01). The manipulation of the transgression severity worked as well. There was a significant difference for participants who responded in the low-severity condition (M_low = 3.52, SD = 1.62) compared to the high severity (M_high = 6.08; SD = 1.18; t(174) = -11.93, p < 0.01).

We performed a 3 (social distance) × 2 (severity) two-way ANOVA on satisfaction, trust, and loyalty. We adopted an ANOVA rather than a MANOVA because the focus on this research is to analyze each dependent variable isolated from the other two. That is a more adequate approach to the mediated model that our hypotheses predict. Despite this fact, the results from MANOVA presented no changes in the adjusted model. The results from ANOVA showed a marginal main effect of social distance on satisfaction (F(2, 170) = 2.43, p = 0.091, n^2_p = 0.028) and trust (F(2, 170) = 2.65, p = 0.074, n^2_p = 0.030) and a significant main effect on loyalty (F(2, 170) = 3.43, p = 0.035, n^2_p = 0.039). Also, a significant main effect of transgression severity on satisfaction was found (F(1, 170) = 56.89, p < 0.01, n^2_p = 0.251), trust (F(1, 170) = 39.66, p < 0.01, n^2_p = 0.189), and loyalty (F(1, 170) = 77.18, p < 0.01, n^2_p = 0.312). Additionally, there was a significant interaction effect on satisfaction (F(2, 170) = 3.29, p = 0.040, n^2_p = 0.037), and loyalty (F(2, 170) = 5.65, p = 0.004, n^2_p = 0.062), but no interaction effect for trust (F(2, 170) = 1.85, p = 0.161). These results are in accordance with the rationalization that only through anger (our predicted mediator) the manipulated conditions can affect the dependent variables.

To test H1, a 3 (social distance) × 2 (severity) ANOVA on anger was performed. Results show a marginal main effect of social distance (F(2, 170) = 2.39, p = 0.095, n^2_p = 0.027), a significant main effect of transgression severity (F(1, 170) = 43.46, p < 0.01, n^2_p = 0.204),
and a marginal interaction effect ($F(2, 170) = 2.35, \ p = 0.098, \ \eta^2 = 0.027$). Pairwise comparisons showed that the marginal interaction effect is due to differences concentrated within social distance groups in the high-severity transgression condition. In the low-severity condition, there was no difference between groups ($M_{\text{victim}} = 2.73$, SD = 1.80; $M_{\text{close third}} = 3.24$, SD = 2.01; $M_{\text{distant third}} = 2.87$, SD = 2.33; $F(2, 170) = 0.52, \ p = 0.598$). On the contrary, in the high-severity condition there was a difference between the distant other ($M_{\text{distant third}} = 4.07$, SD = 2.11) when compared with the victim ($M_{\text{victim}} = 5.53$, SD = 1.98) and the close other ($M_{\text{close third}} = 5.17$, SD = 1.64; $F(2, 170) = 4.09, \ p = 0.018, \ \eta^2 = 0.046$). Moreover, each social distance group individually showed a significant difference when comparing the low and high conditions of anger: higher anger for the victim ($F(1, 170) = 29.74, \ p < 0.01, \ \eta^2 = 0.149$), the close third party ($F(1, 170) = 13.83, \ p < 0.01, \ \eta^2 = 0.075$), and the distant third party ($F(1, 170) = 5.24, \ p = 0.023, \ \eta^2 = 0.030$) for the high transgression severity. These results show initial support for the mediation of anger.

To confirm that anger mediates the effect of the interaction between social distance and severity on our dependent measures (H2 prediction), an interaction term of social distance and severity of transgression was created and performed a mediation analysis (model 4) using the procedure recommended by Hayes (2013). We used an interaction term and a simpler model of mediation instead of model 7 – Hayes (2013), because we are interested in the variance explained within the condition of high severity compared with the low severity in a model with three conditions in the independent variable coded as follow. To test the victim when compared with the third party, social distance was coded with two contrast variables (1, −1, 0 – for close third party and 1, 0, −1 – for distant third party). A 95 percent confidence interval (CI) of the parameter estimates was obtained by running the resampling 10,000 times (Figure 1).

The results in Figure 1 confirm that anger mediates the effect of the interaction from social distance and transgression severity on the three dependent variables (satisfaction, trust, and loyalty). More importantly, this process is only significant when comparing the victim and distant third party (Figure 1(a)), which was confirmed by the indirect effect on satisfaction (Coef. = −0.28; CI = −0.563–−0.083), trust (Coef. = −0.24; CI = −0.488–−0.070), and loyalty (Coef. = −0.31; CI = −0.615–−0.094). As expected, the model that compared the victim and close third party (Figure 1(b)) showed no significant indirect effect on satisfaction (Coef. = 0.08; CI = −0.111–0.263), trust (Coef. = 0.07; CI = −0.092–0.237), and loyalty (Coef. = 0.09; CI = −0.123–0.299). These results support anger as our hypothesized mechanism and explain why the victim and the close third party present lower satisfaction, trust, and loyalty when compared with the distant third-party consumers.

Discussion
The results of experiment 1 provided evidences that anger triggered the decrease of satisfaction, trust, and loyalty with the brand after the transgression. Particularly, the victim

![Figure 1](https://via.placeholder.com/150)

**Figure 1.** Effect of social distance x transgression severity on satisfaction, trust, and loyalty through anger (Exp. 1).

Notes: $n = 176$. 1, 2, 3 subscripts represent each DV model. *$p \leq 0.05$; **$p \leq 0.01$, all two-tailed
and the close third-party consumer shared more anger when the transgression was severe, compared with the distant third-party consumer. When transgression severity was low, anger was not triggered, and there were no differences among the groups on the relationship with the brand. This outcome is important because it indicates in which circumstances third-party consumers could be contaminated by an event affecting other consumers.

More important, these results are contingent to anger contagion (Mattila et al., 2014; Casidy and Shin, 2015). As predicted the effect of the interaction of social distance and transgression severity on brand relationship evaluation occurs through the same affective reactions of the victim and the close third-party consumers. In fact, sharing the same emotions will provide similar negative evaluation of the transgressing brand (Berger, 2013; Du et al., 2014). The interaction of social distance and transgression severity was not significant on trust evaluation and there was a marginal main effect of social distance on satisfaction and trust. Those results were predicted theoretically where the interaction would present the effect in the dependent variables only through the mediator. Although these results support the hypotheses, it is an open question whether these findings would replicate in a different scenario. To address this goal, the scenario manipulation in the experiment 2 was changed.

Experiment 2
Experiment 2 replicates the results of the previews study and uses another domain of brand transgression.

Procedures
The sample consisted of 194 college students ($M_{\text{age}} = 22.3$ years old; 52.6 percent men). The experiment used a similar design to the previous experiment. Social distance was manipulated using a similar procedure form experiment 1. To manipulate severity of transgression, the scenarios were adapted from Kim and Ulgado (2012) in which participants were asked to think about service at a restaurant. This is a service where consumers can easily change the service provider, compared to the mobile phone services. If there is a failure, the relationship could be more influenced, even when a low-severity failure occurs. Therefore, this service context is useful to investigate the consistency of the previous findings in study 1. Also, this scenario is more suitable and relevant to our sample reality (college students).

In the low-severity condition, they were asked to think about a situation where the waiter just knocked over water and wet the clients’ coat. In the high condition, the waiter took too much to bring the ordered food and charged $30 more for the service. These manipulations were selected based on a separated pre-test ($n = 30$, 50 percent female, $M_{\text{age}} = 22.7$ years) to identify the severity associated with the transgression situations. The results indicated no difference in the perceptions of scenario reality ($M_{\text{low}} = 5.73$, $SD = 1.51$; $M_{\text{high}} = 5.80$; $SD = 1.42$); $t(28) = -0.39$, $p = 0.54$), where 1 = it is not a possible real situation and 7 = it is a possible real situation. Most important, participants assigned to the high severity condition reported higher means of severity perception ($M_{\text{high}} = 5.64$, $SD = 1.23$) compared to the low-severity condition ($M_{\text{low}} = 2.62$, $SD = 1.52$; $t(28) = 5.99$, $p < 0.001$).

After reading the scenario, participants rated satisfaction ($\alpha = 0.88$), trust ($\alpha = 0.90$), and loyalty ($\alpha = 0.91$). Anger was measured with a single item, similarly to experiment 1.

Results
Social distance presented a significant difference between close third ($M_{\text{close third}} = 5.69$, $SD = 1.33$) and distant third ($M_{\text{distant third}} = 3.26$, $SD = 1.13$; $t(122) = 10.94$, $p < 0.01$). The transgression severity presented a significant difference between participants who
responded to the low condition ($M_{\text{low}} = 1.88, \ SD = 1.09$) compared with the high condition ($M_{\text{high}} = 4.54, \ SD = 1.52$; $t(188) = -13.94, \ p < 0.01$).

Similarly to experiment 1, a 3 (social distance) × 2 (severity) ANOVA on satisfaction, trust, and loyalty was performed. This time, the results showed a marginal main effect of social distance on satisfaction ($F(2, 184) = 2.59, \ p = 0.078, \ eta^2 = 0.027$) and no significant main effect for trust ($F(2, 184) = 0.90, \ p = 0.408$) and loyalty ($F(2, 184) = 1.70, \ p = 0.186$).

Also, there were no significant interaction effects on satisfaction ($F(2, 184) = 2.33, \ p = 0.100$), trust ($F(2, 184) = 0.62, \ p = 0.541$), and loyalty ($F(2, 184) = 1.25, \ p = 0.288$). The results only showed the significant main effect of severity on satisfaction ($F(1, 184) = 87.10, \ p < 0.01, \ eta^2 = 0.321$), trust ($F(1, 184) = 31.73, \ p < 0.01, \ eta^2 = 0.147$), and loyalty ($F(1, 184) = 76.83, \ p < 0.01, \ eta^2 = 0.295$). These patterns are similar to our predicted causal path in H1 and H2.

As expected, the 3 (social distance) × 2 (severity) ANOVA on anger showed a significant main effect for social distance ($F(2, 184) = 7.10, \ p < 0.01, \ eta^2 = 0.072$) and severity ($F(1, 184) = 28.12, \ p < 0.01, \ eta^2 = 0.133$) and a significant interaction effect ($F(2, 184) = 8.47, \ p < 0.01, \ eta^2 = 0.084$).

Pairwise comparisons showed that the differences between groups are concentrated in the high-severity transgression condition. In the low-severity condition, there was no difference between social distance groups ($M_{\text{victim}} = 1.85, \ SD = 1.20; M_{\text{close}} = 1.94, \ SD = 1.22; M_{\text{distant}} = 1.94, \ SD = 1.20; F(2, 184) = 0.04, \ p = 0.962$). In the high-severity condition there was a higher anger for victim ($M_{\text{victim}} = 4.15, \ SD = 1.94$) when compared with third close ($M_{\text{close}} = 3.03, \ SD = 1.92$) and distant third ($M_{\text{distant}} = 2.04, \ SD = 1.37; F(2, 184) = 14.95, \ p < 0.01, \ eta^2 = 0.140$). When low- and high-severity differences are analyzed individually within each social distance group, the victim presented higher anger in the high- vs low-severity condition ($F(1, 184) = 38.32, \ p < 0.01, \ eta^2 = 0.172$). Participants in the close third-party condition also presented higher anger in the high- vs low-severity condition ($F(1, 184) = 8.26, \ p < 0.01, \ eta^2 = 0.043$). That difference did not happen for distant third-party participants ($F(1, 184) = 0.06, \ p = 0.804$).

These results suggest anger as a mediator with respect to the high-severity transgression, specifically for participants who were psychologically closer to the event of transgression. Next, the role of anger accounting for the effect on dependent variables was confirmed. This analysis followed a similar procedure to the previous examination. Figure 2 shows the results.

The results in Figure 2(a) show that the mediation of anger occurred only when the victim with the distant third-party consumer were compared. More interesting, this is only valid when the transgression severity is high, verified by the interaction with social distance. There was an indirect effect (Coef. $= -0.39; CI = -0.679$–$-0.184$) for satisfaction, (Coef. $= -0.30; CI = -0.532$–$-0.145$) for trust, and (Coef. $= -0.43; CI = -0.788$–$-0.190$) for loyalty. The model that compared the victim and close third-party consumers (Figure 2(b)) showed no significant indirect effect on satisfaction (Coef. $= -0.01; CI = -0.221$–$-0.195$), trust

**Notes:** $n = 176$. 1, 2, 3 subscripts represent each DV model. *$p \leq 0.05$; **$p \leq 0.01$, all two-tailed
Discussion

The results of the two studies confirmed that when transgressions are severe, anger mediates the impact of social distance on satisfaction, trust, and loyalty toward the brand. However, the interaction of social distance and transgression severity on satisfaction, trust, and loyalty was not significant, the result showed anger contagion might be essential for the impact of this interaction on brand relationship evaluation to be significant. It is necessary that close third-party consumers and victims of transgressions actually feel the same affective reactions about the transgressing brand for the effect to emerge. Research on emotional contagion (Berger, 2013; Du et al., 2014) suggests that emotions are more likely to be shared among similar others. This work shows that when the victim’s anger transfers to close third-party consumers, they will provide the same negative evaluation of the brand relationship.

Discussion

The results of the two studies confirmed that when transgressions are severe, anger mediates the impact of social distance on satisfaction, trust, and loyalty toward the brand. As in experiment 1, these results support anger as a mediator that justifies the decrease in the value of satisfaction, trust, and loyalty for the victim when compared to the distant third party. These results support H2.

Discussion

The results of the two studies confirmed that when transgressions are severe, anger mediates the impact of social distance on satisfaction, trust, and loyalty toward the brand. However, the interaction of social distance and transgression severity on satisfaction, trust, and loyalty was not significant, the result showed anger contagion might be essential for the impact of this interaction on brand relationship evaluation to be significant. It is necessary that close third-party consumers and victims of transgressions actually feel the same affective reactions about the transgressing brand for the effect to emerge. Research on emotional contagion (Berger, 2013; Du et al., 2014) suggests that emotions are more likely to be shared among similar others. This work shows that when the victim’s anger transfers to close third-party consumers, they will provide the same negative evaluation of the brand relationship.

Discussion

The results of the two studies confirmed that when transgressions are severe, anger mediates the impact of social distance on satisfaction, trust, and loyalty toward the brand. As in experiment 1, these results support anger as a mediator that justifies the decrease in the value of satisfaction, trust, and loyalty for the victim when compared to the distant third party. These results support H2.

Discussion

The results of the two studies confirmed that when transgressions are severe, anger mediates the impact of social distance on satisfaction, trust, and loyalty toward the brand. However, the interaction of social distance and transgression severity on satisfaction, trust, and loyalty was not significant, the result showed anger contagion might be essential for the impact of this interaction on brand relationship evaluation to be significant. It is necessary that close third-party consumers and victims of transgressions actually feel the same affective reactions about the transgressing brand for the effect to emerge. Research on emotional contagion (Berger, 2013; Du et al., 2014) suggests that emotions are more likely to be shared among similar others. This work shows that when the victim’s anger transfers to close third-party consumers, they will provide the same negative evaluation of the brand relationship.

Discussion

The results of the two studies confirmed that when transgressions are severe, anger mediates the impact of social distance on satisfaction, trust, and loyalty toward the brand. However, the interaction of social distance and transgression severity on satisfaction, trust, and loyalty was not significant, the result showed anger contagion might be essential for the impact of this interaction on brand relationship evaluation to be significant. It is necessary that close third-party consumers and victims of transgressions actually feel the same affective reactions about the transgressing brand for the effect to emerge. Research on emotional contagion (Berger, 2013; Du et al., 2014) suggests that emotions are more likely to be shared among similar others. This work shows that when the victim’s anger transfers to close third-party consumers, they will provide the same negative evaluation of the brand relationship.

General discussion and implications

Although previous studies have investigated brand transgressions, they have mainly focused on the interactions between the company and individual customers or a group of customers. This study provided a perspective of the third-party consumers, investigating how third-party consumers, close and distant, react to a transgression of a brand toward other consumers.

This research advances the understanding of the potential consequences of severe brand transgressions by integrating social distance theory and affective responses. Little research has been done that goes beyond the dyadic relationship between consumers and brands (see Mattila et al., 2014 for an exception). This study suggests that viewing brand transgressions from different perspectives plays a critical role in the marketing brand relationship theory and is useful for future studies in the area of company and brand transgressions and recovery. Past research using emotional contagion theory has focused on a group of consumers (Du et al., 2014), but has not considered other consumers that are not a victim of the brand’s wrongdoing. This study demonstrates that close third parties that are potential or actual customers will also be affected by the brand’s wrongdoing. Thus, the possible damage caused by a transgression can become much bigger than marketers and brands expect.

The social distance between consumers also contributes theoretically to consumer-brand relationship literature when dealing with negative events (Aaker et al., 2004; Grégorie et al., 2009; Trump, 2014). Construal level theory (Trope et al., 2007; Trope and Liberman, 2010) suggests that one’s behavior is more likely to be influenced by situational factors when at a close rather than a distant psychological distance. Specifically, this study shows evidence that the construal level makes consumers more susceptible not only to behavioral influences from others, but to behaviors performed by brands in relation to close and distant others.

From a managerial perspective, companies are constantly monitoring customer complaints, but may be missing opportunities to respond to customers in a way that close third-party consumers could be aware of this resolution. Therefore, online complaints could be an opportunity to improve the relationship not only with the mistreated customer, but also with the others close to these customers. Most managers keep their focus on customers’ complaints and how to resolve services failures. We recommend managers to keep attention on the perceived severity of the transgression because the implications for emotional contagion for close others are more pronounced. The emotional contagion may impact
relationships that would not be at risk at first sight. This work indicates that brand transgressions consequences should be viewed as a means by which customers engage to each other, rather than only as a way they interact with the company.

**Limitations and future directions**

Even though a special effort was taken to construct realistic scenarios, a limitation of this research is the use of scenario-based experiments with transgression manipulation. It is possible that the effects related to this information were stronger than they would be in everyday life, especially for third-party consumers. For this reason, replicating this study under even more naturalistic conditions than done herein would provide a more accurate test of transgressions’ effects on the consumer-brand relationship. Nevertheless, this research shows evidence that the more severe the transgression, the more intense the impact on consumers’ evaluations. Studies 1 and 2 suggest that this effect is consistent across different consumption situations.

Another limitation is the convenience sampling of undergraduate students used for both studies. This group may not represent the behavior of other groups in the society. According to Peterson (2001), it would be important to investigate the predicted variables relationships with a different and more representative sample to add higher validity to the findings. Despite that drawback, the author argue that student samples are very suitable to address internal validity, specifically because they are more homogeneous and in some cases present effect sizes comparable to real consumer samples. One major concern running, for instance, a field experiment would be manipulating the service failure without penalties to the service provider and to the sample. Also, the social distance manipulation could become hard to conduct and ineffective in that situation.

Kim and Ulgado (2012) warned that some transgressions, such as a wedding photographer who loses the film or digital images of an event, are considered so severe that they are impossible to recover from. Future studies could address this issue and investigate if distant third-party consumers would also be affected by such severe transgressions. Also, future researchers could further investigate when distant consumers are influenced. This research has discussed the situation in which distant consumers are influenced by unknown consumers who complain about a service provider when they are about to consume or buy the same service (e.g. book a hotel). But in this situation, they see themselves as possible future victims, and that is why they are influenced. The underlying mechanism is probably different, since there is no emotional contagion. Other possible emotions may be taking place in the distant third party affective reactions, such as fear of future losses or regret, for example.

**References**


**About the authors**

Danielle Mantovani is an Adjunct Professor of Marketing at the Universidade Federal do Paraná, College of Business Administration, Curitiba, Brazil. Her research interests are concentrated in the area of consumer decision making. Danielle Mantovani is the corresponding author and can be contacted at: danielle@ufpr.br

José Carlos Korelo is an Adjunct Professor of Marketing at the Universidade Federal do Paraná, College of Business Administration, Curitiba, Brazil. His research interests lies in the area of consumer decision making.

Jenny Ibarra is a Master of Science at the Universidade Federal do Paraná, College of Business Administration, Curitiba, Brazil. Her research interests lie in the area of consumer behavior.
A cross-national comparison of Millennial consumers’ initial trust towards an e-travel website

Jan Møller Jensen
Department of Marketing and Management, University of Southern Denmark, Odense, Denmark, and
Corinna Wagner
M.A. Marketing and Communication, University of Southern Denmark, Odense, Denmark

Abstract
Purpose – The purpose of this paper is to examine Millennials’ formation of trust towards a travel website and identify the similarities and the differences in trust formation among consumers from two countries – Denmark and Portugal.
Design/methodology/approach – The study is based on online surveys conducted with convenience samples from two culturally-distant countries. Independent t-tests, structural equation modelling and multi-group analysis are used to verify the conceptual model and test the hypotheses.
Findings – Results support a strong relationship between initial trust towards a travel website and consumers’ behavioural intentions. The results also suggest that cultural differences between countries moderate the formation of initial trust and behavioural reactions hereto.
Originality/value – The study provides new insights into understanding how Millennials from Portugal and Denmark form initial trust towards an e-travel website.

Keywords Denmark, Portugal, Millennials, Cross-national consumer behaviour, E-travel website, Initial online trust

Paper type Research paper

Introduction
The internet has experienced a global expansion and worldwide penetration over the last decade making online activities such as e-commerce common practice for many modern consumers. In 2016, 85 per cent of all households in the 28 European member states had access to the internet, and every second European consumer purchased online within the last 12 months (Eurostat, 2017). Yet, although more and more consumers acknowledge the benefits of online shopping (i.e. shopping convenience, broader selection of products and lower prices), perceived risk is affecting consumer’s willingness to engage. When purchasing online, consumers are faced with an uncertain situation and grow increasingly critical towards sensitive personal information shared in the purchasing process (Grabner-Kräuter and Kalusch, 2003). In this context, the importance of building and maintaining trust becomes vital to online marketers as numerous studies have evidenced the lack of trust among the main reasons for consumers’ reluctance to online shopping (Hoffman et al., 1999; Grabner-Kräuter and Kalusch, 2003). Trust has evolved as a means to reduce the perceived risks and thereby determines success or failure of e-vendors (Beldad et al., 2010; Koufaris and Hampton-Sosa, 2004; McKnight et al., 2002; Urban et al., 2009).

One consumer group, which is incorporating the nature of online activities, are the so-called “Millennials”. The millennial generation includes individuals born between 1977 and 2000 who nowadays are in their 20s and 30s (Nielsen, 2014). Millennials have been identified as a driving force behind online shopping (Smith, 2012). However, the critical nature of these consumers is also evident in their perception of advertising on the internet. Online marketing that is viewed in a negative manner can elicit a negative view of the brand
being marketed or the website that contains the ads and have a negative influence on Millennials’ trust formation (Truong and Simmons, 2010).

Although e-commerce and online trust have received great interest among academics and practitioners within marketing and consumer behaviour, there seems to be a lack of cross-cultural research on young consumer’s trust formation (Shankar et al., 2002; Urban et al., 2009). Especially Europe, as a focus, requires attention since existent research so far centres on the USA as a cultural comparison point.

To address this research gap, this study aims at investigating whether national culture makes a difference in Millennials’ formation of initial online trust among consumers from Northern and Southern Europe. Content of analysis will be a holiday-planning website since travel is an emotional service product requiring high levels of initial trust due to high uncertainty, intangibility as well as personal and financial information exchange (Jensen, 2012). When booking a holiday, consumers are confronted with the intangible nature of the purchase, which relates to a considerable risk since there are no sensual cues to rely on. Trust in an operating system can here be a way to deal with the complicated decision-making process and to reduce uncertainties (Luhmann, 1979).

Thus, the purpose of this study is twofold: to propose and test a conceptual model for understanding Millennials’ formation of initial trust and its relationship with their behavioural reactions to a travel website; and to identify the similarities and the differences in trust formation and behavioural reaction hereto among consumers from two countries – Denmark and Portugal.

With those purposes in mind, our study seeks to advance our current understanding of trust formation in e-commerce in several ways. First, studies conducted on trust formation in tourism and e-commerce are limited (Kim et al., 2011) so our study will help fill this gap. Second, Millennials have been identified as a fast-growing consumer segment and a driving force behind online shopping (Smith, 2012), and our findings will add knowledge to the current understanding of this segment. Third, because most research on Millennials’ trust formation has been conducted in the USA, there seems to be a need for more cross-cultural research investigating whether national culture makes a difference in the formation process (Shankar et al., 2002; Urban et al., 2009). Our study addresses this gap by analysing data from Denmark and Portugal.

Conceptual framework and hypotheses

Figure 1 presents our research model. The model includes three sets of variables: consumer characteristics, initial trust as the core construct and the intended behaviour as consequence hereof. More specifically, we intend to investigate the influence of three consumer characteristics on initial trust and behavioural intentions. Indicated in brackets are the proposed positive or negative relations. Each construct and the corresponding hypotheses are discussed in the following section.

Initial trust

Among others, Rousseau et al. (1998), Grabner-Kräuter and Kaluscha (2003) and Beldad et al. (2010) provide comprehensive literature reviews of trust research across various disciplines. Although there is a lack of consensus when it comes to a uniform definition, researchers agree on the importance of trust as an influencing factor on the trustor’s behavioural intentions to act, i.e. sharing personal information with e-vendors and making purchases over the web (McKnight et al., 2002). Furthermore, researchers agree that the development of trust is a dynamic process and changes over time. Rousseau et al. (1998) summarise three main phases of trust: the first phase of trust building, the second phase of trust stability and the third phase of dissolution. Although we acknowledge the dynamic nature of trust and the importance of maintaining trust, our study focuses solely on the first phase – initial trust. As Koufaris and Hampton-Sosa (2004) reason in relation to McKnight et al.’s (2004) basic trust definition, it is thus the “willingness to
rely on a third party after the first interaction” (p. 378). This study will therefore follow Koufaris and Hampton-Sosa’s (2004) initial trust factors for new online customers, which include three company and three website aspects. The company perceptions describe customization qualities, perceived reputation of the company acquired by third parties and the factor of size. The website perceptions are the factors security control and two elements of Davis (1979)’s technology acceptance model, the perceived usefulness and ease of use.

Behavioral intentions
Acknowledging that trust in a travel website should not only enhance consumer’s purchase intentions but also their willingness to follow the vendor’s advice and share sensitive information with the online vendor, we follow McKnight et al.’s (2002) suggestion and include three dimensions of intentional outcomes in our model. The first dimension of purchase intention is a frequently used measurement for trust in an online vendor. When an online company is trusted in the first phase of interaction, consumers are more likely to initiate a purchase. The second dimension is the consumer’s readiness to follow advice from the e-vendor, which is especially important for travel websites providing information about locations, hotels, flight tickets, etc. It is expected that only a positive perception of initial trust results in the choice to depend on the vendor’s advice (McKnight et al., 2002). The third dimension concerns the consumer’s willingness to share sensitive information with the e-vendor, such as personal or financial information. To have a successful online transaction and booking process, the exchange of information is inevitable. The consumer’s willingness to offer and share sensitive information is therefore crucial for the success of an e-service interaction (McKnight et al., 2002). We expect that consumers with a positive perception of initial trust are more likely to share sensitive information with the e-vendor. Our first hypothesis is therefore as follows:

H1. There is a positive relationship between initial trust and the behavioral intentions.

Consumer characteristics
The three consumer characteristics in our model emphasise the notion that the consumer’s personality affects the initial trust building process and are also the point where national culture is hypothesised to have an effect (Schoorman et al., 2007).
Trust propensity
The first consumer characteristic in our model is trust propensity, a general, not situation-specific predisposition to trust others (McKnight et al., 2002). As emphasised by Schoorman et al. (2007), this personality trait is expected to moderate the formation of trust by diminishing or increasing the perception of trustworthiness of the other party. Also, as Schoorman et al. (2007) propose, trust propensity might be the main influence point of national culture differences on trust and should therefore be investigated further. This study will follow Kim et al. (2009) and Chen and Barnes (2007) who suggest a positive relation of trust propensity to initial online trust. The second hypothesis for this study’s research model is thus:

\[ H2. \text{ There is a positive relationship between trust propensity and initial trust.} \]

Propensity to web risk
The second consumer characteristic in our model is propensity to web risk. Rousseau et al. (1998) note that trust only becomes important because some sort of risk is present, which is the consumer’s perception of a possible loss or harm. Researchers do not agree on the exact implications of risk on behavioural intentions. While some researchers propose a mediating effect of risk on trust (Jarvenpaa et al., 2000), McKnight et al. (2002) hypothesise a direct negative effect of the consumer’s perceived web risk on the behavioural outcomes, which this study will also follow. Thus, our third hypothesis is:

\[ H3. \text{ There is a negative relationship between propensity to web risk and the behavioural intentions.} \]

Familiarity with e-commerce and e-travel shopping
The last consumer characteristic included is familiarity and confidence with the online action (Chen and Barnes, 2007). Familiarity and confidence are commonly related to the consumer’s overall experience with e-commerce (Yoon, 2009), yet also increasingly specific actions like familiarity with e-travel shopping (Jensen, 2012). The latter is evidenced having a strong positive influence on the purchase intention of online travel products (Jensen, 2012). Our fourth hypothesis for this study is therefore:

\[ H4. \text{ There is a positive relationship between familiarity with e-travel shopping and the behavioural intentions.} \]

National culture and hypotheses-related hereto
Hofstede’s cultural dimensions
Although culture has been defined in hundreds of ways, it is a general belief that national culture is one of many forces influencing consumer decision making (Burgmann et al., 2006; Rojas-Méndez et al., 2017). Hofstede (1991) defines national culture as the collective programming of the mind, which distinguishes the members of one society from members of another, and suggests that national culture may be examined by five cultural dimensions: uncertainty avoidance, power distance, masculinity/femininity, individualism/collectivism and long/short-term orientation of life.

Regarding this study, we suggest that especially the two dimensions of individualism/collectivism and uncertainty avoidance are relevant. Prior studies (e.g. Lim et al., 2004) suggest that those two dimensions affect people’s trust formation and resistance to change. Members of individualistic cultures have a high propensity to trust in general and are more willing to trust people without knowing them (Jarvenpaa et al., 1999). They also score low in
risk aversion. In contrast, those high on collectivism are more likely to base their trust on relationships with first-hand knowledge and are more risk averse. Thus, people from collectivistic cultures may see purchase from new travel websites as riskier than people from individualist cultures (Jarvenpaa et al., 1999).

Cultures with high uncertainty avoidance are less open towards change. Uncertainty avoidance does not equal risk avoidance, but it refers to how comfortable people feel towards uncertain or unknown situations. Purchasing travel products from an unknown website may constitute a matter of anxiety for people in countries with high uncertainty avoidance. In addition, Nath and Murthy (2004) evidenced that people who are high on uncertainty avoidance are risk averse and less likely to use the internet.

Denmark and Portugal as research objects
Being in the northern and southern parts of Europe, respectively, Denmark and Portugal seem ideal countries for cross-national comparisons in a European context. The Hofstede Centre’s (2017) ratings of the two countries confirm our expectation of interesting country differences on uncertainty avoidance and individualism/collectivism. Portugal is rated very high on uncertainty avoidance when compared to Denmark, i.e. 99 and 23, respectively. In contrast, for individualism, Denmark is rated on 74 and Portugal only 27. Thus, based on the discussion above, we expect Danes to be less resistant to changes (i.e. internet usage and online shopping) and to have a higher propensity to trust, when compared to Portuguese.

A review of statistics from Eurostat also reflects this. In 2016, the proportion of Danish households with access to the internet was 97 per cent compared to 71 per cent of the Portuguese households (Eurostat, 2017). In total, 82 per cent of the Danes had made an online purchase within the last 12 months compared to only 31 per cent of the Portuguese (Eurostat, 2017).

The global survey of consumer confidence and spending intentions compares more than 30,000 internet users in 60 countries (Nielsen, 2017). In relation to the global average of 104, great distinction is observable between Denmark and Portugal. The Danish confidence index of 115 indicates optimism and a very confident consumer culture. Portugal, in contrary, is far below average with only 82 points, which indicates pessimism and a more negative consumer culture (Nielsen, 2017).

To conclude from this, we suggest the following four hypotheses:

H5. Propensity to trust is higher among Danish millennials when compared to their Portuguese counterpart.

H6. Propensity to web risk is lower among Danish millennials when compared to their Portuguese counterpart.

H7. Initial trust is higher among Danish millennials when compared to their Portuguese counterpart.

H8. Behavioural intentions are higher among Danish millennials when compared to their Portuguese counterpart.

Research methodology
Survey instrument
To test our model and hypotheses, we used data from an online survey. The questionnaire was distributed in English to both country groups. Due to our target audience of students at internationally oriented universities in both countries, this procedure was deemed appropriate for minimising problems with translation invariance. The development of the questionnaire was based on our literature review. The questionnaire was composed of a
short introduction part followed by 11 questions capturing basic information about the respondents such as gender, age, native language, nationality, internet usage as well as familiarity with online shopping and credit card usage, followed by six batteries with multi-item scales assessing each of the constructs included in the suggested model as well as our hypothesised website scenario.

The next three questions were multi-item scales with Likert-type statements intended to measure the respondent’s propensity to trust, familiarity with e-travel shopping and web risk attitudes. Some of the statements were phrased positively, some negatively to minimise response bias (Saunders et al., 2009). Each statement was assessed on a five-point Likert scale anchored on strongly disagree (1) and strongly agree (5).

The construct of propensity to trust was measured by four statements adopted from Koufaris and Hampton-Sosa (2004) and Gefen and Straub (2004). Familiarity with e-travel shopping was measured by two items adopted from Chen and Barnes (2007) and Jensen (2012). Web risk attitude was captured by four statements related to both financial and personal information, and adopted from McKnight et al. (2002) and Bellman et al. (2004).

The next part of the questionnaire concerned the website scenario. The hypothetical scenario was chosen to ensure that none of the participants had encountered the brand or company before. For the hypothetical homepage, the name DreamVacations.com was invented since it had positive connotations and could be perceived straightforwardly as a holiday website. Research made sure that the chosen domain did not exist on the web. In addition, it was important that the website description followed specific guidelines to be valid for the empirical analysis and possessing situational normality for the consumers (Gefen and Straub, 2004).

In the description/setup of our hypothesised travel website, we followed Koufaris and Hampton-Sosa’s (2004) initial trust factors. Since vendor size had a questionable effect on initial trust, it was decided to refrain from including big size in the description. The choice was made based on two main reasons. First, the market of holiday planning sites has Tripadvisor and booking.com as worldwide famous sources. Creating a new website with equal size would not follow the situational normality and likely be detected as abnormal. Second, the nature of Millennials supposes that small companies are seen as trustful as long as they have a good reputation. It was therefore chosen to focus on reputation rather than size. Figure 2 displays the image of the website description as used in the questionnaire, including the logo which was prepared for the study’s website scenario by a graphic designer.

DreamVacations provides you with
THE holiday of your dreams!

Whether you are looking for a romantic getaway with your partner, fun with friends or a relaxing family trip:
great offers on plane tickets, hotel reservations and local inside tips are waiting for you!
DreamVacations is the new, safe and convenient way of holiday planning, secured by Trust Gurad® and with an average rating 4.5 out of 5 in customer feedbacks!
In only 4 easy steps you can book a journey you will never forget, so have a look at DreamVacations.com today!

Source: Julia Schubert, Graphic Designer/hallojulia.net, with permission

Figure 2.
Website description and explanation of included trust factors
An overall short and positive description was created in the style of other holiday websites with emotional language emphasising advantages and positive connoted adjectives such as “relaxing”, “new” or “convenient”. The slogan “THE holiday of your dreams” was created in line with the logo. Moreover, the direct communication approach should highlight uniqueness of the service. For the font of the description, Georgia was chosen as a sportive and modern typeface. The DreamVacations logo includes a palm tree surrounded by a green frame as a neutral image relatable for the young consumers. The font and layout, like the overall questionnaire, were chosen to be clean and simple and therefore appealing to Millennials.

The arrows in the image above indicate the five initial trust factors. The factor customisation is mentioned right after the slogan by introducing the available holiday variations. As Koufaris and Hampton-Sosa (2004) note, customisation is common for tourism products and therefore expected by consumers. To respond to the key interests of Millennials, romance, fun as well as family trips were highlighted. The usefulness of information was mentioned by local tips, offers and the overall framing of “DreamVacations”. The respondents should feel that this holiday website offers exactly what they prefer and need. Further, basic security features are nowadays a necessity rather than salability, and security seals from trusted third parties can be an important factor of online trust formation and structural assurance, especially for new products and companies (Hu et al., 2010). Hence, Trust Guard was chosen as a global customisable security seal and website verification (Trust-Guard, 2017).

As outlined before, reputation is one of the most important trust factors of a new website. Thus, reputation was included by a customer feedback ranking common for holiday websites. The ranking 4.5 out of 5, thus not the full points, was intentionally chosen since this could be analysed as the most positive ranking outcome. Precisely, a study by Lead Digital investigated that if an e-commerce website has an outstanding ranking of five stars, which implies no negative feedback at all, customers expect fraud and manipulated evaluations (Mattgey, 2014). Lastly, ease of use was indicated by highlighting the four easy steps of the booking process.

After the website description, the respondents were asked questions investigating trust perceptions and behavioural intentions. First, the main research variable initial trust was explored by a Likert-scale agreement to four statements. The first and third statements were adapted from Ou and Sia’s (2010) trust measures based on website design, the second sentence from Jarvenpaa et al.’s (2000) item of trustworthiness of an internet store and the last as evaluating trusting intention from McKnight’s (2002) trust building model. Where necessary, the type of website was changed to “holiday” and “website” instead of “store”. The last questions asked about behavioural intentions via Likert-scale agreements, at first the likelihood of purchasing travel products or services from this new website and, lastly, the other two behavioural intentions, thus the willingness to follow the e-vendor’s advice and the willingness to share sensitive information (McKnight et al., 2002).

Data collection and sample
Data for this study were collected through convenience sampling. Links to the online survey were distributed using the social network platform Facebook, as data collection in online settings is naturally more suitable for an e-commerce study (Chen, 2006; Malhotra and Peterson, 2001). During April 2014, a link to the questionnaire was posted in groups of the second (younger) author’s Danish and Portuguese fellow students. To reach individuals outside the author’s own circle, all contacts were asked to forward invitations to other acquaintances.

A total of 247 questionnaires were completed. To insure an adequate match to our target population (Millennials from Denmark and Portugal), the sample had to be checked for age and nationality. Using the boundaries set by Nielsen (2014), the accepted age range was 18-37.
Six respondents, three Danish and three Portuguese, were older than this and were therefore excluded from the analysis. Also, 22 respondents had other nationalities than Denmark and Portugal, and were therefore also excluded from our sample. Finally, the total number of the usable sample for our cross-national analysis was 214, with 110 Danish respondents and 104 Portuguese.

The pooled sample consists of 33 per cent men and 67 per cent women. Most respondents (82 per cent) are aged between 21 and 30 years. Supporting our understanding of Millennials as an internet savvy generation, 99 per cent of the total sample reported using the internet daily. In total, 93 per cent have done online shopping and 70 per cent of those have used a credit card for e-commerce.

As in any other study that deals with cross-national consumer behaviour, it is important that the characteristics of the comparison samples are as equivalent as possible on variables that are not expected to vary by national culture, i.e. gender and age. The two samples show a very similar and comparable gender distribution. Concerning age, the Portuguese sample is skewed towards the younger age groups when compared to the Danish sample being more represented in the upper age groups.

Turning to factors expected to vary across our two samples, 100 per cent of the Danes and 98 per cent of the Portuguese stated to use the internet daily. Without doubt, the high level of internet usage in both countries may be, to some extent, explained by our sampling method, using Facebook to distribute links to the questionnaire. In total, 100 per cent of the Danish respondents and 88 per cent of the Portuguese had done online shopping. Concerning credit card usage, 99 per cent of the Danes who have done online purchases have paid with a credit card while only 37 per cent of the Portuguese online shoppers have. Except for internet usage, the figures confirm that Portuguese millennials are less innovative and more risk averse, when compared to their Danish counterparts.

Results
The analysis was done in four steps. First, the conceptual model in Figure 1 was translated into an SEM model with two parts: the measurement model and the structural equation model. Confirmatory factor analysis was conducted to test our measurement model and to test for measurement invariance across the two countries. Second, one-sided t-tests were used to test our hypothesised nationality-related differences (H5-H8) with respect to the constructs included in our model. Third, the structural model and corresponding hypotheses (H1-H4) were tested on the pooled sample. Finally, a multi-group analysis was applied to test for country-related differences in the model’s hypothesised relationships.

Measurement model analysis and test for cross-national invariance.

The results of the confirmatory factor analysis of our measurement model are displayed in Table I. First observation is that \( \chi^2 (df=125) = 254.52 \) is highly significant \( (p < 0.001) \), indicating that the model fails to fit in an absolute sense. However, the \( \chi^2 \) test is very powerful for big sample sizes, and thus even good measurement models could be rejected. Therefore, many researchers agree that for sample sizes of more than 200, other goodness-of-fit indices besides the \( \chi^2 \)-value should be considered, such as the \( \chi^2/df \) ratio, comparative fit index (CFI) and the root mean square error of approximation (RMSEA) which are less affected by sample size (Hair et al., 2010; Byrne, 2010; Gaskin, 2013). The \( \chi^2/df \) ratio of 2.04 indicates that the measurement model fits the data, since it is below the 3 threshold for acceptable fit (Byrne, 2010). Also, the CFI value of 0.938 shows a good fit in comparison to the traditional minimum standard of 0.90 (Gaskin, 2013). Hair et al. (2010) suggest that RMSEA below or equal to 0.05 indicates a good model fit, between 0.05 and 0.08 a fair fit and up to 0.10 a moderate fit. The RMSEA of this measurement model is 0.070, and thus represents an acceptable fit.
The convergent validity of the latent variables is also supported. All factor loadings were highly significant ($t$-value $> 2.64$, $p < 0.01$), showing that the chosen generic questions for each latent variable reflect a single underlying construct (Byrne, 2010). The reliabilities and estimates of extracted variance were computed by using the indicator’s standardised loadings and measurement errors. As seen in the parentheses beside the respective constructs, all reliabilities are above the recommended 0.70 level and all but one with extracted variances above the 0.50 threshold (Hair et al., 2010). Only the construct of propensity to web risk is slightly below the recommended level; however, since the 0.50 level is increasingly questioned by researchers, this extracted variance can also be accepted (Cortina, 1998; Jensen, 2012). Overall, these results indicate that the model is reliable and valid.

Discriminant validity was tested following Fornell and Larcker’s (1981) approach. Table II displays the extracted variance for each construct in the diagonals and the shared variance among constructs (squared correlations) in the non-diagonals. The matrix shows a very good level of discriminant validity of all constructs, except for initial trust which
has a very high correlation with behaviour (estimate 0.898), thus sharing high amount of variance. However, considering the hypothesised relation between the two constructs outlined above, the result is not surprising. For all remaining constructs, the extracted variance shown in the diagonals is well above the shared variance with other constructs shown in the non-diagonals.

With the validation of our measurement model’s applicability, a multi-group analysis was employed to examine the cross-national invariance of the measurement model. First, configural invariance was assessed by estimating our measurement model simultaneously on the two groups without any constraints on parameters. The model fit indices ($\chi^2/df = 1.71$, RMSEA = 0.06, CFI = 0.91) fall within recommended ranges, indicating that the measurement model is appropriate for both countries. Next, metric invariance was tested by comparing the unconstrained model to a constrained one, in which factor loadings were constrained to be invariant across countries. The differences in $\chi^2$ between the two models were not significant ($\Delta\chi^2 = 1.71$, $\Delta df = 13$, $p < 0.01$), indicating that the factor loadings were the same for the two samples. Having met the conditions for metric invariance, we can assume the unit of measurement to be the same across countries (Byrne, 2010; Steenkamp and Baumgarter, 1989).

### Nationality-related differences

Summated scales were used to test our hypothesised nationality-related differences ($H_5$-$H_8$) with respect to the constructs included in our model. Summated scales were calculated by averaging the responses to individual items belonging to each of the construct. Means and standard deviations for Danes and Portuguese are displayed along with corresponding $t$-tests for differences in the last three columns of Table I. As expected, and paralleling results from Eurostat (2017) showing Danes as more familiar with e-commerce compared to Portuguese, Danes are significantly more familiar with e-travel commerce than Portuguese. Regarding trust-propensity ($H_5$), Danes are significantly more trusting than the Portuguese ($M_{Danes} = 3.62$, $M_{Portuguese} = 3.15$, $t = 4.73$). Perceived web risk ($H_6$) is lower in the Danish group than in the Portuguese group ($M_{Danes} = 3.03$, $M_{Portuguese} = 3.14$, $t = −1.87$). Our hypotheses about Danes showing a higher level of initial trust ($H_7$) and behavioural intentions ($H_8$) could not be supported. Surprisingly, Portuguese scored significantly higher than Danes on the initial trust scale ($M_{Danes} = 2.82$, $M_{Portuguese} = 3.04$, $t = −3.06$) and the behavioural intentions scale ($M_{Danes} = 2.58$, $M_{Portuguese} = 2.79$, $t = −2.00$).

### Structural model and hypothesis testing

The initial test of the conceptual model suggested in Figure 1 revealed that the model did not fit well to the data as desired by model fit criteria. Modification indices suggested to include three correlations paths between the three consumer constructs of familiarity, trust propensity and web risk. These paths are theoretical plausible. For instance, consumers

<table>
<thead>
<tr>
<th>$\eta_1$: familiarity</th>
<th>$\eta_2$: trust propensity</th>
<th>$\eta_3$: web risk</th>
<th>$\eta_4$: initial trust</th>
<th>$\eta_5$: behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.78</td>
<td>0.06</td>
<td>0.17</td>
<td>0.01</td>
<td>0.90</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.68</td>
<td>0.06</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.48</td>
<td>0.02</td>
<td>0.03</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0.59</td>
<td>0.80</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.55</td>
</tr>
</tbody>
</table>

**Notes:** Diagonals represent average amount of extracted variance for each construct; non-diagonals represent the shared variance between constructs (calculated as the squares of correlations between constructs)

### Table II.

Discriminant validity of constructs
with a higher level of propensity to trust are expected to perceive less web risk and being more familiar with online shopping. Also, a lower level of perceived web risk is expected to produce more familiarity with online shopping. Thus, correlations were included between the three consumer characteristics indicating a positive correlation between familiarity and trust propensity ($r = 0.23$) and a negative correlation between both trust propensity and web risk ($r = -0.41$) as well as familiarity and web risk ($r = -0.41$).

Table III shows the overall results of testing the proposed structural model and its hypotheses. The model fit indices for the structural model suggest an adequate fit ($\chi^2/df = 2.034$, $CFI = 0.937$, $RMSEA = 0.070$).

The path from trust propensity to initial trust is significant and positive ($\beta = 0.24$, $t = 3.05$), supporting $H1$. Surprisingly, the path from familiarity to behavioural intentions is not significant ($\beta = 0.01$, $t = 0.12$), thus $H2$ is not supported. The same applies for $H3$, which concerned the relationship between the propensity to web risk and behavioural intentions. Even though as expected negative, also this path is insignificant and the hypothesis is rejected ($\beta = -0.05$, $t = -0.82$). Lastly, $H4$ concerned the relationship between initial trust and the behavioural intentions. The highly significant and strong positive relationship support this expectation ($\beta = 0.89$, $t = 12.62$).

The structural equation results further show that 81 per cent of the variance for behavioural intentions can be explained by initial trust, which supports the great importance of initial trust in online travel consumer behaviour. On the contrary, only 6 per cent of the variance for initial trust is explained by trust propensity. This is not surprising, considering that initial trust is a situation-specific construct depending on a variety of other variables.

Summarising, the results of the structural equation modelling support a significant relationship between initial trust and consumer’s behavioural intentions when assessing a new e-travel website. Further, the significant relationship between trust propensity and initial trust supports the importance of cultural consumer characteristic in the formation of initial trust.

**Multi-group analysis**

Multi-group analysis in AMOS compared the structural relationships from the model across the two nationality groups using Gaskin’s (2013) statstool computations with regression weights and pairwise parameter comparisons. The results of the multi-group analysis are displayed in the last two columns of Table III. The model is not different across the two nationalities at the $p < 0.05$ or 0.01 level. However, two paths are significantly different at the 0.10 level, which can be accepted because of the relatively small sample size.

<table>
<thead>
<tr>
<th>$Hx$</th>
<th>Construct relationships</th>
<th>Pooled sample ($n = 214$)</th>
<th>Danes ($n = 110$)</th>
<th>Portuguese ($n = 104$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H1$</td>
<td>Trust propensity→initial trust</td>
<td>0.24**</td>
<td>0.30**</td>
<td>0.34*</td>
</tr>
<tr>
<td>$H2$</td>
<td>Familiarity→behaviour</td>
<td>0.01</td>
<td>0.07</td>
<td>-0.10</td>
</tr>
<tr>
<td>$H3$</td>
<td>Web risk→behaviour</td>
<td>-0.05</td>
<td>-0.01</td>
<td>-0.24*</td>
</tr>
<tr>
<td>$H4$</td>
<td>Initial trust→behaviour</td>
<td>0.89**</td>
<td>0.95**</td>
<td>0.74**</td>
</tr>
<tr>
<td>Construct</td>
<td>$R^2$</td>
<td>$R^2$</td>
<td>$R^2$</td>
<td></td>
</tr>
<tr>
<td>Initial trust</td>
<td>0.06</td>
<td>0.09</td>
<td>0.11</td>
<td></td>
</tr>
<tr>
<td>Behaviour</td>
<td>0.81</td>
<td>0.96</td>
<td>0.67</td>
<td></td>
</tr>
</tbody>
</table>

Table III. Results of the structural equation model and multi-group analyses

$\chi^2 (128) = 260.38$, $p = 0.00$, $\chi^2/df = 2.03$, $CFI = 0.94$, $RMSEA = 0.07$

Notes: One-sided $t$-test. Standardized coefficients, which are unequal across the two groups at the 0.10 level, are shown in bold. Standardized coefficients, which are unequal across the two groups at the 0.10 level, are shown in italics. $^*p < 0.05; **p < 0.01$
(Gaskin, 2013). As seen in the second row, there is weak significant difference of the path familiarity→behaviour relationship between the two nationalities. Although not significant, for the Portuguese, this path would be negative, whereas zero or positive for the Danes. Most surprising is the third row, which shows different path relations of web risk→behaviour across the two groups. The significant negative path relationship for the Portuguese group in web risk to behaviour at the 0.05 level supports the expected negative effect of perceived web risk on behaviour from the initial measurement model but only for the young Portuguese consumers.

**Conclusion**

The results of this study support the effect of initial online trust on behavioural intentions and the importance of cultural-related consumer characteristics like trust propensity, familiarity with e-commerce and web risk in the trust building process. Our results showed neither a significant effect of perceived web risk on behavioural intentions as proposed by McKnight et al. (2002) nor of familiarity with e-commerce on the behavioural intentions as proposed by Chen and Barnes (2007). However, the consumer characteristics themselves were shown to be interrelated and thus indirectly moderating factors in the overall initial trust process. Moreover, when evaluated across the two nationality groups, web risk had indeed a weak but significant negative effect on behavioural intentions for the Portuguese. We can follow from this that for consumers who concern about web risk on a higher level, this factor has effect on the behavioural intention in comparison to consumers who are less concerned.

The results also show that familiarity with e-commerce has different effects on behaviour across nationalities, which however needs further research. For the observed millennial segment, the usage and knowledge of online activities is extraordinarily high. Lastly, the positive influence of initial trust on behavioural intentions was supported in the model as well as consumer’s trust propensity as a significant antecedent of initial trust. The positive effect of trust propensity on initial trust supports the research by Chen and Barnes (2005) and Kim et al. (2009).

The study’s results also emphasise the importance of taking national culture into account when investigating consumer’s initial trust in an e-service vendor. The Danish Millennials showed higher general trust as well as higher familiarity with e-commerce and e-travel planning than the Portuguese. As was seen, the different levels of consumer confidence can be related hereto, with Denmark standing out as an optimistic and very confident consumer culture whereas Portugal is depicted as a pessimistic and more negative consumer culture. Lastly, our results showed less web risk and higher familiarity with e-commerce among Danes when compared to Portuguese, thereby coinciding our expectations drawn from the two countries ratings on Hofstede’s dimensions of individualism/collectivism and uncertainty avoidance. Though surprisingly, the Portuguese students had higher initial trust towards the new holiday planning website and consequently also higher behavioural intentions than their Danish counterparts. One possibility to explain this somewhat contradicting behaviour is the fact that trust propensity is only one of the many antecedents included in the trust formation process. As mentioned, initial trust is a situation-specific construct depending on a variety of other aspects of the company, website or consumer. Overall, the Danes being more familiar with e-commerce may also lead to being more sceptical towards new and unknown websites, i.e. the one used in the website scenario.

**Limitations and further research**

As with other studies, the present work has several limitations, which also calls for future research efforts. As already mentioned above, initial trust is a situation-specific construct
depending on a variety of aspects of the company, website or consumer. Future research may examine the influence of other aspects on the trust formation process. Moreover, language can be a factor influencing trust. This study used a questionnaire in English for all respondents. Additional research could use questionnaires in the local language indicating a non-foreign online service.

Using the pool of students in Portugal and Denmark as respondents may question the generalisability of the results to Millennials in general. However, for cross-national studies, it is better to use more homogenous samples (Koufaris and Hampton-Sosa, 2004). Future research may examine our model on larger and more representative samples of Millennials from the two countries. Future research may also target other segments, i.e. Millennials from other countries or other segments from other age groups.

This study focussed on a travel website. Future research could examine website trust for other products, i.e. varying in complexity and price.

Another main limitation of this study connected to above is the focus on the initial trust phase for analysis, where factors such as brand knowledge and previous experiences are not taken into consideration. This was intentionally chosen for the sake of the study but further research could examine other stages of trust, for example, in the maintaining and declining stages. How might post-purchase behaviour like delivery and after-sales support affect consumer’s online trust? Further, since trust is an active concept in steady change, a long-term study could investigate the process of different trust phases from initial to dissolution of trust. It could be very revealing how trust perceptions change over the course of, in this case, an online business relationship.

Managerial and theoretical implications
As Gefen and Straub (2004) mention, it is the interpretation of motives behind the observed trust behaviour which leads to cues and reasoning of consumer behaviour. This analysis is therefore truly subjective and includes the personal interpretation of the observed Portuguese and Danish behaviour. To follow with practical advice, for e-travel website hosts, how to address and engage the culturally different segments requires more and adapted research. Yet, this theoretical research explored some influencing factors and can propose guidelines for which variables are of importance when promoting trustful relationships in the online environment.

Most importantly, this study supports that national culture significantly affects the trust formation process in online purchasing situations. Overall, the effect of trust propensity on consumer’s initial trust emphasises the need for nationality-related considerations for websites to account for differences in trust levels and required factors. Further, even though familiarity and web risk did not have an observed direct effect on behavioural intentions, they are involved in trust formation and another point where consumers from different countries might vary. Notably, security of personal information is a concern throughout cultures and an important aspect to provide as an e-travel vendor. Overall, it became obvious that the millennial segment has advanced knowledge but also advanced expectations towards the “situational normality” of an e-service situation, which e-vendors need to address for successful engagement.

Theoretically, this study showed the need for more adapted research methods in online trust and cross-cultural research emphasising consumer variables as important influences. Koufaris and Hampton-Sosa’s initial trust factors (2004) were adapted to the e-travel environment and investigated in two countries, Denmark and Portugal. Since no other study investigated initial trust formation of young consumers in those two countries before, this research gives new insights and findings of factors involved in the trust formation process.
References


Further reading


Corresponding author
Jan Møller Jensen can be contacted at: jmj@sam.sdu.dk

For instructions on how to order reprints of this article, please visit our website:
www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
Customer brand co-creation behavior: conceptualization and empirical validation

Cassandra France and Debra Grace  
Department of Marketing, Griffith University, Southport, Australia, and  
Bill Merrilees and Dale Miller  
Department of Marketing, Griffith University, Gold Coast, Australia

Abstract

Purpose – The purpose of this paper is to expand on existing co-creation knowledge in order to accurately conceptualize, operationalize and contextualize the customer brand co-creation behavior concept from a customer perspective.

Design/methodology/approach – A quantitative approach is adopted in this study, using structural equation modeling to verify the co-creation of brand value for those customers who co-create.

Findings – A new four-dimensional co-creation behavior concept is supported, highlighting the role of development, feedback, advocacy and helping, in the co-creation of brand value. Furthermore, a range of customer-level and brand-level antecedents are empirically verified.

Research limitations/implications – The research takes a customer-centric view of co-creation and in doing so provides new insight into the effect on the co-creator. Additionally, the research offers an improved level of specificity in the co-creation domain by conceptualizing, operationalizing and contextualizing customer co-creation in a comprehensive research study.

Practical implications – The findings offer new insight to brand managers, identifying avenues for increasing customer participation in co-creation programs and critically highlighting that co-creation behavior has positive effects on the co-creator’s perception of brand value.

Originality/value – The customer-centric approach offers an original perspective from which to explore co-creation, demonstrating the positive potential of co-creation in brand management strategies.

Keywords Engagement, Co-creation, Value, Relationship, Brand, Congruity

Paper type Research paper

Introduction

The importance of co-creation in the contemporary branding environment highlights the redistribution of control from the firm to the customer. This altered setting brings co-creation to the forefront of marketing while also demanding critical reflection upon the changing context in which modern brands evolve. Crucially, from a branding perspective, the notion of co-creation centers on how the active contribution of various stakeholders determines brand success (Ind and Coates, 2013). A growing number of brands are embracing co-creation as a new support mechanism for competitive advantage (Ramaswamy and Ozcan, 2014) and while there is exponential growth in theoretical discussion of co-creation, only about 13 percent of the research resides purely in the marketing domain (Galvagno and Dalli, 2014), and an even smaller percentage within the branding context. Given that successful brand management is an essential factor to effective business performance (Merz et al., 2009), identifying the impact of co-creation upon the brand becomes crucial. Therefore, as the need to understand and manage co-creation continues to be recognized, there remains significant scope for theoretical and empirical research development within the brand management domain.

The nucleus of co-creation theory is firm and process oriented. Hence, a paradox has emerged whereby, on the one hand, increased customer influence stimulated growth in
co-creation research, yet, on the other hand, much research in this area neglects the customer perspective. Resolution of the paradox lies in development of customer-centered co-creation theory. Co-creation is broadly understood to reflect the active role of the customer (Minkiewicz et al., 2014), yet little is known about the nature of this concept, i.e. its dimensionality, operationalization and nomological network. This paper addresses these oversights through deconstructing existing knowledge in order to conceptualize, operationalize and contextualize customer brand co-creation behavior (CBCB), providing precise articulation which enables stronger links between theory and practice (Corcoran, 2007). In doing so, this research bridges the branding perspective and the customer perspective, to identify brand strategy implications of co-creation behavior.

Conceptual development
The co-creation construct is increasingly discussed, with multiple definitions at the ideological level (i.e. Vargo and Lusch, 2004) and managerial process levels (i.e. Payne et al., 2008). Yet, there is little evidence of a consistent approach to defining co-creation at the behavioral level (France et al., 2015), specifically from the customer’s perspective, resulting in contradictions in the inclusion and exclusion of specific behaviors across various studies (Ind et al., 2012). Yet, there are some essential characteristics, gleaned from the developing literature, which allude to the nature of CBCB and form the basis for the proposed definition.

CBCB defined
The behavioral participatory aspect of co-creation (Grönroos, 2008) is fundamental, in that the participation of actors is both voluntary and active. In terms of volition, customers make the choice to participate, although not required to do so (France et al., 2015). In addition, behavioral participation requires customer effort thus exemplifying the active (Ind et al., 2013), rather than passive, nature of behavior. On this basis, CBCB is distinguished from the psychological state and is conceptualized as a behavioral phenomenon, supporting the view of France et al. (2015). Furthermore, CBCB is underpinned by interactivity, where reciprocal influence for both the co-creator and the brand emphasizes the “co” in co-creation and highlights the contribution of multiple players interacting to create the brand (Ramaswamy and Gouillart, 2010), both directly and indirectly (France et al., 2015). By virtue of this interactivity, CBCB becomes entwined in the customer-brand relationship (Payne et al., 2009). As such, CBCB is appropriately defined as the voluntary, active and interactive customer actions associated with the customer-brand relationship.

CBCB behavioral dimensions. The most comprehensive view of CBCB, underpinned by customer participation and customer citizenship behaviors, is that of Yi and Gong (2013) who argue that co-creation, in the context of services, involves feedback, advocacy, helping and tolerance. The first three dimensions (i.e. feedback, advocacy and helping) appropriately align with the definition of CBCB proffered in this paper. The tolerance dimension, defined as the willingness to be patient when expectations are not met (Yi and Gong, 2013, p. 1281), is perceived as passive and, thus, does not align to the active nature of CBCB and is subsequently excluded in this study.

Co-creation feedback involves providing the brand, solicited and unsolicited, evaluations of brand experiences (Yi and Gong, 2013). Feedback has a relatively low resource investment for the customer and, in most instances, there is a low level of public visibility to the behavior. Yet, feedback co-creates directly with the brand by enhancing understanding of the customer experience and providing knowledge for improvement, which may shape the way the brand is delivered.
The dimension of co-creation advocacy involves the voluntary customer behavior of recommending the brand to others (Yi and Gong, 2013) and is influential in co-creation (Payne et al., 2009). Advocacy behavior is largely emotional in nature, involving less cognitive resources but having high social risks in the customer-to-customer environment and indirect interaction with the brand. In the contemporary environment, where brand-related discussions may occur in online forums (Wirtz et al., 2013), advocacy behavior may be highly visible or can occur in more intimate settings. Irrespective of whether public or private, co-creation advocacy has the potential to directly influence how others perceive the brand and, as such, may co-create the brand.

The helping dimension of CBCB includes voluntary customer participation in assisting other customers to enhance their experience of the brand (Yi and Gong, 2013). While not a dominant area of co-creation research, support from other customers may have a significant influence on how the brand is perceived (Yi and Gong, 2013), and, therefore, becomes essential in formulating a holistic view of co-creation. The nature of co-creation helping is often cognitive problem solving, largely relating to explanation and description. Helping behaviors indirectly interact with the brand, occurring in a customer-to-customer sphere, but centered on the brand.

Additionally, the popular area of co-creation development is relevant to this discussion. Relating to voluntary customer participation in the generation of new ideas and resources for the brand, co-creation development encompasses the co-creation of new product ideas (Hoyer et al., 2010; Ramaswamy and Gouillart, 2010), new advertising (Thompson and Malaviya, 2013) and the likes. Co-creation development is one of the most discussed and increasingly practiced areas of co-creation. Co-creation development behavior is highly active in nature, involving a significant investment of cognitive effort, and potentially other resource investment, on behalf of the customer (Prahalad and Ramaswamy, 2004; Thompson and Malaviya, 2013). For example, new product development often involves substantial ideation and an investment of time, effort and skill on the part of the co-creating customer. Customer development behavior is considered co-creative, as the behavior provides an opportunity to directly adjust the brand offering, or to adjust how the brand and its various elements are perceived by other customers. Therefore, considering the voluntary, active and interactive nature of co-creation development, it is proposed as essential to a comprehensive view of CBCB. On this basis, the dimensionality of CBCB includes a broad mix of active customer behaviors (i.e. development, feedback, advocacy and helping), each of which involves varying levels of active intensity and interaction with the brand in support of the customer-brand relationship.

**CBCB antecedents and consequences**
Given the very nature of co-creation, it is important to consider the influence of both customer-level and brand-level variables on CBCB. One of the few studies providing direction in this respect is that of France et al. (2015) who, through a series of propositions, identified key customer-level variables as category involvement, brand engagement and brand self-congruity and brand-level variables as brand communities and brand interactivity. Drawing on this framework, the interplay between these variables is further examined and the subsequent hypothesized model presented. Yet, before proceeding into the model discussion, it is useful to consider the emerging evidence in the domain to establish the current state of knowledge. Co-creation literature is led by a high-level conceptual approach, with specific branding areas (for instance, advocacy and feedback research) providing empirical discussions of antecedents and consequences of various co-creation behavior in goods, service or overall brand contexts (see Table I).

Results of analysis reaffirm the particular variables of interest identified by France et al. (2015) as relevant in the brand co-creation environment. Furthermore, an opportunity is
highlighted to consider implications of co-creation at a brand level, rather than examining nuances of goods or service brand contexts. This broad brand approach offers a model that is relevant across various brand categories and therefore offers a valuable branding tool for practical application.

**Customer-level antecedents**

Brand engagement, brand self-congruity and category involvement have previously been conceptualized as having a direct influence on CBCB (France et al., 2015). In relation to brand engagement, emerging empirical findings demonstrate the link between engagement and customer co-creation behaviors. Specifically, research shows that engagement significantly influences development (Prahalad and Ramaswamy, 2004), feedback (Kumar et al., 2010), advocacy (Dwivedi, 2015) and helping (Black et al., 2014) behaviors, all of which are proposed, in this paper, as key dimensions of CBCB.

Similarly, empirical support for the direct relationship between brand self-congruity and co-creation behaviors is also evident in the literature (Christodoulides et al., 2012), where research shows that customers who identify with the brand are more willing to participate in voluntary behaviors (Bettencourt, 1997), specifically in development (Christodoulides et al., 2012), feedback (Tronvoll, 2007), advocacy (Ahearne et al., 2005) and helping (Black et al., 2014), all of which are proposed, in this paper, as key dimensions of CBCB.

It is in relation to category involvement that the hypothesized model of this paper departs from France et al.’s (2015) propositions. It is argued that the relationship between category involvement and CBCB is not direct. Rather, research shows that increased customer interest and involvement in the brand category results in enhanced levels of engagement for the preferred brand within the category (Dwivedi, 2015) and strengthens brand self-congruity (Kressmann et al., 2006). Ultimately, the increased intrinsic enjoyment derived from interacting with the category (Richins et al., 1992) creates heightened cognitive and affective engagement for the preferred brand, and increased brand self-congruity. On this basis, it is hypothesized that category involvement directly influences brand engagement and brand self-congruity, which in turn are direct drivers of CBCB:

**H1a.** Category involvement is positively related to customer-brand engagement.

**H1b.** Category involvement is positively related to brand self-congruity.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Goods</th>
<th>Service</th>
<th>Brand (overall or mixed studies)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tregua et al. (2015)</td>
<td>Brodie et al. (2011)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Celuch et al. (2015)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Merz et al. (2009)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tregua et al. (2015)</td>
<td>Treat et al. (2013)</td>
<td></td>
</tr>
<tr>
<td>Congruity (identity)</td>
<td>Ahearne et al. (2005)</td>
<td>Black et al. (2014)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Heie and Chang (2016)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Marzocchi et al. (2013)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interactivity</td>
<td>Marzocchi et al. (2013)</td>
<td>Black et al. (2014)</td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>Marzocchi et al. (2013)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table I. Empirical co-creation antecedents
$H2.$ Customer-brand engagement has a positive effect on CBCB.

$H3.$ Brand self-congruity has a positive effect on CBCB.

**Brand-level antecedents**

Brand-level antecedents are external to customer control but support and encourage customer participation in a range of co-creation behaviors (France et al., 2015). For example, interactive brands are more encouraging of active contributions to the brand (Ind et al., 2012, Labrecque, 2014). Thus, reciprocal relationships are enabled when the customer feels encouraged and supported in his/her interactions with the brand (France et al., 2016). Therefore, brand interactivity becomes an enabler for customers to co-create with the brand.

Similarly, brand community membership enables co-creation behaviors through community support and active participation amongst its members (Muñiz and O’Guinn, 2001). Specifically, brand community membership increases customer participation in development (O’Hern and Rindfleisch, 2010) and increases the customer voice providing brand feedback, word-of-mouth (Healy and McDonagh, 2013) and helping. On this basis, in departure from France et al.’s (2015) conceptualization of brand interactivity and brand communities as moderating the relationships between customer-level antecedents and CBCB, a mediating effect is proposed. As such, we hypothesize that:

$H4a.$ Brand interactivity mediates CBCB $\rightarrow$ customer-brand engagement.

$H4b.$ Brand interactivity mediates CBCB $\rightarrow$ brand self-congruity.

$H5a.$ Brand community mediates CBCB $\rightarrow$ customer-brand engagement.

$H5b.$ Brand community mediates CBCB $\rightarrow$ brand self-congruity.

**CBCB consequence**

The enhanced value of co-creation behavior upon the organization is conceptually supported (Ramaswamy, 2010). Yet, few studies have considered the implications of co-creation for the co-creating customer, with the exception of France et al. (2015), who propose that perceived brand value is enhanced. When using, buying or even thinking about the brand, the customer is assessing its worth and the ways in which the brand provides value. Customer participation in co-creation is no exception. The fundamental premise of service-dominant logic is that the customer is an active creator of value (Vargo and Lusch, 2004), in an interactive communicative cycle of the customer-brand relationship (Ballantyne et al., 2011). Co-creation of value occurs not only in brand and consumer interactions but also through network relationships and social interactions (Juntunen, 2012). When a customer consumes, or experiences the brand, the value of the brand is realized (Merz et al., 2009). Therefore, when a customer participates in co-creation behavior, his/her experience of the brand is altered which impacts perceptions of brand value. For example, CBCB (i.e. development, feedback, advocacy and helping) may lead to additional cognitive brand awareness, emotional fulfillment, intrinsic enjoyment, enhanced self-image and overall improved brand experiences. On this basis, CBCB is hypothesized as having a positive influence on perceived brand value for the customer who co-creates:

$H6.$ CBCB has a positive effect on customer-perceived brand value for the co-creator.

**Research design**

To address the aims of this study, a survey methodology was used. Largely, the survey adopted existing measures which were used verbatim or adapted to context.
Scales measuring category involvement (O’Cass, 2004), customer-brand engagement (France et al., 2016), brand self-congruity (De Vries and Carlson, 2014), brand interactivity (Labrecque, 2014), co-creation (Yi and Gong, 2013) and customer-perceived brand value (Cronin et al., 2000) were selected based on proven reliability and validity. Items measuring brand community membership were developed from conceptual discussions of Fournier and Lee (2009), focusing on shared goals and values and formed by four items, including measures such as “I share common values with other brand customers” and “I interact with other members of the brand community.” All items used a five-point Likert scale ranging from “strongly disagree” to “strongly agree.”

To test the hypothesized model in a broad branding context, a non-probability convenience method is a suitable approach and in line with similar studies in the branding domain (i.e. Celuch et al., 2015; Yi and Gong, 2013). A split-distribution data collection strategy was adopted, using multiple locations and both online and paper-based methods. This strategy mitigates concerns for common method bias and provides access to a broad respondent base, without influencing the nature of response (Huang, 2006; Lin and Van Ryzin, 2012). Customers were intercepted while patronizing selected small business enterprises (including Australian fashion and homewares retailers, hairdressers and cafes), where they were asked to complete a survey about that brand. Additionally, respondents were intercepted at an Australia university and asked to nominate a brand and then complete the survey. This research approach enabled the representation of both small and large brands, across diverse goods and service offerings, which was useful in developing a model applicable in broad branding contexts.

**Sample profile**

Data collection resulted in a final data set of 326 responses, including a well-dispersed mix of respondents across a range of demographic variables, including age (18-34 years = 49 percent, 35-54 years = 34 percent, 55 years and older = 15 percent, missing = 2 percent); gender (female = 72 percent, male = 26 percent, missing = 2 percent); and income (less than $50,000 = 57 percent, $50,000-100,000 = 26 percent, above $100,000 = 11 percent, missing = 6 percent). In addition, the method of survey completion was well distributed between the paper-based (62 percent) and online (38 percent) platforms, with statistical analysis confirming no significant differences between the groups. Respondents selected service (62 percent) and goods (38 percent) brands with statistical analysis confirming no significant difference between the two groups.

**Analytical approach**

Partial least squares-SEM (PLS-SEM) analysis was used to test the hypotheses of this study. Given the exploratory nature of this study, PLS-SEM was considered the most appropriate analytical evaluation tool (Diamantopoulos and Winklhofer, 2001). In particular, PLS is aligned with the goals of this research, which include the explanation of a target construct’s variance (Hair et al., 2012) and subsequent prediction (Hair et al., 2013). Alternative SEM covariance-based approaches (CB-SEM using maximum likelihood estimation) are more appropriate for theory testing or confirmation; therefore, they do not support the goals of the present study (Hair et al., 2016). Furthermore, PLS-SEM is not sensitive to sample size and avoids indeterminacy problems of other SEM techniques (Jarvis et al., 2003). Over and above the appropriateness of use of PLS to this study, it has also become a widely accepted analytical tool, used for complex modeling situations (Hair et al., 2013). The systematic approach to PLS-SEM analysis was adopted, as recommended by Hair et al. (2016).
Results

Preliminary analysis

SmartPLS 3.0 (Ringle et al., 2015) was used to evaluate the measurement models. Internal consistency assessment, using measures of composite reliability, assured strong internal consistency for all scales (Peterson and Kim, 2013). Next, convergent validity assessments confirmed that scale items accurately measured the desired construct, with average variance extracted (AVE) results greater than 0.50, demonstrating convergent validity (Hair et al., 2016). Additionally, factor loadings confirmed that all final items exceeded 0.70, representing meaningful performance (Hair et al., 2016), as shown in Table II.

To further establish the integrity of the data, discriminant validity, using the Fornell and Larcker (1981) discriminant validity approach, confirmed that correlations did not exceed the square root of the AVE for the constructs. Finally, suitable collinearity was confirmed and no common method bias was observed using Harmon’s one-factor test (Igbaria et al., 1997), validating the dual mode survey administration method and confirming the integrity of the data.

Hypothesis testing and model evaluation

PLS-SEM involves the assessment of the hypothesized model through exploration of path coefficients. Path model analysis and bootstrap analysis (Hair et al., 2016), confirm all hypothesized relationships to be significant at a 95% confidence level. Specifically, $H_{1a}$ and $H_{1b}$ were supported, showing that category involvement (CAT) had a positive effect on customer-brand engagement (ENG) and brand self-congruity (CON). $H_2$ was confirmed, providing support for customer-brand engagement (ENG) as a driver of CBCB. $H_3$ was empirically supported, with brand self-congruity (CON) being a second driver of CBCB. $H_{4a}$, $H_{4b}$, $H_{5a}$ and $H_{5b}$ related to the mediating effects of brand interactivity (INT) and brand community (COM) within the path model. PLS-SEM mediation analysis involved testing first the prerequisite direct effects, which were confirmed. Next, multiple mediation analysis confirmed partial mediation in all cases, providing partial support. $H_6$ proposed that CBCB would have a significant positive effect on customer-perceived brand value (VAL). This hypothesis was strongly supported with results indicating a path coefficient of 0.61 and associated $t$-value of 17.56. Finally, in terms of overall model evaluation, results of $R^2$ analysis of the hypothesized model show moderate performance of the endogenous variables of ENG (0.15), CON (0.17), INT (0.28), COM (0.29), CBCB (0.51) and VAL (0.37), supporting the overall model. Additionally, $f^2$ effect and $Q^2$ scores indicate statistically sound model performance, validating the overall model, as shown in Figure 1.

General discussion

Few known co-creation studies consider both the definitional nature and dimensionality. In addressing this gap, the research provides new empirical evidence that supports the operationalization of CBCB as a valid construct with four valid dimensions (i.e. development, feedback, advocacy and helping). A series of tests demonstrate strong reliability and construct validity, and confirm the hypothesized positioning of CBCB relative to its antecedents and consequences, thus, sanctioning the underlying meaning of CBCB. Moreover, results show that each dimension maintains independence to the other dimensions, while demonstrating a significant relationship between the dimensions to support the overall CBCB construct. All dimensions provide a strong contribution to the overall CBCB concept and provide confidence in the quality of the items in measuring a consistent and representative concept of CBCB. Notably, the support for CBCB provides a broad brand-level co-creation behavior construct for application in a range of brand settings, including both goods and service sectors. Having established CBCB as an empirically valid concept, the ensuing discussion examines the interplay of relationships surrounding CBCB.
<table>
<thead>
<tr>
<th>Construct</th>
<th>Factor</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category involvement</strong></td>
<td></td>
<td>0.93</td>
</tr>
<tr>
<td>I find the brand category is very relevant to my life</td>
<td>0.74</td>
<td></td>
</tr>
<tr>
<td>The brand category is a significant part of my life</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>I am involved with the brand category</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>I think about the brand category a lot</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>The brand category means a lot to me</td>
<td>0.88</td>
<td></td>
</tr>
<tr>
<td>I am interested in the brand category</td>
<td>0.78</td>
<td></td>
</tr>
<tr>
<td>I consider the brand category to be a central part of my life</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td><strong>Customer-brand engagement</strong></td>
<td></td>
<td>0.91</td>
</tr>
<tr>
<td>I am enthusiastic toward the brand</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>I am passionate about the brand</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td>I have a sense of belonging to the brand</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>When dealing with the brand, I am deeply engrossed</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>When interacting with the brand, I concentrate entirely on the brand</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>When involved with the brand, my mind is focused on what is happening</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td><strong>Brand self-congruity</strong></td>
<td></td>
<td>0.94</td>
</tr>
<tr>
<td>This brand reflects who I am</td>
<td>0.88</td>
<td></td>
</tr>
<tr>
<td>This brand image corresponds to my self-image in many respects</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>This brand is exactly how I see myself</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>This brand is a lot like me</td>
<td>0.88</td>
<td></td>
</tr>
<tr>
<td><strong>Brand community</strong></td>
<td></td>
<td>0.92</td>
</tr>
<tr>
<td>I share common values with other brand customers</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>I interact with other members of the brand community</td>
<td>0.86</td>
<td></td>
</tr>
<tr>
<td>I consider myself to be part of a community of brand users</td>
<td>0.89</td>
<td></td>
</tr>
<tr>
<td>I share common goals with other brand customers</td>
<td>0.86</td>
<td></td>
</tr>
<tr>
<td><strong>Brand interactivity</strong></td>
<td></td>
<td>0.95</td>
</tr>
<tr>
<td>The brand allows me to communicate directly with it</td>
<td>0.86</td>
<td></td>
</tr>
<tr>
<td>The brand listens to what I have to say</td>
<td>0.92</td>
<td></td>
</tr>
<tr>
<td>There is good two-way communication with the brand</td>
<td>0.93</td>
<td></td>
</tr>
<tr>
<td>The brand encourages me to communicate directly with it</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>The brand would respond to me quickly and efficiently</td>
<td>0.87</td>
<td></td>
</tr>
<tr>
<td><strong>Customer brand co-creation behavior (CBCB)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Development</em></td>
<td>0.75</td>
<td>0.90</td>
</tr>
<tr>
<td>I take photos of myself with the brand and share them with the brand and others</td>
<td>0.71</td>
<td></td>
</tr>
<tr>
<td>I create advertising for the brand and share it with the brand and others</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td>I develop new products or services for the brand</td>
<td>0.85</td>
<td></td>
</tr>
<tr>
<td>I create online content about the brand</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>I develop ideas for the brand (e.g. when participating in competitions)</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td><em>Feedback</em></td>
<td>0.73</td>
<td>0.88</td>
</tr>
<tr>
<td>When I have a positive brand experience, I provide them feedback</td>
<td>0.78</td>
<td></td>
</tr>
<tr>
<td>I provide useful ideas on how to improve the brand</td>
<td>0.85</td>
<td></td>
</tr>
<tr>
<td>If I notice a problem with the brand, I tell an employee, even if it doesn’t affect me</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>I tell the brand my ideas for improvement</td>
<td>0.86</td>
<td></td>
</tr>
<tr>
<td><em>Advocacy</em></td>
<td>0.78</td>
<td>0.95</td>
</tr>
<tr>
<td>I recommend the brand to others</td>
<td>0.89</td>
<td></td>
</tr>
<tr>
<td>I say positive things about the brand to others</td>
<td>0.92</td>
<td></td>
</tr>
<tr>
<td>I spread the good word about the brand</td>
<td>0.93</td>
<td></td>
</tr>
<tr>
<td>I encourage my friends and relatives to use the brand</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td><em>Helping</em></td>
<td>0.77</td>
<td>0.89</td>
</tr>
<tr>
<td>I help other customers of the brand if they seem to have problems</td>
<td>0.86</td>
<td></td>
</tr>
<tr>
<td>I give advice to other customers about the brand</td>
<td>0.88</td>
<td></td>
</tr>
<tr>
<td>I tell others about new things with the brand</td>
<td>0.83</td>
<td></td>
</tr>
<tr>
<td><strong>Customer-perceived brand value</strong></td>
<td></td>
<td>0.91</td>
</tr>
<tr>
<td>Overall, the value of this brand to me is high</td>
<td>0.91</td>
<td></td>
</tr>
<tr>
<td>The benefits of the brand are high</td>
<td>0.92</td>
<td></td>
</tr>
</tbody>
</table>

Table II. Psychometric reflective measurement properties
Customer-level drivers
This study acknowledges the strong relationship between engagement and co-creation behavior and highlights that co-creation is a behavioral concept, distinct to engagement (France et al., 2015). In separating these concepts, the model highlights a critical finding that not all engaged customers will co-create in all instances. However, engagement is a necessary precondition for CBCB. When the customer is passionate and immersed in the brand, they are more likely to participate in co-creation behavior. In this regard, the model has strong alignment with existing research (Hollebeek et al., 2014; Leckie et al., 2016), although this study introduces the behavioral consequence of engagement in the broader CBCB context.

Findings also support a second brand relational antecedent, brand self-congruity, suggesting that when customers’ self-image and the image of the brand align, they are more likely to actively participate in voluntary co-creation behavior, supporting previous conceptualizations (Dretsch and Kirmani, 2014; France et al., 2015). While results indicate that congruity has less of an influence than engagement upon CBCB, the customer’s level of identification with the brand is still important to the activation of CBCB.

Finally, in contrast to earlier model conceptualization (France et al., 2015), this study supports the theoretical reasoning that category interest triggers brand relationships before CBCB occurs. The indirect influence of category involvement is a new and important acknowledgment, where evoking a customer’s interest in the category stimulates a flow-on effect with positive outcomes for both the customer and the brand.

Brand-level drivers
Beyond the customer-level drivers, this study demonstrates that two brand-level antecedents, brand interactivity and brand community, play an enabling role in driving CBCB. The findings support the growing notion that brand communities influence active customer participation (Cova and Pace, 2006). However, this research took a different
approach to the measurement of community. Many studies assume brand community membership if, for instance, a customer “likes” a particular brand on Facebook. Yet, this study takes a relational approach, involving identification as a member of a shared and like-minded brand community. In this relational environment, community is supported as a valid enabler of CBCB, showing that when customers perceive themselves to be a part of a brand community, they are more likely to participate in a range of co-creation behaviors.

Findings support a second brand-level antecedent of co-creation, brand interactivity. The brands technical facilitation of interaction and their demonstration of a genuine desire for connectedness (France et al., 2016) encourages, and enables, the customer to co-create (France et al., 2015). Interactivity research largely deals with technical facilitation but the brands authentic desire for interaction has an influence on perception of interactivity (Ilicic and Webster, 2014). These new findings identify that the brand plays an influential role as an enabler of co-creation, encouraging customer participation and providing the means by which to participate.

**CBCB and brand value**

The final stage of the model addresses the consequence of CBCB for those customers who co-create. Co-creation research is built upon the assumption that co-creation leads to enhanced value for the brand (Vargo and Lusch, 2004; Grönroos, 2008). In a consistent manner, the findings provide empirical support for the direct positive influence of CBCB on customer-perceived brand value. Previously, value has been explored in relation to the value for the firm (Kumar et al., 2010). However, the findings of this study offer a customer-centric perspective of value co-creation, demonstrating an increase in brand value perceptions for the customer who co-creates and providing a valuable new outlook for value co-creation.

**Contributions**

While the findings of this study have served to provide fruitful discussion relating to the nature of CBCB and the nomological network within which it resides, it is important to explicate the study’s contributions for both theory and practice.

**Theoretical contributions**

This research presents a refined customer-centered view of co-creation in the branding environment. Few known studies consider both the definitional nature of the co-creation concept and its dimensionality. This research addresses both issues, providing a clear and detailed understanding of CBCB. The CBCB construct is then placed in a network of relationships, which precede and follow CBCB, supporting the underlying meaning of the concept. Importantly, the findings of the study confirm an empirically valid four-dimensional CBCB concept, which addresses all parameters of the construct. This refined criterion for co-creation allowed the previous operationalization of Yi and Gong (2013) to be critically refined, adopting three behaviors (feedback, advocacy and helping), which aligned to the CBCB concept. A fourth CBCB dimension (development) was identified from the literature and demonstrated as a valid dimension of CBCB. Thus, this research contributes a robust new four-dimensional operationalization of the CBCB construct for future research.

Furthermore, a major contribution lies in validating a strong network of relationships that lead, and arise from, co-creation behavior. Existing theory has a focus on benefits for the firm from CBCB. However, this study takes a customer-centered view of co-creation, demonstrating enhanced brand value perceptions for the co-creator. In doing so, this research offers a valuable theoretical contribution and empirically validates customer co-creation of value.

The model contextualizes co-creation within a customer-brand relationship network, enhancing understanding of the relational influences and outcomes of CBCB, whereby customers choose to participate in co-creation based on their relationship with the brand.
In particular, engagement and congruity are identified as customer-level relational antecedents with direct impact upon a customer’s propensity to co-create. A theoretical contribution lies in the validation of these two variables and, additionally, in the notion that brand relationships are influential in the co-creation context, opening the door for additional customer-level relational variables to be considered. Furthermore, two brand-level relational variables, brand interactivity and brand community, were empirically validated as enabling co-creation. Theoretical merit lies in the verification of these influencers, which are not directly controlled by the customer.

Practical contributions

The research maintains a commitment to the development of strong theory with practical application. In this sense, the model becomes a valuable tool for brand managers, informing co-creation strategy. Specifically, the findings suggest that brand managers can encourage participation in CBCB with the goal of increasing brand value for the customer and ultimately for the firm. The model shows that when customers participate in co-creation behavior, they increase their perceptions of brand value. Brand value is important to brand success in all categories and brand types (Zeithaml, 1988). Yet, arguably, in particular contexts, such as the luxury brand context, as an example, high prices increase the need for realization of brand value (Tyan et al., 2010). In such settings, co-creation may become a strategic tool for enhancing value.

Development is a seemingly popular co-creation tool utilized by managers in practice, yet it is useful to highlight that feedback, advocacy and helping behavior may be just as effective in increasing brand value for the co-creator. Thus, the customers need not expend excessive effort in co-creation behavior but can enhance perceived brand value with less intensive behavior. Therefore, the CBCB concept identifies a range of high and low investment co-creation behaviors that the firm may encourage for strategic gain.

Astute brand managers, wishing to increase co-creation, may consider a more interactive stance for their brand. Furthermore, when customers perceive themselves to be part of a brand community, they are more inclined to participate in co-creation. Therefore, the firm may be able to proactively build and support the brand community as a method for empowering CBCB.

Additionally, while not directly controllable, brand managers can stimulate customer-level antecedents (i.e. brand engagement, brand self-congruity and category involvement) through their strategic efforts. For example, implementation of strategies to create interest and involvement in the brand may act as a mechanism to drive engagement (Holbeek et al., 2014). Furthermore, a promotional campaign may highlight some essential variables to enhance perceptions of brand congruity as an indirect method to drive co-creation.

Overall, the research offers valuable contributions to brand management by clearly identifying and empirically verifying the co-creation of brand value through development, feedback, advocacy and helping behavior. Therefore, the use of co-creation strategies as a method to enhance customer perceptions of value emerges as a worthwhile opportunity for brand managers.

Limitations and future research directions

As with all research, it is important to acknowledge the limitations of this study, which are manifested through the data collection method, and generalizability of the results. The use of survey research is often criticized. However, in adopting the use of multi-item scales and employing stringent tests to ensure the integrity of the data, every effort is made to overcome problems. In terms of generalizability, research is commonly constrained by the geographic boundaries in which it is conducted. The cross-sectional approach was selected in this research due to the desire to examine model performance, rather than to describe the prevalence of co-creation within a population. While generalizability may be interpreted as being limited to the Australian population, in fact, Australia represents a typically
developed western culture, with strong similarities to customers in the USA and the UK. On this basis, the findings may be generalized (albeit, with caution) beyond the geographic boundaries of Australia. Furthermore, in addressing the limitations of this study, the following recommendations for future research are offered:

- First, future research should explore the hypothesized model in alternative brand settings. Specificity of future research in varied brand settings may identify differences in the relative influence of the antecedents to CBCB. Potentially, the influence of engagement may be investigated in service settings where interaction with employees may influence the nature of engagement. In other settings, such as in fashion, brands are highly visible to peer networks and often adopted as symbols of self. In this environment, the influence of brand self-congruity may become more influential. Furthermore, in other low-involvement categories, such as paper towels, there may not be sufficient interest at the category level to drive co-creation. Where involvement is low due to the low interest, low emotion, low risk and low cost nature, the category may act as a barrier to co-creation, which becomes a challenge for the brand to overcome.

- Second, the findings may be contrasted in various cultural contexts. In particular, findings of this research are relevant in developed western cultures. However, it may prove insightful to consider the adaptability of the model in less-developed economies and/or eastern cultures. In these environments, cultural and economic influences may impact on the active participation of the customer.

- Third, the influence of multiple stakeholders could provide further insight into the broader co-creation phenomenon. A diverse range of stakeholders are acknowledged as influencing the brand, including employees, suppliers, distributors and shareholders (Payne et al., 2009). Thus, a potential research opportunity may involve isolating the co-creation experience of each group.

Conclusion
Overall, the research has adopted a rigorous approach in drawing from the established knowledge in the branding and co-creation domains, and building upon that knowledge, to present a comprehensive model of CBCB. In achieving empirical validation of the model, a number of theoretical and practical contributions are made in relation to the customer perspective of co-creation. In particular, customer-level and brand-level drivers of co-creation are identified, highlighting the consequence of brand value enhancement for the co-creating customer. The customer emphasis provides a new viewpoint for co-creation theory and opens the door for future investigation in this critical research area.

References


**Corresponding author**
Cassandra France can be contacted at: c.france@griffith.edu.au

For instructions on how to order reprints of this article, please visit our website: www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
Patient’s behavioral intention:
public and private hospitals context

Muhammad Sabbir Rahman, Mahafuz Mannan,
Md Afnan Hossain and Mahmud Habib Zaman
North South University, Dhaka, Bangladesh

Abstract

Purpose – The purpose of this paper is to examine patient’s behavioral intention in a comparative analysis between public and private hospitals in the context of a developing country.

Design/methodology/approach – The research design was cross-sectional. A conceptual model was developed through an extensive literature review. Survey research was conducted to collect the data from the patients of public and private hospitals of Bangladesh. Partial least square structural equation modeling was used to perform a comparative analysis of the proposed model.

Findings – Perceived service quality and corporate image both were found to have a positive direct effect on patient’s behavioral intention for both public and private hospitals. While emotional satisfaction was found not to influence patient’s behavioral intention for public hospitals, it was found to fully mediate the perceived service quality-behavioral intention relationship and partially mediate the corporate image-behavioral intention relationship for private hospitals. Experience economy was found to partially mediate the corporate image-behavioral intention relationship for public hospitals, while it was found to partially mediate both the perceived service quality-behavioral intention and corporate image-behavioral intention relationships for private hospitals.

Originality/value – This is the first of a kind study that combined experience economy and emotional satisfaction with perceived service quality and corporate image to predict patient’s behavioral intention in a comparative study between public and private hospitals in the context of a developing country.

Keywords Service quality, Experience economy, Corporate image, Emotional satisfaction, Patient’s behavioral intention, Public and private hospitals

Paper type Research paper

1. Introduction

The success of service organizations is determined by the high degree of customer’s behavioral intention in consumption of the providers services, which are primarily influenced by perceived service quality, corporate image, consumer’s emotional satisfaction and experience economy (Ali et al., 2016; Hooper et al., 2013; Loureiro, 2014; Rahman and Aziz, 2014; Yu and Dean, 2001). From the service marketing perspective, the term service quality and corporate image are reflected as abstract and elusive constructs due to their intangible and inseparable characteristics, and their influence on consumer’s behavioral intention across various service industries are well supported in the existing literature (Wu, 2014). Besides, consumers emotional satisfaction and experience economy have been increasingly identified as the key differentiating factors for service enterprises (Rahman and Aziz, 2014; Song et al., 2015; Wong, 2004). Therefore, understanding, measuring and predicting consumer’s behavioral intention is an alarming challenge for service organizations such as hospitals (i.e. public and private) due to high involvement and the risky nature of service delivery. Thus, it is crucial to conceptualize, compare and examine patients’ behavioral intention toward public and private hospitals settings. In most settings, “public” health service refers to healthcare services that belong to the state government. The term “private” is used when healthcare services are delivered by individuals and institutions not administered by the state government. In order to be sustainable and provide world-class services to the patients, hospitals (i.e. both public and private) are required to integrate the patient-centered principle (Andaleeb, 2001; Choi et al., 2004; Courasa et al., 2017; McGregor et al., 2017). In the context of the hospital industry, the
longstanding and polarized debate exists to concern on the appropriate role of service delivery and balance between the public and private healthcare services to the populations in low-income countries like Bangladesh (Basu et al., 2012; Wouters and McKee, 2017). However, none of these studies emphasized on patient’s behavioral intention in the context of a developing country like Bangladesh by comparing with public and private hospitals perspective. Therefore, this study aims to fill the void by undertaking a comparative analysis between public and private hospitals services by considering behavioral intention and its significance to the healthcare industry which is necessary for a developing country like Bangladesh.

Experience economy and emotional satisfaction are also emerging as important constructs in service dynamics (Chang and Huang, 2016; Ladhari, 2009). Hence, the significance of customers' emotional satisfaction and experience economy in the healthcare industry should be investigated to create customer-oriented service marketing environment. In this perspective, the aim of this research is twofold: to propose a conceptual model showing the functional relationships among patient’s perceived service quality, corporate image, emotional satisfaction, experience economy and behavioral intention based on past research and theories of behavioral intention and to test the model in the context of the healthcare market, namely, Bangladesh, for public and private hospitals separately in a comparative study. The healthcare industry in Bangladesh has experienced unprecedented challenges due to the intensified competition among the industry players and adapting the pressure of overcapacity (Rahman and Shaily, 2016). Thus, the outcome from this research will assist respective authorities of both public and private hospitals of Bangladesh and similar developing countries to establish appropriate marketing strategies by considering the significant antecedents of patient’s behavioral intention.

The rest of the paper is presented as follows. Section 2 presents a relevant literature review on the construction of the antecedents of patient’s behavioral intention. A research model and related hypotheses are also offered in this section. Section 3 explains the research methodology. Section 4 presents the statistical analysis and results. Section 5 discusses the results, theoretical and managerial significance. Section 6 concludes this study by offering limitations and future research recommendations.

2. Literature review and hypotheses

Behavioral intention
Behavioral intention indicates return or revisits of a visitor to a facility or program (Baker and Crompton, 2000). Conceptualizing, measuring and predicting behavioral intention is an area of interest to service providers and researchers which has been perceived as one of the vital indicators of service enterprise achievement (Oliver, 2014). Notwithstanding, customer’s revisit intention is considered to be one of the most critical manifestations of loyalty toward the particular service provider (Oliver, 2014). The findings of previous empirical investigation suggest that it is important to consider consumer behavioral intention that may play a prominent role to measure the success of service enterprises (Chiou and Droge, 2006). In the context of the healthcare industry, patients’ behavioral intention is represented regarding the intention to revisit for further treatment and recommend friends, family, and others for that particular hospital.

Perceived service quality
Perceived service quality refers to a consumer’s weighting of perceived service performance against expected service performance (Parasuraman et al., 1985). It is discovered that the nature of a service is a “worldwide overextending judgment of mentality identifying with the brilliance or superiority of the service”, and the “sign of accomplishment” (Parasuraman et al., 1985; Zeithaml et al., 1990). The two most popular conceptualization of service quality
comes from two globally perceived schools of thought of services management, the Nordic school view (Gronroos, 1984) and the American school view (Parasuraman et al., 1985); the Nordic school clarifies the service quality on two measurements as utilitarian and specialized quality. On the other hand, American school characterizes service quality or SERVQUAL on five measurements: tangibles; reliability; responsiveness; assurance; and empathy. Hence, SERVQUAL is an instrument with great dependability and legitimacy. As till now firm’s can rigorously apply the SERVQUAL instrument in the measurement of service quality in different service settings (Landrum et al., 2007). However, criticisms of SERVQUAL have risen by the researchers whether the constructs and its properties are generically applicable in all service settings. Consequently, replacements and adaptations of SERVQUAL scales have recommended for various industry-specific contexts (Ladhari, 2008). In the context of hospitals, numerous studies proved the significant relationship between patient’s perceived service quality and loyalty thus influence their behavioral intention (Chahal and Kumari, 2010; Lai et al., 2016). Also, Singh Gaur et al. (2011) established a positive relationship between patient’s satisfaction and behavioral intention. Accordingly, perceived service quality is considered here as one of the precursors of behavioral intention. Thus this research proposes the following hypothesis (H1):

H1. Perceived service quality has a positive effect on behavioral intention.

Corporate image
Corporate image refers to the overall impression about a firm in the minds of the customers’ (Barich and Kotler, 1991). From the institutional view point, corporate image (great or awful) characterizes based on the perception of the target customers (Einwiller et al., 2006). Therefore, corporate image can strengthen new customers’ certainty and lessen the risk perception when they make a judgment on the execution of their behavioral intention to purchase (Musa et al., 2005). However, there is a scarcity of research under this paradigm like the influence of corporate image and its effect on patient’s behavioral intention, which this study addresses. Based on the above discussion, this study postulates the following hypothesis (H2) for further empirical investigation:

H2. Corporate image has a positive effect on behavioral intention.

Emotional satisfaction
Previous studies suggest that customer’s satisfaction decisions are consist of both cognitive and affective emotional rudiments (Ladhari et al., 2017). The cognitive factor is the customer’s judgment of service magnitude whereas the emotional factor indicates to customer’s emotional satisfaction from the service providers such as joyful/unjoyful, happy/unhappy, and pleasant/unpleasant. Ladhari (2009) also suggested that emotional satisfaction is derived from assessment by the customers’ of the perceived service quality components. In healthcare settings, perceived service quality may influence to customer’s positive and negative emotions that are related to their behavioral intention to visit the particular healthcare (Ng and Russell-Bennett, 2015). The relationships between perceived service quality and emotional satisfaction derived from the evaluative-response-coping framework developed by Bagozzi (1992). According to Bagozzi (1992), cognitive evaluations precede consumer’s emotional responses. Moreover, extensive number of research examines the relationship between service quality and emotional satisfaction, whereas Wong (2004) established the positive association between service quality and emotional satisfaction. Furthermore, in luxury service setting, Kim et al. (2016) investigated perceived service quality and its influence on consumer’s emotions and leads to behavioral intention in-store selection. Consequently, Garman et al. (2004) investigated that the emotional satisfaction
significantly enhances the likelihood of the patients, returning to the hospital for treatment. Kessler and Mylod (2011) also found patient’s emotional satisfaction increases the chances of returning to the hospital for their future treatment. The outcome of the above literature reveals the essence of consumers’ emotional satisfaction, which is one of the vital elements in constructing patient’s behavior. Indeed, behavioral intention starts from the well-established notion, when patients are highly satisfied emotionally in the particular hospital, they continue dealing with the hospital and send positive messages to other people. Therefore, the positive emotional satisfaction leads the customers (i.e. patients) to share their positive experiences with others (Jandavath and Byram, 2016). Most previous research has examined the direct relationship between the service quality and patient’s behavioral intention in the context of the hospital industry. However, the role of emotional satisfaction as a mediator between the relationship of perceived service quality and behavioral intention is rarely explored in the context of the hospital industry. Thus the research proposes the following hypothesis (H3) for further empirical assessment:

\[ H3. \text{Emotional satisfaction mediates the relationship between perceived service quality and behavioral intention.} \]

On the other hand, emotional satisfaction and corporate image have been identified as critical factors in determining points of differences apart from competitors (Schiffman and Kanuk, 2007). Image is the overall impression that made on the minds of the customers (Dichter, 1985). Thus, previous studies have argued that corporate image embedded with emotional component contributing toward emotional satisfaction for the service providers (Nguyen and Leblanc, 2001). Indeed, firm’s reputation is closely tied to its market image that also influences customer’s emotion about the firm’s service offering (Flavian et al., 2004). Furthermore, corporate image is believed to create a halo effect on customers’ emotion and satisfaction judgment toward a service provider. When customers are satisfied with the services delivered, their attitude toward the firm is gradually improved. This attitude brings consumers’ revisit intention toward service provider (Ladhari et al., 2011). Previous studies have examined the relationship between corporate image and behavioral intention separately (Einwiller et al., 2006); similarly, emotional satisfaction also leads to behavioral intention (Jandavath and Byram, 2016). However, the role of emotional satisfaction as a mediator between the relationship of corporate image and behavioral intention is hardly tested in the context of private and public hospitals settings. Thus, the researchers postulate the following research hypothesis (H4):

\[ H4. \text{Emotional satisfaction mediates the relationship between corporate image and behavioral intention.} \]

**Experience economy**

The term “experience” is defined as a mental state which is subjective and felt by consumers during a service encounter (Otto and Ritchie, 1996). According to Trudeau and Shobeiri (2016) experienced economy creates a long-term underlying shift in the very structured service-intensive industry. Therefore, service providers need to engage with the customers in a memorable ways in a distinct form in order to enhance the experience economy which will create an economic output and hold the key ingredient to promote the future economic prosperity of the service or manufacturing enterprise (Trudeau and Shobeiri, 2016; Pine and Gilmore, 2014). Hence, service-intensive industry, like healthcare, service delivery with a positive experience to their respective patients is more important rather than the tangible elements of the healthcare. Vargo and Lusch (2004) their famous service-dominant rationale theory proposed that consumers tend to emphasize on esteem creation through the collaboration procedure where experience economy plays a dominant role in customer’s
satisfaction process. Research on experience economy grew since Pine and Gilmore (1999) proposed a model consisting of four dimensions along with two aspects, i.e. customer’s level of participation and customer’s connection with the environment. According to Pine and Gilmore (1999), experience economy is conceptualized as the final phase of an economic progression. The current research addresses experience economy from the patient’s experiences perspective with the facilities provided by the hospitals concerning the financial opportunity cost. Researchers also explored that customers may put a high amount of weight on quality experiences from the service providers than other components of service quality in the service delivery process (Chen and Chen, 2010). In this regard, the researchers may argue that a patient is expected to weigh service quality of the providers concerning price, they sacrifice/paid which leads to behavioral intention through mediate by their experience economy with the service provider. It is surprising to note that while much research has been reported to understand the dimensionality of the behavioral intention and service quality construct, relatively little or no attention has been devoted to understand and analyze the role of experience economy and its influence on consumer’s perceptions of the service quality and behavioral intention construct. Therefore, bearing in mind all the above, we expect that experience economy in the context of healthcare acts as a mediator between patients’ perceived service quality and behavioral intention. Therefore, the following hypothesis is proposed (H5):

\[ \text{H5. Experience economy mediates the relationship between perceived service quality and behavioral intention.} \]

In the aspect of the corporate image, Hawabhay et al. (2009) mentioned that firms’ corporate image creates a significant positive impact in customers’ minds. In particular, corporate image plays a prominent role in the mind of the potential customers during the initial stages of the relationship when there has been no previous exchange occurs between both parties. Thus, positive corporate image provides the strength of the service providers’ competence, trust, and goodwill, which also helps to build up a long-term relationship that consequently influences consumer’s overall purchase behavior (Lin and Lu, 2010). Berry (2000) mentioned that firm’s corporate image emerges through strong customer’s experience (i.e. experience economy). Berry (2000) also identified that company’s image emerges in the mind of the customers, while experience with the services they received plays a significant role in establishing or enhancing an existing corporate image. Thus we propose the following hypothesis (H6):

\[ \text{H6. Experience economy mediates the relationship between corporate image and behavioral intention.} \]

Based on the above literature review the following conceptual framework is proposed (shown in Figure 1).
3. Methodology

The research design was cross-sectional. Extensive literature review along with an expert panel consisting of five academicians and five industry experts was used to develop and refine a survey instrument. The instruments were distributed to 50 patients each from the public and private hospitals to assess the content validity of the survey instrument. Based on the feedback from the respondents, the revised questionnaire comprises 27 items. The instrument then distributed among the patients of various public and private hospitals from all over Bangladesh through ten research assistants. The researchers applied hospital intercept method to conduct the survey. Patients were approached by the research assistants around the exit areas of hospitals after they were discharged from respective hospitals. This study used both English and Bengali version of the survey instrument. Patients were asked upfront whether they prefer the English or the Bengali version, and the questionnaire version was given to him/her according to their preference. The study composed of 700 responses where 350 respondents were from public hospital and 350 were from private hospitals. The proposed model was analyzed separately for public and private hospitals for comparative analysis.

Measures

All the constructs in the model are reflective. A three-item scale was adapted from Choi et al. (2004) research to measure behavioral intention while instruments of emotional satisfaction (three-item scale), experience economy (three-item scale) and corporate image (three-item scale) were adapted from Ladhari (2009), Rahman and Aziz (2014) and Nguyen and Leblanc (2001), respectively. Finally, perceived service quality, a second-order construct, was measured by the lower-order constructs-tangibility, reliability, responsiveness, assurance, and empathy. All the lower-order constructs of perceived service quality were measured using three-item scales each adapted from Babakus and Mangold (1992). The proposed model was tested by using Partial least square – structural equation modeling. To obtain the necessary outputs, PLS algorithm, bootstrapping with 5,000 subsamples, and blindfolding with omission distance set at seven were run by the researchers. The second-order construct (i.e. perceived service quality) was set up by using repeated indicators approach, as all the related lower-order constructs have an equal number of items.

4. Results and analysis

Scales and model evaluation

Internal consistency, convergent validity, and discriminant validity were investigated to assess all the constructs. To check internal consistency, composite reliability values were examined. All composite reliability values for both public and private hospitals (Table I) were between 0.70 and 0.90, which is the satisfactory range. Average variance extracted (AVE) values of the constructs and outer loadings of the indicators were assessed to check convergent validity. All the AVE values for both public and private hospitals are over the suggested threshold 0.5. Most of the outer loadings (38 out of 42 for public hospitals and 5 out of 42 for private hospitals) of the indicators are over the suggested threshold 0.708. Although there are few indicators with outer loadings below 0.708; however, they were retained since they are over 0.40, and deleting them did not result in any significant improvement of composite reliability or AVE of the constructs. Heterotrait-monotrait (HTMT) ratios were examined to check discriminant validity. Discriminant validity was attained for both public, and private hospitals as all the HTMT values are below the suggested threshold 0.85 (Henseler et al., 2015).

Multicollinearity issues among related exogenous variables, the explanatory power of the model through endogenous variables, and predictive relevance of the endogenous
<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Public</th>
<th>Private</th>
<th>Public</th>
<th>Private</th>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles (T)</td>
<td>This hospital has up-to-date equipments</td>
<td>0.81</td>
<td>0.82</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The hospital’s physical facilities create visual appeals</td>
<td>0.88</td>
<td>0.83</td>
<td>0.72</td>
<td>0.69</td>
<td>0.88</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>The overall environment of this hospital is neat and clean</td>
<td>0.85</td>
<td>0.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability (Rel)</td>
<td>The hospital maintains timely services</td>
<td>0.82</td>
<td>0.82</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The hospital’s personnel are inhibited with sympathy</td>
<td>0.90</td>
<td>0.85</td>
<td>0.74</td>
<td>0.71</td>
<td>0.79</td>
<td>0.88</td>
</tr>
<tr>
<td></td>
<td>The hospital’s personnel are inhibited with reassurance</td>
<td>0.86</td>
<td>0.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsiveness (Res)</td>
<td>Inquiries about my medical services were spontaneously notified to me with approximate time frames</td>
<td>0.82</td>
<td>0.84</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I received prompt services from the hospital’s personnel</td>
<td>0.87</td>
<td>0.86</td>
<td>0.73</td>
<td>0.70</td>
<td>0.89</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>The hospital’s personnel are always willing to help</td>
<td>0.86</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assurance (As)</td>
<td>I felt safe and secure after interacting with the hospital’s personnel</td>
<td>0.62</td>
<td>0.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I felt that the hospital’s personnel are highly qualified and experienced</td>
<td>0.85</td>
<td>0.88</td>
<td>0.59</td>
<td>0.71</td>
<td>0.81</td>
<td>0.88</td>
</tr>
<tr>
<td></td>
<td>The hospital’s personnel are polite and courteous</td>
<td>0.80</td>
<td>0.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empathy (Em)</td>
<td>The personnel of the hospital gave me personal attention</td>
<td>0.86</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The personnel of the hospital understood my specific needs</td>
<td>0.87</td>
<td>0.84</td>
<td>0.70</td>
<td>0.70</td>
<td>0.87</td>
<td>0.77</td>
</tr>
<tr>
<td></td>
<td>The hospital’s authority looks for the best interest of their patients</td>
<td>0.76</td>
<td>0.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived service quality</td>
<td>T</td>
<td>0.79</td>
<td>0.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.58</td>
<td>0.68</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.71</td>
<td>0.71</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.78</td>
<td>0.70</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rel</td>
<td>0.72</td>
<td>0.81</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.74</td>
<td>0.74</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Res</td>
<td>0.71</td>
<td>0.80</td>
<td>0.58</td>
<td>0.61</td>
<td>0.83</td>
<td>0.73</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.76</td>
<td>0.68</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.72</td>
<td>0.61</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>As</td>
<td>0.74</td>
<td>0.72</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.65</td>
<td>0.74</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.78</td>
<td>0.73</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Em</td>
<td>0.80</td>
<td>0.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.79</td>
<td>0.80</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate image</td>
<td>I am able to control my temper and handle difficulties</td>
<td>0.90</td>
<td>0.88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>In my opinion, this hospital has a good image in the minds of customers</td>
<td>0.83</td>
<td>0.91</td>
<td>0.71</td>
<td>0.78</td>
<td>0.88</td>
<td>0.81</td>
</tr>
<tr>
<td></td>
<td>I believe that this hospital has a better image than other hospitals</td>
<td>0.80</td>
<td>0.86</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table I.
Outer loading, average variance extracted (AVE), and composite reliability ($\rho_c$)
Variables were assessed to evaluate the overall model. All VIF values (for both public and private hospitals) are well below 5, implying there are no multicollinearity issues. The $R^2$ value for behavioral intention for public hospitals is 0.510, whereas for private hospitals is 0.589. This suggests that the proposed model has good explanatory power for both public and private hospitals. The endogenous variable in the model (behavioral intention) has sufficient predictive relevance as Stone-Geisser Q2 values for the variable for both public and private hospitals are well over 0 (0.378 for public hospitals and 0.441 for private hospitals).

**Hypotheses testing**

The model proposes four mediations and two direct relationships. To test the proposed hypotheses and mediation analysis, the researchers followed general recommendation given by Baron and Kenny (1986). For public hospitals, the estimation of the structural model without the mediators shows that the perceived service quality-behavioral intention and corporate image-behavioral intention relationships are significant (Table II: Model 1) to support $H1$ and $H2$. When both the mediators, emotional satisfaction and experience economy, are introduced to the structural model, the perceived service quality-behavioral intention and corporate image-behavioral intention relationships remain significant (Table II: Model 2). However, the coefficient of perceived service quality-behavioral intention relationship decreases significantly from 0.622 (Table II: Model 1) to 0.550 (Table II: Model 2) suggesting possible mediation, while there is no noticeable change in the coefficient of the corporate image-behavioral intention relationship (Table II: Models 1 and 2) suggesting no mediation. When emotional satisfaction and experience economy are separately introduced to the structural model with a single mediator present with one mediating relationship, no significant decrease of the coefficient of perceived service quality-behavioral intention relationship is observed when emotional satisfaction is present as the only mediator (Table II: Model 3).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Item</th>
<th>Outer loading Public</th>
<th>Outer loading Private</th>
<th>AVE Public</th>
<th>AVE Private</th>
<th>Composite reliability ($\rho_c$) Public</th>
<th>Composite reliability ($\rho_c$) Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Behavioral intention</td>
<td>I will recommend this hospital's services to others</td>
<td>0.86</td>
<td>0.89</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intention I would consider this hospital as my first choice</td>
<td>0.92</td>
<td>0.90</td>
<td>0.79</td>
<td>0.78</td>
<td>0.71</td>
<td>0.81</td>
</tr>
<tr>
<td></td>
<td>I will tell others good things about this hospital</td>
<td>0.87</td>
<td>0.85</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emotional satisfaction</td>
<td>I am happy regarding the services I received from this hospital</td>
<td>0.89</td>
<td>0.92</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I am delighted regarding the services I received from this hospital</td>
<td>0.63</td>
<td>0.92</td>
<td>0.63</td>
<td>0.85</td>
<td>0.83</td>
<td>0.74</td>
</tr>
<tr>
<td></td>
<td>My experience with the services of this hospital was pleasant</td>
<td>0.83</td>
<td>0.92</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Experience economy</td>
<td>I take my decision to choose a hospital after measuring the economical value of the services</td>
<td>0.76</td>
<td>0.73</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>I use my past economic experience to choose a hospital for services</td>
<td>0.85</td>
<td>0.80</td>
<td>0.65</td>
<td>0.54</td>
<td>0.85</td>
<td>0.78</td>
</tr>
<tr>
<td></td>
<td>To take hospital patronage decisions, I mostly consider evaluating economical criteria</td>
<td>0.80</td>
<td>0.67</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table I.
<table>
<thead>
<tr>
<th>Perceived service quality → behavioral intention</th>
<th>Model 1 Public 0.62***</th>
<th>Model 2 Public 0.50***</th>
<th>Model 3 Public 0.61***</th>
<th>Model 4 Public 0.65***</th>
<th>Model 5 Public 0.55***</th>
<th>Model 6 Public 0.55***</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived service quality → emotional satisfaction</td>
<td>0.11 Public 0.09 Private 0.30***</td>
<td>0.57*** Public 0.11 Private 0.30***</td>
<td>0.11 Public 0.09 Private 0.30***</td>
<td>0.57*** Public 0.11 Private 0.30***</td>
<td>0.11 Public 0.09 Private 0.30***</td>
<td>0.57*** Public 0.11 Private 0.30***</td>
</tr>
<tr>
<td>Perceived service quality → experience economy</td>
<td>0.20*** Public 0.37***</td>
<td>0.20*** Public 0.37***</td>
<td>0.20*** Public 0.37***</td>
<td>0.20*** Public 0.37***</td>
<td>0.20*** Public 0.37***</td>
<td>0.20*** Public 0.37***</td>
</tr>
<tr>
<td>Emotional satisfaction → behavioral intention</td>
<td>0.06 Public 0.05 Private 0.29***</td>
<td>0.06 Public 0.05 Private 0.29***</td>
<td>0.06 Public 0.05 Private 0.29***</td>
<td>0.06 Public 0.05 Private 0.29***</td>
<td>0.06 Public 0.05 Private 0.29***</td>
<td>0.06 Public 0.05 Private 0.29***</td>
</tr>
<tr>
<td>Experience economy → behavioral intention</td>
<td>0.29*** Public 0.11*</td>
<td>0.29*** Public 0.11*</td>
<td>0.29*** Public 0.11*</td>
<td>0.29*** Public 0.11*</td>
<td>0.29*** Public 0.11*</td>
<td>0.29*** Public 0.11*</td>
</tr>
<tr>
<td>Corporate image → behavioral intention</td>
<td>0.12** Public 0.49***</td>
<td>0.12** Public 0.49***</td>
<td>0.12** Public 0.49***</td>
<td>0.12** Public 0.49***</td>
<td>0.12** Public 0.49***</td>
<td>0.12** Public 0.49***</td>
</tr>
<tr>
<td>Corporate image → emotional satisfaction</td>
<td>-0.02 Public 0.31***</td>
<td>-0.02 Public 0.31***</td>
<td>-0.02 Public 0.31***</td>
<td>-0.02 Public 0.31***</td>
<td>-0.02 Public 0.31***</td>
<td>-0.02 Public 0.31***</td>
</tr>
<tr>
<td>Corporate image → experience economy</td>
<td>-0.006 Public 0.20***</td>
<td>-0.006 Public 0.20***</td>
<td>-0.006 Public 0.20***</td>
<td>-0.006 Public 0.20***</td>
<td>-0.006 Public 0.20***</td>
<td>-0.006 Public 0.20***</td>
</tr>
<tr>
<td>Notes: *p &lt; 0.05; **p &lt; 0.01; ***p &lt; 0.001</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Meanwhile, no significant change in the coefficient of the corporate image-behavioral intention relationship is observed when either emotional satisfaction or experience economy is present as the only mediator (Models 4 and 6). However, the coefficient decreases significantly (0.557) when experience economy is present as the only mediator mediating the relationship between perceived service quality and behavioral intention (Table II: Model 5), suggesting that experience economy possibly mediates the perceived service quality-behavioral intention relationship for public hospitals. No significance of the perceived service quality-emotional satisfaction and emotional satisfaction-behavioral intention relationships are observed, while the perceived service quality-experience economy and experience economy-behavioral intention relationships are observed to be significant in all related structural estimates (Table II: Models 2, 3 and 5) which confirms that experience economy mediates the perceived service quality-behavioral intention relationship. Thus, $H_5$ is accepted, and $H_3$ is rejected for public hospitals. The significance of all the relationships between perceived service quality, behavioral intention and experience economy in all the related structural estimates (Table II: Models 2 and 5) suggests that experience economy partially mediates the perceived service quality-behavioral intention relationship for public hospitals. $H_4$ and $H_6$ were rejected as no significance of the corporate image-emotional satisfaction and emotional satisfaction-behavioral intention relationship is observed in any related structural estimates (Model 2, Model 4) strengthening earlier conclusions.

For private hospitals, the estimation of the structural model without the mediators shows that the perceived service quality-behavioral intention and corporate image-behavioral intention relationships are significant (Table II: Model 1) providing support for $H_1$ and $H_2$. When both the mediators, emotional satisfaction and experience economy, are introduced to the structural model, the perceived service quality-behavioral intention relationship becomes non significant with a coefficient reduction from 0.307 to 0.094 (Table II: Models 1 and 2), and corporate image-behavioral intention relationships remain significant with the coefficient noticeably decreasing from 0.492 to 0.354 (Table II: Models 1 and 2) suggesting possible mediation in both cases. When emotional satisfaction and experience economy are separately introduced to the structural model with one mediator present with one mediating relationship, noticeable changes in the coefficients of the perceived service quality-behavioral intention and corporate image-behavioral intention relationships are observed when either emotional satisfaction or experience economy is present as the only mediator with one mediating relationship (Table II: Models 3-6) suggesting possible mediation in all cases. The significance of the perceived service quality-emotional satisfaction and emotional satisfaction-behavioral intention relationships, and corporate image-emotional satisfaction and emotional satisfaction-behavioral intention relationships in all related structural estimates (Table II: Model 2, 3 and 4) confirms that emotional satisfaction mediates both the perceived service quality-behavioral intention and corporate image-behavioral satisfaction relationships. Thus, are accepted for private hospitals. The significance of the perceived service quality-experience economy and experience economy-behavioral intention relationships, and corporate image-experience economy and experience economy-behavioral intention relationships in all related structural estimates (Table II: Models 2, 5 and 6) confirms that experience economy mediates both the perceived service quality-behavioral intention and corporate image-behavioral satisfaction relationships. Thus, are accepted for private hospitals. In the presence of emotional satisfaction as a mediator, the perceived service quality-behavioral intention relationship becomes insignificant in all related structural estimates (Table II: Models 2 and 3) suggesting emotional satisfaction fully mediates the perceived service quality-behavioral intention relationship for private hospitals. The significance of all the relationships between corporate image, behavioral intention and emotional satisfaction in all the related
structural estimates (Table II: Models 2 and 4) suggests that emotional satisfaction partially mediates the corporate image-behavioral intention relationship. The significance of all the relationships between perceived service quality, behavioral intention and experience economy in all the related structural estimates (Table II: Models 2 and 5) suggests that experience economy partially mediates the perceived service quality-behavioral intention relationship. The significance of all the relationships between corporate image, behavioral intention and experience economy in all the related structural estimates (Table II: Models 2 and 6) suggests that emotional experience economy partially mediates the corporate image-behavioral intention relationship.

5. Discussions
By addressing the scarcity of comparative analysis between public and private hospitals regarding patient’s behavioral intention, this study employs a substantial data set collected from a diverse group of patients from different parts of Bangladesh. This study revealed that perceived service quality and corporate image both were found to have a positive direct effect on patient’s behavioral intention for both public and private hospitals service settings. While emotional satisfaction was found to have no influence on patient’s behavioral intention for the public hospitals, it was found to fully mediated the perceived service quality-behavioral intention relationship and partially mediate the corporate image-behavioral intention relationship for private hospitals. In addition, experience economy was found to partially mediate the corporate image-behavioral intention relationship for public hospitals, while it was found to partially mediate both the perceived service quality-behavioral intention and corporate image-behavioral intention relationships for private hospitals.

Theoretical significance
This study contributes to the existing literature in the following three ways. First, this study confirms that perceived service quality and corporate image significantly contributes to a patient’s behavioral intention. Second, perception of service quality is consumers’ cognitive measures of the service offering for a particular service package, while satisfaction evaluation by the consumers is more emotional oriented (Anderson et al., 1994). Although perceived service quality and corporate image are well-known antecedents of behavioral intention, indirect links of perceived service quality through patient’s emotional satisfaction on behavioral intention were not supported in the current study for public hospitals. Instead, the indirect links via emotional satisfaction are found significant for the private hospitals. Third, the study also proved that the roles of emotional satisfaction in between corporate image and patient’s behavioral intention from the perspective of private hospitals were significant. On the other hand, findings from this research indicate that patient’ emotional satisfaction has no direct or indirect effect on patient’s behavioral intention from the perspective of public hospitals.

Managerial implication
The authorities of both types of hospitals should focus on increasing patient’s overall perceived service quality and corporate image through meeting the physical, psychological and social needs of the patients who seek care. Therefore, quality in healthcare services is at the forefront of professional and managerial attention because it is considered as the means to achieve competitive advantage and long-term sustainability for both public and private hospitals (Dagger and Sweeney, 2006). The result from the comparative analysis in the context of both private and public hospitals service settings also revealed that hospitals’ corporate image influence positively toward patient’s behavioral intention.
perceptions of a firm’s image can influence their buying intentions (Flavián et al., 2005), healthcare establishments such as hospitals traditionally relied more on image than the tangible product itself in promotional activities aimed at positioning their offering in the minds of their current and prospective patients. Indeed, to gain better image in the healthcare industry, authorities of both public and private hospitals need to speed of their healthcare services, which should be the principal of advertising theme in their marketing communication strategies. Therefore, management must ensure that service quality standards need to establish by considering all the components of the service delivery system. In the context of private hospitals, managers need to evaluate their current service quality, service value and patients emotional satisfaction to influence patient’s positive behavioral intention for re-visiting a particular healthcare. To influence patient’s emotional satisfaction, private hospitals authorities can design their service packages in different forms that suit the target market needs. Apart from that, managers of private hospitals should also understand the essence of experience economy rather than emotional satisfaction alone, when assessing patient’s behavioral intention, as patients do not seem to place importance only on their emotional satisfaction, rather follow overall experience once they received any services from their respective private hospitals. The results showed that there is a statistically significant mediation role of emotional satisfaction in between perceived service quality and patient behavioral intention from the perspective of private hospitals. Therefore, the management of private hospitals needs to enhance patient’s emotional satisfaction through technical attributes and the patient’s first impression from the staff and overall services setting (Yu and Dean, 2001). Indeed, behavioral intention starts when patients are highly satisfied emotionally with a hospital; they continue dealing with the hospital and send positive messages to other people. The findings from the current research also suggest that managers of private hospitals need to concern for emotional satisfaction as well to enhance the corporate image of the respective hospital. In this aspect improving the trust level by the patients toward the private hospitals is an important element that managers and authorities of private healthcare need to concern.

Above all, the managers of the hospitals also need to concern for the experience economy which refers to the interpretation of the physical environment surrounding them. For instance, to facilitate experience economy in the mind of patients, hospitals in Bangladesh seem to need to equip with up-to-date equipment, provide on-time services and availability of the doctors and nurses during the patient’s emergency condition. Therefore, patients of both public and private healthcare are seeking to participate and be engaged in memorable service experiences. Thus, healthcare sector needs to enhance the experience economy which plays an important role in explaining the relationship between corporate image and patients’ behavioral intention, particularly for private hospitals. Therefore, to attract patients, both private, public hospitals should become intrinsically quality driven and maintain a decent level of service quality. Hospitals authorities need to be more customer focused. Therefore, perceived service quality and positive corporate image improvement emphasis should be extended to patient’s emotional satisfaction and experience economy because emotional satisfaction and experience are more immediate antecedents influencing patients’ behavioral intention to revisit a particular private healthcare. In other words, hospitals authorities need to design and deliver excellent service quality through continuous quality improvement perceivable by target customers. As the mediating variables, emotional satisfaction and experience economy bridges the transition from patients’ cognition of perceive service excellence and positive corporate image to the consumer’s affective response of intention to patronize the services, which, in turn, would most likely result in actual purchase behavior. Therefore, a high priority should be given by the private hospital’s authority to enhance patient’s emotional satisfaction and experience economy construct.
6. Limitation and future research
This study only focuses on perceived service quality and corporate image as major independent variables to explain patient’s behavioral intention. Thus, the researcher suggests that future studies should integrate personal value, perception, and attitudes. These will contribute in broader aspect point of view of the different impacts on the mediational variables (emotional satisfaction and experience economy), especially in the developing countries such as Bangladesh context.

References


**Further reading**


For instructions on how to order reprints of this article, please visit our website:
www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
A qualitative investigation of e-tail brand affect
Abhigyan Sarkar
Institute of Management Technology Ghaziabad, Ghaziabad, India
Juhi Gahlot Sarkar
IBS Hyderabad, Hyderabad, India
Sreejesh S.
Cochin University of Science and Technology, Cochin, India, and
Anusree M.R.
Rajagiri Centre for Business Studies, Rajagiri Valley, Cochin, India

Abstract
Purpose – The purpose of this paper is to qualitatively investigate various factors associated with e-tail store brand affect.
Design/methodology/approach – Data were collected by conducting semi-structured depth interviews following a storytelling approach. The data were coded using the grounded theory method.
Findings – Data analysis shows that anticipated service recovery, deal attractiveness and luxury e-tail brand image predict e-tail store brand affect. These predictors play their roles under the moderating influences of specific moderators. The desirable marketing outcomes of e-tail store brand affect are e-tail branded app usage, spreading positive word of mouth and secure attachment style toward e-tailer.
Originality/value – The value of this study lies in developing a grounded theory based causal process model that can provide managerial insights on how to enhance e-tail brand affect.
Keywords Brand affect, E-tailing
Paper type Research paper

Introduction
Online retailing or e-tailing has become a dominant sector of contemporary retailing (Wang and Head, 2007). Consumers’ repeat purchase intention is very important for the survival of online stores (Chang et al., 2016). Prior research shows that both utilitarian and hedonic shopping values positively impact individual’s repeat purchase intention from online store, and perceived risk moderates the impact of both the values on repeat purchase intention (Chiu et al., 2014). Chiu et al. (2014) also show that a higher level of perceived risk would reduce the effect of utilitarian value, but increase the effect of hedonic shopping value. This implies that hedonic shopping value helps to mitigate perceived risk in an online shopping context. As perceived risk is highly prevalent in the online shopping context (Ko et al., 2004), the online marketers should continuously try to increase consumers’ perceived hedonic shopping value in order to mitigate the effect of perceived risk. Hence, it is important to investigate various factors that can stimulate hedonic e-tail shopping attitude.

Theoretically, hedonic consumption refers to emotional aspect of consumption (Hirschman and Holbrook, 1982; Carroll and Ahuvia, 2006). Brand love is a hedonic concept which represents affective/emotional bonding between consumer and brand, and this bonding can be structurally (component wise) analogous to interpersonal love (Carroll and Ahuvia, 2006; Bergkvist and Bech-Larsen, 2010; Batra et al., 2012). Bergkvist and Bech-Larsen (2010) define brand love as an affective relationship between consumer and brand. According to Oliver (1999), consumption affect predicts irrational intention to consume the object. Hence, it is expected that in an e-tailing context, shopping site affect would also motivate consumers to buy from the site repeatedly. Therefore, it is important to understand the dynamics of e-tail brand affect. This study qualitatively investigates various factors related to consumer’s affect...
toward a multi-brand e-tailer, where multi-brand e-tailing refers to selling a variety of brands manufactured by various marketers other than the e-tailer itself (Aghekyan-Simonian et al., 2012). As this study focuses on multi-brand e-tailing, the term “e-tailing” would be used to represent “multi-brand e-tailing” only throughout the remaining paper.

Subsequent sections describe the literature review, methods, study conducted, theoretical and managerial implications of the study.

**Literature review**

Chang et al. (2016) show that online shoppers’ cognitive attitude toward shopping website positively impacts satisfaction with the website, which in turn predicts their purchase intention. It is called affective attitude toward consumption object where the attitude “reflects the pleasure dimension of the satisfaction definition – pleasurable fulfilment” which is an outcome of favorable cognitive attitude (Oliver, 1999, p. 35). Thus, shopping website satisfaction described by Chang et al. (2016) includes positive affect.

As brand love is structurally analogous to interpersonal love where the brand is personified in consumer’s perception as a loved partner (Shimp and Madden, 1988; Carroll and Ahuvia, 2006; Bergkvist and Bech-Larsen, 2010; Batra et al., 2012). Satisfactory cognitive processing of brand attribute information generates brand affect, and this consumption affect contains “the pleasure dimension” (Oliver, 1999, p. 35). Pleasurable arousals are the core components of passionate interpersonal love (Sternberg, 1986). Hence, Oliver’s (1999) brand affect is posited to be analogous to emotional and passionate attachment or love toward a brand, which is predicted by the perceived hedonism of the product(s) category pertaining to the brand (Carroll and Ahuvia, 2006). This brand affect may not be long lasting, and can be terminated anytime due to attractive switching incentives (Oliver, 1999). Thus, individual’s brand affect would be basically romantic in nature, and short-lived, as a consumer can maintain various levels of affective bonding toward multiple brands simultaneously (Sarkar and Sarkar, 2016). Romantic love does not include an intention toward long-term loyalty, rather includes only emotion and passion (Sternberg, 1986). Brand love defined by Carroll and Ahuvia (2006) is romantic in nature, as it includes emotion and passion, but no intention to commit in the long term.

Brand love can be of different types (Shimp and Madden, 1988; Sarkar et al., 2015). Sarkar and Sarkar (2016) show that brand love develops through a stage-wise psychological process which starts from a non-committed romantic love consisting of emotional intimacy and passion toward multiple brands in a product category (multi-brands romantic love) and eventually leads to a higher level of devotional brand love, characterized by high commitment toward any single brand in the product category (single-brand devotional love). This progression from romantic to devotional brand love can be hindered by various switching incentives like competitors’ offerings. It is therefore very difficult for a marketer to command single-brand devotional love in a highly competitive industry like online retailing. The nature of brand love prevalent in such a competitive industry is likely to be more romantic in nature. The current study focuses on investigating such romantic affect toward e-tail brands. Based on the prior research, the e-tail brand affect is conceptualized as consumer’s romantic and short-term emotion toward e-tail brand. It lacks the determination to be committed to the brand for long term (Sarkar and Sarkar, 2016), but can predict irrational brand commitment in future if gets intensified (Oliver, 1999). This kind of romantic brand affect contains short-term brand liking and passionate brand arousals (Shimp and Madden, 1988).

Prior research shows that brand affect predicts brand trust (Lin and Lee, 2012; Singh et al., 2012). Chaudhuri and Holbrook (2001, p. 82) state, “trust involves a calculative process based on the ability of an object or party (e.g. a brand) to continue to meet its obligation” […] “Overall, we view brand trust as involving a process that is well thought out and carefully considered. Whereas the development of brand affect is more spontaneous,
more immediate, and less deliberately reasoned.” Hence, it is proposed that a consumer trusts a brand when he/she perceives an accumulated positive brand affect. Swaminathan et al. (2009) posit that consumer adopting a secure attachment style toward a brand would perceive the brand to be trustworthy. Thus, accumulated brand affect over time would generate secure brand attachment style through the development of brand trust.

As a multi-brand e-tailer sells various brands (Aghekyan-Simonian et al., 2012), it is assumed that overall hedonic image of the e-tailer would be largely derived from the hedonic values of various products sold by the e-tailer, as Carroll and Ahuvia (2006) state that brand love is predicted by the perceived hedonism of product sold under the brand name. Hirschman and Holbrook (1982) state that qualitative introspective studies can better explore consumer’s emotional aspects, as compared to overt behavioral research. Hence, this research has used the qualitative grounded theory method to explore e-tail brand affect. Strauss and Corbin (1990) suggest maintaining a balance between theoretical sensitivity and creative explorations while doing a grounded theory research. In order to adhere to the theoretical sensitivity, this paper describes relevant literature that supports the qualitative findings. However, over-emphasize on reviewing prior literature has been avoided in order to ensure “creativity” which is also an important criterion for an exploratory study. The whole data collection and analysis process also ensured creativity, as the researchers inductively identified various concepts from stories told by the informants.

Methodology

Study context

The study was conducted among adult Indian online shoppers. The compounded annual growth rate of Indian e-commerce industry is significantly higher as compared to offline retail growth, and Indian “shopping malls are suffering from lesser footfalls” (www.gadgetsnow.com/tech-news/Indian-ecommerce-industry-to-post-35-growth-Study/article/show/48843725.cms). This indicates that online shopping propensity is significantly increasing among Indian shoppers, which makes Indian urban consumers as ideal population for this research. This study has focused on multi-brand e-tailers who sell multiple product brands, and does not investigate single-brand retailers who exclusively sell single private label brands. The rationale for excluding single-brand retailing is that it involves a very different branding approach when compared to multi-brand retailing which needs a separate investigation. The urban consumers were preferred over rural for the reason that internet penetration is higher in urban India.

Respondents’ profiles

Only adult (aged above 18 years) individuals were selected as the target informants. It was assumed that adults would significantly be able to introspect against researchers’ probing questions when compared to minors. In the grounded theory research, Strauss and Corbin (1990) suggest to create as much variation as possible in the data. Recent research in Indian online shopping context shows that consumers’ online shopping propensity significantly varies depending on gender (Khare and Rakesh, 2011) and age groups (please see www.statista.com/statistics/499199/regular-online-shoppers-age-group-india/). Prior research also shows that Indian consumers’ retail format choice would vary depending on occupation (Prasad and Aryasri, 2011).

In order to create larger variations in the data, the researchers selected informants belonging to a wider demographic range, especially in terms of age and maintained almost 50 percent male to female ratio in different occupational groups. The informants’ ages ranged between 18 and 67 years with an average of 39.35. After completing the interviews of 46 informants, theoretical saturation (Strauss and Corbin, 1990) was reached as no new
concept was emerging. A total of 21 respondents were males. The self-reported gross annual family incomes of the informants ranged between 2,371,528 and 927,635 Indian rupees with an average of 1,639,726. Out of total 46 informants, 24 (11 males and 13 females) were service holders, 5 (2 males and 3 females) were graduate students and the remaining 17 informants (8 males and 9 females) were self-employed.

**Sampling**

The researchers selected the respondents purposefully, as Patton (2002, p. 230) states, “The logic and power of purposeful sampling lie in selecting information-rich cases for study in depth.” The central issue of the research was “e-tail brand affect.” In order to understand whether any informant would prove to be information-rich, the researchers posited a screening question: “We are conducting an academic research on e-tail brand emotion. If you think that you significantly shop online rather than offline, you can contribute to our investigation by describing your shopping experiences with various e-tailers. Your responses would be kept strictly confidential. Do you think that you would be able to contribute?” This screening question was asked to any informant during the first meeting, and the appointments were fixed for interviewing only with those informants who gave affirmative responses to the screening question. The informants were initially contacted by a group of trained research associates by making cold callings in various colleges, office premises and residential areas, and appointments were fixed. Later, main interviews were taken by the researchers at informants’ convenient times and places (college premises, offices and houses).

**Data collection process**

Semi-structured depth interviewing with the storytelling approach was followed (Sarkar et al., 2015; Sarkar and Sarkar, 2016). The researchers asked probing questions to the informants to tell their past/lived experiences with various e-tailers in a story-like format. The nature of probing questions was dependent on the flow of interviews. Few examples of probing questions are: Please tell any highly satisfactory or dissatisfactory experiences with any e-tailer; Why were you dissatisfied with e-tailer (X) and switched to e-tailer (Y)? What are the reasons that you make most of your purchases from e-tailer (Z)? All interviews were audio taped and transcribed for coding purpose.

**Data analysis**

Data collection and coding were done simultaneously (Urquhart et al., 2010). Open, axial and systematic coding methods were followed (Strauss and Corbin, 1990). The researchers started coding with a key research concept (Strauss and Corbin, 1990) or a seed concept (Urquhart et al., 2010) which was “e-tail brand affect.” Strauss and Corbin (1990, p. 63) suggest conceptualizing the existing data by “taking apart an observation, a sentence, a paragraph, and giving each discrete incident, idea, or event a name, something that stands for or represents a phenomenon.” Our coding was mostly done paragraph by paragraph. Through open coding, different concepts along with their specific properties emerged through continuous comparisons of different paragraphs inductively. The concepts inductively derived through open coding were then named deductively after matching their respective properties with the descriptions in the relevant literature. Strauss and Corbin (1990) suggest, “The literature can be used to stimulate theoretical sensitivity” (p. 50). Next, through axial coding, the researchers first inductively established causal and/or intervening or moderating relationships between two or more concepts based on continuous comparisons, and then deductively validated the relationships based on literature. Causality was established between any two concepts, and in few cases, a moderating concept impacted any causal path either
positively or negatively. Then various inter-relationships between concepts were integrated at a broader level through systematic coding. In the “Findings” section, various inter-relationships are described with supporting interview quotes and relevant literature support. Due to space constraint, only the most representative quotes are given in the “Findings” section out of many obtained.

Reliability and validity tests
Each researcher first did open and axial coding individually which was followed by mutual discussion. Thus, only mutually agreed upon concepts and relationships were retained. Member check was done by going back to each respondent second time while doing the coding to ensure that researchers’ interpretations matched with what the respondents actually intended to mean (Bitsch, 2005).

Findings
Every inter-relationship between concepts identified in this section is stated in terms of Statement of Relationship (SoR) as suggested by Sarkar and Sarkar (2016). Mainly two types of inter-relationships were identified: direct causal, and moderating or intervening following Strauss and Corbin’s (1990) axial coding paradigm model.

Domination of brand affect
Our interview descriptions show that consumers mostly feel romantic multi-brands affect (Sarkar and Sarkar, 2016; Oliver, 1999) toward competing e-tailers representing short-term liking, and not absolute single-brand devotion (Pichler and Hemetsberger, 2007; Hemetsberger et al., 2009). The probable reasons behind multi-brand romantic affect dominating single-brand devotion in the Indian e-tail context are “rapid growth and fierce competition on the internet” shopping domain (Yun and Good, 2007, p. 4). This is evident from the quotes below:

There was a time when I used to buy from Flipkart only. Then Amazon started providing more attractive offers and deals. Now I have completely switched to Amazon. This site’s offers are so good. If Amazon continues like this, it will be a tough time for others to survive (Gender: male; age: 33).

The description shows how, depending on the attractiveness of offers (switching incentives), consumers tend to change their e-tailers which is the primary characteristic of brand affect (Oliver, 1999). Another informant described in the similar line:

I buy from several online stores. I have several shopping apps installed in my smartphone. These days you know that different e-tailers are providing bounty of exciting offers for different products. I look at the offers from alternate stores, and click the one providing the best offers (Gender: female; age: 41).

The above description reinforces that e-tail market is dominated by short-lived and romantic brand affect. This brand affect can be caused by several factors as revealed by our research.

Causal antecedents of e-tail brand affect
Anticipated service recovery
Service recovery is the process of responding to a service failure experienced by a service customer adopted by service provider (Gronroos, 1988). Justice theory is the basis for service recovery (Ha and Jang, 2009). In the online shopping context, service failure is inevitable (Kuo and Wu, 2012). Service recovery can trigger positive consumer emotion and restore lost
customer satisfaction (Chebat and Slusarczyk, 2005; Kuo and Wu, 2012). Our interview descriptions support this. For example:

Once I bought a book through Flipkart. There were two pages missing in the book. I got very irritated, and lunched a complaint. They replaced my book within next 2 days with a sincere apology, and without any delivery charge. I was really pleased with their prompt response. Since then I make most of my online purchases through Flipkart only (Gender: male; age: 33).

The above informant started feeling a positive brand affect especially after the service recovery (book replacement). Another informant described:

Once I ordered for a Dell laptop through Amazon. My order included a 500 GB hard disk also. When the delivery came, I didn’t find the hard disk. I was so dissatisfied, as I had already paid online before taking the delivery. However, they sincerely apologized and delivered me the hard disk very soon. Since then I trust Amazon, and make most of my purchases through Amazon. Placing orders with Amazon gives me peace of mind. Delivery related problem can occur anytime in online shopping. However, I would rely on the service provider who would assure me a prompt redressal (Gender: female; age: 42).

The above informant developed an enhanced emotional liking toward Amazon after the service recovery (hard disk event) took place. The expressions like “gives me peace of mind. Delivery related problem can occur anytime in online shopping. However, I would rely on the service provider who would assure me a prompt redressal” show that the informant perceives a reduced performance risk and high anticipated service recovery in case of Amazon.

Performance risk is defined as “the loss incurred when a brand or product does not perform as expected” (Forsythe and Shi, 2003, p. 869). In e-tailing, anticipated delivery problem would be an important perceived performance risk, as delivery is an important function performed by an e-tailer (Garbarino and Strailevitz, 2004). The above quotes related to Flipkart and Amazon reflect that individual’s perceived performance risk positively moderates the positive impact of anticipated service recovery on e-tail brand affect. In other words, an online buyer having a higher perceived performance risk a priori would be emotionally more influenced by anticipated service recovery. This is evident in the expressions like, “Delivery related problem can occur anytime in online shopping” that the consumer with high perceived risk would be more sensitive about service recovery. Anticipated service recovery directly impacts trusting the e-tailer as is evident through the statements like “Since then I trust Amazon.” This feeling of informant is very similar to the feeling of “being able to count on the loved one” (Sternberg, 1986, p. 121) which is an important property of intimacy toward partner (i.e. e-tail brand) which is largely derived from emotion or affect. Brand trust is reinforced by brand affect (Chaudhuri and Holbrook, 2001). Prior research shows that perceived brand ethicality positively impacts brand affect (Singh et al., 2012). This is supported by the above quotes, as anticipated service recovery is equivalent to perceiving the e-tail brand to be ethical which in turn positively impacts e-tail brand affect.

Hence, we propose the following relationships:

SoR 1: Anticipated service recovery positively impacts e-tail brand affect.

SoR 2: Individual’s perceived performance risk positively moderates the relationship between anticipated service recovery and brand affect.

Cognitive promotional attractiveness
Following stimulus-organism-response paradigm, sales promotional offers in the online shopping context act as useful cues for cognitive evaluation, and favorable cognitive evaluation positively impacts purchase intention (Park and Lennon, 2009). Oliver (1999) supports that favorable cognitive processing of informational cues predicts consumption affect.
A significant percentage of online shoppers are price sensitive (Ganesh et al., 2010). Our interview descriptions support that cognitive promotional attractiveness positively impacts e-tail brand affect, and this impact is positively moderated by individual’s price sensitivity. For examples:

I love to buy at discounted prices from these e-tailers. If I go to buy them offline, I would not get this attractive deals or discounts or coupons. Hot deals are my main motivations behind buying online leaving offline. Hence, before buying I search for good deals, and based on that only, I chose the site to buy (Gender: female; age: 32).

Thanks to Amazon for offering a great combination of selections, services and low prices. I signed up for Amazon Prime, and got access to a library of free streaming movies, music, TV shows and e-books. By joining Amazon Prime, I get discount on all physical copies of recently released games. I love Amazon as I want to get exciting things at exciting prices also (Gender: male; age: 27).

The descriptions show how perceived attractiveness of promotional offers impacts e-tail brand affect, and this impact is positively stimulated by individual’s price sensitivity. The expressions like “Hot deals are my main motivations behind buying online” and “I want to get exciting things at exciting prices also” show that the informants are price sensitive, and that is why they are liking the offers.

Hence, it is proposed:

**SoR 3:** Cognitive promotional attractiveness positively impacts e-tail brand affect.

**SoR 4:** The impact of promotional attractiveness on e-tail brand affect is positively moderated by individual’s price sensitivity.

### Price sensitivity vs willingness to pay premium price

In a multi-brand retail format, many brands produced by various manufacturers are sold by retailer instead of selling one exclusive brand (Mukherjee et al., 2012). Every brand in the portfolio of a multi-brand e-tailer would have an image (Reza and Samiei, 2012). Hence, it is posited that the overall image of a multi-brand e-tailer is constituted by the images of various product brands included in its portfolio. If the constituent brands in a portfolio are largely having luxury images (Sung et al., 2015), the e-tail brand would also obtain an overall luxury image. Luxury brand image refers to high-price and high-quality image (Sreejesh et al., 2016). The store image is formed based on consumer’s subjective perceptions of various attributes, and product brand assortment maintained by the store would act as an important attribute (Chang and Tseng, 2013). One informant described:

I get fascinated whenever I enter Amazon Fashion. All luxury brands are so nicely assorted. Here I find the collections from my most favourite style icon Sarah Jessica Parker. I get revitalized when I shop from Amazon Fashion where luxury is really redefined (Gender: female; age: 43).

Here, the wide assortment of luxury product brands generates an overall luxurious image of the e-tailer. Individual aspiring for buying luxury brands would be willing to pay premium price also (Sreejesh et al., 2016). Supporting this, our informant described:

When I buy from Amazon Fashion, I don’t expect much price cut. I expect exclusive brands, and I definitely get that in Amazon Fashion. I am willing to pay for better quality, and Amazon Fashion means high quality. That is why I love Amazon Fashion (Gender: female; age: 39).

A luxury brand signals extrinsic aspirational elements i.e. self-esteem that positively impacts brand attachment or brand affect, and individual aspiring for luxury brand would be less price sensitive or willing to pay price premium (Sreejesh et al., 2016). Reduced price sensitivity in luxury brand aspiration context is reflected in the quotes like, “I don’t expect much price cut” and “I am willing to pay for better quality.”
Hence, it is posited that consumer’s price sensitivity and willingness to pay premium are negatively correlated, and this negative correlation would also depend on the store image.

If a consumer is positively influenced by the luxury store image, this will enhance his/her brand affect, given that the consumer is not price sensitive. On the contrary, a store with a value for money image would make a consumer motivated to get more value at a lesser price. One informant told:

I prefer to buy things online instead of visiting offline, as few online retailers are offering more discounts on various products. Today every e-tailer is offering similar brands in any product. Hence, I will buy from the e-tailer which would offer me things at reasonable prices. In that respect, I prefer Snapdeal compared to Amazon or Flipkart (Gender: male; age: 39).

Snapdeal developed an image of a low-price retailer in the informant’s eyes, and the informant would prefer Snapdeal compared to others, as the informant is a low-price seeker. The above quotes reflect the negative association between price sensitivity and willingness to pay premium depending on the image of e-tailer:

SoR 5: Individual’s price sensitivity and willingness to pay premium price are negatively correlated. However, the intensity of this negative correlation would depend on the store image i.e. either luxury or value for money.

Luxury e-tailer image and willingness to pay premium price

Sreejesh et al. (2016) state that consumers who aspire to buy luxury would be willing to pay premium price. The descriptions below reflect that:

I have a strong fascination for buying luxury. I like Amazon Fashion, even after they charge little high prices for its several brands. I like it and always buy fashion products from it, as I am little bit more quality conscious while buying luxury, and also willing to pay for that. At Amazon Fashion, high quality is assured (Gender: male; age: 35).

This description shows that the luxury brand image impacts consumer’s brand affect as expressed through the statements like “I like it and always buy fashion products from it.” The positive impact of such luxury brand image on brand affect is conditional, as this impact would be positively moderated by consumer’s willingness to pay premium. The above informant is willing to pay premium as reflected in the statements like “I am little bit more quality conscious while buying luxury, and also willing to pay for that.” In summary, a consumer with a higher willingness to pay price premium to consume luxury would feel greater brand affect due to perceived luxury image of e-tailer compared to another consumer having a lower willingness to pay premium, as luxury aspiration and willingness to pay premium are positively associated (Sreejesh et al., 2016). The same is reflected in the description below:

I always order my wines from Brindco. I simply love Brindco, as it stocks vintage wines from all countries. I have no problem in paying the price when I am getting quality (Gender: Male; age: 37).

Hence, we propose:

SoR 6: Consumer’s willingness to pay premium positively moderates the impact of luxury e-tail brand image on e-tail brand affect.

Big middle shopping attitude

Based on the Big Middle Theory, Ganesh et al. (2010) postulate that both online and offline retail customers can be broadly classified as low-price seekers vs innovation (high quality and high-end luxury value) seekers, and big middle is the retail space where retailers hybridize their offerings to satisfy both the groups. This implies that different retail
customers would have different scores on low-price seeking and luxury seeking, and perfectly hybridized customers are those for whom the negative association between price sensitivity and willingness to pay premium to buy luxury would be the modest. Levy et al. (2005) state, “Big Middle retailers possess an entirely different position in the marketspace, from which they offer innovative merchandise (variety and breadth of stock keeping units) at reasonable prices. They successfully have transformed perceptions of themselves from innovative leaders or low-price leaders to a hybrid of the two that appeals to a much larger customer base” (p. 85).

The following description reflects this hybridized attitude:

I never compromise with quality. My possessions include premium brands which are of high quality. I also buy most of my purchases online rather than offline. The reason is that I can get attractive discounts online, and if I buy the same brands offline, I would get lesser discounts. I am a member of Elite Deal Club through which I purchase Amazon’s hottest luxury gadgets at low prices compared to offline. I love Elite Deal Club (Gender: male; age: 43).

Here, the informant focuses on luxury shopping at discounted/reasonable prices which refers to hybridized big middle shopping attitude. The informant psychologically balances between low-price seeking and paying premium to buy luxury. Due to the hybridization, the negative association between price sensitivity and willingness to pay premium price is reduced. Another informant described:

I love Theoutnet.com. Recently I purchased one of my favourite luxury apparel brand Helmut Lang at a 65% discount from it. I love it when I get luxurious brands at such a fair prices (Gender: female; age: 37).

Another informant described:

I make my luxury shopping from Bluefly.com. It is simply amazing. It has rich assortment of luxury products at reasonable discounts. When I need to buy luxurious items, I don’t expect a very handsome discount that I can get from a roadside shopper. However, I want a reasonable discount on the premium charged while shopping online. I get that from Bluefly (Gender: female; age: 29).

In the above descriptions “hybridized big middle shopping attitude” is reflected in the statements like “I get luxurious brands at such a fair prices” and “I want a reasonable discount on the premium charged while shopping online.” Desire to possess quality at reasonable prices refer to hybridized big middle shopping attitude (Ganesh et al., 2010) that reduces the extreme negative association between price sensitivity and willingness to pay premium price. Hence, we propose:

SoR 7: Hybridized big middle shopping attitude negatively moderates the negative correlation between individual’s price sensitivity and willingness to pay premium price such a manner that a balanced attitude is achieved.

The above descriptions explain how various psychological antecedents and moderating factors would generate e-tail brand affect.

Outcomes of e-tail brand affect

Brand affect can be terminated anytime due to switching incentives (Oliver, 1999). Internet shopping is dominated by perceived risks which include performance (i.e. delivery) risks, and consumers switch brands based on perceived risks (Garbarino and Strahilevitz, 2004). Hence, in order to sustain brand relationship, consumer should feel securely attached to brand. Individual would be securely attached to relationship partner when he/she would be less anxious about being neglected by the partner, and also less avoidant toward emotional involvement based on mutual trust (Simpson, 1990; Swaminathan et al., 2009). Brand trust is caused by accumulated affect (Singh et al., 2012; Chaudhuri and Holbrook, 2001; Lin and Lee, 2012).
Our interview descriptions support that affective brand relationship, if continued, would generate secure brand attachment style through fostering trust. One informant described:

Travelling is my hobby, and I go for travelling very frequently. Few years ago also, I used to book my flights and hotels online through Yatra.com. More than once I had bad experiences with Yatra. For example, I booked a hotel in Goa after reading very good reviews and looking at good photos given in their site. When I arrived at the place, I found the hotel literally bad in terms of its services and accommodation quality. Similar thing happened when I went to Shimla after booking through Yatra. Hence, I switched to Makemytrip.com. I did not experience such disappointment till date after making several trips through Makemytrip. I feel that Makemytrip takes more genuine care of me than Yatra (Gender: Male; age: 45).

The description shows that the informant started feeling insecure in his relationship with Yatra.com as he could not trust the services offered by it. The informant started liking (positive affect) Makemytrip, and this liking accumulated over several occasions developed secure brand attachment style via generating trust. The statement like, “I feel that Makemytrip takes more genuine care of me” shows that the informant is securely attached to Makemytrip. Trust is developed as the informant says, “I did not experience such disappointment till date after making several trips through Makemytrip.” Another informant told:

Snapdeal is really pathetic in terms of customer support. Several times my orders were returned saying undeliverable without I received any call from the courier guys saying that my order would have come. My trust on Snapdeal was completely broken, and I switched to Flipkart. It is very good, and really takes care of customer satisfaction throughout the whole process (Gender: female; age: 51).

The description shows that the informant developed an insecure attachment style toward Snapdeal due to lack of trust, and a secure attachment style toward Flipkart as a result of accumulated affective relationship giving rise to brand trust. The secure attachment orientation is reflected in the statements like, “really takes care of customer satisfaction throughout the whole process.” Accumulated brand affect is reflected in expression like, “It is very good.” Another informant described:

I have experiences with several shopping sites. I have a long lasting relationship with Amazon. I would say that Amazon is very reliable in terms of timely delivery and lesser failure. I can't recall any event of getting faulty product delivery from Amazon. Hence, I mostly buy from Amazon (Gender: male; age: 53).

Here, the informant’s accumulated affective brand liking generated brand trust, and trust in turn created secure brand attachment style. Trust is the core of secure brand attachment (Swaminathan et al., 2009).

Hence, we propose:

**SoR 8**: Accumulated e-tail brand affect would make consumer securely attached to e-tail brand through developing brand trust.

Our interview descriptions reveal two other important behavioral outcomes of e-tail brand affect namely e-tail branded app usage, and spreading positive word of mouth (WoM). The following informants described:

Usually I buy most of my things from Amazon since last several years. It provides a very good service and a very less scope for complaining. I use the Amazon Now app. I make all my payments through Amazon app as I feel that it is secure. Amazon is simply unbeatable. I also recommend amazon to my friends (Gender: female; age: 36).

For my online purchases, I am blindly dependent on Amazon since long. As I am a delighted customer of Amazon, I am a user of Amazon app. It is like a mega-mall of the internet. I find practically any kind of product I can think of. Amazon Pantry allows me to shop for food and beverage items. It is very quick, simple and easy to understand. I always recommend it to my friends (Gender: male; age: 27).
Emotional brand affection motivates consumer to maintain proximity with the focal brand (Thomson et al., 2005). Hence, consumer affectively liking a shopping site is likely to use the branded app of the site to maintain proximity with the site. Individual who affectively likes a shopping site would also spread positive WoM about the site, as affective bonding with brand predicts WoM (Carroll and Ahuvia, 2006). The descriptions like “Usually I buy most of my things from Amazon since last several years” reflect that consumer’s affective brand liking created a securely attached bonding with the e-tailer. The secure attachment style is reflected in the expressions like, “I make all my payments through Amazon app as I feel that it is secure.” The same is reflected in the other expression like, “For my online purchases, I am blindly dependent on Amazon since long.” The secure brand attachment style developed motivate the respondents more to use branded apps and spreading positive WoM.

Attachment style adopted toward consumption object would moderate consumer responses (Swaminathan et al., 2009). The above descriptions show that the impacts of e-tail brand affect on app usage and WoM have been intensified or positively moderated by the secure brand attachment style. For example, the respondent uses Amazon app mostly and spread positive WoM, because he is completely dependent (secure attachment) on Amazon. Hence, we propose:

SoR 9: E-tail brand affect predicts e-tail branded app usage.

SoR 10: E-tail brand affect predicts spreading positive WoM about the e-tail brand.

SoR 11: Consumer’s secure attachment style moderates the effects of brand affect on app usage and positive word of mouth.

The causal grounded theory process model for e-tail brand affect shown in Figure 1 is developed based on the above data analyses. In the model, each single-headed arrow flows from a predictor to respective outcome concept, and double-headed arrow connects two correlated concepts. Arrow from any moderator points to the path being moderated. The positive and negative signs within parentheses adjacent to various paths denote positive and negative relationships, respectively.
In addition to the above qualitative analysis of data, certain quantitative analyses were also performed. To check for inter-rater reliability Cohen’s \( \kappa \) value was computed following Stemler (2001). \( \kappa \) represents the inter-rater reliability in terms of the agreement between the researchers (here two researchers did the rating) in relation to whether the concepts extracted above did really come out from different quotes (paragraphs) transcribed. The overall \( \kappa \) value was 0.72 which is satisfactory according to Stemler (2001).

The frequencies with which different concepts emerged from the interviews of 46 informants are shown in Table I.

### Theoretical contributions
This study provides a grounded theory model showing the psychological processes through which individual’s e-tail brand affect can be generated, which in turn develops secure brand attachment style through the mediation of brand trust. The grounded theory data analyses show that anticipated service recovery positively impacts e-tail brand affect, and this impact is positively moderated by perceived delivery related performance risk. Promotional/deal attractiveness also positively impacts e-tail brand affect, and this impact is positively moderated by individual’s price sensitivity. The positive impact of luxury e-tail brand image on brand affect is also positively moderated by individual's willingness to pay premium price. The negative association between individual’s price sensitivity and willingness to pay premium price is mitigated by hybridized big middle shopping attitude of consumer. On the other hand, e-tail brand affect predicts e-tail branded app usage, positive WoM and e-tail brand trust. Brand affect creates brand trust (Chaudhuri and Holbrook, 2001), and affective brand trust drives secure brand attachment style (Swaminathan et al., 2009).

It is to be noted that brand affect can be short-lived (Sarkar and Sarkar, 2016), but secure attachment style would be enduring, as it is fostered by brand trust. The theoretical contributions of the study lie in identifying significant moderators moderating the effects of selected predictors on e-tail brand affect, the moderating role played by the big middle shopping attitude in mitigating the negative association between price sensitivity and willingness to pay premium and the role played by the secure brand attachment style in moderating the impacts of e-tail brand affect on branded app usage and positive WoM.

### Managerial implications
It is challenging for e-tail managers to sustain e-tail brand affect amongst the target customers. They need to strategically manipulate the actionable antecedents identified.

<table>
<thead>
<tr>
<th>Concepts emerged</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-tail brand affect</td>
<td>44</td>
<td>95</td>
</tr>
<tr>
<td>Service recovery</td>
<td>28</td>
<td>60</td>
</tr>
<tr>
<td>Perceived performance risk</td>
<td>21</td>
<td>45</td>
</tr>
<tr>
<td>Promotional attractiveness</td>
<td>26</td>
<td>56</td>
</tr>
<tr>
<td>Price sensitivity</td>
<td>19</td>
<td>41</td>
</tr>
<tr>
<td>Luxury e-tail brand image</td>
<td>32</td>
<td>69</td>
</tr>
<tr>
<td>Willingness to pay price premium</td>
<td>29</td>
<td>63</td>
</tr>
<tr>
<td>Hybridized big middle shopping attitude</td>
<td>27</td>
<td>58</td>
</tr>
<tr>
<td>Brand trust</td>
<td>39</td>
<td>84</td>
</tr>
<tr>
<td>Branded app usage</td>
<td>27</td>
<td>58</td>
</tr>
<tr>
<td>Secure brand attachment style</td>
<td>22</td>
<td>47</td>
</tr>
<tr>
<td>Positive word of mouth</td>
<td>29</td>
<td>63</td>
</tr>
</tbody>
</table>

Table I. The concept frequencies

Notes: The second column denotes number of respondents mentioning each concept. The third column denotes percentage calculated out of total 46 informants.
Service failure is inevitable in the e-tail context. The managers must develop proper mechanism of prompt service recovery. The antecedents of e-tail affect identified in this study point to the alternative strategies that managers can take depending on their target markets. If an e-tailer targets price-sensitive customers, it has to offer attractive deals. An e-tailer targeting luxury-seeking customers has to focus on those who would be willing to pay premium. Any e-tailer can follow a balanced approach by maintaining quality at a reasonable price and targeting big middle shoppers. The impacts of all specific antecedents of e-tail affect will depend on the specific moderators. E-tailers should conduct psychographic studies among customers in order to identify the customers with secure attachment styles. The e-tailer should then design its marketing strategies with prime focus on securely attached consumers, as secure attachment style would foster app usage and spreading WoM.

Limitations and future research directions
Like majority of other qualitative studies, this study also suffers from certain limitations. The model is qualitative and should be quantitatively validated by future research. The model does not include the roles played by various store environmental cues like lighting and interior in shaping brand affect, whereas store environmental cues can also significantly impact store affect. The probable roles played by some interesting individual specific factors have been ignored by this study like individual’s technology readiness, which can be explored in future research.

References


Further reading


About the authors

Dr Abhigyan Sarkar received the PhD Degree in Branding from ICFAI University Dehradun, India. He is currently working as an Assistant Professor of Marketing area at the Institute of Management Technology Ghaziabad, India (AACSB accredited). His research interests include consumer-brand relationship, brand love and brand sacralization. Articles authored by him have appeared in international journals like *Journal of Brand Management, Marketing Intelligence and Planning, Journal of Travel and Tourism Marketing, Journal of Service Theory and Practice* (forthcoming), *Society and Business Review, Journal of Product and Brand Management, Journal of Customer Behavior, The Marketing Review, Journal of Financial Services Marketing, Qualitative Market Research: An International Journal, Asia Pacific Journal of Marketing and Logistics, and Young Consumers*. Dr Abhigyan Sarkar is the corresponding author and can be contacted at: abhigyan.sarkar_2003@yahoo.co.in
Dr Juhi Gahlot Sarkar is a PhD in Marketing from the IBS Hyderabad (a constituent of IFHE University), in India. She is working as an Assistant Professor of Marketing at IBS Hyderabad. She has work experiences with reputed multi-national companies like Infosys Technologies Limited and HDFC Standard Life Insurance. Her research interests include consumer-brand relationship and brand sacralization. Articles authored by her have appeared in international journals of repute like *Marketing Intelligence and Planning* and *Journal of Service Theory and Practice*.

Dr Sreejesh S. is an Assistant Professor of Quantitative Methods & Marketing at the School of Management Studies, Cochin University of Science and Technology, Kochi, India. His main research interests include brand management, services marketing, online marketing & advertising. His publications have appeared in: *Journal of Travel and Tourism Marketing, Internet Research, Journal of Product and Brand Management, British Food Journal, Tourism Review, Management Research Review, Young Consumers, Indian Journal of Business Research, International Journal of Bank Marketing, Journal of Hospitality and Tourism Technology, Asia-Pacific Journal of Business Administration, Journal of Research in Interactive Marketing*, etc. In addition to chapter contributions in books and case study developments, he has also authored books of international repute with Pearson India and Springer International.

Dr Anusree M.R. completed the graduate studies in Mathematics (secured Third Rank) from the University of Kerala. Subsequently, she completed MSc (secured First Rank), MPhil, and PhD Degrees in Statistics from the University of Kerala, Trivandrum, Kerala. Dr. Anusree received prestigious fellowships such as INSPIRE from DST, Delhi & KSCSTE fellowship. She received the Young Statistician Award of Kerala Statistical Association in 2012. She has published several research articles in international journals of repute, such as *Statistics & Probability Letters, Statistics, Communications in Statistics – Theory and Methods, Journal of Statistical Theory and Practice*, etc. She also authored the book *Business Research Methods: An Applied Orientation*, published by Springer International.

For instructions on how to order reprints of this article, please visit our website: www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
Brand equity and financial performance

The moderating role of brand likeability

Bedman Narteh

Department of Marketing, University of Ghana Business School, Accra, Ghana

Abstract

Purpose – The purpose of this paper is to examine the relationship between brand equity and financial performance and the moderation role of brand likeability retail banking sector.

Design/methodology/approach – The study is quantitative and employed the survey methodology to sample the views of 550 retail bank customers. Data were analyzed through the structuring equation modeling using AMOS.

Findings – The study found out that service quality, brand association, brand loyalty, and brand relevance positively and significantly predicted financial performance of the retail banks. In addition, brand likeability also moderates the relationship between brand equity and financial performance.

Originality/value – The study contributes to the ongoing research in examining the linkage between brand equity and financial performance. The study has also shown the value of brand likeability as a moderator of the brand equity-financial performance linkage. The strategic implication of the results are discussed in the paper.

Keywords Brand equity, Financial performance, Brand likeability

Paper type Research paper

Introduction

Branding has assumed great significance in many organizations worldwide (Chen and Green, 2009). It is an imperative for all kinds of organizations due to perceived benefits like differentiation, profitability, customer loyalty and competitive advantage (Keller, 2013; Zachary et al., 2011; Roll, 2009). It has indeed become evident that firms which engage in branding efforts experience a myriad of benefits as opposed to firms that do not brand (Capon, 2013). One of the key branding outcomes that stand out in literature is brand equity. Customer-based brand equity (CBBE) has occupied the minds of several researchers, who have highlighted its contribution to organizations in terms of performance-related measures (Wang and Sengupta, 2016; Felício et al., 2014). To date, Keller (2003, p. 2) has offered what many perceive to be the most widely referenced definition of CBBE. He defines brand equity as “the differential effect of brand knowledge on consumer response to the marketing of the brand.” This, as espoused by Keller (2003), enables organizations to elicit desired responses from customers. Other scholars such as Capon (2013) have defined brand equity as the consumer’s response to a brand’s actions relative to competing brand’s actions. Brand equity is thus largely viewed as a strategic outcome of branding that encompasses strategic advantages that accrue to a brand relative to its competitors (Wang and Sengupta, 2016).

A number of scholars led by Aaker (1991) have stated that brand equity creates value for firms as well as their clients (García-Osma et al., 2015; Keller, 2013). This view has been supported by others such as Aaker and Jacobson (2001) who identified the impact of brand equity on firm profitability. They discovered that brand equity is positively associated with profits and return on investment. However, Johansson et al. (2012) argue that the strength of the relationship between brand equity and financial performance differs based on the measures used to capture equity. Most researchers have argued that the relationship between brand equity and financial performance is direct. But the key question outstanding is, does brand equity automatically translate into financial performance? The need for further studies to clarify this relationship is imperative. Moreover, the application of brand
likeability as a moderator of the relationship between brand equity and financial performance has not been properly explored, hence the import of this study.

The need to assess the impact of brand equity on the financial performance of firms has become more critical in a dispensation where there is much scrutiny on marketers, owing to the huge budgets that are bestowed on them (Sharma et al., 2016; Keller, 2008). Pressure has been mounting steadily on marketing managers to justify their expenditure and show how it affects financial performance in a practical manner (O’Sullivan and Abela, 2007). Marketing literature is rife with studies that have examined the concept of brand equity and financial firm performance. The likes of Sharma et al. (2016), Wang and Sengupta (2016), Felício et al. (2014), Stahl et al. (2012) have conducted studies to determine how brand equity results in firm performance. However, the effect of emotional constructs like brand likeability have not been tested in the relationship between brand equity and firm performance. This study seeks to contribute to literature by examining the relationship, as moderated by brand likeability.

Literature review

CBBE
CBBE exists in literature as one of the most prominent descriptions of brand equity. A number of scholars such as Mackay et al. (1998) as well as Simon and Sullivan (1993) are of the view that if a firm wants to assess the long-run effectiveness of its marketing programs on the firm’s customers and revenue, brand equity represents the viable option to select. Keller (2003), who is largely credited with the coining of the term CBBE, believed that its underpinning objective was to harness the power of the brand through consumers’ responses to marketing programs (Keller, 2008). Within the services sector, the phenomenon also holds, though it is underrepresented in studies (Christodoulides and de Chernatony, 2010). Chang and Liu (2009) confirmed that brand equity has a significant effect on brand preference and purchase intentions within the services industry. Successfully applied within the hospitality industry (Boo et al., 2009; Konecnik and Gartner, 2007; Kayaman and Arasli, 2007), CBBE has also been tested in the financial services sector. Taylor et al. (2007), extending Netemeyer et al.’s (2004) operationalization of CBBE, found that customers do differentiate between brands in the financial sector, and that their resulting attitudes toward the brands can predict loyalty intentions. Again, Pinar et al. (2012) compared private, foreign and state banks in Turkey, and found that overall CBBE was higher for private banks than foreign and state banks. The researchers argued that this was as a result of the poor perceived quality of foreign banks, especially.

Some scholars have offered diverse opinions on how brand equity can be measured and which viewpoint it can be assessed from. According to Atilgan et al. (2005, p. 238), brand equity “can be discussed from the perspective of the manufacturer, retailer or the consumer.” Cobb-Walgren et al. (1995) argue that while manufacturers and retailers are more inclined toward the strategic implications of brand equity, investors and shareholders tend to lean more toward the financial implications of brand equity and its impact on the balance sheet of the firm. Simon and Sullivan (1993) further added to this perspective by stating that brand equity essentially can be considered as the incremental cash flows which accrue to branded products over time, an advantage which does not apply to products or services that are not branded.

In terms of the dimensions of CBBE, literature appears to have a plethora of options. Aaker (1991), Keller (1993) have been recognized for profound contributions to the discourse and measurement of brand equity. Whilst they have both sought to achieve the same outcome, their approaches have varied. Aaker (1991) has focused on measuring brand equity with five dimensions namely: brand awareness, brand associations, brand loyalty, perceived quality and other proprietary brand assets. Keller (1993) on the other hand resorted to two basic approaches (direct and indirect) in measuring customer based brand equity.
Atilgan et al. (2005) in their study on determinants of the brand equity, opined that Keller’s (2003) indirect approach in identifying brand equity sources examined channels of distribution, effectiveness of marketing communications, and a measurement of a brand’s success, via its brand awareness and brand associations. The direct approach on the other hand focuses on how consumers respond to the various elements in a firm’s marketing program (Keller, 2003). In this study however, brand equity would be conceptualized using a combination of Aaker’s (1991) model as well as Stahl et al.’s (2012) adaptation of Young and Rubicam’s brand equity assessment measure. Brand equity would thus be measured using brand awareness, brand associations, brand loyalty, perceived quality (Aaker, 1991) as well as relevance (Stahl et al., 2012; Young and Rubicam, 2000). In total, five variables will measure brand equity, and these variables are discussed in the subsequent sections.

Firm performance
Felício et al. (2014) defined firm performance in terms of profitability, reduction of investment risk, and outperformance of competitors. Financial performance is key to all brands, as firms seek to maximize the value of the brands they manage to ensure long-term sustainability and market dominance. Ogbonna and Harris (2000), in explaining the link between brand equity and firm performance, stated that business performance is a multi-dimensional and intricate phenomenon that requires specific measures for tracking progress. Furthermore, Ambler (2000), Rust et al. (2000) believe that the type of market a brand is situated in, determines the type of measures that would be used in measuring performance. This assertion becomes all the more relevant to the Ghanaian context given that most firms are reluctant to reveal their market position, and that there exists little to no information that gives a clear picture on the market status of firms in terms of actual market share. Even though some marketers have opined that the central purpose of marketing is to generate healthy returns to shareholders by creating and managing market based assets (Ambler, 2000; Doyle, 2000), other scholars such as Aaker and Jacobson (2001) have maintained that firm performance can be measured in terms of profits and returns on investment. For the purpose of this paper, firm performance will be measured using the financial performance of the banks over a period of time. This is largely due to the aforementioned lack of reliable information on the market position of firms in the Ghanaian economy.

Model and hypothesis development
The research model appears in Figure 1. It assumes that the five dimensions of brand equity predict firm performance. This relationship is moderated by brand likeability. The components of the model, as well as the hypotheses developed, are discussed in a later section.

Brand awareness
One thing that gives brands power is the level of awareness of the brand in the minds of consumers. As a construct, brand awareness is important in measuring brand equity because without it, brand equity would be weakened or almost non-existent (Keller, 2003). Aaker (1991, p. 61) defined brand awareness as “the ability of the potential buyer to
Brand awareness is important in the development of brand equity because it gives the brand a distinct place in the minds of consumers. Keller (2013) opines that brand awareness is critical in the decision making of consumers as it helps them to know which brands are available and preferred in a given product category. As brand awareness consists of brand recognition and recall (Keller, 2013), brands that are able to generate a high level of awareness amongst their customers will increase their sales, which will in turn increase profit and positively affect firm performance. Thus, the following hypothesis is proposed:

$$H1. \text{ Brand awareness has a positive effect on firm performance.}$$

**Brand associations**

The aim of every firm must be to create favorable brand associations (Keller, 2008). These have been defined as “anything linked in memory to a brand” (Aaker, 1991, p. 109), and the more consumers associate certain experiences with a brand, the stronger the brand association will be with that particular experience or cue (Aaker and Keller, 1990). Customers form perceptions based on their encounters with the brand, its marketing programs and its product performance. Brands that are able to satisfy consumers will succeed in creating strong brand associations which inform consumers’ perceptions of the brand, and will be protected against competitive action. A number of scholars (e.g. Belén del Río et al., 2001) posit that brand associations are key in building brand equity, as they represent the basis for consumer purchases (Aaker, 1991). Keller (1993) confirmed thus when he posited that there are three types of brand associations that lead to the creation of brand equity: attributes, benefits and attitudes. Thus, if a brand is able to successfully create favorable associations with its attributes, benefits and attitudes, brand equity would be enhanced, which would boost the financial performance of the firm (Aaker and Jacobson, 2001). The second hypothesis is thus proposed as:

$$H2. \text{ Brand association has a significant effect on firm performance.}$$

**Perceived quality**

The concept of brand equity cannot be discussed without touching on perceived quality. Aaker (1991, p. 85) defined it as “the customer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives.” Perceived quality is an important component of brand equity and shows how customers’ perception of a brand’s quality influences their purchase decisions. When customers perceive a brand to be of a superior quality, they tend to prefer it and engage in repeat purchases and positive word of mouth (Kotler and Armstrong, 2010; Keller, 2013). Kotler (2000) asserts that there is a link between product and service quality, customer satisfaction and company profitability, while O’Neill et al. (2016) found a direct relationship between the quality management orientation of a firm and financial performance. Thus, the following hypothesis is made:

$$H3. \text{ There is a positive relationship between perceived service quality and firm performance.}$$

**Brand relevance**

Even though brand relevance has not traditionally been included as a component of brand equity, Stahl et al. (2012) include it as a dimension and define relevance as “the extent to which customers find the brand to be relevant to their needs” (p. 46). They explain that for firms to be successful in creating brand equity, their products and services must be relevant
to the needs of customers. The brand must be able to provide some level of fulfillment which will be distinct to customers. As explained by Aaker (2011), the consumer market is currently so dynamic that brand categories are created and fade out at a quick pace. Brands must therefore constantly evolve in order to remain relevant and successful with their consumers. The importance of brand relevance to brand equity has been observed, as the differentiation of a brand will only matter when it is perceived to be relevant by the consumer (Mizik and Jacobson, 2008; Young and Rubicam, 2000). Indeed, Young and Rubicam (2000), who classify the relevance of a brand as a pillar that contributes to the overall strength of the brand, indicate that if the brand is low in relevance to consumers, it will not be highly patronized by them. These assertions have been buttressed by the likes of Keller (2013) and Park et al. (1986) who state that brands create relevance through functional, experiential or symbolic benefits. Roll (2009) believes that firms must invest in creating brands that can deliver on their core promises and in doing so, deliver relevant products and services that will satisfy customers and create a strong sense of commitment to the brand. Tolba and Hassan (2009) reiterated the importance of relevance as a determinant of brand equity, and found that brand equity is positively linked with a firm’s performance. In view of this, the study includes brand relevance as a dimension of brand equity, and proposes the following hypothesis:

\[ H4. \text{ Relevance is positively associated with firm performance.} \]

**Brand loyalty**

Keller (2008) defines brand loyalty in terms of resonance: that level of customer-brand relationship which depicts a sync between the brand and its customers, and which generates peculiar behavioral outcomes such as customers actively seeking means to interact with and share their brand experiences with others. Aaker (1991) on the other hand defines brand loyalty as a situation which reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in price or in product features. Loyalty can squarely be placed as a component of brand equity as, when consumers respond more strongly to a brand’s actions relative to competing brands, the brand can experience a surge in sales and resultant profitable returns on investment (Capon, 2013). Furthermore, it has been detected that brand loyalty has an effect on firm performance (Keller, 2003). Through brand loyalty, firms increase their profit margins whilst also leveraging the brand and putting measures in place to withstand competitive action. Additionally, a host of researchers such as Delgado-Ballester and Luis Munuera-Alemán (2005), Chaudhuri and Holbrook (2001) have opined that brand loyalty provides substantial competitive and economic benefits to a firm. Without loyalty, firms cannot achieve a sustainable competitive advantage. The following hypothesis is proposed:

\[ H5. \text{ Brand loyalty positively predicts firm performance.} \]

**Moderating variable**

**Brand likeability**

Every firm desires its consumers to like and patronize their products their services (Kotler and Armstrong, 2010). Brand likeability therefore becomes an important variable that can be used to determine the magnitude of the relationship between brand equity and firm performance. According to Zarantonello et al. (2016), the moment consumers begin to hate a brand, the brand starts to decline. In recent years, researchers have tried to understand the role of consumer emotions in purchase decisions, leading to studies on concepts such as brand likeability (Nguyen et al., 2015). Brand likeability has been explained as based on “attractiveness, credibility, and expertise in order to create attachment and love by...
delivering beneficial outcomes for consumers and brands alike” (Nguyen et al., 2013, p. 372). Thus, it has been conceptualized as constituting the three dimensions of attractiveness, credibility, and expertise (Nguyen et al., 2013). According to Landwehr et al. (2011), consumers are indeed affected by how attractive the brand and its marketing is in conjunction with their perceptions of its quality and superiority. Marketers have attempted to engender the emotion of likeability through advertisements and customer experiences (Yilmaz et al., 2011; Helkkula et al., 2012), as it is no secret that consumers gravitate toward brands they like, and that this adoration forms the basis of their purchase decisions (Carroll and Ahuvia, 2006). Batra et al. (2012) have also stated that consumers who have a great liking for brands are significant assets to the firm as they are characterized by brand advocacy and evangelism, resistance to competitor advances as well as consistent purchase of the firm’s products and services over the course of their lifetime. In view of this, the following hypothesis is proposed:

\[ H6. \] Brand likeability moderates the relationship between brand equity and firm performance.

**Methodology**

**Research setting**

The current study is quantitative, and a survey methodology was used to gather data from respondents. The sample frame for the study was the 28 banks operating in Ghana as at June 2015. Letters were sent to all the banks, explaining the rationale of the study to them and requesting their permission to participate. At the end of three weeks, 22 banks responded favorably to the requests and were used in the study. A list of customers who have had current or savings accounts with the banks for at least one year was obtained from the participating banks to serve as the respondents of the study. This was to ensure that they could reliably rate the brand equity of the bank, from their perspective as customers. In total, 1,100 respondents (50 from each bank) were targeted.

Questionnaire was the data collection tool. The items of the questionnaire were anchored on a five-point Likert scale with 1 labeled as “strongly disagree” and 5 labeled as “strongly agree.” The questionnaire was divided into three sections as: personal information on respondents; dimensions of bank brand equity; and financial performance. The items for brand equity were adapted from scales in the literature (Sharma et al., 2016; Keller, 2008). Financial performance was also operationalised with five variables and adopted from the literature (Felício et al., 2014). Finally, the five items used to measure brand likeability were adapted from the scale developed by Nguyen et al. (2013). To reduce potential bias resulting from forced response, “N/A” was included on each question as an option.

To ensure the validity of the questionnaire two professors with a special research focus on bank marketing were first contacted to review the research instrument in terms of content and wording. Their recommendations were used to restructure the questionnaire. The resulting questionnaire was then pilot-tested with ten Executive MBA students of the University of Ghana Business School with a wide experience in banking. Their responses further ensured that the content and wording of the instrument adequately reflected the banking sector. Thus, the research instrument was considered valid to be administered. As English language is the official language in Ghana, the respondents speak and understand a fair amount of the language, and therefore there was no need for translation of the research instrument.

Three research assistants were hired and trained for the survey design and questionnaire administration. At the end of one month, 550 questionnaires were collected out of a total of 1,100 administered to the respondents. The Ghanaian banking industry has
an almost equal number of foreign and local banks. Twelve of the banks contacted were local banks while the remaining ten were foreign owned. At the end of the period, the 550 responses received were used for the data analysis.

Demographic profile of the respondents
Descriptive analysis indicates that 50.6 percent of the respondents were male while 49.4 percent were female. Majority of the respondents (52.4 percent) were aged from 20-30 years. There were also 33.0 percent within the ages of 31-40 and about 12.1 percent within the ages of 41-50. Approximately 1.2 percent each of the sampled respondents were below 20 years or above 50 years, respectively. On education, majority of the respondents (86.9 percent) had degrees or post-graduate degrees. Similarly, about 65.5 percent of the respondents were salaried employees, 26.7 percent were students while 7.6 percent were self-employed with only 0.3 percent described as unemployed. Furthermore, the nationality statistics of the respondents indicated that 80.9 percent were Ghanaians whereas the remaining 19.1 percent were foreigners. Finally, about 82 percent had dealt with their banks for more than five years. The remaining 18 percent were customers who have dealt with their banks for either five years or below.

Confirmatory factor analysis (CFA)
Structuring equation modeling using Amos 22.0 was used for measurement scale validation and structural analysis. The two-step process using a CFA and structural path analysis, as suggested by Anderson and Gerbing (1988), was adopted. The estimation of the measurement model was first conducted through a confirmation factor analysis and later on, the structural model was estimated to test the proposed hypotheses among the variables (Hair et al., 2010). The first part involves conducting a CFA for assessing the contribution of each indicator variable and for measuring the adequacy of the measurement model. As the sample size of 550 was adequate and the data set was normally distributed, the model was first specified using the maximum likelihood estimation method (Byrne, 2013). In the second stage, an iterative model specification was done in order to develop the best set of items to represent the various constructs through refinement and retesting. At that stage, items that did not meet the validity and reliability tests were dropped (Byrne, 2013). The final stage was the estimation of the goodness of fit parameters of the overall model to test the extent to which the data supported the research model. The most commonly used parameters for this assessment are the likelihood ratio \( \chi^2 \), the ratio of \( \chi^2 \) to degrees of freedom (\( \chi^2/df \)), the root mean square error of approximation (RMSEA), and comparative fit index (CFI). As indicated in Table I, the measurement model results showed a very good model fit with \( \chi^2 = 493.57 \) (df = 274), \( \chi^2/df = 1.8 \), CFI = 0.958, TLI = 0.95 and NFI = 0.91. The RMSEA was 0.05, PCFI = 0.827, PNFI = 0.778, CFI = 0.96, TLI = 0.95.

Reliability and validity test
Two types of reliability tests were used in this study: internal consistency and construct reliability (Fornell and Larcker, 1981). Using SPSS version 20.0, Cronbach’s \( \alpha \) coefficients were used to test the internal consistency of the instrument. The \( \alpha \) coefficient measures the extent to which the multiple indicators for a latent variable cluster together. For unidimensional scales, a Cronbach’s \( \alpha \) value of 0.6 or more is considered acceptable (Hair et al., 2010). The results indicate high Cronbach’s \( \alpha \) results for the items, ranging between 0.88 and 0.93, as provided in Table I. Furthermore, for structural equation modeling, construct reliability is measured using composite reliability (CR) because it is more parsimonious than the Cronbach’s \( \alpha \) (Bagozzi and Yi, 1988). Thus, as evidenced in
Table I, CR values for the constructs also ranged from 0.89 to 0.93, which exceed the threshold value of 0.7 (Hair et al., 2010).

According to Hair et al. (2010), validity measures the extent to which the set of indicators accurately represent a construct. In this study, two measures of validity were tested; convergent validity and discriminant validity. Convergent validity measures the degree to which the items truly represent the intended latent construct. It is assessed by factor loadings and average variance extracted (AVE) (Hair et al., 2010). A rule of thumb is that the

<table>
<thead>
<tr>
<th>Item</th>
<th>Loading</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand associations (CR = 0.90, AVE = 0.75, α = 0.89)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank has an image doing the right things</td>
<td>BAS8</td>
<td>0.72</td>
</tr>
<tr>
<td>I have good memories linked to my bank</td>
<td>BAS9</td>
<td>0.94</td>
</tr>
<tr>
<td>My bank has good association with third parties</td>
<td>BAS10</td>
<td>0.92</td>
</tr>
<tr>
<td><strong>Perceived quality (CR = 0.93, AVE = 0.73, α = 0.93)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank products are of better quality than the generic alternatives</td>
<td>PQ5</td>
<td>0.78</td>
</tr>
<tr>
<td>My bank’s products are worth the money</td>
<td>PQ6</td>
<td>0.86</td>
</tr>
<tr>
<td>I think that my bank has good-quality products</td>
<td>PQ7</td>
<td>0.90</td>
</tr>
<tr>
<td>I think that my bank products are of good quality</td>
<td>PQ8</td>
<td>0.91</td>
</tr>
<tr>
<td>In general, I believe that my bank products are superior in quality compared to the alternatives</td>
<td>PQ9</td>
<td>0.81</td>
</tr>
<tr>
<td><strong>Brand relevance (CR = 0.93, AVE = 0.76, α = 0.93)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The services my bank offers makes life easier for me</td>
<td>BR2</td>
<td>0.87</td>
</tr>
<tr>
<td>My bank has various products/services tailored to meet my needs</td>
<td>BR3</td>
<td>0.85</td>
</tr>
<tr>
<td>My bank is a one stop centre for all my banking activities</td>
<td>BR4</td>
<td>0.88</td>
</tr>
<tr>
<td>The bank provides me with solutions to my banking problems</td>
<td>BR5</td>
<td>0.88</td>
</tr>
<tr>
<td><strong>Brand loyalty (CR = 0.91, AVE = 0.66, α = 0.92)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am loyal to my bank</td>
<td>BL5</td>
<td>0.77</td>
</tr>
<tr>
<td>I consider myself an advocate of my bank</td>
<td>BL6</td>
<td>0.81</td>
</tr>
<tr>
<td>I will continue to save with my bank</td>
<td>BL8</td>
<td>0.83</td>
</tr>
<tr>
<td>If I need bank services, I usually use my bank</td>
<td>BL9</td>
<td>0.85</td>
</tr>
<tr>
<td>If similar bank services cost the same, I choose my bank</td>
<td>BL10</td>
<td>0.80</td>
</tr>
<tr>
<td>I love my bank</td>
<td>BL4</td>
<td>0.79</td>
</tr>
<tr>
<td><strong>Brand awareness (CR = 0.75, AVE = 0.69, α = 0.69)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I easily recognize my bank among other banks</td>
<td>BA1</td>
<td>0.88</td>
</tr>
<tr>
<td>I have a good opinion about my bank</td>
<td>BA2</td>
<td>0.82</td>
</tr>
<tr>
<td>I know the color of my bank</td>
<td>BA3</td>
<td>0.79</td>
</tr>
<tr>
<td>I know the services my bank offers</td>
<td>BA4</td>
<td>0.78</td>
</tr>
<tr>
<td>I recognize the logo of my bank</td>
<td>BA5</td>
<td>0.84</td>
</tr>
<tr>
<td>If someone asks me about banks, my bank easily comes to mind</td>
<td>BA6</td>
<td>0.86</td>
</tr>
<tr>
<td><strong>Brand likeability (CR = 0.73, AVE = 0.63, α = 0.63)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank is attractive</td>
<td>BL1</td>
<td>0.76</td>
</tr>
<tr>
<td>My bank is honest in its dealings with me</td>
<td>BL2</td>
<td>0.79</td>
</tr>
<tr>
<td>I am emotionally attached to my bank</td>
<td>BL3</td>
<td>0.84</td>
</tr>
<tr>
<td>I love my bank</td>
<td>BL4</td>
<td>0.78</td>
</tr>
<tr>
<td>It is convenient to deal with my bank</td>
<td>BL5</td>
<td>0.80</td>
</tr>
<tr>
<td><strong>Brand performance (CR = 0.87, AVE = 0.62, α = 0.88)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My bank consistently increases its revenue</td>
<td>BP9</td>
<td>0.75</td>
</tr>
<tr>
<td>My bank is profitable</td>
<td>BP10</td>
<td>0.62</td>
</tr>
<tr>
<td>My bank has grown over the years</td>
<td>BP11</td>
<td>0.90</td>
</tr>
<tr>
<td>My bank has increased its market share</td>
<td>BP12</td>
<td>0.74</td>
</tr>
<tr>
<td>My bank is interested in social projects that benefits all stakeholders</td>
<td>BP13</td>
<td>0.88</td>
</tr>
</tbody>
</table>
factor loadings should be at least 0.50 or higher, and be statistically significant (Hair et al., 2010). Following the rules described above, nine items were deleted from their indicators because of low loadings, re-specifications and retesting. In addition, the AVE from items by their respective constructs should be greater than the variance unexplained (i.e. AVE > 0.50). The results presented in Table II indicate AVE values between 0.6 and 0.75. The values were all greater than 0.50, thereby meeting the AVE criteria set by Fornell and Larcker (1981). The loadings and the AVE results indicated convergent validity.

Discriminant validity measures the extent to which latent factors are distinct, i.e. they should not correlate so highly that they seem to measure the same underlying dimension (Siekpe, 2005). Discriminant validity is established if the AVE of a variable (within factor shared variance) is larger than the squared correlation coefficients between variables (Fornell and Larcker, 1981). The results in Table II provide support to indicate strong discriminant validity.

Assessment of the hypothesized relationships
The structural model was used to examine the proposed hypotheses for the study. The results appear in Table III. In the first place, we assessed the impact of the control variables on bank performance. The result indicates that age and number of years with the bank were significant on the relationship between bank brand equity and bank performance. Next, we estimated the main effect model where the direct relationship between the brand equity construct and bank performance were estimated. The results indicate that brand relevance, perceived quality, brand loyalty and brand associations were significant in predicting retail bank performance. This implies that $H_2$-$H_5$ were accepted while $H_1$ was rejected. We also investigated the direct relationship between brand likeability and financial performance. The relationship was found to be significant. In the final hypothesis, we estimated the moderating role of brand likeability on the relationship between the dependent and the independent variable. This was assessed by interacting brand likeability, represented by a construct with a standardized computed score of its items, with the various dimensions of brand equity. The result indicates that brand likeability moderates or improves the relationship between brand loyalty, perceived quality and brand relevance and bank performance thereby providing support for $H_5$.

Discussion
The study was conducted to determine the moderating role of brand likeability on the relationship between brand equity dimensions and retail bank performance. Our results indicate that brand equity indeed influences the financial performance of retail banks. This implies that the image a retail bank occupies in the minds of customers influences its patronage and subsequent financial performance. Our research is consistent with prior studies (García-Osma et al., 2015; Aaker and Jacobson, 2001; Ogbonna and Harris, 2000) who have found that brand equity creates value for firms which leads to financial performance.

<table>
<thead>
<tr>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3.5</td>
<td>0.95</td>
<td>0.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>3.5</td>
<td>0.90</td>
<td>0.55</td>
<td>0.73</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>3.5</td>
<td>1.07</td>
<td>0.42</td>
<td>0.59</td>
<td>0.76</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>3.6</td>
<td>1.05</td>
<td>0.46</td>
<td>0.55</td>
<td>0.67</td>
<td>0.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>3.7</td>
<td>1.40</td>
<td>0.45</td>
<td>0.43</td>
<td>0.37</td>
<td>0.42</td>
<td>0.69</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>3.8</td>
<td>1.61</td>
<td>0.51</td>
<td>0.28</td>
<td>0.46</td>
<td>0.47</td>
<td>0.35</td>
<td>0.63</td>
</tr>
<tr>
<td>7</td>
<td>3.4</td>
<td>0.93</td>
<td>0.31</td>
<td>0.26</td>
<td>0.41</td>
<td>0.28</td>
<td>0.42</td>
<td>0.44</td>
</tr>
</tbody>
</table>

Notes: Diagonal elements are the AVEs; off-diagonal elements are the squared correlations

Table II. Correlations and AVEs
On the direct predictors, it was found that perceived service quality is a brand equity construct that directly predicts bank performance. The quality of the service a retail bank delivers to customers is essential in ensuring patronage and subsequent profitability. When a bank provides reliable services, when the atmosphere is conducive for customers, when the services are better than that of the competition, when the retail banks show care and concern for customers, and when they stick to promises made to customers, it enhances consumer perceptions of the bank’s service delivery, which affects customer satisfaction and retail bank performance. Our results resonate with that of O’Neill et al. (2016), Keller (2013), who found a direct relationship between service quality and financial performance.

Brand relevance also directly predicted retail bank performance. This indicates that when retail banks perform services which are relevant to customers in terms of fulfillment of their needs, when the retail banks provide one stop service centers and when they provide solutions to all customer needs, they become relevant and irreplaceable to customers, with a concomitant increase in retail bank performance. Our results are similar to that of Stahl et al. (2012), Roll (2009), Tolba and Hassan (2009) who found a positive relationship between brand relevance and firm performance.

In addition, the study found that brand associations predict financial performance. For retail banks, the memories associated with them, the country of origin effects, the linkage to a corporate brand, and the quality of management could all have an impact on retail bank performance. The result is consistent with scholars who have associated positive brand image with brand performance, with the understanding that brand associations contribute to building brand image (Belén del Rio et al., 2001).
The study also found that brand loyalty leads to retail bank performance. When customers show frequent and repurchase behaviors, and when they display positive word of mouth about their retail banks, this triggers increased revenue and profitability for retail banks. Thus, firms that achieve continuous purchase of their services are firms who satisfy customers and thus, improve their financial performance.

Again, the study found that brand likeability has a significant relationship with brand performance. This indicates that when customers dislike brands, it influences their repeat purchases, which ultimately influences the financial performance of retail banks in Ghana. Thus, the often-assumed direct relationship between brand equity and financial performance could be complicated by brand likeability.

Brand awareness was not found to be significant in predicting financial performance. This indicates that simply being aware of brands is not enough to push customers into repeat purchases, which improves financial performance.

**Implication of the study**

Our study contributes to prior literature on the relevant dimensions of brand equity. Most firms exist with the objective of ensuring adequate profitability for the owners. Brand equity literature provides a way by which this could be achieved for firms. While the traditional operationalization of brand equity uses four items, our study extends the brand equity model to include brand relevance (Stahl et al., 2012), and has found it to be a significant component of the construct. Again, we have shown from this study that the components of brand equity can lead directly to bank performance. Our result supports the burgeoning literature that argues for the brand equity-performance link (Keller, 2013; García-Osma et al., 2015; O'Neill et al., 2016). In addition, however, by moderating the relationship with brand likeability, we have shown that the often-assumed direct relationship between brand equity and financial performance can be complicated by emotional constructs like brand likeability. Furthermore, most of the prior studies were conducted from the Western world. To date, no study has addressed these issues from the sub-Saharan African context and our study fills the void. Our result provides empirical evidence from Ghana, an emerging economy.

Moreover, the study has some managerial implications for building strong brand equity that could improve on the financial performance of retail banks. The need to improve service quality as an element of brand equity in the banking sector in order to improve on financial performance has been highlighted in this study. Service quality is arguably one of the most desirable objectives firms pursue in today's competitive environment. It includes the core service delivered, as well as when and how it is delivered. The need for banks to have service blueprints and trained personnel to deliver services as promised cannot be overemphasized. Banks must have products that are of superior quality on the market, and worth the money that customers pay for the services. These products must be better than the alternatives available, and be delivered in the right atmosphere to improve overall customer experience.

In addition, customer loyalty must be strongly pursued in order to achieve brand equity since it leads to financial performance. Customers must be brought to the point where they love the bank, and are not only loyal to it themselves, but also act as advocates of the bank to their friends and family. They must consistently choose the bank over other similar banks whenever they need bank services, and plan to continue saving with their banks. Loyalty rewards and customer relationship building strategies, among others, could be implemented as defensive marketing strategies to prevent customers from switching to other service providers.

Brand association was also found to be a predictor of financial performance in retail banks. Techniques such as strong management, and linkage with parent brands and adored
celebrities could be used by banks to create strong memories and images for customers. Customers must recognize that their bank has a good association with third parties, and has an image of doing the right things. Their experiences with the bank must engender good memories which they will associate with the brand. Managers must therefore pursue these as aims of their brand-building activities.

Furthermore, the core promises of the bank must be delivered in order to enhance the brand’s relevance to customers. The services of the bank must make life easier for consumers, being tailored as much as possible to their personal needs. Additionally, the bank must provide comprehensive solutions to consumers’ banking problems in a way that enhances the relevance of the brand in their lives. Again, although brand awareness was not found to be significant, retail banks must continue to create strong awareness for their brands in order to attract customers, leading to greater revenue.

Finally, it is necessary for retail banks to engage in activities that enhance their likeability. As the results have shown, brand likeability strengthens the relationship between brand equity and financial performance. Retail banks must invest in doing what it takes to bond emotionally with their consumers. They must create convenience for their consumers, being attractive to them and honest in their dealings with them, thus engendering strong emotional attachments that are based on attractiveness, credibility, and expertise.

Limitations of the study and directions for future study
The addition of brand relevance as a construct to the original dimensions proposed by Aaker (1991), and its significance in predicting financial performance indicates that the framework by Aaker (1991) is illustrative and not comprehensive. Future studies could integrate other variables in measuring the brand equity construct. Additionally, performance was measured subjectively with self-reported items. Future studies may attain greater precision with their findings by implementing objective measures such as net profits, return on assets and equity, or deposits, for determining bank performance. Moreover, literature is ripe with emotional-laden constructs like brand love and brand engagement, which affect how customers interact with their brands. Future studies must engage more of such variables in order to provide evidence of moderation or mediation in the relationship between brand equity and notable outcomes such as loyalty, satisfaction and financial performance. In that case, we could demonstrate that the direct relationship between brand equity and financial performance, for instance, has been over-simplified in prior studies. Finally, the study was focused on one country and on only retail banks. Further studies could expand the scope of the study into multiple sectors and even other countries.

References
Brand equity and financial performance


**Corresponding author**

Bedman Narteh can be contacted at: bnarteh@ug.edu.gh

---

For instructions on how to order reprints of this article, please visit our website: www.emeraldgrouppublishing.com/licensing/reprints.htm

Or contact us for further details: permissions@emeraldinsight.com
Sponsees: the silent side of sponsorship research

Giulio Toscani
Industrial Economics and Management, KTH, Royal Institute of Technology, Stockholm, Sweden, and
Gerard Prendergast
Hong Kong Baptist University, Hong Kong

Abstract

Purpose – To date the vast majority of sponsorship research has focused on the perspective of sponsors. The purpose of this paper is to use this research to identify factors that sponsored institutions and organizations (sponsees) should be cognizant of before entering into a sponsorship arrangement, and to propose a research agenda based on these factors.

Design/methodology/approach – The authors leverage sponsorship research that has been published in business journals with an impact factor above 0.5 (Reuters, 2015).

Findings – This paper argues that sponsees should be aware of the benefits that sponsorship brings to sponsors so that they can better appeal to potential sponsors. A sponsee also needs to be aware of the impact a sponsorship partnership may have on its own brand, image, and equity.

Research limitations/implications – This is a conceptual paper grounded in the literature that aims to stimulate further research in the domain of sponsorship and provide deeper understanding for sponsees. Empirical research addressing the research questions posed is required.

Practical implications – In a holistic manner, this literature review offers insights into factors that sponsees should consider before entering a sponsorship relationship.

Originality/value – Previous research in the sponsorship domain has focused primarily on dyadic sponsors. This paper considers sponsorship from the sponsee’s perspective.

Keywords Sponsorship, Sponsor, Sponsee, Sponsorship relationship

Paper type Literature review

Introduction

Sponsorship, which can be defined as “the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives” (Meenaghan, 1983), is the fastest-growing marketing communication tool, both in terms of volume – with a predicted worldwide growth of 4.7 percent as of 2016 (Andrews, 2016) – and complexity, as it has evolved from a merely commercial activity into a holistic tool used to gain benefits (Meenaghan et al., 2013). Sponsors have increased their investments (from US$57.5 billion in 2015 to US$60.2 billion in 2016 (Andrews, 2016)) and raised their expectations, as, due to their commercial focus, they hope to derive superior value from their sponsorship activities (Farrelly and Quester, 2004). Sponsors are motivated to engage in sponsorships to reinforce brand meaning and promote customer affiliation (Cliffe and Motion, 2004).

The vast majority of sponsorship literature focuses on the sponsor’s angle. This is likely because sponsorship relationships are perceived as benefitting sponsors through their association with the sponsee’s brand (Cornwell and Humphreys, 2013; McAlister et al., 2013). But sponsors are not the sole players in sponsorship arrangements, and there is evidence that the image of a sponsor’s brand may transfer to a sponsored event (Prendergast et al., 2016). For this and other reasons, sponsees ought to consider sponsorship arrangements very carefully. Research suggests that it behooves a sponsee to be familiar with a sponsor’s needs (Farrelly and Quester, 2004, Cornwell and Coote, 2005) and understand the level of commitment that exists in the sponsor’s target market toward the sponsee (Madrigal, 2001), and also to expect to be known by the sponsor (Gwinner, 1997; Cornwell et al., 2005). Furthermore, sponsees should endeavor to deepen their understanding of the sponsorship relationship,
its vertical tendencies due to sponsor-dominant attitudes (Farrelly and Quester, 2003), marketing implications (Pitt et al., 2010), reciprocal exchange that may extend well beyond contract terms (Olkkonen and Tuominen, 2008) and the co-management of the investments in promotional activities (Crimmins and Horn, 1996).

However, sponsees, other than those involved in sports, have been neglected in the academic literature. To address this issue, this paper reviews the literature related to sponsorship and the principal players in the sponsorship relationship: the sponsor, the sponsor’s brand, and the sponsee. This paper then leverages the literature to shape a future research agenda focusing on the sponsee’s perspective. The central research question is:

**RQ1.** What do sponsees need to know about their sponsors and themselves before entering into a sponsorship partnership?

### Methodology

The genesis of this research emerged from the lack of formal rigorous research on the issues that sponsees need to consider before entering into a sponsorship arrangement. Our research began with an exhaustive review of the published peer-reviewed sponsorship literature that focused on the empirical or conceptual investigation of sponsorship published in 106 journals with an impact factor above 0.5 (Reuters, 2015). The journal data were filtered by selecting the Journal Citation Report year 2015, from the edition SCIE and Social Sciences Citation Index (SSCI), under the “Business” category and the Web of Science category scheme and selected according to Rice and Stankus’s (1983) inclusion criteria:

- citation analysis of the journal (e.g. SSCI);
- acceptance rate of the journal (e.g. Cabell’s Directory);
- sponsorship of the journal (e.g. American Marketing Association);
- objectives of the journal (e.g. methodological approaches and readership); and
- fundamentals of the journal (e.g. authors, editor, review board, and their affiliations).

For this specific study, the papers contained in those 106 journals (whose list is available upon request) were identified by usage of the term “spons” in their titles and abstracts (i.e. terms including “sponsor”, “sponsorship”, “sponsee,” and “sponsored”), so as to ensure that the content analysis was systematic and replicable (Weber, 1990) and the research makes reference to the categories recognized in the existing literature (Jensen et al., 2016). Furthermore, the use of a qualitative software package, Atlas.ti 1.5.18®, strengthened the results of this paper with data analysis (Svensson et al., 2008) to allow coding of text (Malhotra and Peterson, 2001) and obtain the necessary categorization (Plakoyiannaki et al., 2014) to define the main trends of sponsorship research. The articles have been classified according to two categories: the sponsor and the sponsee (Kumar, 2016).

### Sponsors and sponsees

Research on sponsorship has largely been devoted to the sponsor’s perspective, most likely because of increased sponsorship investment and general growth in the practice over the last few decades. As a result, the majority of research that has been conducted deals with how to make sponsorship arrangements more successful for the sponsor (Fahy et al., 2004; Nickell et al., 2011). Several research trends can be identified in the 186 articles reviewed. The papers examined here are conceptually organized with reference to the two dyadic participants in the sponsorship arrangement: sponsors (and the sponsors’ brands) and sponsees (Meenaghan et al., 2013). These two participants are central to the sponsorship arrangement since the sponsor aims to leverage the image of the sponsee as a means of influencing how consumers perceive its brand.
What do sponsees need to know about the sponsor?

The sponsorship literature has overwhelmingly focused on sponsors, with 159 papers (representing 85 percent of the 186 papers reviewed in this study) devoted to this topic. In addition, during the literature review it was found that “sponsor” was the second-most frequently mentioned word, occurring 16,596 times. “Sponsorship,” occurring 21,928 times, was the most frequently mentioned word.

To fully understand sponsors’ needs, sponsees should be familiar with their sponsors before becoming involved in a sponsorship partnership (Farrelly and Quester, 2004; Cornwell and Coote, 2005) so that they can offer them customized services (Grohs, 2016; Gross and Wiedmann, 2015; Ruth and Simonin, 2006; Walraven et al., 2014). Companies choose to become sponsors in order to create brand meaning and promote customer affiliation (Cliffe and Motion, 2004), according to Cahill and Meenaghan (2013), and gain media exposure cost-effectively. Sponsees, therefore, should have the ability to create brand meaning and promote customer affiliation without being burdened with challenging conditions or excessive requests (Becker-Olsen, 2006) that raise the costs of sponsorship programs (Mazodier and Rezaee, 2013). Some sponsors are seeing a decline in fan support because of increasingly expensive ticket costs and issues such as player misconduct (Madrigal, 2001). This potentially threatens sponsees because it can cause leading companies to question whether sponsorship is the best approach for future development (Thwaites, 1995). Therefore, sponsees need to have a firm understanding of how their brand can benefit sponsors. Despite a lack of consensus on how to measure the benefits (Cornwell and Humphreys, 2013; Meenaghan and O’Sullivan, 2013), sponsees can and should be clear about how they can transfer affiliation benefits to their sponsors.

For sponsees, understanding the benefits of a sponsorship arrangement entails knowing the sponsor’s expected outcomes. Most of the existing sponsorship literature focuses on the sponsor’s desired outcome of improved brand attributes (Cornwell et al., 2006), and this occurs because the practice of sponsorship is thought to effectively transfer brand image from the sponsee to the sponsor and enhance consumer awareness of the sponsor (Gwinner and Eaton, 1999; Meenaghan, 2001; Becker-Olsen, 2006; Poon and Prendergast, 2006; Chien et al., 2011; Woisetschläger and Michaelis, 2012; Zdравкович and Till, 2012; Kwon et al., 2016), brand affect (Mazodier and Rezaee, 2013), brand equity (Cornwell et al., 2001), and brand loyalty (Mazodier and Merunka, 2011). A suitable sponsee can generate a host of beneficial marketing outcomes for the sponsor, primarily through the image transfer mechanism.

Image transfer works well when a sponsored event or organization is congruent with the sponsor’s image (Yang and Ha, 2014), and research suggests that association transfer is primarily driven by congruence (sponsee-sponsor), which means that consumers are more likely to purchase a product as a result of logical decision making rather than intuition (Zdравкович and Till, 2012). However, consumer purchase intention associated with sponsorship has not been investigated until recently (Cornwell and Maigman, 1998; Walliser, 2003; Grohs et al., 2015) due to the fact that it is difficult to measure (Olson and Thijome, 2011). There are exceptions, however, such as strong purchase intention of fans that are highly identified with a brand (Madrigal, 2000), first-time consumers (Sneath et al., 2005; Papadimitriou et al., 2015) and, potentially, children, as a result of their naive view of the world (Simões and Agante, 2014).

There is a considerable body of research related to the marketing outcomes of sponsorship (brand awareness, attitude, and equity) for the sponsor, and how this is facilitated by congruence with the sponsee. Sponsees should become familiar with this research. Context might determine the impact of two classes of congruence, namely, functional congruence and image congruence (Prendergast et al., 2010; Kwon et al., 2016). A product shares functional similarities with an event when the product is or potentially...
could be used in the event; a product shares image similarities when the image of the event is related to the image of the product (Gwinner, 1997). Functional congruence seems to have a positive impact on communication outcomes, but not on consumers’ purchase intentions, and is limited to sponsors that offer “thinking” services, such as consulting companies (Prendergast et al., 2010). Sponsees can strengthen consumers’ attitudes toward the sponsor by the level of event involvement (Meng-Lewis et al., 2013), by visual support (Close et al., 2015), by community events (Quester et al., 2013), and by the use of online supports (Rodgers, 2004).

Why should a sponsee be concerned with a sponsor’s marketing outcomes? It is advantageous for sponsees to be familiar with research about how their involvement in a sponsorship can benefit the sponsor because, armed with this knowledge, sponsees are in a better position to negotiate sponsorship terms. For example, research on how a brand recall affects consumers in the context of sponsorship (Cornwell et al., 2006) or how it fails to do so (by investigating forgotten brands (Herrmann et al., 2011)) can be considered before approaching sponsors with specific offerings, since the literature has explored how sponsorship messaging results in different outcomes for diverse consumer groups. Walliser (2003) confirmed that sponsorship could influence consumers’ attitudes toward sponsors. Thus, this represents an opportunity for sponsees to target traditionally poorly perceived sponsors, such as insurance companies (Yang and Ha, 2014) with an opportunity to leverage the sponsee’s positive brand reputation (Groza et al., 2012), develop sponsor brand identity (Grohs et al., 2015), and transfer sponsor brand knowledge (Tsiotsou et al., 2014). Again, this is information that sponsees should be cognizant of before pitching to potential sponsors. The sponsor/sponsee relationship should not be viewed as a vertical relationship dominated by the sponsor (Farrelly and Quester, 2003) and requiring sponsees to sacrifice their network positions (Cobbs, 2011). Sponsees are aligned with their sponsors for the duration of the sponsorship arrangement, so a vertical relationship may be perceived as insincere by customers, and, therefore, detrimental to the sponsor (Farrelly and Quester, 2003). Indeed, the sponsee also has a brand. The reciprocal effects of the sponsor’s brand on that of the sponsee’s brand image, awareness, and equity could be significant (Tsiotsou et al., 2014), as discussed by Paliwal and Prendergast (2014), Prendergast et al. (2016) in their framework of “reverse image transfer” from sponsor to sponsee.

Sponsorship processes are business-to-business exchanges, but they are also relationship-based (Athanassoupolou and Sarli, 2013). Therefore, sponsees face complex reciprocal exchange issues extending well beyond specific contract terms to prevent the relationship from fading over time (Ollkonen and Tuominen, 2008). Sponsees derive positive outcomes in partnering with the right sponsor but potential negative consequences for partnering with the wrong partner. Sponsees should investigate in advance the level of commitment that exists in the sponsor target market toward the sponsee (Madrigal, 2001), using the amount invested in the sponsorship program as an indicator of the sponsor’s commitment (Farrelly and Quester, 2005a). The longer the sponsor/sponsee relationship endures, the greater its impact (Chadwick and Thwaites, 2005; Walraven et al., 2014) and the greater the chances for the sponsee to ensure the sponsor’s return on investment (Farrelly and Quester, 2005a). Furthermore, the cost of switching sponsors can be considerable for both parties. Sponsees, therefore, need to secure the relationship from the outset. But how can they do so? Sponsors and sponsees should co-manage investments in promotional activities once a sponsorship contract is signed (Crimmins and Horn, 1996). Sponsees can help new sponsors proactively track how customers perceive the relationship (Cornwell and Humphreys, 2013; McAlister et al., 2013) and promote fans’ identification, especially in difficult situations (e.g. teams with poor win/lose records) (Ngan et al., 2011).

Cooperation creates value for all parties (Farrelly et al., 2006) and should be emphasized from the beginning of the relationship. Thus, the sponsee should be familiar with the
sponsor’s needs (Farrelly and Quester, 2004; Cornwell and Coote, 2005), but also expect (Urriolagoitia and Planellas, 2007) to be acknowledged as a partner (Gwinner, 1997; Cornwell et al., 2005, Herrmann et al., 2016) and included in key decisions, including contract renewal (Farrelly and Quester, 2005b). Cooperation is especially desirable in the unfortunate cases of unethical behaviors (Klincewicz, 1998); for example, when sponsored athletes explicitly misbehave (Wilson et al., 2008) and under extraordinary conditions such as ambush marketing. An ambush occurs when “another company, often a competitor, intrudes, thereby deflecting attention to itself and away from the sponsor” (Meenaghan, 1996). This can have a negative effect on the outcomes of the sponsorship relationship and can be prevented by avoiding partnering with brands that are negatively perceived (Pappu and Cornwell, 2014) whose detrimental effects on the sponsee’s brand may obviate the benefits obtained by the sponsor’s financial support (Fahy et al., 2004; Becker-Olsen, 2006).

What do sponsees need to know about themselves? Previous research has largely focused on the sponsoring partner in the dyadic relationship, while the sponsee angle has been explored only to a very limited degree, and the literature has mainly examined how sponsees can better serve their sponsors (Cobbs, 2011). It seems that research on sponsees has remained static, as if researchers consider that nothing has changed (Farrelly and Quester, 2005b). Sports organizations have traditionally been principal sponsees, demonstrating a “potent alliance between those who market sport with those who market through sport” (Farrelly and Quester, 2005b). Mazodier and Merunka (2011) reported that in 2010 sports accounted for 68 percent of global spending on sponsorships, a decrease from 80 percent in 1995 (Thwaites, 1995). Mazodier and Merunka (2011) on to suggest that other sponsee categories, such as the arts, are gaining favor and becoming more market orientated (Thomas et al., 2009).

Sponsorship has become more holistic and is increasingly integrated into companies’ marketing strategies (Fahy et al., 2004). Sponsees promote their sponsors’ global brands, not just sub-brands or individual products, but they do so in a manner that is different from conventional advertising. The challenge for sponsees seems to be how they can facilitate sponsorship arrangements for the benefit of sponsors by seeking out strategic opportunities for collaboration with sponsors (Farrelly and Quester, 2005b). Although sponsees should endeavor to be proactive in recommending ways to enhance the outcomes of sponsorship programs (Farrelly et al., 2006), they often demonstrate opportunistic behaviors that can lead to contract termination (Farrelly and Quester, 2005b). Sponsees can easily assess their impact through use of advanced technology, such as social media, which can be used to leverage sponsorship (Sponsorship.com, 2016) and as a sophisticated way of measuring the outcomes of such sponsorship (Meenaghan and O’Sullivan, 2013).

But is sponsorship suitable for all sponsees? A sponsee’s positive reputation (Groza et al., 2012) can bolster a sponsor’s perceived sincerity, a major factor that motivates consumers to purchase their products (Meng-Lewis et al., 2013). But this perception does not depend only on the sponsee; it relies also on the sponsor not exhibiting any overt commercial behavior (Deitz et al., 2012) by maintaining a horizontal relationship with the sponsee (Farrelly and Quester, 2003). Yet, even the best sponsorship programs have certain limitations, and sponsees can only emphasize specific dimensions of their sponsors’ brands. It is the sponsee’s responsibility to determine which dimensions to emphasize (Grohs, 2016; Gross and Wiedmann, 2015).

As previously discussed, congruence between the sponsee and the sponsor facilitates marketing outcomes for the sponsor, and presumably (via reverse transfer) influences outcomes for the sponsee also. With this in mind, before choosing a sponsor, a sponsee should try to predict the congruence between the partners as perceived by consumers, in order to anticipate their affective or cognitive decision making (Poon and Prendergast, 2006; Verhellen et al., 2016). In general, sponsees can predict the outcome of a sponsorship...
initiative by congruence (Olson and Thjome, 2011). Congruence is a useful predictor of brand awareness (Walraven et al., 2014) and, therefore, a selling point when a sponsee is negotiating with a sponsor. It can be used to promote the advantages of the sponsorship (Pappu and Cornwell, 2014). The literature suggests that sponsees should also seek congruence with their sponsors to achieve ethical and evaluative consumer reactions under specific conditions (d’Astous and Seguin, 1999), brand awareness and image enhancement (Gwinner and Eaton, 1999), consumer recall (Cornwell et al., 2006), and increased likelihood of the sponsorship being beneficial to the sponsor (Clark et al., 2009; Liu, 2015). Logical decision making, as opposed to affective decision making, seems to drive customers to purchase a product (Zdravkovic and Till, 2012), in contrast with the emotionally motivated purchase behavior generated by a winning team or diminished by a losing team (Ngan et al., 2011) or misbehaving celebrity endorsers (Um, 2013).

Furthermore, sponsees need to communicate congruence to the market by connecting with the sponsor brand’s specific product category (Ruth and Simonin, 2006) and ensuring that sponsorship activities produce an impact (Crimmins and Horn, 1996) on the sponsor’s brand equity when stock market values vary due to sponsorship announcements (Mazodier and Rezaee, 2013). Communication campaigns, however, may not always be able to change the perception of an incongruent sponsorship (Madrigal, 2001; Simmons and Becker-Olsen, 2006), which decreases consumers’ purchase intentions, reinforcing the idea that a sponsee should select sponsors with regard to the type of congruence desired (Nickell et al., 2011).

Sponsees may also benefit from a sponsor’s larger initiatives and engagement in global campaigns as part of a networking and international approach (Wise and Miles, 1997; Amis et al., 1999; Ruth and Simonin, 2006; Groza et al., 2012; Mazodier and Quester, 2014). The sponsee’s local network and expertise can help sponsors reduce the complexity of sponsorship effects (Lee et al., 1997) by incorporating country-specific strategies into the sponsor’s international approach (Walraven et al., 2014).

Looking further at themselves, sponsees should also identify what they intend to achieve from the sponsorship arrangement, as otherwise they may find that they are strangers at their own events (Gwinner, 1997) and at risk of losing their independence by being absorbed into the huge communication campaigns orchestrated by sponsors (Walliser, 2003). Partnering in a sponsorship program is not enough to create brand meaning; sponsorship now requires leveraging and activating actions, and sponsees should request budget allocations for these actions (Close et al., 2006; Nickell et al., 2011; Farrelly et al., 2006; Cahill and Meenaghan, 2013). Armed with these insights, sponsees can carefully consider their objectives when entering into a sponsorship arrangement, be it financial gain, enhancing the equity of their event, or some combination thereof. Table I provides an overview of the key questions that sponsees should be able to answer with regard to their sponsors and themselves.

Managerial implications
Heretofore, sponsees have been the silent dyadic partner in sponsorship research. This literature review has identified what sponsees need to know about sponsors and themselves before entering into a sponsorship partnership. In this sense, this research gives voice to sponsees. Sponsees can benefit from the current sponsorship research by better understanding how their brands and affiliated services may benefit sponsors. Armed with this understanding, sponsees can make a stronger case when seeking sponsorships. Sponsees also need to understand themselves, their congruence with potential sponsors, and their objectives in entering into sponsorship relationships. Sponsorship relationships are still largely vertical (Farrelly and Quester, 2003), with sponsors seemingly holding most of the power and garnering the majority of attention from researchers. However, these should not be one-sided relationships. Cooperation and mutual benefit should be emphasized from the beginning, and before engaging in the sponsorship process, sponsees should consider the
effects that partners can have on their reputations (Becker-Olsen, 2006). They should refrain from partnering with brands that are negatively perceived (Pappu and Cornwell, 2014) and focus on the branding advantages offered by sponsorship pairings instead of viewing them only as a source of financial support (Fahy et al., 2004). Partnering with a congruent sponsor is important for a sponsee. In fact, a number of brand dimensions are directly affected by congruence, including affect (Mazodier and Merunka, 2011; Mazodier and Rezaee, 2013), brand trust and brand loyalty (Mazodier and Merunka, 2011), brand relationship (Do et al., 2015) and processing fluency that facilitate decision making and recognition (Cornwall, 2008; Chien et al., 2011). Research suggests that those sponsees offering functional congruence can better leverage the price of the sponsorship program (Jensen and Cobbs, 2014).

When a sponsee accepts an incongruent sponsor for budgetary reasons, presumably a fairly common situation, additional spending may be required to create perceived congruence in the eyes of consumers (Becker-Olsen, 2006), through, for example, generating a cheering effect (Han et al., 2013), fostering credibility (Rifon et al., 2004), adding a second congruent sponsor to a first incongruent one (Ruth and Simonin, 2006), visual processing to display congruence (Close et al., 2016), time that seems to gradually turn incongruence into congruence (Woisetschläger and Michaelis, 2012), social-media activities (Do et al., 2015), co-sponsor in shared billboards (Gross and Wiedman, 2015) and functional similarity (Kwon et al., 2016). Whether congruent or not, sponsorship relationships should create value for all parties (Farrelly et al., 2006). This involves greater sponsee parity in the vertical relationship with a privileged sponsor (Farrelly and Quester, 2004) and sponsors taking a more active role in addressing the needs of sponsees, so as to not exclude them from key decisions, including contract renewal (Farrelly and Quester, 2005b). Achieving balance in the sponsorship relationship is important, as it seems that as much as sponsors constantly require sponsees to sacrifice their network positions (Cobbs, 2011) sponsees requests are often considered excessive by sponsors (Becker-Olsen, 2006).

Sponsees should be aware of consumers’ attitudes regarding their activities and events, as this knowledge is helpful in determining which sponsors should be approached (Speed and Thompson, 2000; Thomas et al., 2009). The backward effects of the sponsor’s brand on that of the sponsee are potentially significant; this is another confirmation of the fact that reducing inequality in sponsor-sponsee interactions is the overall purpose of a
sponsoring relationship (Farrelly et al., 2006; Wilson et al., 2008). The sponsee’s brand is of crucial importance, and a coherent branding strategy is important for a sponsorship initiative to be successful (Amis et al., 1999). Sponsees should think strategically about their partners, as an inappropriate relationship can result in long-term damage to brand equity (Cornwell and Humphreys, 2013; McAlister et al., 2013; Pappu and Cornwell, 2014) and prove costlier than short-term financial difficulties (Fahy et al., 2004; Becker-Olsen, 2006). The complete process illustrating sponsee knowledge needs is shown in Figure 1.

Based on Figure 1, four research questions are suggested for future research to address:

**RQ2.** How can sponsees use knowledge of marketing outcomes to persuade sponsors to sponsor them?

**RQ3.** How should sponsees consider the impact of a sponsor’s brand on their own brand awareness, image, and equity before entering into a sponsorship relationship?

**RQ4.** What are the consequences to the sponsee of choosing the right sponsor and of choosing the wrong sponsor?

**RQ5.** What sponsee-related issues should sponsees consider before entering a sponsorship relationship?

**Conclusions**

This paper is of value to future researchers engaged in theory building with regard to sponsees’ perspectives in sponsorship relationships. It has drawn on previous research to identify factors that sponsored institutions (sponsees) need to be cognizant of before

---

**Figure 1. Sponsee knowledge needs**

**Sponsor/Sponee Congruence:**
- Amis et al. (1999)
- Speed and Thompson (2000)
- Rifon et al. (2004)
- Thomas et al. (2009)
- Mazodier (2011)
- Weissschläger and Michaels (2012)
- Han et al. (2013)
- Jusins and Cobbs (2014)
- Close et al. (2015)
- Do et al. (2015)
- Gross and Wiedman (2015)
- Kwon et al. (2016)

**Sponsor/Sponee Vertical vs Horizontal Relationship:**
- Farrelly and Quester (2003)
- Fahy et al. (2004)
- Farrelly and Quester (2004)
- Wilson et al. (2008)
- Cobbs (2011)

**Sponsee Requests:**
- Farrelly and Quester (2005b)

**Sponsee Perceived Image:**
- Farrelly and Quester (2006)
- Pappu and Cornwell (2014)

**Sponsee Knowledge Needs**

**Sponsee Self-knowledge**
- Financial Support:
  - Fahy et al. (2004)

**Audience:**
- Rifen et al. (2004)
- Ruth and Simonin (2006)
- Han et al. (2013)
- Close et al. (2015)

**Brand Equity:**
- Speed and Thompson (2000)
- Fahy et al. (2004)

**Sponsee Knowledge of Sponsor**
- Consumer:
  - Amis et al. (1999)
  - Speed and Thompson (2000)
  - Thomas et al. (2009)

- Brand Equity:
  - Amis et al. (1999)
  - Farrelly et al. (2006)
  - Wilson et al. (2008)
  - Chien et al. (2011)
  - Mazodier (2011)
  - Gross and Wiedmann (2015)
entering into a sponsorship arrangement, and then proposes a research agenda based on these factors. It is evident that there is a need for a theoretical understanding of sponsorship arrangements from the sponsee’s perspective. A model of the arrangement that can address the research questions posed in this paper is required. Developing such a model is important because contemporary literature suggests that the conventional outcomes of sponsorship arrangements, as conceived by the sponsor, might also apply to the sponsee (Prendergast et al., 2016). Beyond its theoretical value, such a model could identify a holistic and systematic process that sponsees could take into consideration before making the important decision of entering a sponsorship arrangement.

References


**Further reading**


**Corresponding author**

Giulio Toscani can be contacted at: giuliot@gmail.com

For instructions on how to order reprints of this article, please visit our website: [www.emeraldgrouppublishing.com/licensing/reprints.htm](http://www.emeraldgrouppublishing.com/licensing/reprints.htm)
Or contact us for further details: permissions@emeraldinsight.com
Marketing Intelligence & Planning aims to provide a vehicle that will help marketing managers put research and plans into action. Users of research need to communicate with those who undertake research about their problems. The journal intends to publish articles on how information gathered by researchers has been processed and translated into action plans. Papers published in this journal are subject to double blind peer review – in cases where the editorial team elect to publish a paper for its particular merits outside of the review system, this will be clearly stated in the editorial introduction to the issue.
Marketing Intelligence & Planning

Volume 36 Number 3 2018

Number 3

305 Editorial advisory board

306 Effects of brand transgressions on third-party consumers
   Danielle Mantovani, José Carlos Korelo and Jenny Ibarra

318 A cross-national comparison of Millennial consumers’ initial trust towards an
e-travel website
   Jan Møller Jensen and Corinna Wagner

334 Customer brand co-creation behavior: conceptualization and empirical validation
   Cassandra France, Debra Grace, Bill Merrilees and Dale Miller

349 Patient’s behavioral intention: public and private hospitals context
   Muhammad Sabbir Rahman, Mahafuz Mannan, Md Afnan Hossain
   and Mahmud Habib Zaman

365 A qualitative investigation of e-tail brand affect
   Abhgyan Sarkar, Juhi Gahlot Sarkar, Sreejesh S. and Anusree M.R.

381 Brand equity and financial performance: the moderating role of brand likeability
   Bedman Narteh

396 Sponsees: the silent side of sponsorship research
   Giulio Toscani and Gerard Prendergast

www.emeraldinsight.com/loi/mip